

Art. 9&10 of RES Directive – Greek and EU perspectives

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Outline

- Progress towards the Greek target and cost
- RES-E status in neighboring third countries
- Regulation 347/2013 and implications for the cooperation mechanism
- Issues with implementation : regulatory issues & envisaged tasks of the energy regulator.

1. Progress towards RES target

- National Target for RES-E in 2020: 20% (Law 3851/2010)
- Binding EU Target for RES-E in 2020: 18% (Dir. 2009/28/EC)

RE technology distribution according to NREAP

RET	Target 2014 (MW)	Target 2020 (MW)	Installed Capacity (MW) ¹	Production License (MW) ²
Wind	4000	7500	1787	23300
PV	1500	2200	2152	4529 ³
CSP	120	250	-	451
SHPP	300	350	218	971
Biomass	200	350	43	452

1. As of July 2013
2. As of August 2013
3. For P>1MW

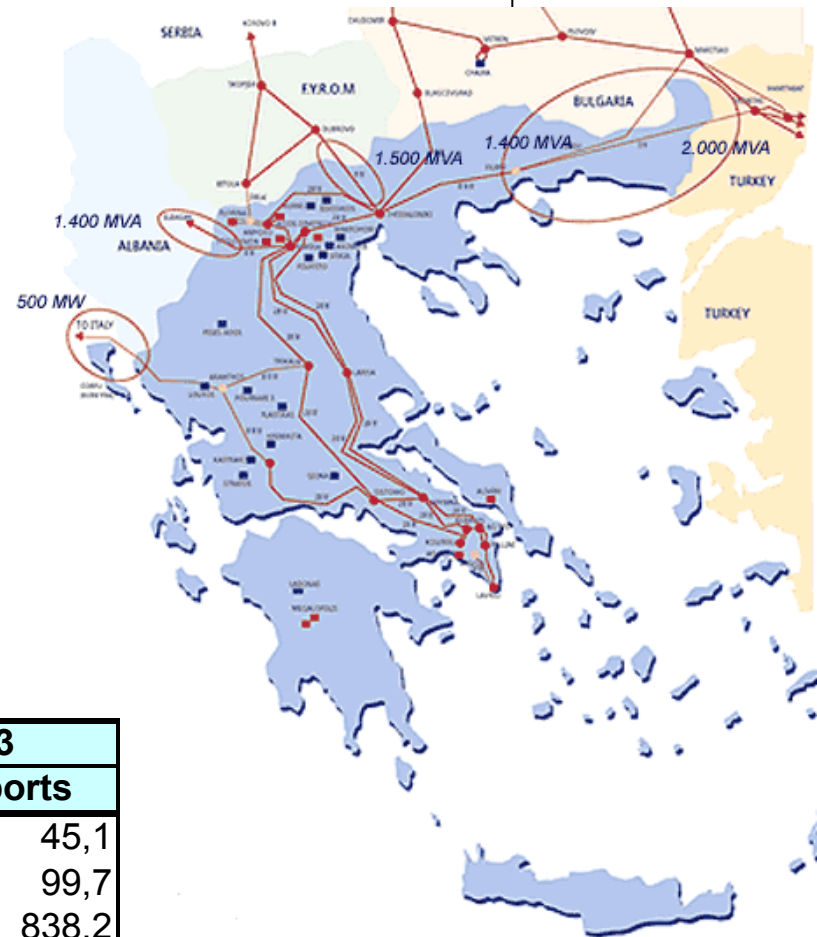
2. Cost of RES-E

- Cost of RES-E is rising
- Increasing deficit of special RES account
- RES Levy increased by 61% in July 2013 -14.96€/MWh
- Payments to producers are delayed (up to 6 months)
- Need for immediate action

