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*The **"Athens Conference on European Energy Law"** organized by The Hellenic Energy Regulation Institute in cooperation with the Florence School of Regulation, will take place on 7th December, 2018.*

*The Hellenic Regulation institute is a scientific multidisciplinary forum founded by **Metaxas & Associates Law Firm (www.metaxaslaw.gr)** in an effort to host a well-founded dialogue between energy experts and people interested in the energy field.*

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1

The upcoming RES Auction scheduled for July 2nd for wind energy projects between three and 50 MW; large-scale solar energy projects between one and 20 MW; and small-scale solar energy projects less than one MW

Prospective participants of a RES auction scheduled for July 2 to offer investors installation capacities for mature projects in three categories – wind energy projects between three and 50 MW; large-scale solar energy projects between one and 20 MW; and small-scale solar energy projects less than one MW – have submitted a satisfactory level of applications.

The deadline for applications expired on the 5th of June. Applications for wind-energy capacities were highest, totalling approximately 380 MW, sources noted.

Applications for the two solar energy categories reached a combined total of approximately 240 MW, of which roughly 195 MW concerns large-scale photovoltaic projects between one and 20 MW.

Judging by these figures, capacities of between 215 and 220 MW concerning wind energy projects and 135 to 140 MW concerning photovoltaic projects will be offered at the upcoming July 2 auction.

Taking into account a decision by RAE, the Regulatory Authority for Energy, to offer a total of 600 MW in 2018, approximately 250 MW will be left over following next month's RES auction. According to sources, this amount will be offered at an additional auction within 2018. It is not linked to a combined wind-solar capacities auction also scheduled for the current year.

Official application data for the July 2 auction is scheduled to be released on the 19th of June when RAE will make known the final cut and precise capacities to be offered following an examination of applications.

The European Investment Bank and the European Bank of Reconstruction and Development will most likely be lending to developers of the projects. Last year, the EBRD committed to lend 300 million euros to finance clean energy in the Mediterranean country.

2

Commission approves the Greek measures to ensure fair access to lignite-fired electricity generation for PPC's competitors

The European Commission has made legally binding under the EU antitrust rules the measures submitted by Greece to ensure fair access to lignite-fired power generation for the competitors of Public Power Corporation (PPC), the incumbent electricity operator. Furthermore, it concluded that the measures are also in line with the EU's climate and energy objectives.

In its decision of March 2008, the Commission found that Greece had infringed competition rules by giving the state-owned electricity incumbent, PPC, privileged access rights to lignite, and called on Greece to propose measures to correct the anti-competitive effects of that infringement. Due to appeals at both the General Court and European Court of Justice, such corrective measures have not been implemented so far.

On 17 April 2018 (Case Comp/AT. 38700 – Greek lignite and electricity markets), the Commission concluded that the amended final version of the remedies submitted by Greece on 19 January 2018 fully addresses the infringement identified by the Commission in its 2008 Decision, while also taking into account Greece's environmental objectives and current market circumstances.

The remedies aim at removing the privileges created by the special access rights granted to PPC. In particular, they provide that PPC will divest the lignite-fired units of Meliti (including the licensed unit of Meliti 2) and Megalopoli 3 and 4. The divestiture will include also the necessary employees and lignite mines.

The market test carried out by the Commission indicated that the proposed remedies are a satisfactory way of addressing the Commission's concerns. The assets to be divested will allow the purchasers to compete immediately and more effectively in the Greek wholesale electricity market.

In order to increase competition in the Greek market, PPC's competitors need to have access to base-load capacity, which in Greece is still significantly dependent on lignite, in particular during off-peak periods. More access to lignite-fired electricity generation capacity will help to increase the competitive pressure in the Greek wholesale market and to address the enduring distortions in favour of PPC.

At the same time, by divesting existing lignite-generation capacity and avoiding the further opening and exploitation of new lignite mines, the remedies also take into account Greece's environmental policy and the EU's 2020 objectives to reduce CO_2 emissions.

The tender procedure for the divestment of the above mentioned plants is expected to last until July 2018.

Some background information:

In its Decision of 5 March 2008, the Commission found that Greece breached EU competition rules (Articles 106 and 102 of the Treaty on the Functioning of the European Union, "TFEU") because it granted and maintained privileged rights to PPC for the exploitation of lignite in Greece. This resulted in an inequality of opportunity between economic operators as regards access to primary fuels (i.e. lignite) for the production of electricity and enabled PPC to maintain or reinforce its dominant position on the Greek wholesale electricity market by excluding or hindering market entry by competitors.

