

Greece's first Climate Law | A roadmap to carbon neutrality

Greece's first Climate Law 4936/2022 (GG A/105/27.05.2022) was enacted a few days ago by the Hellenic Parliament, aiming at establishing a coherent framework for improving the climate resilience of Greece.

Global warming is recognised as one of the major threats of our times. Further to the adoption of measures at international (Paris Agreement) and EU level (Regulation no 2021/1119), this is the first attempt of the Greek legislator to set forth binding measures concerning a wide array of industries and sectors, both public and private, in an effort to reduce carbon emissions and reach carbon neutrality by 2050. The new legal framework is very ambitious and is expected to bring a major shift in Greece's power production and overall economy in the years to come, designating environmental considerations as one of the key drivers for sustainable growth and development.

The key changes and obligations introduced are indicatively as follows:

National and Regional Strategies for Climate Change Adjustment

As per the new law, long-term climate change adjustment plans are to be elaborated and regularly revised both at national and at regional level. Relevant plans shall include analysis of the targets set and the strategy to achieve them, assessment of the most significant climate changes bound to affect Greece, while they will also define sectors which will need to be addressed as a matter of priority within the context of combating climate change.

Sectoral carbon budgets

The new law sets forth sectoral 5-year carbon budgets for (a) power and heat production; (b)

transport; (c) industry; (d) buildings; (e) agriculture and livestock production; (f) waste; and (g) land uses.

Lignite phase out

As of 31.12.2028, power generation from lignite-fired power plants shall be prohibited. Existing lignite-fired power units shall be decommissioned or converted for a different use in accordance with the pertinent guidelines to be included in the national strategy for climate change adjustment.

Electric mobility

Ambitious targets are set for electric mobility. More concretely, starting from 01.01.2024 at least a quarter (25%) of corporate vehicles shall be electric or hybrid. From 01.01.2026 only zero emission vehicles will be allowed to circulate as new taxis in the Attica and Thessaloniki Regions. Likewise, one third of rental cars must be electric or hybrid. The above measures are to be revisited by the end 2023 with a possible expansion of its application in other regions of the country. Finally, from 01.01.2030 or on any other date to be set by the EU legislation, only zero emission new passenger vehicles and light commercial vehicles will be placed on the market. The above are combined with a set of measures aiming to facilitate the installation of charging points.

Housing sector

As of 01.01.2025, the sale and installation of oil boilers for heating purposes will be entirely pro-

hibited, while from 01.01.2030 onwards the heating oil to be sold must be mixed with renewable liquid fuels by at least 30% by volume. Sanctions are foreseen in case of non-compliance with the aforementioned obligations. Moreover, starting from 1st January 2023 new building permits to be issued for buildings which are not to be used as dwellings on a percentage exceeding 50% will be subject to the installation of pv or solar thermal systems for power generation. Starting from 1st January 2023 the energy efficiency plan for buildings must also include their carbon footprint calculation.

Carbon footprint of projects/activities

Projects and activities classified under environmental licensing considered to have a significant impact on the environment and thus classified as Category A for licensing purposes and which do not fall within the ambit of the European Greenhouse Gas Emission Allowance Trading System must proceed with emissions reduction by at least 30% until 2030, the year 2019 being used as a calculation basis. Projects bound by the above obligation include (a) environmental infrastructure systems; (b) tourism installations; urban development/ building sector/ sports and leisure projects; (c) poultry farms; (d) aquaculture; and (e) industrial facilities. By 01.01.2026, the approval of environmental terms of existing projects and installations shall be accordingly amended. From 2026 onwards and by 31.10 of each year a report stating the project's verified emissions for preceding year must be filed. Incumbents may offset their aforementioned obligation through the purchase of Green Certificates or alternative methods of equivalent effect, including the forestation or reforestation of specific areas. The new law also provides for several amendments to be introduced in the Environmental Impact Assessment Studies which must henceforth specifically address the licensed project's compatibility with the national carbon reduction goals and its potential contribution to emissions reduction including a detailed calculation of such reduction where feasible.

Carbon footprint reporting

Under the new law a wide list of undertakings is bound by carbon reporting obligations. The list of incumbents is long and includes listed SAs, credit institutions, insurance companies, investment firms, fixed-line phone and mobile operators, water supply and sewerage companies, courier companies, electricity and gas supply undertakings, retail stores with more than 500 employees, logistics services undertakings and urban transport companies. From 2023 onwards, the above undertakings must submit annual reports for their carbon footprints of the previous year. The reports will be uploaded on a publicly accessible electronic database operated by the Organisation of Natural Environment and Climate Change with 2022 as a reference year.

Climate neutrality for Greek islands

A Strategic Development Framework is established for the Greek islands under the name "GR-eco islands" with the purpose to assist them achieving climate neutrality.

Tax incentives

Costs related to investments contributing to the climate change mitigation are amortised with the coefficients of Article 24 para 4 of Law 4172/2013 increased by 100%.

Climate change monitoring and participation of the public

The new law provides for the establishment of a National Observatory for the Adaptation to Climate Change aiming to facilitate the dialogue and exchange of information among public authorities and scientific and academic institutions. Also, an online forum dedicated to dialogues on climate is provided for the purpose of facilitating public consultation on sectoral carbon budgets, the revision of climate targets and the annual progress report on the adaptation to climate change.

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