

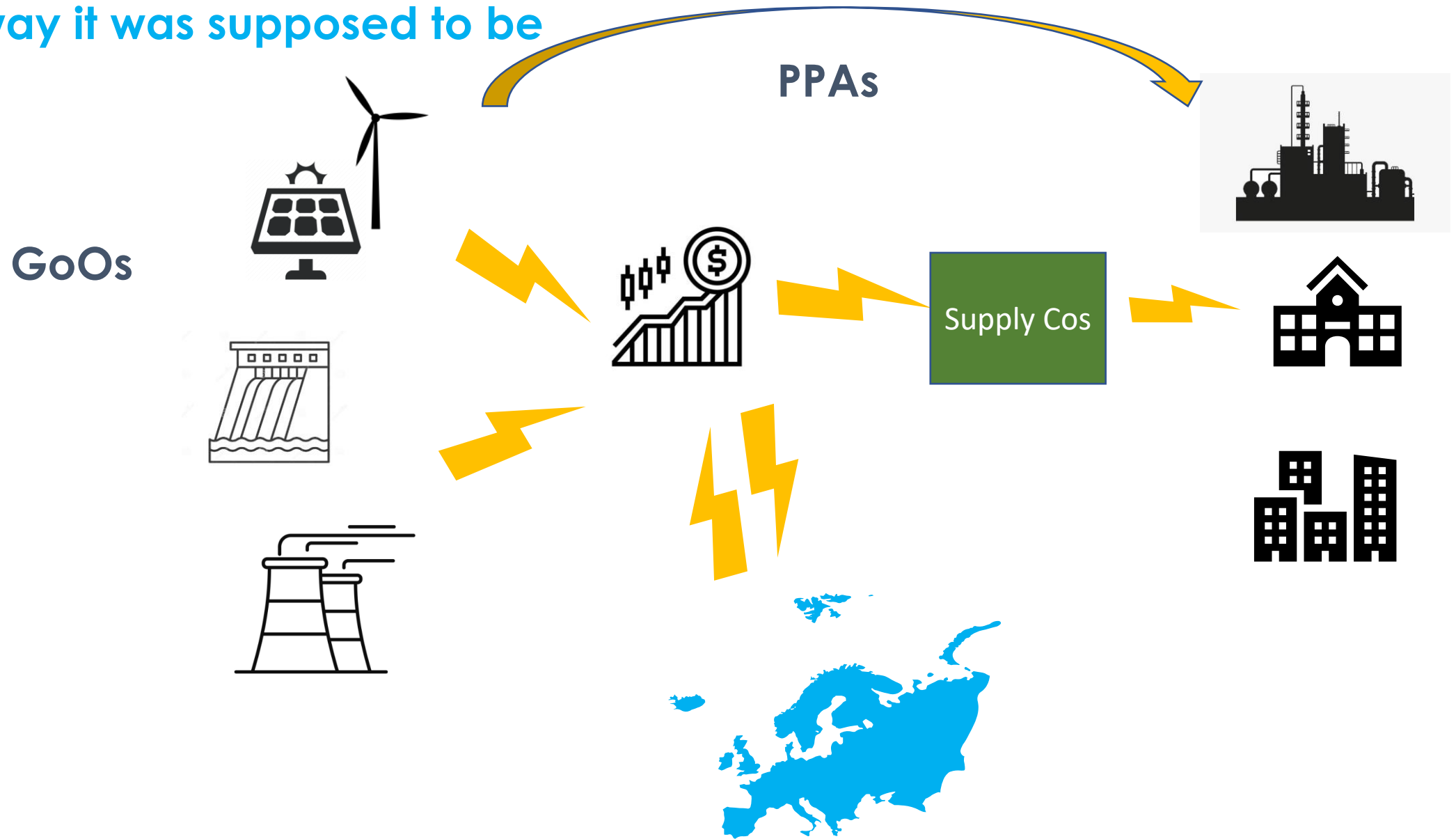


AFEER Conference 30/3/2023

Perspective On The Activity Of Suppliers And Consumers Of Electricity And Natural Gas

Greek Market

The way it was supposed to be



Greek Market

The way it was supposed to be



Greek Market

...but then this happened



Crisis triggered multi-tiered market intervention

- Generators' revenues directly affected

- Retroactive taxation of 'excess' profits

- 90% tax for excess profit for the period Oct 21- June 22

- Price caps

- Begun July 2022
 - Valid until June 2023

Unit	Cap Mar23 (€/MWh)	Type
CCGT	173.91	Floating
Lignite	222.27	Floating
Hydro	112.00	Fixed
RES	85.00	Fixed

- Gas procurement fee

- 10 €/MWh_g fee for gas purchases by power generators
 - Started November 2022
 - Fee changed to 5% of TTF as of March 2023

Crisis triggered multi-tiered market intervention

- Suppliers' activity interventions
 - Obligation to provide month-ahead fixed price
 - Suppliers are obliged to offer fixed month-ahead prices to LV consumers
 - Prices must be declared on the 20th of M-1
 - Consumers are free to switch suppliers without any restriction
 - "Excess" profits taxation
 - Authorities intend to tax any "excess" profits that suppliers made for the period of Aug 2022 until Mar 23.
 - No decision has yet been published
 - Regulator will probably calculate a "fair" profit and the Ministry will tax the excess amount with a 100% tax rate (confiscation ?)

