

20

58

GREEK POWER SECTOR: THE NEW ELECTRICITY DISTRIBUTION CODE

The draft Code launched by the Greek Regulatory Authority for Energy in July 2014 echoes much of international best practice and builds upon lessons learnt both from other jurisdictions and the Greek experience.

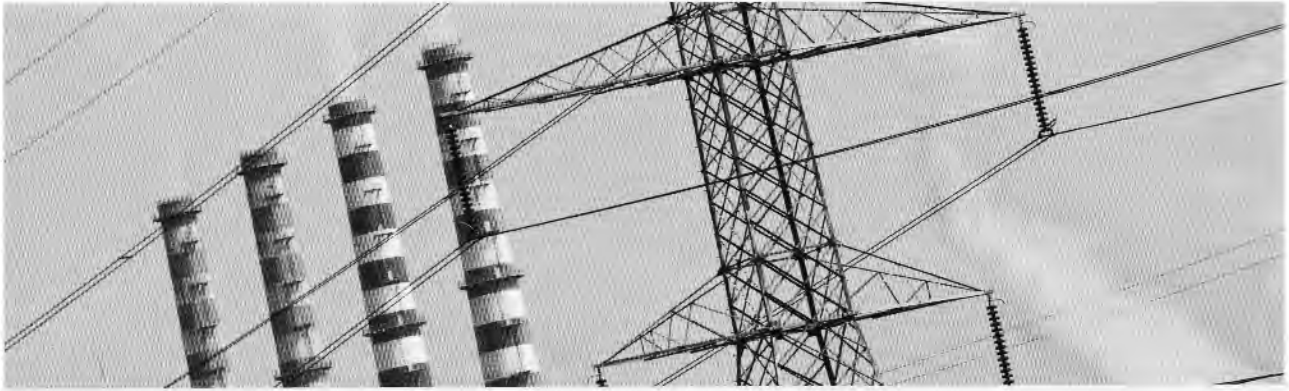
In July 2014, the Greek Regulatory Authority for Energy (RAE) relaunched a public consultation process for the Draft of the Electricity Distribution Code. According to Article 128 of Law 4001/2011 (the Greek Energy Law), the Electricity Distribution Code regulates the distribution of electricity through the distribution grid of PPC (the Public Power Corporation). The Code is further detailed in the Application Manuals and the Implementation Guidelines drawn up by DEDDHE S.A. (the Greek Distribution System Operator) and approved by RAE.

The draft Code follows the structure of the original draft that had been prepared and was put to public consultation in 2008. However, various provisions have been revised so that procedures are simplified and improvements and new arrangements are included to facilitate the operation of the Greek DSO as an operationally independent company.

The draft Electricity Distribution Code deals, amongst others, with the following:

(a) Technical issues, i.e. the technical specifications and the design, operation

and maintenance requirements of the Greek electricity grid and efficiency objectives for the distribution of electricity, especially in terms of losses, reliability of supply, voltage quality and customer service levels. In relation to the quality of services, it is indeed envisaged that certain minimum requirements should apply to users and be divided into: (i) Individual Guarantee Limits relating to the quality provided independently to each individual user whose violation may entail the payment of a penalty from the DSO to a user, and (ii) Total Performance Limits relating to the quality provided collectively to users whose violation may result in the imposition of a penalty upon the DSO without, however, the payment of compensation to a user. In doing so, the draft Code regulates compensation payable to consumers in cases both of damages caused by supply interruption that is due to the DSO's technical failures, and faults as well as of damages for which the DSO is not liable or which are the result of force majeure. In the former case (i.e. technical failures that are due to the DSO's fault), the DSO decides on the amount of compensation



on an ad hoc, case-by-case basis; in the latter case (i.e. damages which cannot be attributed to the DSO's fault), compensation is set out in a relevant decision issued by RAE. Crucially, this type of compensations does not cover civil liability or loss of profits or moral, indirect or consequential damages.

(b) Contractual arrangements, i.e. the terms, conditions and prices at which the DSO is required to grant access to the Greek electricity grid to users while observing the principles of transparency and non-discrimination including the maintenance of a public registry of connection applications. The draft Code provides how users who are interested in accessing the Greek electricity grid or changing their existing connection must apply to the DSO. Indeed, the DSO is obliged to draw up and notify a connection offer in response to each connection request. Once a connection offer is accepted in writing, a contract is concluded. In the case of consumer succession, no new contract is entered unless there is a change in contracted power. As for the types of connections that users can choose, these can be permanent or temporary connections, the latter being either the so-called usual (i.e. mostly worksite connections for construction) or the special/extraordinary connections for short-term seasonal or occasional use which cannot exceed a period of six months.

(c) Meters, i.e. the technical design and operating specifications of equipment installed at the customers' premises

and of the generation units that are connected to the electricity distribution system. The Code provides for meter specifications, the procedure for the installation, the monitoring and management of meters, the ownership of metering data, and the rules governing the provision of information and exchanges of data on meter reading and settlement to ensure accuracy, transparency, the right to select a supplier, reading access as well as the capacity to manage the load and identify faults in the distribution system. Relating to the periodic settlement of the suppliers, the draft Code provides that settlement consists in calculating the differences between the original charges (based on ex-ante estimates) and the final charges (based on ex post calculations). The periodic settlement is carried out every six months. The draft Code also regulates cases of economic losses and particularly of power theft (i.e. any arbitrary interference in the measurement equipment or bypassing of the metering device), provides that the DSO may reasonably estimate the non-recorded consumption in light of the existing track record, sets out how invoicing will take place, and indicates how criminal prosecution of the offenders will be made.

(d) The development of the grid, i.e. procedures and terms for the development of the Greek distribution grid, taking particular account of changes in demand, the connection requirements of new users, the need to improve efficiency, safe operation

and service levels, the application of new technologies and, where possible, standardization and environmental protection. Indeed, the draft Code provides for 3-year system development plans of the Greek electricity distribution grid, which are prepared by the DSO and are reviewed annually.

(e) Connection charges: The draft Code provides that system charges are determined by a methodology that takes into account particular parameters (e.g. operation and maintenance costs, costs for the development of the grid) and aims at transparency and objectivity.

Clearly, the draft Code echoes much of international best practice and builds upon lessons learnt both from other jurisdictions and the Greek experience. It's been long overdue as far as the Greek power market is concerned, and at this stage all that one can hope for is that the pending public consultation, which has been open for far too long, is not a sign for further delays in finalizing the new Code.

