Navigating Greece’s Battery Energy Storage Systems (BESS) Investment Landscape

Greece is racing towards 80% renewable electricity by 2030 – but its grid was never built to absorb that much intermittent power. Battery Energy Storage Systems (BESS) fill the gap: they capture surplus renewable generation, stabilise the grid in real time, and re-inject stored energy at peak demand. In short, BESS are no longer an investment opportunity – they are critical infrastructure.

EU and national policy confirm the trajectory. The Green Deal, Fit-for-55, and REPowerEU all position storage as a pillar of decarbonisation – commitments Greece's revised NECP, ratified in December 2024, has crystallised into binding domestic targets. The question for investors is not *whether* BESS will be deployed, but on what legal and commercial terms.

The Regulatory Framework: From Institutional Uncertainty to Structured Market

The Greek regulatory journey in energy storage is one of late but determined acceleration. Before 2022, the sector operated in a zone of institutional uncertainty: Law 4001/2011 provided the first formal acknowledgment of storage as a distinct activity, but no coherent licensing regime or commercial model existed. The decisive pivot has been made with Law 4951/2022, which set out the principal licensing milestones – from the granting of the Storage License to the issuance of the Operation License – simplified the path to market for standalone BESS, established eligibility criteria, and authorised the Regulatory Authority for Waste, Energy and Water (RAAEY) to conduct competitive tenders for investment and operational aid for standalone BESS projects.

RAAEY conducted three successive competitive auctions between 2023 and 2025, awarding ten-year operational aid agreements – in the

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form of Contracts for Difference (CfDs) to be entered into with the RES&GO Operator (DAPEEP) – to BESS projects with a total capacity of approximately 900 MW, with average reference revenues ranging from €47,700 to €52,600 per MW per year. Successful projects also received a capital subsidy of €200,000/MW (under the 1st and 3rd auctions) or €100,000/MW (under the 2nd auction) to cover development costs. It bears noting, however, that the reference revenue determined through the respective auction does not constitute an unconditional guarantee: under the CfD structure and the annual review methodology formally established by RAAEY Decision E-65/2025, the operational support payment is recalculated each year by reference to the market revenues generated by a defined reference group of projects, with any revenue exceeding the reference figure returned to DAPEEP, whereas any revenue shortfall shall be covered by it. This rebalancing mechanism ensures that the operational aid functions as a genuine market-participation incentive rather than a fixed subsidy – a distinction of material significance in terms of project financing structuring. Nevertheless, these auctions have provided market participants with meaningful incentives to develop BESS projects, offering a material counterweight to the revenue uncertainty that remains the principal obstacle to their financing.

At the start of 2025, Ministerial Decision ΥΠΕΝ/ΓΔΕ/28255/1143/2025 (Government Gazette B' 1248/13.03.2025) laid down the rules governing the granting of grid connection terms by the competent grid operators to standalone merchant BESS projects, setting out the application procedure, the applicable eligibility criteria – including the obligation to submit an application bond at the time of filing and a performance bond upon acceptance of the final interconnection offer – and technical requirements, as well as an eighteen-month implementation deadline running from the date of acceptance of the final interconnection offer. The same decision capped the available capacity at 4,700 MW –3,800 MW to the Transmission System and 900 MW to the Distribution Network – and introduced participation caps of between 50 MW and 250 MW (depending on the applicable category), calculated on a corporate group basis, to prevent market concentration (anti-concentration criteria). Projects awarded connection terms under this framework are expressly excluded from any form of operational aid, whether existing or future, and are left to generate revenues exclusively from market participation.

Market and Regulatory Challenges

Notwithstanding the significant legislative and regulatory progress, the Greek BESS market enters its commercial phase carrying a set of structural tensions that practitioners and investors should carefully navigate.

Revenue uncertainty is the major challenge for merchant projects. Unlike RES installations whose revenue stream is anchored by long-term PPAs – virtual or physical – or feed-in premium arrangements with DAPEEP, the cash-flow profile of standalone merchant BESS is inherently volatile. None of the principal revenue streams – energy arbitrage through participation in the Day-Ahead and Intraday Markets of the Hellenic Energy Exchange (HEnEx), participation in the balancing market operated by ADMIE, and remuneration for the provision of ancillary services – offers the multi-year price visibility and predictability that project finance lenders require. Against this backdrop, the tolling agreement has emerged as the primary commercial response: under such an arrangement, the developer transfers operational control of the BESS unit to a licensed aggregator (Φο.Σ.Ε.) in exchange for a fixed, guaranteed capacity payment, replicating – for merchant projects – the revenue predictability that the CfD provides to subsidised BESS projects, thereby providing lenders with the contracted income stream they require to underwrite the project. A related concern extends even to projects benefiting from operational aid: some market participants question whether the reference revenues established through the RAAEY competitive auctions are sufficient to ensure financial viability over the full project lifecycle, raising the prospect that additional support mechanisms may eventually be required.

Grid congestion is another systemic constraint. Available grid capacity has failed to keep pace with investor demand, and the volume of connection applications submitted to the grid operators has significantly outpaced the grid infrastructure's absorption capacity. The 4,700 MW released under the 2025 Ministerial Decision represents a policy signal rather than an immediately deliverable pipeline: many projects continue to face protracted waits for final interconnection offers, whilst those that have already secured a final interconnection offer face the compounding pressure of the eighteen-month implementation deadline, a timeframe widely regarded as structurally inadequate, which exposes developers to the risk of performance bond forfeiture, should it not be met.

The bankability of merchant BESS projects presents perhaps the most immediate constraint on investment activity. Financial institutions remain cautious in the absence of established operational data and a proven project track record in the sector. Lenders typically insist on conservative debt-to-equity structures, with financing terms becoming markedly more restrictive for fully merchant projects without a tolling agreement or an experienced aggregator.

Prospects and Investment Outlook

The Greek BESS market has reached an inflection point. The first projects are live, the regulatory framework is substantially more mature than three years ago, and investor appetite – near 1.5 GW of applications before the third RAAEY auction alone – far outpaces available grid capacity.

Three dynamics will shape what comes next: the pace at which Greece's balancing and ancillary services markets mature and can sustain merchant revenue profiles; the speed at which grid infrastructure expansion unlocks the 4.7 GW connection pipeline; and the possible introduction of a capacity remuneration mechanism (CRM), which could fundamentally re-price BESS assets by adding a predictable capacity payment to energy revenues.

The regulatory and commercial building blocks are in place. Tolling agreements are fast becoming the standard bankability tool, financing structures are evolving in step, and the pipeline of investable projects continues to grow.

For those ready to move, the opportunity is tangible – the critical question is no longer *if*, but *how* to structure the entry. Our team stands ready to help you navigate this new landscape.

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