The 2008 Decision provided that Greece had to identify concrete measures to correct the anticompetitive effects of the infringement. Subsequently, Greece submitted a number of measures it intended to adopt to ensure access by competitors of PPC to lignite and lignite-fired generation in the Greek electricity market. Those measures were made binding by a Commission Decision of 4 August 2009 but have never been implemented.

The 2008 and 2009 Commission Decisions were appealed by PPC. In September 2012, the General Court overturned these decisions, putting on hold the implementation of remedy measures by Greece. The Commission then appealed against the General Court's judgment. In July 2014, the Court of Justice set aside the General Court's judgments and referred the cases back to the General Court for a number of non-decided pleas. Finally, in December 2016, the General Court confirmed both decisions (*see DEI v Commission T-169/08 RENV and DEI v Commission T-421/09 RENV*), making the Commission's decisions final and binding.

The basis for the aforementioned decision was already set out in the 2008 Decision. It envisaged the possibility to revise the remedies imposed on Greece in case Greece changed its lignite exploitation policy with a view to taking into account EU environmental policies regarding CO2 emissions. With this decision, the Commission has concluded that the revised measures submitted by Greece on 19 January 2018 are apt at solving the competitive concerns under current market circumstances and environmental targets.

The divestment of a portion of PPC's lignite-fired generation capacity has also been included in the Supplemental Memorandum of Understanding agreed and signed by Greece and the Commission acting on behalf of the European Stability Mechanism (ESM) as part of a more general effort to introduce structural reforms and increase competition in a variety of strategic sectors in Greece, including electricity.

3

US Ambassador Joeffry Pyatt's Remarks at Prometheus Annual Energy Lecture -"The Role of Greece as Key Regional and European Energy Hub"

On May 15 the US Ambassador to Greece Geoffrey Pyatt, hosted by the Department of International and European Studies of the University of Piraeus, offered the Prometheus Annual Energy Lecture on "The Role of Greece as Key Regional and European Energy Hub".

The Ambassador highlighted the role that Greece plays in diversifying sources of energy for the European Union and the contributions of several projects to the energy security of Europe, such as the TAP pipeline. More specifically he said: ‘’*The Trans-Adriatic Pipeline, through Greece and Albania to Italy, will allow Azeri gas to flow directly into the European market reducing the EU's reliance on Russian gas. The support which Greece has shown for TAP, which is now 95% cleared and 75% of the pipeline is in the ground through Greece and Albania, further illustrates Athens' commitment, not just to its own energy security, but that of Greece's neighbours. The Greece-Bulgaria Interconnector, which the United States also supports, would allow TAP gas to reach* *not only the countries on the pipeline's route but also countries further north in the Balkans, bolstering regional energy security.*''.

In addition, the Ambassador made special remarks on the role of Greece as LNG importing country: '' *The expansion of the Revithoussa LNG terminal provides Greece already with flexibility for importing natural gas from multiple sources – including the eastern Mediterranean – into Europe. A future floating storage and regasification terminal near Alexandroupoli would enhance that resilience. We believe it should be a high priority in the next few months to complete financing and participation for the FSRU, which hopefully will include an American share.*

And this brings me to another clear point of consensus between me and my colleague EU Ambassadors, namely the transformative impact that LNG imports, including from the United States, will have in deeper diversification of Greece's and Europe's energy supply. The arrival of the first U.S. LNG exports to Lithuania not long ago signified the tectonic shift that is occurring in the natural gas markets as U.S. LNG begins to come online. And that is just the start of the changes to come as America emerges as a significant energy exporter.

And so Prime Minister Tsipras' announcement in Washington last October that Greece intends to join several other EU States in importing U.S. LNG is a very significant development.While we are keen to see American exporters succeed in finding new markets for LNG, the real winners will be the consumers, as the European gas market begins to experience true competition. That is the reason why the EU has welcomed additional LNG exports from the United States.

I should also note here that the Baltic States and several Central European countries are developing their own regasification terminals and interconnections that are further transforming European energy markets, so Greece's actions are not isolated.''.

