



ENERGY, UTILITIES & INFRASTRUCTURE PRACTICE

The New Framework for Guarantees of Origin in Greece

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BY GUS J. PAPAMICHAPOULOS, MELINA KOLOVETSIU, ANTONIS N. KOUMPIAS

Introduction

The Guarantees of Origin system (the “GO System”) is an EU certification scheme, first introduced by the first Renewable Energy Directive of 2001,¹ which allows end customers (including corporate off-takers and domestic consumers) to track the origination of the electricity that they consume. As per the current form of the GO System, a Guarantee of Origin (the “GO”) identifies the power plant which has generated a given unit of electricity.

In the Greek Market, the issuance and trading of GOs is regulated by articles 15 – 18C of Law 3468/2006, which is a fundamental legal source pertaining to the licensing and development of renewable energy sources projects, as amended by the recently introduced Law 4951/2022, as well as by Ministerial Decision no 81331/3661 issued in August 2022 upon prior legislative delegation (the “New GO Framework”).

The New GO Framework regulates, *inter alia*, the process and requirements for the issuance, transfer and revocation of GOs, their validity period and minimum content, the registration of participants in the Register of Guarantees of Origin and the process and conditions for the mutual

recognition of GOs issued in EU member-states or third countries.

In the following sections we refer to the key elements of the New GO Framework and discuss its potential impact for the Greek market.

Key Elements of the New GO Framework

I. Competent Authorities

The RES Operator (“DAPEEP” as per its Greek acronym) has been appointed as the competent authority for the issuance of GOs (the “Issuing Authority”). Furthermore, the Regulatory Authority for Energy (RAE) shall supervise and monitor the operation of the GO System, acting as “Supervising Authority”.

II. Structure of the GO System – Eligible Entities

DAPEEP maintains two distinct registry structures in order to secure the smooth operation of the GO System; the *Registry of Installations* and the *Registry of Guarantees of Origin*.

In order for power stations to participate in the GO System for the electricity that they generate, they must register with DAPEEP’s **Registry of Installations**. Eligible entities to register therein are producers using renewable energy sources (the “RES Producers”), as well as hydro-electric, CHP, hybrid and storage stations, as long as they have

¹ Directive 2001/77/EC

obtained the necessary operation license (the “Producers”).

Moreover, entities that intend to purchase GOs and, thus, become holders thereof, are required to register with the **Registry of Guarantees of Origin**. Eligible entities to be admitted in the Registry of Guarantees of Origin are suppliers, self-supplying customers, power producers with regards to their own installations, the Issuing Authority, as well as entities registered with the issuing authority of any other EU member-state or of any third-country which has executed an agreement for the mutual recognition of GOs with Greece.

III. Beneficiaries of the GOs

GOs may be issued either in the name of the Issuing Authority or in the name of the Producer. More specifically:

GOs are issued in the name of the Issuing Authority (DAPEEP) when the energy is generated by:

- Power stations commissioned before 01.01.2021 (the “Old Stations”).
- Power stations commissioned after 01.01.2021 that receive operating aid, before the relevant Operating Aid Agreement executed with DAPEEP expires (the “New Stations”).²

GOs are issued in the name of the Producer when the energy is generated by:

- Large-scale hydro-electric stations.

- Power stations that collect only investment aid.³
- Power stations that have not received and do not currently receive operating aid.
- Power stations the Operating Aid Agreement thereof has expired.

IV. Transfer of GOs

According to the New GO Framework, GOs may be transferred either through bidding auctions, through market trading platforms or bilateral agreements. In more detail:

- **GOs issued in the name of the Producer** are transferred electronically through market trading platforms or bilateral agreements.
- **GOs issued in the name of DAPEEP for New Projects** are transferred to the interested parties through bidding auctions (the “GO Auctions”), which will be regulated in accordance with the relevant GO Auctions Regulation, to be issued by RAE in the following months.

The introduction of GO Auctions was a requirement of the National Recovery and Resilience Plan “Greece 2.0”, and is linked to the support of the RES Special Account (“ELAPE”, as per its Greek acronym).

The GO Auctions mechanism may be utilized by electricity suppliers for creating “**Environmental Products**”, i.e. for special GOs that represent electricity generated by a specific mix of multiple renewable energy sources or of electricity generated by RES Producers with specific technical characteristics.

