

**ΜΕΤΑΞΑΣ & ΣΥΝΕΡΓΑΤΕΣ**  
ΔΙΚΗΓΟΡΟΙ - ΝΟΜΙΚΟΙ ΣΥΜΒΟΥΛΟΙ

# “The new regime of Competitive Procedures for RES Auctions”

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# Clean Energy Package

- ▶ On 30 November 2016, the European Commission presented a new set of legislative proposals (8 different) oriented to promote and cover energy efficiency, renewable energy, security of electricity supply and design of electricity market
- ▶ The new measures encourage both public and private investments, and motivate industrial competitiveness for a transition to cleaner energy
- ▶ The proposed measures are driven towards non-centralized interconnected markets, in order to facilitate consumers to produce, store, share, consume or sell energy on their own.



# New legislation implementing the Clean Energy Package

- ▶ In order for Greece to realize those tenders, a new Operating Aid scheme was imposed to promote the production of electricity from RES and HECHP
- ▶ On August 9, 2016, a new Law 4414/2016 has been enacted, to reform the existing support scheme in line with the European Commission's Guidelines on State aid for environmental protection and energy for the period 2014 – 2020 (Guidelines)
- ▶ The Feed-In-Tariff System has been replaced from 01.01.2017 by Feed-In-Premium mechanism (in order to be also compatible with the State Aid provisions).
- ▶ Until 2016, the Feed-In-Tariff mechanism suggested that the whole amount of electricity produced by RES and HECHP has to be paid against a guaranteed and stable price



# Main features of FiP mechanism

- ▶ There are two basic principles of the new scheme: (a) the compulsory participation of new renewable energy projects in the Greek wholesale electricity market, either directly or through renewable energy aggregators, whilst undertaking some balancing responsibilities; and (b) revenue support on the basis of cost reflective, market-based operating aid which will ensure that the projects are neither overcompensated nor undercompensated
- ▶ The FiP will be added as a premium to the revenues received by renewable generators through their participation in the wholesale electricity market, topping up revenues in order for the relevant operating aid to reach an acceptable level of support measured against a technology-specific reference tariff (RT)

# Law 4414/2016



- ▶ The new Regime adopts actions against the climate change by increasing the use of RES participation in the European “energy balance” at 20% and 18% participation in the Greek gross energy consumption.
- ▶ The Regime is being adopted for the support of RES’ electricity production, which allows new investments, as well as the gradually increasing participation and commitment of these new RES installments.
- ▶ The Regime is based on a new Operating Aid mechanism that implements premiums on top of the price:
- ▶ A “sliding premium” form is adopted rather than a “fixed premium”



# Types of Contracts

Art. 3 L. 4414/2016:

- ▶ Art. 9: The RES Administrator (DAPEEP SA – former LAGIE SA) concludes an Agreement of Operating Aid of Sliding Premium – “Sliding Premium Operating Aid Contract” (SEST)
  - 20 year duration (25 years for solar-thermal installments)
- ▶ Art. 10: The RES Administrator (DEPEEP SA) concludes an Agreement of Operating Aid of Fixed Premium – “Fixed Price Operating Aid Contract” (SEST)
  - 20 year duration (25 years for solar-thermal installments)



# Principles for the competitive auctions

- ▶ Art. 7 of Law 4414/2016 regulates the new permanent competitive auctions for RES projects.
- ▶ Full transparency (electronic means, reporting, analysis of results)
- ▶ Actual competitive procedure
- ▶ Equal opportunities for every type of interested participant
- ▶ Fair procedure (neutral auction type)
- ▶ Avoidance of administrative burdens



# Goals and basic rules of the Auctions

- ▶ The ultimate goal of the Auctions is to increase the percentage of RES in the energy sector, and at the same time to restrain the price that the consumers have to pay, directly or indirectly.
- ▶ The bidding process has a ceiling price set by RAE, conducted according to competition rules. The bidders have to offer the lowest price in order to be succeeded. The bidder with the highest tender is excluded in every round.
- ▶ The level required for the participation has to be at least 75% higher than the auctioning power (rule of 75%).



