

14 May 2019

Subject: Greece and the forced sale of lignite assets

Dear Commissioners Vestager and Cañete,

Thank you for your kind replies to my letter from January 2019 regarding the Greek lignite assets' sale and capacity mechanism. I would like to take this opportunity to further comment on some of the issues brought up in your reply.

The Lignite Divestiture: giving incentives for new coal and coal license extensions?

It is reassuring to read in Commissioner Cañete's letter (dated 28 March) that the lignite divestiture in Greece does not entail the construction of new coal plants. Yet this contradicts the fact that a production license for a new 450 MW unit (Meliti II) is part of the divestiture measure. **We urge you to take action so as to remove any mention of new coal units (Meliti II) from the Sales Purchase Agreement in the current, as well as in any future, sale attempt.**

In addition, you assure us that the divestiture process does not entail the extension of the licenses of existing plants. However, there is no explicit mention in neither the supplemental Memorandum of Understanding nor the law for the lignite sale, that the two Megalopoli plants and the Meliti plant that are being sold will be respectively retired by 2027 and 2028. These are the dates when their environmental licenses expire. Additionally, the 2018 Commitments' Decision envisages a potential extension of 20 to 50 years of their corresponding mining permits, which would imply a substantial life extension of the plants. **We therefore ask you to explicitly include the end dates of the plant licenses in the current and any future sale attempts.**

Capacity Mechanisms

On 23 April 2019, the Greek government presented its proposal for a market-wide capacity mechanism through a public consultation - that is open for 18 days only. According to our analysis¹, the Greek capacity market proposal does not take into consideration the new Electricity Market Regulation (EMR). Firstly, it fails to include a carbon intensity criterion of 550gCO₂/kWh, which runs counter to the spirit and purpose of the new law. Secondly, it would allow 10-year long contracts for new lignite capacity, directly contradicting the new EMR, which does not allow any capacity payments for new lignite plants - with payments potentially running until 2033, if these plants manage to secure contracts before 31 December 2019. **We therefore call on the Commission to ensure that any Capacity Mechanism that might be approved for Greece will comply with the new rules regarding both new and existing lignite plants.**

Moreover, it is well established that a public consultation at national level cannot substitute a proper in-depth State aid assessment launched and run by the European Commission. **Therefore, we urge the Commission to open a formal investigation regarding this crucial piece of national legislation, which will heavily influence the operation of the Greek electricity market for many years to come.**

Just Transition and National Energy and Climate Plan

We welcome the inclusion of the Greek region of Western Macedonia into the Coal Regions in Transition platform. It is crucial to ensure that coal-dependent regions receive proper support and assistance.

¹ You can find the relevant analysis by ClientEarth [here](#) and by Green Tank [here](#).



However, delivering a Just Transition must go hand in hand with the energy transition. The current Greek draft National Energy and Climate Plan falls short of the Paris Agreement and the EU's long term climate strategy, and fails to foresee a coal phase out, since, in 2030 it retains almost 70% of the current net lignite capacity (2,7 GW in 2030 vs 3,9 GW today).

We ask you to therefore recommend to the Greek government to amend its draft National Energy and Climate Plan so that it is in line with the EU's long-term climate strategy and the European Commission's stated clean energy and air quality objectives, and so that the country can phase out coal by 2030.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Mahi Sideridou".

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