



Greece puts forward an ambitious energy storage support scheme

A high-level overview of Ministerial Decision (ΥΠΕΝ/ΔΗΕ/55948/1087)

Greece has been actively focusing on energy storage since the emergence of the RES “boom” in 2020. The country recognised the pivotal role of energy storage in the energy transition and emphasised its importance in the first iteration of the country’s [National Energy and Climate Plan](#) in 2019. Building upon these foundations, Greece recently revamped its energy storage licensing regime in July 2022 with [Greek Law 4951/2022](#), as amended and currently in force, and also paved the way toward an energy storage support scheme in April 2022 with Article 225 of [Greek Law 4920/2022](#) which provided, among others, for the issuance of a Ministerial Decision setting forth the details of such energy storage support scheme.

Further to the above, on 20 May 2023 and just one day short of the Greek elections, the Greek Government issued the highly anticipated [Ministerial Decision](#) re-

garding the energy storage support scheme (the **(Ministerial) Decision** and the **(Support) Scheme**).¹ The Decision which was issued against the backdrop of the [European Commission’s approval of the ambitious state-aid Scheme on 5 September 2022](#) introduces an actionable plan for the bankable implementation of energy storage solutions by providing for specific support schemes aiming to assist the integration of the electricity storage technology in the market.

Key aspects of the Ministerial Decision are analysed below.

¹ ΥΠΕΝ/ΔΗΕ/55948/1087/Government Gazette Issue B’ 3416/20.05.2023 available at: https://www.et.gr/api/DownloadFeksApi/?fek_pdf=20230203416 (last accessed 6 June 2023).

Support schemes offered

The Scheme targets standalone energy storage technologies with a minimum injection capacity of 1MW connected to Greece's high-voltage transmission system managed by the [Independent Power Transmission Operator \(IPTO\)](#). It offers two types of support:

Investment grant

During the construction phase of each project, an investment grant will be provided, covering approximately 40-50% of its CAPEX. For projects selected in the first and second RAAEY auctions (please see below), the grant will amount to 200,000 Euros per MW.

Contract for Difference (CfD)

Supported storage projects will also receive 10-year CfDs, subject to regular monitoring, review, and adjustments by Greece's energy regulator, the - recently renamed - "[Regulatory Authority for Waste, Energy, and Water](#)" (**RAAEY**). The CfD aims to bridge the funding gap after the investment grant by ensuring a minimum annual remuneration, referred to as the "Base Revenue". If the energy market proceeds fall below the Base Revenue, the CfD will provide the necessary top-up to meet the Base Revenue.

Auction process

Projects interested in benefiting from the Support Scheme will be selected through a competitive auction process conducted by RAAEY. This will be a single-stage bidding process, with participants submitting Base Revenue offers expressed in euros per megawatt of maximum injection capacity per year. For the first auction (please see below), Base

Revenue offers are capped at 115,000 Euro/ MW/ year.

The Ministerial Decision provides for a total auctioned capacity of 1,000MW, split in three separate auctions of 400MW, 300MW and 300MW, respectively. The entire auction process will need to be completed by 31 December 2023, with the first auction reportedly taking place in early July, the second one in September and the third auction towards the end of the year. Of the 1,000MW of auctioned capacity, the first 700MW will be allocated to projects connecting anywhere in the transmission system (outside Crete); and the remaining 300MW to projects only connecting to the transmission system of Western Macedonia and the Municipalities of Megalopoli, Gortinia, Tripoli and Ithalia (former heavy lignite production areas).

RAAEY is responsible for formally announcing and setting out the details of the three auctions. Per a [RAAEY announcement dated 6 June 2023](#), RAAEY's decision for the first auction will be issued between 10 and 20 June 2023. The first auction will be carried out between 1 and 10 July 2023. Participating projects will need to submit an application fee of 2,500 Euros, together with a "Participation Letter of Guarantee" of 35,000 Euros/ MW.

Conditions for participation

To be eligible to participate in the first auction, projects must hold a valid Energy Storage Licence while a set of other eligibility criteria (including soundness of the technology used and minimum power injection capacity) must be met.

Unlike auctions for the awarding of CfDs for conventional RES Units, project own-

ers benefitting from the Support Scheme will need to ensure not only the timely but also the sound implementation of the eligible project(s). Indeed, participating projects must satisfy a set of technical criteria in line with international and European industry standards. Adherence to best-practice decommissioning processes will also be required. The Ministerial Decision outlines a rigorous monitoring process for these criteria throughout the period of support which, if not met, may trigger the imposition of penalties including the full withdrawal of support by RAAEY.

Selected storage projects must:

- a. Submit a “Letter of Guarantee for Good and Timely Performance” amounting to 250,000 Euros/ MW within three months from being selected.
- b. Request the activation of their connection to IPTO by 30 September 2025 and become operational by 31 December 2025.
- c. Submit a “Letter of Guarantee for Good Operation”, amounting to 200,000 Euros per megawatt of maximum injection capacity (reduced by 50% five years after the issuance of their Operation Licences).
- d. Adhere to the horizontal hourly curtailments generally applicable to storage projects, in line with recently enacted Ministerial Decision ΥΠΕΝ/ΔΑΠΕΕΚ/53563/1556/19.05.2023.
- e. Participate in the wholesale electricity markets.
- f. Not engage in over-the-counter bilateral energy transactions. Early termination of the respective CfDs is not permitted either.

The inaugural auction to take place shortly is expected to attract a lot of interest from potential investors. It remains to be seen whether it will also set a sound pace forward for the much-needed integration of energy storage systems in Greece.

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