² Separate provisions have been stipulated as regards self-producers, according to which the GOs for electricity injected in the grid can be issued under certain conditions either in the name of DAPEEP or the self-producer (whereas for the remainder of the electricity, the GOs are issued in the name of the self-producer).

³ The registration in the Installers Register with duration of five (5) years each time is a necessary prerequisite for the producers in order the GOs to be issued in their names.

V. Revocation of GOs

The GOs are revoked if the following events occur:

- a) They have fulfilled their purpose to operate as a proof of origin of the energy supplied to an end customer, either domiciled in Greece or abroad.

In this case, the GO shall be revoked either **by the electricity supplier** in order to show to its end customer that it procures electricity from “green” sources, or **by the Producer** for the energy that they provide directly to an end customer on the basis of a bilateral power purchase agreement (the “PPA”). In this case, the Producer must submit to the Issuing Authority a copy of the PPA or provide sufficient proof that same has been executed with an end customer. If the end customer is domiciled in another EU member state, the revocation of the GO is permitted only upon prior approval of the issuing authority of such member-state. Lastly, the GO may be revoked by a self-supplying customer for the energy that it consumes.

- b) The holder of the GO is in breach of its obligations under the New GO Framework and the relevant GO.
- c) For any other reason, upon prior decision of the Issuing Authority.

VI. GOs and PPAs

As of the official operation of the EU Target Model in the Greek wholesale market as of November 2020, power producers have the right to execute over-the-counter PPAs with electricity suppliers or directly with end customers. RES investors have

been increasingly willing to secure cash flows for their pertinent projects through the adoption of PPAs over the past two (2) years. This may be attributed both to the sharp decrease of Reference Tariffs secured through RES Tenders as well as to the recent introduction of the grid connection priority framework for RES projects, which awards relative priority to RES projects with executed PPAs for securing grid connection.

In this context, GOs have an important role to play in respect to virtual, “green” PPAs, i.e. PPAs which do not provide for the physical delivery of the energy generated by the RES Producer, but are instead structured as financial contracts for differences (CfDs), where the cash flows between the counterparties are based on the difference between the strike price agreed in the PPA and the wholesale market clearing price. Instead of the physical delivery of the electricity generated by the RES Producer, virtual PPAs usually involve the delivery of a GO to the off-taker, referring to the electricity generated by the relevant project and which is traded through the PPA.

Conclusion

The current status of the Greek market of GOs is relevant for electricity producers, electricity suppliers and end customers. With regards to electricity producers, and especially RES Producers, GO trading can become a valuable tool for creating additional cash flows for their investments, through the trading of GOs issued for the electricity generated by their RES stations. In respect to electricity suppliers, GOs become the means for showing to their end customers that they procure a certain percentage of electricity in

the wholesale market from RES Producers. Finally, energy intensive industries will be able to claim that they cover their energy needs exclusively by “green” sources, either through the direct purchase of GOs, or instead by contracting a supplier that procures electricity solely from RES Producers. Such information can be used by industrial end customers in order to substantiate a “green mark”, be certified for having a reduced energy footprint and comply with their CSR policies.

In addition, the provisions which establish the general framework for the mutual recognition of GOs issued by issuing authorities of the EU or third countries are an important step towards the execution of cross-border PPAs by Greek RES Producers. Given that Greece provides numerous advantages related to production of electricity from RES, the prospect of transacting with corporate off-takers domiciled in other EU countries creates an opportunity that RES investors will definitely take into account.

Finally, GOs are of significant importance for the reduction of the Special RES Charge (“ETMEAR” as per its Greek acronym), given that the proceeds of GO Auctions will be taken into account from RAE so as to calculate the yearly Special RES Charge. On such basis, a dynamic GO market may lead to reduced fees and deductions for all RES Producers.

Contact Us



Gus J. Papamichalopoulos

SENIOR PARTNER

g.papamichalopoulos@kglawfirm.gr



Follow Us

ATHENS OFFICE

28, Dimitriou Soutsou Str.,
115 21 Athens

T +30 210 817 1500
F +30 210 685 6657-8
E kg.law@kglawfirm.gr

THESSALONIKI OFFICE

17, Ethnikis Antistasseos Str.,
551 34 Thessaloniki

T +30 2310 441 552
E kg.law@kglawfirm.gr

www.kglawfirm.gr

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