



**ENERGY, UTILITIES & INFRASTRUCTURE**

The 2<sup>nd</sup> tendering process for the award of investment and operating aid to battery storage projects

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BY GUS J. PAPAMICHALOPOULOS, ANTONIS KOUMPIAS, IAKOVOS KOULOURIS

## Introduction

Following the successful completion of the first tender process for the provision of investment and operating aid to battery storage projects (the "**1<sup>st</sup> BESS Tender**"), RAE issued decision E-204/2023 setting the terms and condition of the 2<sup>nd</sup> tendering process (the "**2<sup>nd</sup> BESS Tender**") for a total capacity of 288,21 MW (hereinafter the "**Call for Tender**"). The 2<sup>nd</sup> BESS Tender is the second installment of the tendering cycle of 2023 for BESS projects in accordance with the schedule set by the dated 20.05.2023 Ministerial Decision, as amended and in force (the "**MD**").

In the following sections we provide a brief presentation of the main provisions and applicable rules of the 2<sup>nd</sup> BESS Tender.

### I. Key Milestones

The key milestones of the 2<sup>nd</sup> BESS Tender are the following:

- Holders of Storage Licenses are eligible to submit their application dossiers to RAE from 22.11.2023 **until 22.12.2023**.
- The required Participation LoG, valued at €35,000 per MW, needs to be submitted both in digital format and as a physical document by 28.12.2023.

- RAE will issue the provisional list of selected and unsuccessful participants on **03.02.2024**.
- Participants will be allowed to submit objections against the provisional list by **09.02.2024**.
- The final list of selected and unsuccessful participants will be released on **15.02.2024** (the "**Final List**").

### II. Eligibility criteria

For the participation in the 2<sup>nd</sup> BESS Tender, the following requirements must be cumulatively met by the applicants:

- they must hold a Storage License for a maximum injection capacity of at least 1 MW and a discharge duration of at least two (2) hours, issued by RAE or from the competent regulatory authority in Bulgaria;
- they have not started performing construction works;
- their projects will be connected directly to the Transmission System or are interconnected through MV lines which are not part of the distribution network;
- the BESS technology that they elect should be internationally acknowledged and used in projects which reached COD during the period 2018 – 2022;

- their project must possess the technical capability to operate as an independent unit providing balancing services.

At the same time, participation in the 2<sup>nd</sup> BESS Tender is prohibited for BESS projects that emerged from a segmentation of a Storage License at a time after the issuance of the Call for Tender.

### III. Bidding Process

The key features of the 2<sup>nd</sup> BESS Tender's bidding process are the following:

- The 2<sup>nd</sup> BESS Tender will follow the single-stage bidding auction type.
- Bids submitted by participants shall be expressed to the annual Reference Income of the BESS, i.e., the necessary monetary amount that ensures the sustainability of the BESS's operation per year and is calculated in €/MW.
- The starting bidding price is set at **115,000.00 €/MW/year**.
- The bid offer may correspond to a capacity lower than the capacity mentioned in the pertinent Storage License. In that case the bid offer shall include an application for the amendment of the Storage License which will be processed by RAE if the project is successful.

### IV. Key Terms of the 2<sup>nd</sup> BESS Tender

The key terms and conditions of the 2<sup>nd</sup> BESS Tender are the following:

- At least four (4), non-affiliated entities must submit applications to participate in the 2<sup>nd</sup> BESS Tender, otherwise the process will be cancelled;

- The maximum installed capacity per applicant is set to 100 MW;
- the maximum capacity tendered per participant is set to twenty-five percent (25%) of the total capacity tendered, i.e. 72.05 MW;
- the minimum competition percentage is set to 100%; and
- a "last project" rule shall apply, which means that the last successful project may lead to an excess of the capacity tendered up to five percent (5%).

The applications which are considered admissible will be ranked in an ascending order until the tendered capacity of 288.21 MW is covered.

### V. Investment and Operating Aid support

BESS projects that successfully participate in the 2<sup>nd</sup> BESS Tender will receive an investment grant of 100,000.00 €/MWh, as well as operating aid regulated by an Operating Aid Agreement signed with DAPEEP (the Operator of RES and Guarantees of Origin).

In comparison with the 1<sup>st</sup> BESS Tender, the investment aid to be granted to successful projects has been reduced by 50%, as a result of the very low operating aid bids that investors submitted during the 1<sup>st</sup> BESS Tender. Furthermore, the operating aid granted to successful projects, in the form of a feed-in premium, shall consider the *Project Group Estimated Market Revenues*, as was the case in the 1<sup>st</sup> BESS Tender. The validity period of the Operating Aid is set to ten (10) years starting from the commercial operation of the BESS project.