	Total Cost (million€)	Average RES-E Cost (€/MWh)	RES-account Deficit (million€)
Jan '13	117,5	158,1	330,7
Feb '13	101,8	157,7	318
Mar '13	147,9	171,9	344,2
Apr '13	165,4	104,8	388,2
May '13	176,8	128,8	436,9
Jun '13	228,2	159,2	513,4
Jul' 13	199,9	222,4	542,5
Total '13 (proj.)	1957,8	210,8	476,7
Total '14 (proj.)	2071,3	201,9	694,5

3. Third party alternatives

- RES-E shall be “physically” transferred
- Interconnections with Albania, FYROM, and Turkey (Bulgaria, Italy)
- North Africa is not an option for 2020 horizon
- Non-neighboring countries are less favourable due to transmission charges
- Cost effectiveness will be the main criterion



MWh	2012		Jan-Aug '13	
	Imports	Exports	Imports	Exports
Albania	1011,5	356,1	972,6	45,1
FYROM	1390,6	198,5	766,8	99,7
Turkey	216,4	893,4	10,9	838,2

Source: DEI S.A.

4. RES-E status in third countries

- Albania:
 - 98% of electricity production from HPP
 - RES Law exist – FiT to be established by the Regulator
 - Significant potential
 - National target of 38% RES by 2020 (already ~31%)
 - No projects other than SHPP established yet
- FYROM:
 - National target of 28% RES by 2020 (already ~22%)
 - Existing RES law – FiT already in place
 - Still no new RES project development
- Turkey:
 - High economic growth – driver for energy demand
 - National target of 30% RES by 2023 (already ~25% RES-E)
 - Promising RES expansion
- Potential for cooperation exist but countries have to meet ambitious national targets as well
- Not obvious if imported RES-E overall costs are competitive

5. Regulation 347/2013: the Energy Infrastructure package

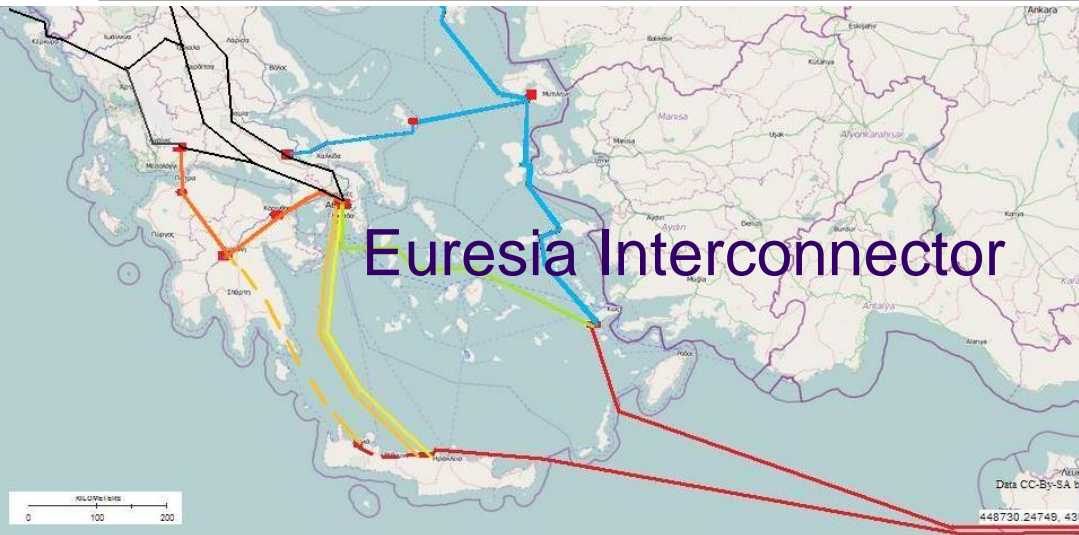
- In force since 1 June 2013
- Lays down guidelines for the timely development and interoperability of priority corridors and areas of trans-European energy infrastructure
 - *'energy infrastructure' means any physical equipment or facility falling under the energy infrastructure categories which is located within the Union or linking the Union and one or more third countries;*
- Introduces the concept of **Projects of Common Interest**
 - First PCI list almost finalised
 - PCI projects benefit from a fast-track authorisation procedure, clear methodology for cross border cost allocation (between member states) and potentially some EU funding

