



Electricity and gas market dynamics

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Existing structural distortions in the electricity market

- ❑ Greek electricity market still retains the characteristics of an oligopoly.
- ❑ The energy crisis magnifies the structural deficiencies of the design and of the operation of the market.
- ❑ 100% of the energy passes through the DAM.
- ❑ There is an urgent need to take immediate structural measures on the market and to remove the existing barriers for corporate PPAs

Revenue cap restricts PPAs

- ❑ A market revenue cap on revenues obtained from the generation of electricity is implemented in Greece as of July 2022.
- ❑ In the Greek wholesale market, all bilateral agreements are settled at the Energy Exchange and cleared at the DAM price, which does not reflect either the agreed price or the generator's realised market revenue.
- ❑ As a result, the market revenue cap is actually targeting virtual (not realised) market revenues, leading to a significant distortion, which does not allow conclusion and proper execution of PPAs.

PPAs with physical delivery vs financial

- ❑ An amendment to the market revenue cap has recently been implemented, in order to address this distortion and allow the conclusion of PPAs with energy intensive industries.
- ❑ As of March 2023, the market revenue cap is not applicable on energy quantities under the requirement that these quantities serve the execution of PPAs with physical settlement, concluded with energy intensive industries.
- ❑ Financial PPAs are outside the scope of the aforementioned amendment.

Financial PPAs

- ❑ Greece has not implemented support measures for energy intensive industries, as set out in the Temporary Crisis Framework.
- ❑ So, energy intensive industries must have unobstructed access to financial PPAs, so as to hedge against electricity price volatility and reduce their long-term price exposure.
- ❑ Existing barriers in the national regulatory framework have to be removed, so as to enable and incentivise the conclusion of financial PPAs, in line with the European's Commission proposal on the reform of the EU's electricity market design.

Flexibility mechanisms for demand response

- ❑ UNICEN welcomes the European's Commission long-awaited proposal for a reform of the EU electricity market and the priorities outlined therein.
- ❑ UNICEN fully supports the key provisions aiming to provide a level playing field for demand response and unlock the full potential of demand-side flexibility, (establishment of national objectives for demand response and implementation of demand-side flexibility remuneration schemes).



Thank you