Crisis triggered multi-tiered market intervention

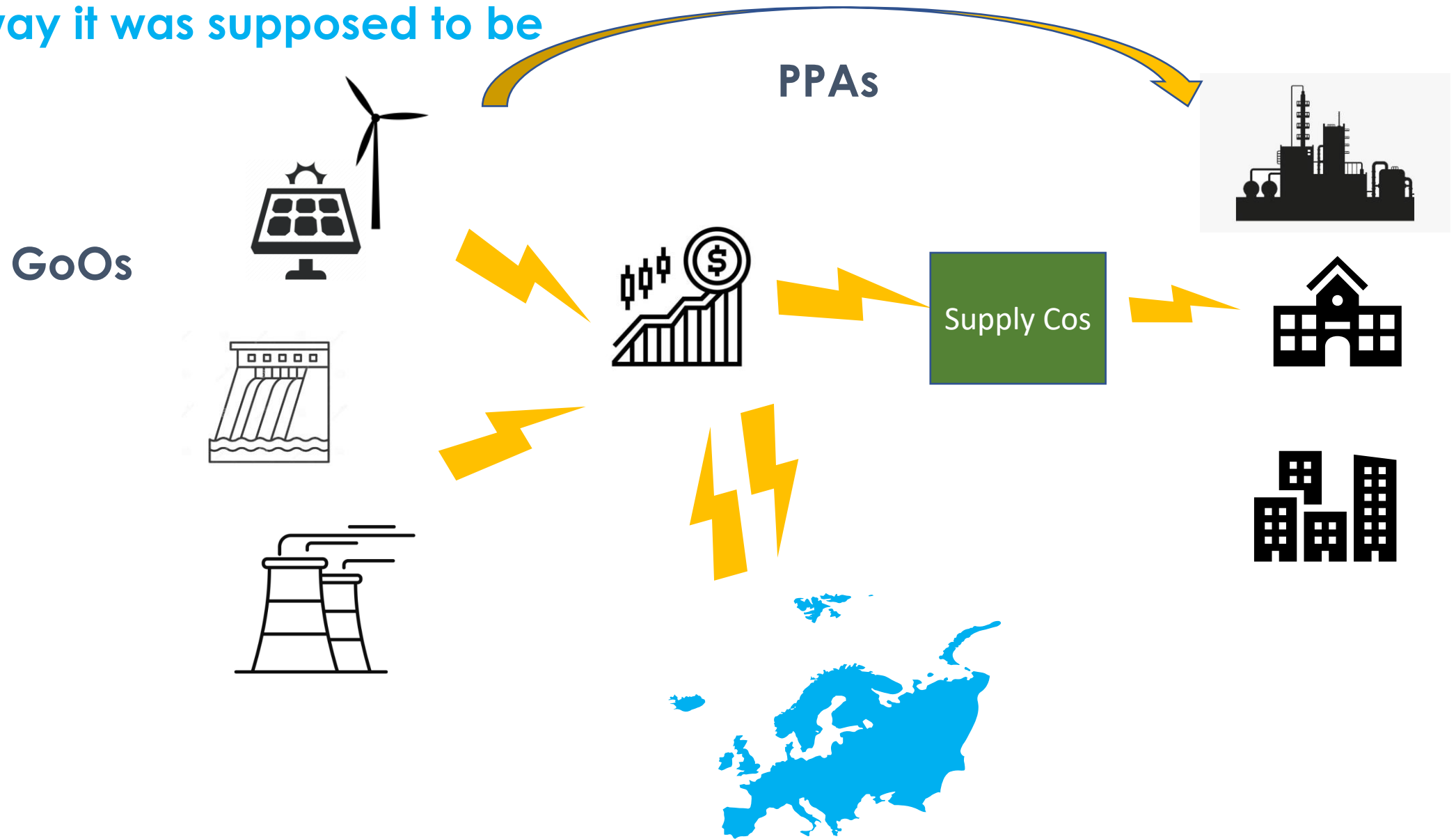
- Other measures
 - GoO confiscation, market squeeze
 - After May 2022 ownership of all GoOs issued for RES farms under FiT or FiP are transferred from the generators to the authority responsible for RES (DAPEEP)
 - DAPEEP was supposed to hold auctions for the abovementioned GoOs but has failed to do so yet.
 - Market is facing a considerable squeeze as very few free GoOs are currently available
 - Cross-border flows
 - Greek TSO (IPTO) has on several occasions restricted access to the borders. CBC curtailments took place during spring last year and have occurred again during the last weekend
 - IPTO has issued warning that it will be “forced” to curtail CBC again during April

