



Reform of Greek RES regime - How much each licensing milestone costs for investors

Greece's natural resources with plentiful sunlight during most days of the year and strong winds, coupled with its National Recovery and Resilience Plan "Greece 2.0" which includes funding for energy-related investments¹, make the country an attraction for RES investments. The Greek legal framework for the licensing process has been recently reformed and simplified with L. 4951/2022.

However, a common concern of the investors is to understand the financial exposure of each milestone of the licensing process and the possibility to recover such exposure if the investors decide not to proceed with the project, especially when they acquire clear view of the financial and technical aspects of the project.

Costs of First Phase of the licensing process

The RES licensing process comprises two phases. In the first phase investors apply for the Producer's Affirmation (PA) according to the provisions of L. 4685/2020 and seek the approval of the environmental terms.

In accordance with article 11A of said law, together with the application for the issuance of the PA a letter of guarantee (LoG) which amounts to €35.000 per MW of nominal capacity should be submitted. The above LoG is returned upon the application for the issuance of a Final Grid Connection Offer being submitted and replacement thereof with the FGCO LoG (mentioned below). The LoG may also be returned upon the request of the holder of the PA in which case the PA (and any other permit issued in relation to the specific project) ceases automatically to be in force.

Moreover, a producer bears additional administrative costs during the first phase of the RES licensing process. More specifically, the producer shall pay the "one-off" application fee under article 16 of L. 4685/2020, which amounts to 60 Euros per MW and cannot exceed €12,000. In addition, the producer is obliged to pay the one-off fee for the issuance of the PA in accordance with article 17 of L. 4685/2020, which is variable and amounts to 3,000€/MW for up to 1 MW, 2,500€/MW for 1 to 10 MW, 2,000€/MW for 10 to 50 MW, 1,500€/MW for 50 to 100 MW and 1,000€/MW for more than 100 MW.

¹ Greek RRF is expected to provide 6 billion EURO of EU grants towards RES investments.



Costs of Second Phase of the licensing process

In July 2022 L. 4951/2022 has been introduced which reformed the second phase of the RES licensing process. Second phase includes the granting of the connection offer by the grid operator, the granting of the installation license, the signing of the grid connection agreement and finally the signing of a power purchase agreement.

Pursuant to article 6 of L. 4951/2022, a letter of guarantee is required while applying for a final grid connection offer (FGCO) (FGCO LoG), the amount of which is variable depending on the nominal capacity of the specific RES project (i.e., 42 Euros/KW for 0-1 MW, 21 Euros/KW for 1-10 MW, 14 Euros/KW for 10-100 MW and 7 Euros/KW for 100MW and above). The FGCO LoGs should have a minimum term of two (2) years, shall remain in force until the completion of the construction and the readiness of the project to be connected (Operational Readiness Statement - article 4A of L. 4414/2016) or the commencement of the trial operation and are forfeited if they are not timely renewed or the grid connection agreement does not come into force during the term of the FGCO. L. 4951/2022 (article 6 par. 6)

² In summary, priority category A comprises 10 sub-categories on the basis of various criteria, the most common being the installation of the projects in specific regions, priority category B includes projects for which the producers have

prescribes the cases where the LoG may be returned to the producer (indicatively, if the producer does not accept the FGCO or withdraws its application for FGCO). The above obligation to submit an FGCO LoG referred also to the pending (at the time L. 4951/2022 entered into force) applications for FGCO and such FGCO LoGs should have been submitted within four (4) months from the publication of L. 4951/2002, i.e., until 04.11.2022. It is noted that the amount of the FGCO LoGs is reduced by 75% upon the grid connection agreement coming into force.

Priority Scheme

New L. 4951/2022 aims to optimize the exploitation of the Grid's infrastructure taking into account the technical aspects of the regions which have been classified as saturated networks, as well as to allow more projects to connect to the grid without compromising the safety of the Grid.

In this context the Ministerial Decision ΥΠΕΝ/ΓΔΕ/84014/7123 (the "Priority MD") has been issued introducing a priority scheme in respect of the FGCO which are granted to the producers. In accordance with article 6 of the Priority MD, producers that are granted with an FGCO for projects which fall under the priority categories A, B, D and P9² shall

entered into or have committed to enter into bilateral PPAs with non-residential end customers or electricity providers, priority category D includes RES stations with integrated storage or RES stations in combination with storage stations



submit a priority letter of guarantee (Priority LoG), which amounts to €100,000 per MW. Priority LoGs should have a minimum term of two (2) years, shall remain in force until the electrification of the project and the issuance of the electrification certificate and are forfeited if they are not timely renewed or the grid connection agreement does not come into force during the term of the FGCO or the project is not constructed in the time provided for in the installation license or if the Operational Readiness Statement (article 4A of L. 4414/2016) or the application for the issuance of the operation license is not submitted until the expiry of the installation license. The Priority LoGs may be returned to the producers in the same cases as the FGCO LoGs. It is noted that the amount of the Priority LoGs is reduced by 50% upon the grid connection agreement coming into force.

Finally, it is noted that in accordance with the Priority MD, producers who wanted their projects to be categorized under priority category B, should have submitted within two (2) months from the date the Priority MD entered into force (i.e., until 12.10.2022) an additional letter of guarantee in the amount of €100,000 per MW.

In conclusion, the new regime tends to discourage investors that cannot prove their financial ability at the

with capacity operational limitations, and priority category P9 includes RES stations which fall under article 25A par. 1 of L. 4685/2020.

beginning of the application process and during different milestones of the licensing process with the ultimate aim to limit the number of the applications taking also into account the stability of the grid.

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