



ENERGY, UTILITIES & INFRASTRUCTURE PRACTICE

## RES Sector Expected Regulatory Changes

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# RES Sector Expected Regulatory Changes

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## Update on expected changes in the RES sector as announced

On November 13th, 2020, the Minister of Environment and Energy announced a series of regulatory interventions in the energy market to be initiated in the very near future.

The main objective of these regulatory initiatives is the promotion of Renewable Energy Sources (RES) and the increase of the RES foot print in the Greek market in a prudent and controlled manner. At the same time, the Greek government is aiming to create the conditions necessary for the widest possible use of the EU Target Model, effective in Greece as from November 1<sup>st</sup>, 2020, which has been proclaimed as the most successful and effective tool internationally.

The initiatives seek to establish a new framework for a more rational operation of the industry in an increasingly competitive market, to the benefit of consumers and, ultimately, the Greek economy.

## RES Tendering Cycle of 2021 – 2024

### **I. Overview**

The last joint RES Tender to be conducted based on the existing framework is expected to be launched in December 2020, with a total capacity of 350 MW available to be auctioned by early 2021.

Having decided to further develop the RES tendering procedures, the Ministry of Energy is currently planning to launch and carry out six (6) separate joint RES Tenders for W/P and PV projects until 2024, with specifically set quotas per technology. Each individual tender is expected to be carried out for a tendered capacity of 350 MW, resulting in 2,1GW of total auctioned capacity at the end of the cycle.

In addition to the six (6) joint RES Tenders for large scale projects, additional RES Tenders for “small scale” projects are expected to be carried out as well.

The new RES Tender regime to be introduced for the next RES Tendering Cycle of 2021 – 2024 is expected to improve and update the existing framework (expiring at the end of the year 2020), taking into account the increased competition due to the enactment of the Target Model on November 1<sup>st</sup>, 2020, and the consequent falling tariffs, to the benefit of consumers, while at the same time providing a clear framework for RES producers.

### **II. New Rules for “Small Scale” PV Plants**

As of **January 1<sup>st</sup> 2021**, all new applications pertaining to **“small scale” PV plants with a capacity up to 500 kW** (also including applications

that remain incomplete until January 1<sup>st</sup>, 2021) will be required to participate in RES Tenders, in order to secure a reference tariff. To this end, the new RES Tendering framework for the cycle 2021 – 2024, apart from the six (6) joint tenders for large scale projects mentioned above, will also include provisions for the possibility of carrying out special RES Tenders for “small scale” RES projects, with a predetermined capacity available to be auctioned.

RES Tenders for “small scale” PV projects will be carried out electronically, via a digital platform specifically designed for this purpose. This platform is expected to be user-friendly and easily accessible by all interested RES producers.

Pending applications duly submitted by individuals by the end of the year 2020 for “small scale” PV projects, currently expecting to be provided with the relevant connection terms offer (hereinafter “CTO”) by HEDNO, will be required to conclude an Agreement with DAPEEP until December 31<sup>st</sup> 2021, in order to secure a reference tariff without participating in the RES Tenders. As of January 1<sup>st</sup> 2022, PV projects without a concluded Agreement with DAPEEP will be required to secure a tariff via the RES Tenders.

### New Rules for Energy Communities

As of **January 1<sup>st</sup> 2021**, the minimum capacity threshold of 18 MW for securing operating aid without participating in RES Tenders will apply exclusively to RES projects owned by Energy Communities with A’ and B’ grade Local Government Bodies (“OTA” as per its Greek

acronym) as members thereof, or of Energy Communities of more than sixty (60) members, of which at least fifty (50) are natural persons. As of **January 1<sup>st</sup> 2021**, **Energy Communities** which do not fall under any of the aforementioned categories, submitting applications for PV projects with capacity of less than 1MW, will be required to participate in the RES Tenders in order to secure a reference tariff and conclude an Operating Aid Contract with DAPEEP.

Energy Communities not falling under any of the categories mentioned in the preceding paragraph, with pending applications to receive CTOs, will be also required to conclude an Agreement with DAPEEP until June 30<sup>th</sup>, 2021; otherwise, they will be obliged to participate in the RES Tenders in order to secure a reference tariff.

### Amendments to the Application of the Framework for Strategic Investments

With regards to RES Investments to be submitted under the framework for Strategic Investments, it has been decided that proposals for eligible, innovative RES projects concerning electricity storage systems, installation of offshore W/Ps, “green” hydrogen” production systems etc. will be prioritized, provided that they meet the minimum budget requirement of Euro 100 million (100.000.000,00 €).

On the other hand, conventional RES projects (W/P and PV), apart from the obligation to meet the aforementioned minimum budget requirement, will also be required to share a common

connection point to the System **in order to be eligible to benefit from the strategic investments framework**. However, said conventional projects will not be entitled to receive all benefits of the fast-track regime. More specifically, it seems that the comparative advantage provided to RES projects until today with regard to their prioritization for securing network capacity as provided under the Secondary Legislation will not be granted to **conventional** RES projects (provisioned by the fast-tracking procedures of article 13 of the Strategic Investments Law). Conventional RES projects already under evaluation by *ENTERPRISE Greece*, but not yet awarded with a Strategic Investment status by the competent Interministerial Committee, will enjoy all rights awarded by the fast-track framework in case they are considered eligible (on the condition that they have paid the relevant Fast-Tracking Fee), with the exception of their prioritization for securing network capacity as mentioned above.

#### **Expected Transformation of the Specific Spatial Regulations applicable to RES Projects**

In addition to the above, the Minister of Environment and Energy also announced the Greek government's medium-term plan to introduce substantial amendments to the Specific Spatial Regulatory Framework for RES Projects. A transformation of the Specific Spatial Regulations applicable to RES Projects is considered absolutely necessary by the Greek government, since the assumptions on which the current regulatory framework was based, which date back to 2009, are now considered as outdated and obsolete.

What changed since 2009 is that new technologies have been introduced, while the exacerbation of climate change is even more evident. The expected amendments to the Specific Spatial Regulations applicable to RES Projects are expected to be substantial and will most probably raise environmental protection standards, especially for lands with special characteristics, including small islands and other environmentally sensitive areas of the country. In addition, they are expected to take into account newly introduced RES technologies and introduce new rules and criteria for spatial planning.

#### **Expected Transformation of the Specific Spatial Regulations applicable to RES Projects**

The above announcements indicate the momentum of the energy sector and especially the RES field in the country. They come among an ongoing attempt to further simplify the overall RES licensing regime and signal further mobility for the future in a period that, despite global difficulties, sees great foreign investment interest in the national energy infrastructure.

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