

GREEK ENERGY MARKET INTO 2019

One of the most interesting new focus areas at the upcoming ETCSEE conference is the Greek market. We spoke to Konstantinos Athanassiadis Chairman of the Board of ESEPIE & Regional Manager GEN-I Athens about the Greek electricity market.

We asked him How the Greek energy markets are currently evolving, What advancements on the implementation of the EU target model for electricity markets are being made and What the expectations for the launch of the newly established Hellenic Energy Exchange are?

The Greek electricity market has been in a transition period for nearly 15 years. During most of these years the development and transformation of the market has been slow. The first key change was the adoption of the 3rd energy package through the Law 4001/ 2011. Then it took 3 years to get a first high level design study for the transformation as per target model requirements and another 4 years before the two main Rulebooks (Day Ahead & Intraday and Balancing Market) have been issued, while we are in the process of the Clearing Rulebook being approved. This should complete the first regulatory round with only the one for the forward market missing. Furthermore, in 2016 the framework for RES has changed modifying the support scheme from FiT to FiP and the provision for the new RES installations to participate in the market, as soon as the Intraday market is fully operational.

According to last official information from the Hellenic Energy Exchange, the first phase of New Markets' implementation is expected to start in October 2019 with the go live of Day Ahead and Balancing Markets. However, taking into account the complexity of the project, ESEPIE will not be surprised if this is postponed for January 1st, 2020. A delay that will be welcomed if used to fine tune certain areas of the regulation, as the one limiting the ability of physical trading within the Greek market.

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When implemented and even with the current imperfections, it will be a major change for the Greek market as the Mandatory Pool, which developed to be one of the key "distortion generators", will cease to exist. Thus, allowing Greece to move forward and start converging with the operation of EU electricity Markets by providing participants in Greece a wider range of portfolio management tools. Especially, the introduction of intraday (in sessions at the beginning) and forward products will allow Suppliers and large consumers to better manage their requirements through appropriate hedging and optimisation procedures. Furthermore, it will set the framework for the operation of RES and Demand Response Aggregators, further developing the offered services and contributing to the security of supply and system stability.

Another key development was the introduction of the first forward products, usually referred to as "NOME", at the end of 2016. Under a regulated framework and through auctions, Suppliers can buy electricity coming from lignite and hydro units of PPC. These products allow Suppliers to hedge part of

their portfolio at competitive prices (as the reserve price of the auction is set administratively), while (indirectly) reducing PPC's monopoly of access to lignite and hydro. These products were structured as a measure of compliance of Greece to the ECJ decision on PPC's monopoly in lignite. NOME framework has contributed, up to now, to the increase of competition in the Retail market, with nearly 16 companies being active with more than 20% market share at the end of 2018 compared to 8 at the start of 2016 with a market share below 6%. A remarkable increase when taking into account local regulatory inefficiencies and distortions in the retail segment.

Hence, at market level, it is not what has happened, but what is going to happen. Hopefully, the pace of 2018 will continue and increase during 2019 in order for the Greek electricity market to meet the requirements of the target model by the start of 2020.

The Greek focus session is scheduled on 20 June, the 2nd day of the ETCSEE conference, at 11:45 hrs and will be joined by representatives of ADMIE, RAE, HENEX and ESEPIE.

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