5b. Regulation 347/2013: the Energy Infrastructure package

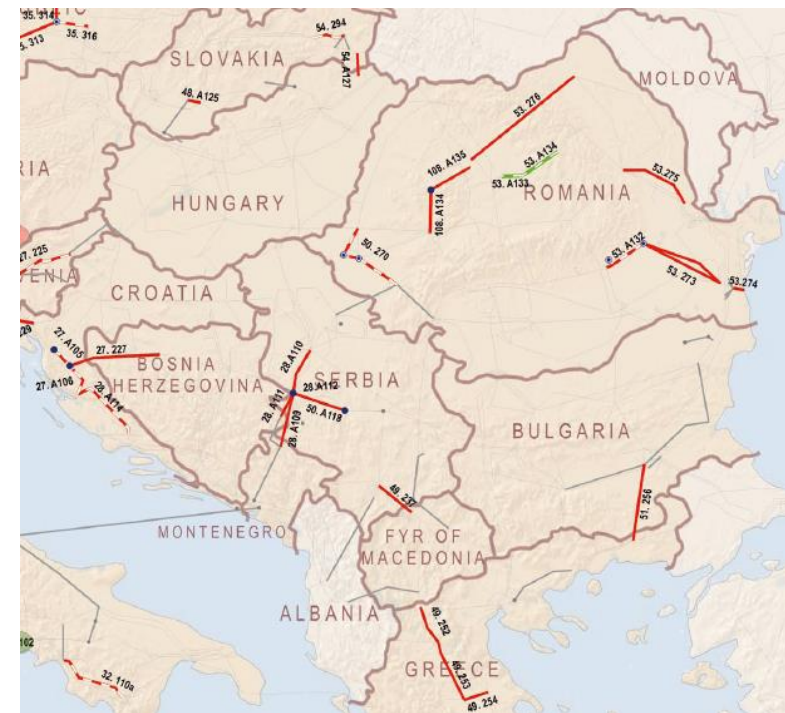
- A similar process is running at Energy Community level. The process is part of the Energy Strategy of the Energy Community as adopted by the Ministerial Council in 2012
 - A PECE list is under construction (PECE- Projects of Energy Community Interest)
 - The preliminary PECE list includes several new transmission projects (and reinforcing of existing lines)

The new infrastructure policy has obvious links to Directive 2009/28/EC including the cooperation mechanism

5c. PCI projects for Greece and EU in the Mediterranean basin



Western Balkans



Source ENTSOE, TYNDP 2012, some update is due

6. Implementation Issues

- No clear procedure/planning at MS level
- Responsibility for the design lies with the MS as part of the energy planning
- Overall support mechanism to be decided
 - Similarities with the credits generated by CDM/JI mechanisms obvious but issues with certification/standardisation
 - Most likely national authorities dealing with CDM./JI issues will be also involved in the mechanisms provided for by art. 9 of directive 2009/28/EC
- Expected decisions for 2030-RES roadmap will highly affect implementation of the mechanism

7. Regulatory issues – Envisaged tasks of the energy regulator

- Bilateral negotiations or market model?
- Duration of RES-E import/level and duration of support schemes
- Cost recovery / Distribution of imported RES-E cost to consumers ?
- RES-E certification
- Priority for imported RES (?) – implications for internal market
- Network development and transmission costs allocation

7b. Regulatory issues – Envisaged tasks of the energy regulator & Conclusions

- Early identification of third party cooperation necessity (quantified cost-benefit analysis)
- Examination of the impact in internal market (in view of the Target Model implementation)
- Identification and prioritisation of regulatory issues
- Evaluation of costumers' burden
- Development of 3rd party cooperation mechanism - implementation plan
- Cooperation with international institutions for common approach: CA-RES, CEER, MEDREG, Energy Community

Thank you for your attention !

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