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ENERGY

New Ministerial Decisions for PV stations

The Ministerial Decisions concerning the PV stations were published in the Greek Official Gazette (B 2317/10.0802012). In particular the Decision no. YAPE/F1/2300/oik. 16932 on the "Suspension of the authorization process and granting grid connection quotation for PV stations" suspends:

- The submission of new applications to the National Regulatory Authority (RAE) for obtaining a Production License for PV stations
- The examination of pending applications to RAE for the issuance of Production License for PV stations.

RAE's decision on PPC's tariffs for Medium Voltage customers

RAE's decision (No. 702/2012) regarding PPC's tariffs for Medium Voltage (MV) customers was issued on 03.08.2012 pursuant to a relative complaint drafted by Law Firm "Metaxas & Associates" and submitted to the National Regulatory Authority for Energy (RAE) on behalf of a large industrial customer.

More specifically, RAE points out that imposing increased and common for all MV customers tariffs, regardless of the different characteristics in the consumption profile of each client, is not compatible with the current regulatory framework. In the conclusion of its decision that has far reaching impact for PPC's retail pricing policy, beyond the scope of this concrete case, RAE asks PPC to proceed to forming a sufficient number of different billing schemes (at least three different tariffs), depending on the MV customers demand profile per day (electric charge's characteristics).

The main findings formulated in the decision of the Regulatory Authority are the following:

- The energy market does not operate effectively due to the fact that PPC possesses sole access to all lignite and all major hydroelectric stations.
- PPC is becoming potentially the only provider in Greece supplying electricity to industries, while it has a competitive advantage when compared to other suppliers that have access only to domestic energy sources in the daily market.
- The specific characteristics of major customers must be taken into account by PPC while determining its pricing policy. Substantial direct negotiations with the respective client must take place before adopting a concrete tariff scheme.

STATE AID

Greece needs to recover around €17 million from Aluminium of Greece

Brussels, 13 July 2011 – The European Commission has concluded that lower electricity tariffs granted in 2007-2008 by the Greek state-owned Public Power Corporation (PPC) to Aluminium of Greece conferred an undue advantage to the company, in breach of EU state aid rules. As result, Greece must recover the aid from the beneficiary.

The Commission also investigated the financing of a gas pipeline by the state-owned Public Gas Corporation, connecting Aluminium of Greece to the national gas grid, but concluded that it was carried out on market terms and did therefore not involve state aid.

The decision follows an in-depth investigation opened in January 2010 (see IP/10/58). Aluminium of Greece benefited from a difference between its preferential tariffs and the standard rates for large industrial consumers during the period concerned, which totals €17.4 million.

The preferential tariffs go back to 1960 and were supposed to expire in March 2006. But they resumed in January 2007 until March 2008, at which point PPC won an appeal to have them terminated.

The price difference gave Aluminium of Greece an undue advantage over its competitors, who had to pay the normal tariffs, and consequently resulted in a distortion of competition. Greece must recover the €17.4 million plus interest.

In parallel the Commission has concluded that the partial financing by PPC of the construction costs of a pipeline to connect Aluminium of Greece's co-generation power plant with the national gas transmission grid did not involve state aid. This is because the financing generated a sufficient return. Under EU state aid rules, interventions by public authorities in companies carrying out economic activities are free of state aid if they are made on terms that a private agent operating under market conditions would have accepted (the market economy investor principle).

Commission invites comments on rules for state aid for environmental protection

In the context of its state aid modernisation initiative (SAM) (see IP/12/458), the European Commission is reviewing the EU Guidelines on State Aid for Environmental Protection (see MEMO/08/31). The review starts with a public consultation, seeking stakeholders' views on the functioning of the guidelines since their adoption in 2008. In light of the submissions received and its own experience in applying the guidelines, the Commission will propose revised draft guidelines in 2013, with a view to contributing to the objectives of modernising state aid rules. Submissions to the consultation can be made until 23 October 2012.

After almost four years of applying the EU guidelines on state aid for environmental protection, it is time to take stock of stakeholders' experiences and review its functioning. Moreover, the Commission will examine how the guidelines can support the project to modernise state aid rules, designed to foster growth and to speed up, simplify and focus state aid control. In particular, the guidelines will be reviewed with a view to best channelling public resources towards well-established objectives of common interest while ensuring that public financing does not lead to undue distortions of competition. Thus the Guidelines will play a role in enhancing environmental protection, growth, employment and competitiveness in Europe.

The questionnaire contains questions on general policy to support environmental protection and more specific ones on the use and effectiveness of aid in Member States. It also contains more detailed questions on the experience with the application of the common and specific provisions of the guidelines.

The questionnaire also contains questions on the specific provisions on environmental aid in the General Block Exemption Regulation (see IP/08/1110), which are also currently under revision (see IP/12/627) in order to ensure coherence between the different instruments.

