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LEGAL BRIEFING – Corporate

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Greek energy storage support scheme – commencement of competitive bidding processes finally under way

1. In the coming years, energy storage is expected to play a key role in Greece’s efforts to achieve its ambitious energy transition goals. This is highlighted by the target set in the country’s National Plan for Energy and Climate, for the installation of eight gigawatts of energy storage capacity within the next ten years. The recently-adopted regulatory reforms are aiming to create a robust licensing framework and an investor-friendly environment for the development of energy storage facilities. In that context, on 20 May 2023 the Greek government issued a Joint Ministerial Decision on the Competitive Auction Processes for Granting of Investment and Operating Aid to Energy Storage System Projects¹ (the “JMD”), which sets forth the details of the government support scheme already announced following the introduction, pursuant to article 225 of law 4920/2022, of new article 143(F) par. 2(A) of Law 4001/2011. The JMD sets the number, and outlines the general aspects of, the auction processes to be conducted; determines the technical and licensing requirements that Energy Storage System (“ESS”) projects must fulfill in order to participate; sets the time limit for the beginning of the operation of successful ESS projects; defines the parameters of the investment and operating aid to be granted; and introduces incentives for the efficient and beneficial operation of successful ESS projects.

2. The JMD provides for a total auctioned capacity of 1,000 MW, divided into three consecutive competitive auction processes, which shall take place in the 2nd (400 MW), 3rd (300 MW) and 4th (300 MW) quarter of 2023. It is worth noting that the 3rd auction shall only refer to projects located in areas falling under the Just Transition Development Plan, namely, the Region of Western Macedonia and the municipalities of Megaloupoli, Gortynia, Tripoli and Oichalia.

3. Each auction shall be conducted by the Regulatory Authority for Waste, Energy and Water (“RAWEW”) – known until recently as Regulatory Authority for Energy (RAE) – and the tenderers’ offers shall

¹ Joint Ministerial Decision YPEN/DHE/55948/1087/2023 - G.G. B’ 3416/20.5.2023

be submitted between 21 and 28 days from the date of RAWEW's invitation. The procedure to be followed is that of a single-stage bidding.

4. The maximum capacity for which a tenderer can participate in an auction equals 100 MW, and in any case may not exceed 25% of the total capacity being auctioned. In addition, each tenderer may not be awarded more than 100 MW in aggregate in the first auctions (Q₂ and Q₃) or 250 MW in total. Specifically, as regards the first auction, the JMD caps the base revenue value offers to EUR 115,000 per MW/year.

5. In order to be eligible to participate in an auction, ESS project operators should not have begun their construction prior to the submission of their offers, while for participants in the first auction, it is also stipulated that they must be endowed with a valid energy storage license. Moreover, the storage technology of these projects should have been used internationally in energy storage facilities that (i) participate in energy markets, (ii) have been put in operation between 2018 and 2022 and (iii) have a total storage capacity of at least 1,000 MWh. Exceptionally, in the context of the third auction and for ESS projects with a maximum total capacity of 50 MW, this storage capacity requirement is limited to 250 MWh, provided that the storage technology used is new and durable. Finally, ESS projects must be connected to the grid either directly, or through medium voltage interconnection projects that are not integrated into the distribution network; alternatively, they can be connected to the electricity transmission system of other countries of the European Economic Area (EEA).

6. Successful participants in the first and second auctions shall be granted an investment aid equal to EUR 200,000 per MW, provided, among others, that they have submitted a performance guarantee for the same amount, issued by a financial institution operating legally in Greece or in another state of the EEA. In addition to the investment aid, selected EES projects will be granted an operating aid, in the form of a 10-year Contract for Difference with the RES & Guarantees of Origin Operator (DAPEEP), which in principle will provide for the annual remuneration of the EES project operator for the difference by which its annual revenues from participation in the market may fall short from the base revenue value offered at the auction. The amount of the operating aid shall be calculated separately for each ESS project according to a formula to be adopted by decision of the RAWEW, taking into consideration a mechanism of efficient operation incentives.

7. Lastly, the ESS projects to be selected for inclusion in the above support scheme, are required to start their operation by 21 December 2025. These ESS projects are not entitled to conclude bilateral power purchase agreements through the period of the aid.