Furthermore, he pointed that: *''All of these Greek energy infrastructure projects are massive in scale, with TAP constituting by many measures the largest foreign investment in Greece since the crisis began. Having visited TAP's construction site, I saw firsthand how the project has the potential to reshape the energy landscape of Southeastern Europe. But the Southern Gas Corridor is not the only "transformation project" in this* *neighborhood. There are others in various stages of development. The Prime Minister Tsipras recently visited Cyprus, to meet with his Israeli and Cypriot counterparts and discuss the future of energy in the Eastern Mediterranean, including the East Med pipeline project, which is another step toward establishing Greece as a regional energy hub.*

I've often said, but it bears repeating, that the United States views Greece as a pillar of stability in the region. As such, the U.S. and Greece share a compelling interest in supporting these energy infrastructure projects. We must ensure that no country from outside Europe's Energy Union has the ability to manipulate its resources or leverage its position in the global energy market to extort other nations.

U.S. investors are also looking at opportunities in energy privatization, including at Hellenic Petroleum. ExxonMobil has expressed its interest in partnership with Total and Hellenic to explore production possibilities in Greek waters. Also, General Electric has expressed its confidence in the wind market, which it sees expanding not only in Greece, but throughout Europe.

Other energy projects also have the potential to bring in billions of dollars in foreign direct investment and create thousands of jobs in Greece. Not to mention the benefit they would bring by further building Greece's central position in the regional energy market.

We also look forward to the privatization of DESFA, which the SNAM-led consortium just won, which will lead to further investment in the Greek system and create new opportunities for diversifying and strengthening resilience.

Energy is a sector that allows Greek companies to expand worldwide, including to the U.S. For example, Greece has been a leader in building its renewable energy sources, creating expertise that has allowed Greek companies to succeed around the world, including in the United States, where Greek company TERNA has successfully built wind farms''

Concluding, the US Ambassador emphasized on the fact that the relations between the two countries, especially on the energy sector, have never been stronger. The audience included undergraduate and graduate students, academics, and faculty members; prominent energy experts, top executives, stakeholders and leaders from the energy sector; and representatives of the Greek military and of local authorities, Greek politicians, and diplomats.

4

EU Budget: Commission proposes increased funding to invest in connecting Europeans with high-performance infrastructure

As part of the next long-term EU budget 2021-2027, the European Commission proposes to renew the 'Connecting Europe Facility', with €42.3 billion to support investments in the European infrastructure networks for transport (€30.6 billion), energy (€8.7 billion) and digital (€3 billion).

This represents a 47% increase compared to 2014-2020, showing the EU's commitment to a well-connected and integrated Union where citizens and businesses can fully benefit from free movement and the single market. For 2021-2027, the Commission is proposing to strengthen the environmental dimension of the Connecting Europe Facility, with a target of 60% of its budget contributing to climate objectives. This will help reinforce the Energy-Union, fulfil the EU's commitments under the Paris Agreement and consolidate Europe's global leadership in the fight against climate change.
The Commission's proposal aims to better integrate the transport, energy and digital sectors, in order to accelerate the decarbonisation and digitalisation of the EU's economy. Clean mobility solutions – such as electric mobility – for instance require a close integration between the transport and energy sectors. Other examples include autonomous mobility, energy storage and smart grids.

1. Transport: safe, clean and connected mobility

The Connecting Europe Facility will support smart, sustainable, inclusive, safe and secure mobility, in line with the 'Europe on the Move' proposals and the EU's transport infrastructure policy. It will for instance help with the decarbonisation of transport by prioritising environmentally friendly modes (such as rail transport) and the development of charging points for alternative fuels. A stronger emphasis on the modernisation of the network is also proposed, notably to make it safer and more secure. As a concrete expression of European solidarity, part of the budget (€11.3 billion) will be reserved for Member States eligible to the cohesion fund.

For the first time ever, the Connecting Europe Facility will also support civilian-military dual use transport infrastructure with €6.5 billion. The objective is to adapt Europe's transport network to military requirements and to improve military mobility in the EU. This will make an important contribution to a fully-fledged Defence Union by 2025, which is a political priority of this Commission. The proposal delivers on the Joint Communication from November 2017 and Action Plan from March 2018.

2. Energy: affordable, secure and sustainable

In the energy sector, the new Connecting Europe Facility will enable the creation of a genuine Energy Union and support the energy transition in line with the objectives of the Clean Energy for all Europeans proposals. This will enable Europe to remain frontrunner in the clean energy transition in line with this Juncker Commission political priority to become the world leader in renewable energy.