Commission temporarily approves aid to Alpha Bank, EFG Eurobank, Piraeus Bank and National Bank of Greece; opens in-depth investigations

The European Commission has temporarily approved, under EU state aid rules, a bridge recapitalisation provided by the Hellenic Financial Stability Fund (HFSF) in favour of Alpha Bank, EFG Eurobank, Piraeus Bank and National Bank of Greece, for reasons of financial stability. At the same time, the Commission has opened four in-depth investigations to examine whether the measure is in line with its rules on state aid for banks during the crisis. The opening of an in-depth investigation is common for large amounts of state aid granted through atypical instruments. It gives interested third parties an occasion to submit comments on the measures and increases legal certainty for the beneficiaries. It does not prejudge in any way the outcome of the investigation.

Commission Vice President in charge of competition policy Joaquín Almunia said: "Greek banks are currently operating under extreme conditions. Their participation in the Greek Government bond exchange and the deep recession have weakened their capital. The bridge recapitalisation by the HFSF ensures the stability of the Greek banking system".

In April 2012, the HFSF committed to participate in the planned share capital increases of Alpha Bank, EFG Eurobank, Piraeus Bank and National Bank of Greece. On 28 May, the HFSF, in line with this commitment, granted the banks a bridge recapitalisation to cover the period until their final recapitalisation is implemented. More precisely, the HFSF deposited in the banks European Financial Stability Fund (EFSF) floating notes with maturities of six and ten years. The total amount received by the four banks is €18 billion. These deposits count as equity.

Greek banks have participated in the Greek Government bonds exchange, known as private sector involvement (PSI). The debt exchange resulted in very significant losses, depleting the capital base of the banks. The bridge recapitalisations have restored the banks' capital ratios to a level that allows their functioning on the market and access to euro-system operations. The measure aims to help the banks to comply with the national regulatory capital requirements of 8%. They constitute state aid because the banks would not have been able to raise the capital on the financial markets.

Background

The four banks in question represent around three quarters of the Greek banking sector and have an important role in financing the real economy. Therefore, the Commission concluded that the measure was necessary to preserve financial stability in the Greek banking sector, in line with Article 107(3)(b) of the Treaty on the functioning of the European Union (TFEU). The Commission has approved the measure for six months or, if within that period, the Greek authorities submit a complete notification of the conversion of the bridge recapitalisation into a final recapitalisation, until the Commission reaches a final decision on this notification.

All four banks have benefited of state capital injections, guarantees and bond loans granted under the support measures put in place by Greece following the financial crisis and initially approved by the Commission on 19 November 2008 (see IP/08/1742). The capital injections took the form of preference shares and represented around 2% of each bank's risk weighted assets.

Since the Greek banks were expected to face substantial capital shortfalls as a result of the private sector involvement and the continuing recession, the Memorandum of Economic and Financial Policies of the Second Adjustment Programme for Greece between the Greek Government, the European Union, the International Monetary Fund and the European Central Bank of 11 March 2012 has made available funds for the banks' recapitalisation.

The (final) recapitalisation of the Greek banking sector has to be carried out in order for banks to comply with a 9% Core Tier 1 ratio by September 2012 and 10% by June 2013 as provided in the Memorandum.

COMPETITION

Commission publishes guidance on application of competition rules in car sector

The European Commission has published a set of frequently asked questions (FAQs) on the application of EU antitrust rules in the motor vehicle sector. The FAQs provide stakeholders with guidance on how the Commission applies these rules, in particular in the markets for repair and maintenance services and spare parts.

In May 2010, the Commission adopted a new Motor Vehicle Block Exemption Regulation and accompanying Guidelines, concerning the application of EU antitrust rules to categories of agreements between vehicle manufacturers and their authorised dealers, repairers and spare parts distributors. Following requests from stakeholders and national competition authorities for further practical guidance on the application of the new rules, the Commission has now published a set of frequently asked questions.

The FAQs are based on input and queries received during the initial period of application of the new rules.

The FAQs are available on the Commission's Competition Website at

http://ec.europa.eu/competition/sectors/motor_vehicles/legislation/legislation.html

TELECOMS

Commission opens public consultation on preservation of the open internet (net neutrality)

The European Commission launches a public consultation seeking answers to questions on transparency, switching and certain aspects of internet traffic management, with a view to its commitment to preserve the open and neutral character of the Internet.

These questions have emerged as key issues in the "net neutrality" debate that has taken place in Europe over the past years, including the recent findings of the Body of European Regulators of European Communications (BEREC). Input is sought from all interested public and private parties, including fixed and mobile internet service providers, Internet content and application providers (including comparison websites), equipment manufacturers, transit providers, investors, public authorities, consumers and their associations.

The responses to this consultation will be crucial input for the Commission's planned recommendations announced by European Commission Vice President Neelie Kroes on 29 May 2012.

The consultation document and additional information are available at:

http://ec.europa.eu/information_society/digital-agenda/actions/oit-consultation/index_en.htm

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