Crisis triggered multi-tiered market intervention

- Side Effects
 - Physical PPA's not possible
 - HENEX obligatory interference combined with the caps make it impossible to conclude deals
 - Financial PPAs difficult under regulatory uncertainty
 - Supply companies suddenly facing market exposure

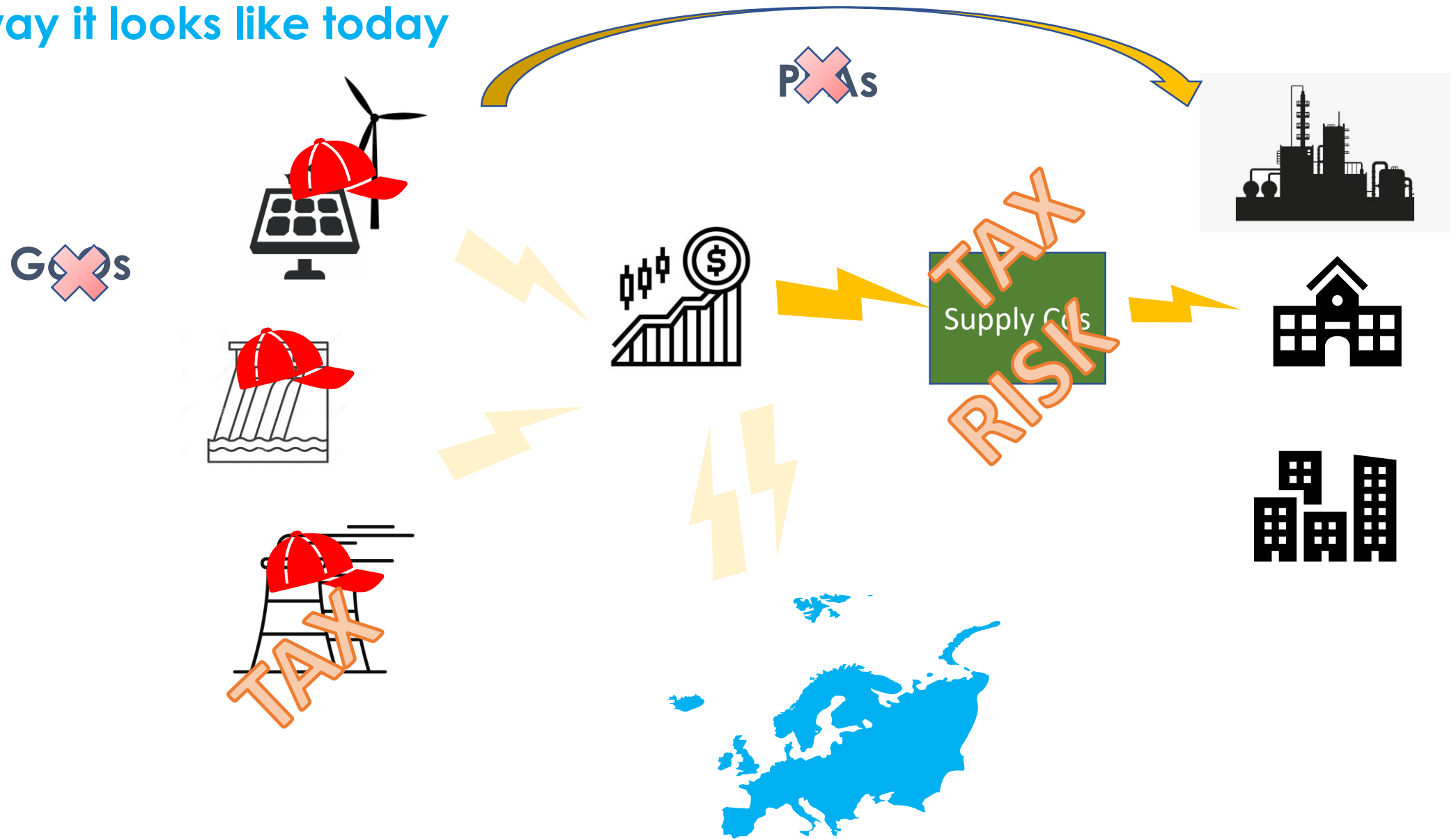
Greek Market

The way it was supposed to be



Greek Market

The way it looks like today



Greek Market

The way it was supposed to be



Greek Market

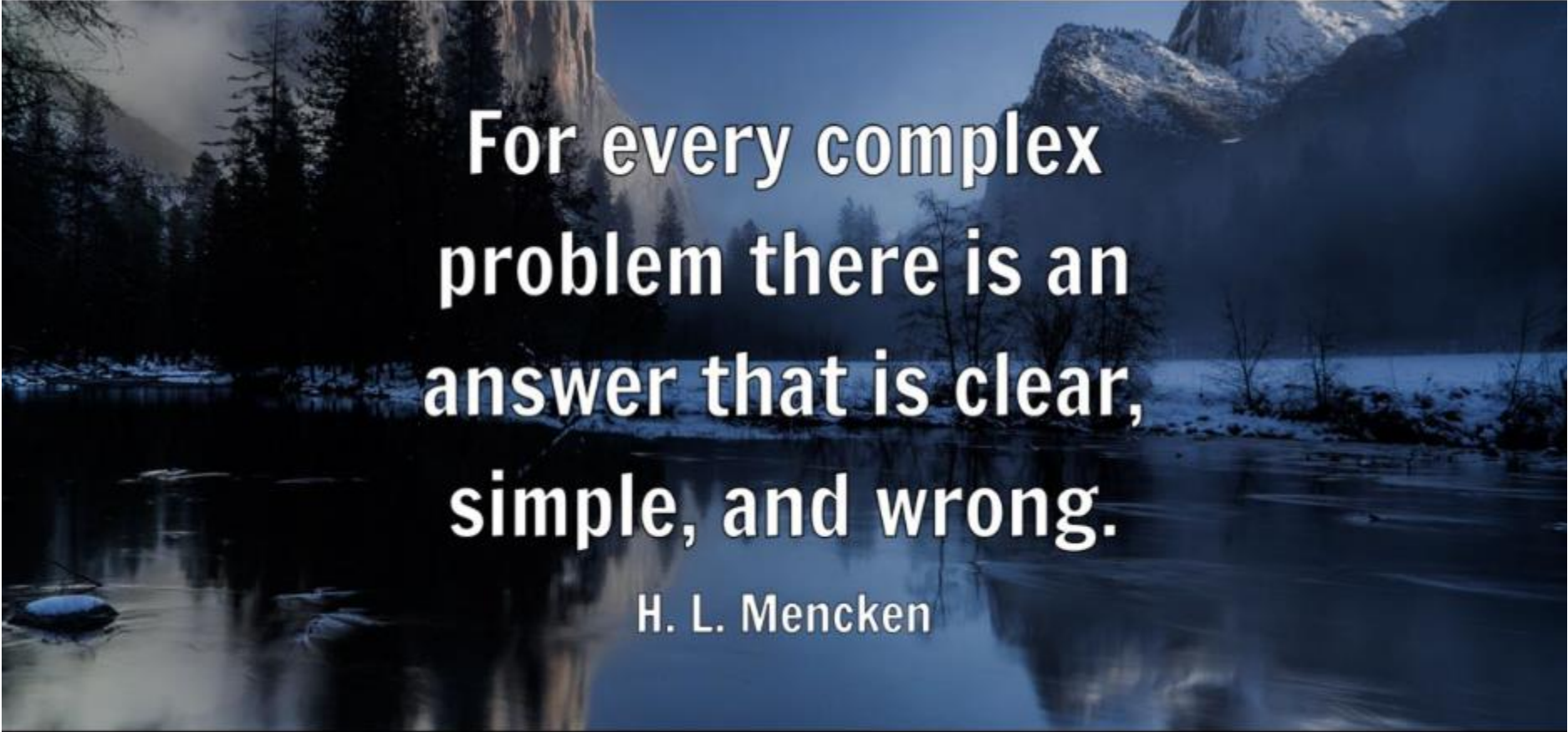
The way it looks like today



Concerns

- Greek government effectively controls money flows of both generators and suppliers
- Sought to extend price cap regime and other related measures until year end but failed
- Governments will be inclined to keep control of significant amounts of money even after crisis is over
- Terms such as “fair” or “excess” profits could remain. The same terminology does not apply to losses
- Redesigning markets to fit conditions of war will prolong distortions and make recovery difficult when crisis recedes

- Some early signs of the above can already be observed
 - In the PPA markets (Green Pool, Grid connection prioritization)
 - Intraday markets (exclusion of traders, control of participants’ intentions)



**For every complex
problem there is an
answer that is clear,
simple, and wrong.**

H. L. Mencken

Thank You!

Herodotus Antonopoulos

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