# The map of Competitive Procedures

**RAE's Decision – Competitive auctions**

**Registration of Participants**

**Application and Supporting Documents Submission**

**Evaluation / Examination of Applications**

**RAE's Decision - Table of Potential Participants**

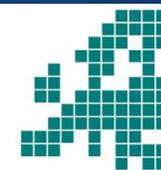
**Submission of Objections**

**RAE's Decision - Final Table Phase A**

**Users' Training - Virtual Auction**

**Conducting of Online Auctions – on 10 of December 2018 will take place the upcoming auctions**

**RAE's Decision – Table of Final Results**



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# Letters of Guarantee and other fees, Art. 7 Law 4414/2016

- ▶ The existence of a Connection Agreement, or a binding contract of a Connection Agreement is a prerequisite, as well as a Letter of Guarantee:
  - A.** for participation in the auction procedure:
    - 1% of total investment (Cost of a typical PV installment 1m€/ MW  
e.g. PH 100kw: 1.000 €
  - B.** for proper performance (installments' construction and connection's activation)
    - 4% of total investment included 1% of the participation Letter of Guarantee (Cost of a typical PV installment 1m€/ MW)  
e.g. 100kw: 4.000 €
- ▶ Another condition is the payment of participation fee of 500 €.



# The results of first Auctions for PV and Wind installations of 02.07.2017

- ▶ Category I: PV stations  $PPV \leq 1 \text{ MW}$ 
  - Maximum auctioned capacity 94 MW
  - Ceiling Price: 85 €/MWh
  - weighted average price: 78,42 € / MWh
- ▶ Category II: PV stations  $1 \text{ MW} < PPV \leq 20 \text{ MW}$ 
  - Maximum auctioned capacity 100 MW
  - Ceiling Price: 80 €/MWh
  - weighted average price: 63,81 € / MWh
- ▶ Category III: Wind Stations  $3 \text{ MW} < P_{\text{Wind}} < 50 \text{ MW}$ 
  - Maximum auctioned capacity 229 MW
  - Ceiling Price: 90 €/MWh
  - weighted average price: 69,53 € / MWh



# The upcoming Competitive Bidding Procedures (auctions) of 10.12.2018

- ▶ RAE announces with Decision No. 1026/2018 three (3) new Competitive Bidding Procedures (auctions) for the following categories, setting the starting prices mentioned below:
- ▶ Category I: PV Stations with installed capacity  $PPV \leq 1 \text{ MW}$  (Maximum tendered capacity 94MW) with a starting price of 81,71 € / MWh
- ▶ Category II: PV Stations with installed capacity of  $1 \text{ MW} < PPV \leq 20 \text{ MW}$  (Maximum tendered capacity 100MW) with starting price of 71,91 € / MWh
- ▶ Category III: Wind Stations with a maximum capacity of 3MW  $< PWIND \leq 50 \text{ MW}$  (Maximum tendered capacity 229MW) with a starting price of 79,77 € / MWh

	PPV ≤ 1MW	1MW < PPV ≤ 20 MW	3MW < PWind < 50 MW
<b>Max. Auctioned Capacity</b>	94 MW	100 MW	229 MW
<b>Min. Level of Competition</b>	75%	75%	75%
<b>Ceiling (Starting) Price</b>	81,71 €/MWh	71,91 €/MWh	79,77 €/MWh
<b>Letter of Guarantee: Participation in the Auction</b>	1% of total investment	1% of total investment	1% of total investment
<b>Letter of Guarantee: Proper performance</b>	4% of total investment	4% of total investment	4% of total investment
<b>Participation Fee</b>	500 €	500 €	500 €



# Conclusions

- ▶ The Competitive Procedures (regarding the submission of tenders for RES projects) are promoting a new innovative environment for development and investment in the green energy sector
- ▶ Application of the “75% Rule” resulted in a significant decrease in prices, in benefit of the consumers.
- ▶ Approximately 100% of the auctioned Capacity was covered according to RAE’s tender procedure



Thank you for your attendance



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