## VI. Obligations of the selected BESS projects

The Call for Tender provides that successful projects are required to:

- submit an electrification application to IPTO by 30.09.2025;
- enter into commercial operation the latest by 31.12.2025;
- submit a **Good Performance LoG** of 150,000 €/MW to RAE within three (3) months from the issuance of the Final List;
- submit a **Good Operation LoG** of 150,000 €/MW to RAE following the completion of the trial operation of the BESS project and prior to its commercial operation with a validity period of five (5) years as of its issuance (the "**1<sup>st</sup> Good Operation LoG**").
- submit a second **Good Operation LoG** of 150,000 €/MW replacing the 1<sup>st</sup> Good Operation LoG the latest two (2) months prior to its expiration (the "**2<sup>nd</sup> Good Operation LoG**"). The Good Operation LoG is subject to a 50% discount five (5) years after the issuance of the project's Operation License.
- participate in the Electricity Markets as per the relevant Market Rulebooks;
- submit to RAE quarterly reports on projects' implementation progress. The first progress report shall be submitted within three (3) months as of the issuance of RAE's decision on the results of the Tender; and
- submit to RAE an annual report certifying that the Storage License holder or any of its affiliates does not own BESS with a total capacity

exceeding 100 MW, selected in the 1st and the 2<sup>nd</sup> BESS Tender.

During the 10-year validity period of the Operating Aid Agreement, the selected BESS projects are prohibited from entering into a Power Purchase Agreement (PPA), participate in the Derivates Market and terminate the Operating Aid Agreement.

## VII. Technical obligations of the selected BESS

The BESS must fulfil the technical requirements of the Call for Tender during the operating and investment aid period, otherwise they may face penalties. The main technical requirements are the following:

- the maximum injection capacity and the discharge duration of the BESS project cannot be modified during the investment and operating aid period;
- the BESS technology selected must have been utilized internationally in BESS projects that participate in the Electricity Markets and have been set into commercial operation within the period 2018 – 2022, with an aggregate capacity of at least 1,000 MWh;
- the selected projects shall have a full cycle performance equal to at least 80% when enter in commercial operation;
- when active and in standby mode, the maximum consumption of energy by the project must not exceed 15% of the guaranteed capacity on a daily basis;
- the project must be in position to participate as an independent Balancing Services entity in the

Electricity Markets, in accordance with the relevant Market Rulebooks;

- the selected BESS project shall achieve availability of capacity equal to 93% calculated as an average price on a biennial basis, for consecutive two-year periods;
- used or second-life equipment for BESS is prohibited.

BESS projects which are successful in the 2<sup>nd</sup> BESS Tender will be subject to injection curtailments in accordance with the applicable framework, as follows:

<b>Predefined period of imposition of curtailments on a daily basis</b>	<b>Maximum injection capacity vis-à-vis the maximum injection capacity mentioned in the Storage License (following the imposition of curtailments)</b>
09:00 – 10:00	70%
10:00 – 11:00	35%
11:00 – 15:00	0%
15:00 – 16:00	35%
16:00 – 17:00	70%

## Conclusion

The promotion of BESS projects is strategically aimed at addressing the unpredictability in electricity generation from Renewable Energy Sources (RES). This approach not only serves as a critical tool for reducing electricity production costs but has also been eagerly awaited in the Greek RES energy market.

The terms of both the 1<sup>st</sup> and the 2<sup>nd</sup> BESS Tender primarily seek to foster robust competition, ensure

the financial viability of BESS projects and safeguard the credibility of RES power generation by requiring selected BESS projects to have the technical capability of providing balancing services.

The successful execution of the 2<sup>nd</sup> BESS Tender will be a crucial test for the efficacy of the investment and operating aid framework established by the Ministry of Energy and is expected to bring to light any significant challenges that may arise from its implementation.

## Contact Us



Gus Papamichalopoulos  
**SENIOR PARTNER**

[g.papamichalopoulos@kglawfirm.gr](mailto: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](mailto:kg.law@kglawfirm.gr)

### THESSALONIKI OFFICE

31, Politechniou Str.,  
551 34 Thessaloniki

T +30 2310 441 552  
E [kg.law@kglawfirm.gr](mailto:kg.law@kglawfirm.gr)

[www.kglawfirm.gr](http://www.kglawfirm.gr)

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