

OUTLINE OF THE **VICE-MINISTER'S** SPEECH AT THE 24th NATIONAL
CONVENTION OF THE INSTITUTE OF ENERGY FOR
SOUTH-EAST EUROPE (IENE) "ENERGY AND DEVELOPMENT 2019"

"THE PIVOTAL ROLE OF ENERGY IN ECONOMIC GROWTH"

EVGENIDIO FOUNDATION, ATHENS, 21 NOVEMBER 2019

"The Energy Landscape in Greece and Internationally"

INTRODUCTION

Dear guests,

Ladies and Gentlemen,

First of all, I would like to thank the Institute of Energy for South-East Europe (IENE) for inviting me, as well as all of you for your presence here.

Now that energy issues are at the forefront of public debate more than ever, organizations such as IENE, with their studies, conferences, and general action, are extremely beneficial and more than necessary.

After a decade of crisis and uncertainty, our country is now facing the future with optimism and confidence, looking forward to a robust and fair economic growth that will benefit all citizens and businesses.

The ever changing and evolving energy sector will play a pivotal role in the world opening up before us.

The urgent need to address climate change is expediting the transition to cleaner forms of energy.

The challenges are numerous, yet Greece and the European Union are facing them with courage and determination.

INTERNATIONAL LANDSCAPE AND THE EUROPEAN UNION

It is generally accepted that the policies currently implemented on an international level render the achievement of the goals set in the Paris Agreement impossible.

[The Paris Agreement involves a plan of action to maintain the average temperature increase on the planet well below 2°C above the pre-industrial

levels and to continue the efforts to limit temperature increase to 1.5°C above the pre-industrial levels]

This was highlighted among other subjects by the International Energy Agency in the World Energy Outlook for 2019, which was published last week and which will be discussed later by the representative of the Agency.

In the current circumstances, where those who hold power often send conflicting messages and change their policy orientations, the European Union has remained unwavering and shown with actions that the fight against climate change and energy transition are its clear and non-negotiable priorities.

This is reflected in the leading role of EU in attaining the Paris Agreement in 2015 and then its Rulebook in 2018 in Katowice, as well as in the ambitious goals it has set for its member states.

The **Clean Energy for All Europeans package** serves the Long Term Strategy of the EU for a climate neutral economy and the implementation of the 5 dimensions of the Energy Union (energy safety, integration of the internal energy market, energy efficiency, an economy free from carbon emissions, competitiveness-research-innovation) and aims for benefits for consumers, the environment, and the economy in general.

Specifically, as is well known, the goals set for 2030 are successfully reducing greenhouse gas emissions by 40% compared to 1990, have at least 32% of energy consumption come from Renewable Energy Resources (RER), and improving energy efficiency by at least 32.5%. These goals are the most ambitious by far on a global scale.

The newly formed European Commission, expected to assume its duties soon, has already announced via its President and the competent vice-president a Green Deal for Europe, a green deal which will pursue the objective of climate neutrality by 2050. Europe's ambition to be the first climate-neutral continent fills us with pride.

At the same time, the Commission has the political will to revise the goals for reduced greenhouse gas emissions by 2030 and increase the target percentage from 40% to 50% or even 55%.

The European Union will participate at the upcoming COP25, which will be held in Madrid in early December, within this context.

Europe alone cannot save the planet. However, it is clear that the European Union is on the right path and serves as an example to be followed by other countries, particularly large economies.

GREECE – NATIONAL PLAN FOR ENERGY AND THE CLIMATE (NPEC)

The Greek Government firmly supports the ambitious goals set by the European Union, not because they have been imposed on us but because we deeply believe that transforming the energy sector is a one-way path.

Within this context, the revised NPEC to be submitted to the European Commission by the end of the year will be put to public consultation, discussed in Parliament, and finally submitted to the Governing Council of Economic Policy in the near future.

The NPEC to be submitted will be ambitious and front-loaded, and it will constitute the main pillar on which the national energy policy for the next decade will be established. At the same time, it will serve as a road map for the integration of the Long Term Strategy for 2050.

Regarding **RER**, the NPEC stipulates that they will cover 35% of the final energy consumption by 2030, thus exceeding even the European goal of 32%. We are evidently moving towards a new energy model where the sun and wind constitute our main energy sources.

In order to achieve this goal, over 8 GW of new wind and photovoltaic parks are expected to be installed, with the estimated total investment exceeding 6 billion euros. The vast majority of these new projects (over 90%) will have an obligation to participate to the electricity market, while most of them are expected to operate without the need for operational support.

