



Miguel ARIAS CAÑETE
Member of the European Commission

Brussels, 28. 03. 2019
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Dear Ms. Sideridou

Thank you for your letter of 24th January 2019, addressed also to Vice-President Šefčovič. Let me reassure you that the transition to a cleaner energy sector and the implementation of a functioning electricity market in Greece are of utmost importance to us. The decisions of the Commission have always been taken with these objectives in mind.

The lignite divestiture

The objective of the lignite divestiture is to grant access to competitors of Public Power Corporation to a portion of the *existing* lignite-generation capacity. By no means does this measure entail the construction of new coal power plants or the extension of the licenses of the existing ones.

The divestiture will bring a much-needed increase in competition. This, together with the implementation of the new electricity market design, will finally allow for a really transparent and functioning market, which will:

- facilitate the integration of renewables.
- drive the more pollutant and increasingly more expensive power plants to be phased out.

For these reasons, we strongly believe these changes will benefit both consumers and the environment in the short and long term.

Greece's clean energy future

Greece has, in its National Energy and Climate Plan (NECP), committed to increasing its share of renewable energy production and decreasing its lignite generation. We are currently evaluating the National Energy and Climate Plan submitted by Greece with full consideration of the EU's long-term goals.

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We are aware of the previous imbalances of the special account for renewable electricity producers. The Commission aims at safeguarding a balanced renewables account with means which are compatible with a well-functioning market. This is why one of the commitments under the Technical Memorandum of Understanding signed this summer was to keep in balance the account, while reducing some charges that were creating distortions in the Greek electricity market. According to the latest reports we have received, the renewable energy account is currently balanced which made it possible for the Greek authorities to abolish the additional suppliers' levy.

Capacity mechanisms

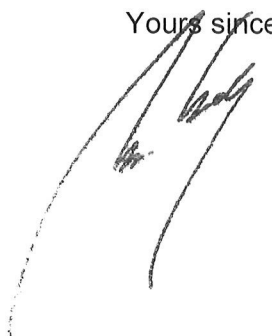
Regarding the new capacity mechanism, the Commission is in discussions with the Greek Authorities to verify the need of such scheme and its compliance with our Guidelines on State aid as well as with the internal energy market rules. Environmental impact is one of the key criteria under which the Commission assesses the capacity mechanisms. Furthermore, the recast Electricity Regulation includes provisions which will limit capacity payments to highly pollutant power plants, and this will apply to any capacity mechanism approved from next year onwards.

Just transition

We are already working with national authorities in Greece to help accelerate the transition on the ground through supportive targeted actions addressing specific challenges arising in the process of decarbonisation. As part of the Coal Regions in Transition initiative, we are providing technical assistance to the region of Western Macedonia for the development of a clean and fair energy transition strategy. The efforts will intensify as we move ahead.

I hope that these clarifications address the issues raised in your letter. I strongly believe that the reforms that are taking place in Greece will help to achieve a more competitive and cleaner energy sector.

Yours sincerely,

A handwritten signature in dark ink, appearing to be 'M. Šefčovič', written over the 'Yours sincerely,' text.

c.c. VP M. Šefčovič, Commissioner M. Vestager