To this end, a new strand of the budget will nurture Member State cooperation on cross-border renewable generation projects, in order to promote the strategic uptake of market-ready renewable energy technologies. The programme will also continue to back the key trans-European network infrastructures, allowing for further integration of the internal energy market, boosting interoperability of networks across borders and sectors, and facilitating decarbonisation and guaranteeing security of energy supply.

3. Digital: high-capacity broadband network

The Connecting Europe Facility will support state-of-the-art digital infrastructure, which lays the foundation for a functioning Digital Single Market. The digitalisation of European industry and the modernisation of sectors like transport, energy, healthcare and public administration depend on universal access to reliable, affordable, quality, high and very high capacity networks. With an ever-increasing demand for high-capacity networks and infrastructure in electronic communications, the new Connecting Europe Facility will devote more importance to digital connectivity infrastructure.

Next Steps

A swift agreement on the overall long-term EU budget and its sectoral proposals is essential to ensure that EU funds start delivering results on the ground as soon as possible. Ongoing large-scale infrastructure projects would otherwise be strongly impacted by delays. In the transport sector this would affect flagship projects such as the rail links Rail Baltica, Brenner Tunnel, Lyon-Turin, Evora-Merida, etc. Rail Baltica must for instance be able to launch the major procurements it needs for construction in 2021. This is crucial for the completion of a project that will help connect five million people in the Baltic.

An agreement on the next long-term budget in 2019 would provide for a seamless transition between the current long-term budget (2014-2020) and the new one and would ensure predictability and continuity of funding to the benefit of all.

5

EU electricity distributors should not be allowed to police themselves - The ''EU DSO body'' idea

The European Parliament's industry and energy committee (ITRE) has adopted its position on reforming the EU's internal energy market. This position represents a part of the negotiations on the Commission's 'Clean Energy for All Europeans' package.

The committee supported new rules on electricity distribution system operators (DSOs) that could change the design of Europe's electricity market. They include creating a new EU-level entity for DSOs, an "EU DSO body".

This body would promote coordination amongst the Europe Union's approximately 2,750 DSOs and pave the way for them to take on more tasks to ensure their grids are smarter, flexible and capable of integrating more renewable energy resources.

Nevertheless, without the right legal framework, the EU DSO body has the potential to hinder, rather than facilitate, the transition to a renewable energy future, as it would let DSOs create their own rules and largely police themselves.

The risks of self-regulation

The EU DSO body will provide technical expertise in developing rules and best practices to promote a more flexible, clean and decentralised energy system.

The new body will also be responsible for drafting regulations known as 'network codes'. Network codes are binding legal instruments that aim to harmonise the internal electricity market. They are key to improving competition within the internal energy market and ensuring that renewables and demand response are properly embedded in the market.

What's more, the drafting process for the regulations could be drawn out if the EU DSO tried to secure agreements from all of the potential 2,750 members and may result in ambition being diluted.

Enabling a cleaner energy system and effective competition

Through its position, the ITRE committee attempts to improve some of the EU DSO body's governance issues by:

- Requiring the EU DSO body to act independently from the interests of its members to ensure effective competition in energy markets;
- Ensuring robust regulatory oversight of the EU DSO by ACER – the European Agency for the Cooperation of Energy Regulators; and
- Clarifying that independent regulators – national regulators and ACER – will oversee the implementation of and compliance with network codes, not the industry itself.

These measures correct the flaws in the Commission's proposal. However, the European Parliament appears to undermine these improvements by also proposing to open up the EU DSO body's membership to existing EU-level associations who represent DSOs. Many, however, also represent the interests of energy utilities, which may try to protect and advance their interests over potential competitors and new market players.

This is clearly at odds with the obligation of DSOs to act as neutral market facilitators. If the interests of these stakeholders are reflected in the best-practice reports, recommendations and network codes drafted by the EU DSO body, the market may become biased.

The European Parliament and the European Council will soon enter into trilogues and it is imperative that the outcome of the negotiations on this matter increase the EU DSO body's legitimacy and ensure its proper functioning. The Parliament and the Council must guarantee that the new entity plays a positive and proactive role in transforming Europe's energy system and supports further deployment and integration of renewable energy.

If the proposed safeguards are too weak, there is a danger that the EU DSO body and the regulations it drafts will hinder the integration of renewables, storage and demand response into the grid. This may ultimately delay and increase the costs of the transition to a smarter, more flexible and decarbonised energy system and jeopardise the European Union's commitments to address climate change.

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