In the climate-neutral economy of the future, RER will be the main source of electricity, ensuring energy supply to all citizens at a low cost. In Greece, even before 2025, electricity production from RER will exceed 50% of the country's net electricity production, while their share of the final gross electricity consumption will exceed 60% by 2030. Regarding the share of wind and photovoltaic parks in the country's net electricity production in particular, it is expected to exceed 50% by 2030, thus constituting one of the highest participation shares of unregulated RER in the European Union.

Energy efficiency is a field of great importance. Energy savings are the easiest way to lower consumers' costs while also reducing greenhouse gas emissions. This is why the Greek Government aims for the implementation of an effective combination of regulatory actions and financial tools that will allow for the best use of the potential for energy savings. The intended result is the

achievement of the goal of improved energy efficiency that exceeds 35%, that is, over the respective main European target.

Fully **ending the country's dependence on lignite** by 2028, as the Prime Minister has announced, is one of the greatest challenges that we have to face. This is undoubtedly an ambitious goal, yet it is fully in line with the international energy developments, placing Greece to the forefront of the energy transition. The withdrawal of lignite units will be carried out in a fair, structured, and responsible manner, within an integral and multidimensional master plan for the transition of lignite-dependent areas to the post-lignite era that will arise in the mid-2020s.

GREECE – AN ENERGY JUNCTION

At the same time, particularly as it regards our neighborhood of Southeast Europe, Greece has a fundamental role to play in the energy map of the region, and the development of electricity connections with the electrical systems of our neighboring countries is a strategic priority of ours.

The establishment of the Regional Security Coordinator (RSC), based in Thessaloniki, is a very positive development within this context.

The outward-looking energy policy that the Greek Government has been vigorously promoting aims at the establishment of our country as a regional energy junction, and the cross-border natural gas infrastructure currently under construction is a move towards that direction.

ECONOMY – FINANCIAL TOOLS– INVESTMENT FUNDS

The energy transition cannot be realized without the mobilization of significant funds, both public and private.

In order to achieve the goals set for 2030, it is estimated that investments of approximately 180 billion euros per year will be required on a European level, while the estimated total investments required for our country exceeds 34 billion euros over a decade.

[This last number regards the NPEC of January. When it comes to the more ambitious goals for RER and Energy Savings (ES), it is estimated that there will be significantly larger investments.]

The present government possesses both the political will and necessary expertise to assert increased funds from the European financial tools.

In the context of the negotiations for the European budget of the following period of 2021-2027, it is stipulated that 25% of resources – approximately 320 billion euros – will be allocated to actions regarding climate change.

Therefore, the funding from the Structural Funds on energy and the climate (around 35%) will be substantial, and we are already in consultation with the Ministry of Development regarding the priorities of the development plan for the next seven years.

Greek institutions, public and private, will claim a share in the resources provided by financial tools such as the Horizon Europe (around 33 billion euros intended for addressing climate change), the Connecting Europe Facility (around 15 billion euros for similar actions), and the InvestEU (around 4 billion euros for similar actions as well).

We will also seek increased input from the European Just Transition Fund, the establishment of which has been announced by the new President of the European Commission, estimated to amount to 35 billion euros approximately. Investments in the lignite areas in West Macedonia and Megalopolis will be funded through this Fund. Through our actions, we shall ensure that these areas fulfill the funding criteria so that they absorb the largest possible funds.

The recent decision by the European Investment Bank to discontinue funding new projects regarding fossil fuels (including natural gas) from 2022 is indicative of the direction towards which investment funds are now oriented. The new leadership of the European Commission has made the political choice to gradually turn the European Investment Bank into a “Climate Bank”, after all.

The investment requirements for the energy transition cannot be covered exclusively by public/European funds. Private funds have a crucial role to play in this direction.

In this context, the Government’s objective is to create an attractive framework for long-term strategic investments which will enhance competition, introduce new, innovative technologies, improve the quality of the provided services for the benefit of the final consumers, and create new, well-paid jobs.

At this stage, the Government’s priority is to attract these private funds to the natural gas and electricity distribution networks in order to expedite their development and free the market further. Consequently, we are immediately proceeding with the privatization of the Public Gas Corporation of Greece (DEPA), while we also wish to put the privatization of the Hellenic Distribution Network Operator (DEDDIE) into action within the next year, with the administration of the Public Power Corporation (DEI) moving fast towards that direction.

CONCLUSION

Dear guests,
Ladies and Gentlemen,

A new energy landscape is taking shape, and there is no doubt that clean forms of energy and their judicious use are fully in line with economic growth.

We envision Greece serving as a regional energy junction, with energy safety, with a just and truly sustainable development, on a planet that has a future.

We have been determinedly creating all the necessary conditions that will turn our vision into reality.