

Greece

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1 Policy and law

What is the government policy and legislative framework for the electricity sector?

As a member state of the EU, Greece has been subject to the legislative measures for the liberalisation of the EU electricity industry that began in the 1990s. Statute 2773/1999 on the liberalisation of the Greek electricity market (the Electricity Law) was passed in December 1999 and aligned Greek law with Directive 96/92/EC. The Electricity Law introduced the new key entities of the sector, namely the regulator (RAE) and the transmission system operator (HTSO). It also set in train the unbundling of the Public Power Corporation (PPC), the then vertically integrated electricity undertaking. The new regulatory framework allowed for competition in electricity generation and supply, while the transmission and distribution systems remained monopolies under the management of the HTSO and the PPC respectively. Ownership of both systems remained with the PPC.

Even though an impressive number of generation licences were issued, the new legislation failed to bring about liberalisation: new competitors did not, in the end, enter the market; no new power plants were constructed; and the PPC retained its monopolistic hold on the market. In early 2006, the PPC's installed power capacity amounted to 12.3GW out of a total of 12.9GW, which accounted for about 95 per cent of the total electricity generation in the country. The failure to open up the market came together with a rapid increase of domestic electricity consumption, with a rising dependence on imports and with the penetration of natural gas into power generation even though at a slow pace due to the widespread use of lignite.

Statutes 2837/2000 and 2941/2001 amended the Electricity Law, yet it was statute 3175/2003 that made the most significant changes by adopting some of the measures that were introduced in Directive 54/2003/EC (the second electricity directive). Statute 3175 provided that as of 1 July 2004 all non-household customers would become eligible customers and that as of 1 July 2007 all consumers would become eligible customers. It also amended provisions of the Electricity Law that had proved to be barriers to competition: suppliers were no longer required to own generating capacity but only to show that they had secured the respective capacity of electricity production from generators inside the EU; a capacity payments system was introduced aiming to encourage financing from credit institutions by securing future revenue through a market for tradable capacity certificates or capacity availability contracts that obliged generators to provide ancillary/balancing services to the HTSO; the day-ahead market became obligatory for all generators and suppliers who wanted to buy or sell electricity the following day and created a market that was fundamentally based on the 'pool model' used in the UK during the 1990s; and new measures were introduced to ensure a more effective unbundling and transparency of accounts.

Despite these legislative measures and the steady increase in electricity demand, the Greek electricity market did not open up to competition: of the 12 generation licences that were granted for new gas-fired power plants between 2001 and 2005, only two reached construction. Partly because of this failure and partly because of the need to fully transpose Directive 2003/54/EC into national legislation, statute 3426/2005 on the acceleration of electricity market liberalisation came into force on 22 December 2005. It was soon followed, in June 2006, by statute 3468/2006, which aligned Greek law with Directive 2001/77/EC on the promotion of electricity produced from renewable energy sources and introduced the thresholds set by the directive. In 2006, the installed capacity producing electricity from renewable energy sources in Greece reached 749MW (a 24 per cent increase over the previous year), which still meets only 3 per cent of the country's national electricity demand.

To these key pieces of primary legislation, one should also add Regulation no. 1228/2003, which set rules for transmission of electricity between member states. The regulation, which entered into force on 1 July 2004 and was amended in 2006, is directly applicable Community law without any need for further implementing measures.

2 Organisation of the market

What is the organisational structure for the generation, transmission, distribution and sale of power?

The Greek market is split into two different systems: the mainland grid and the so-called 'non-interconnected islands', which include the islands of the Aegean Sea, Crete and Rhodes and have their own autonomous networks. Competition is now open in the sectors of electricity generation and supply in the mainland grid and as of 1 July 2007 this covers all consumers including households. Despite the opening up of generation and supply, a competitive market is not in place. Some progress has recently been made, however, through the involvement of new players, local and international, in the construction of local capacity.

The transmission and distribution systems have remained monopolies under the management of the HTSO, yet in the case of the distribution system the transfer of management to the HTSO is yet to happen despite a statutory provision to this effect as of 1 July 2007. Ownership of both systems remains with the PPC.

Trading in the form of selling and buying electricity on a wholesale market is undertaken through the day-ahead market run by the HTSO. The day-ahead market has become obligatory for all generators and suppliers who want to buy or sell electricity the following day and has created a market that is fundamentally based on the 'pool model' used in the UK during the 1990s.

Regulation of electricity utilities – power generation

3 Authorisation to construct and operate generation facilities

What governmental or administrative authorisations are required to construct and operate generation facilities?

According to article 9 of the Electricity Law, the construction of a power plant and the generation of electricity require a generation licence. Such licence is granted in accordance with Ministerial Decision 17951/2000 (Licensing Regulation) by the Minister of Development following an opinion of the RAE. The Electricity Law makes it clear (article 9(5)) that a generation licence does not release its holder of the obligation to acquire other licences or permits stipulated in other pieces of legislation (for example, construction permits, operation licences, environmental permits, land planning permissions, etc). In fact, the licensing regime that has emerged following the opening up of the Greek electricity market has been tormented by the many different permits and licences required of the generation licensee.

An exemption from the obligation to obtain a generation licence may be granted by the Minister of Development (article 10 of the Electricity Law) in connection with reserve capacity facilities; power plants of a capacity of up to 2MW that are used for educational or research purposes; power plants that are constructed by the CRES (the Centre for Renewable Energy Sources) for certification and measuring purposes; and any power plant of a capacity of up to 20kW.

4 interconnection policies

What are the policies with respect to interconnection of generation to the transmission grid?

Greek legislation has fully transposed the provisions of Directive 2003/54/EC regarding third party access to the transmission grid. The HTSO is responsible for granting such access on non-discriminatory terms and does so in accordance with article 19 of the Electricity Law and with the Grid and Power Exchange Code (Ministerial Decision 8311/2005). The Grid and Power Exchange Code provides, inter alia, for the terms, conditions and criteria of access to the grid in a non-discriminatory, transparent and objective manner between network users. The HTSO may refuse access to the grid where it lacks the necessary capacity, in which case it must give substantiated reasons for such refusal.

5 Alternative energy sources

Does the government policy or legislation encourage power generation based on alternative energy sources such as renewable energies or combined heat and power?

Statute 3468/2006 on the generation of electricity from renewable energy sources (RES) and from cogeneration, which entered into force in June 2006, transposed Directive 2001/77/EC into Greek legislation and set out de novo the entire legal framework for RES and cogeneration. The new statute aims to attract further investments in both sectors and in doing so it provides for (i) an increase of the feed-in tariffs, (ii) the extension of the duration of the power purchase agreement (PPA) to 20 years, and (iii) the reduction of bureaucratic obstacles. In particular, regarding feed-in tariffs, statute 3468/2006 provided for even more competitive prices for independent power producers taking the feed-in tariff to €73 per MWh for the mainland system and to €84.60 per MWh for the non-interconnected islands (article 13).

Financial support for such projects has been generously provided by the state as part of the so-called Operational Program for Competitiveness (OPC) and the investment incentives under statute 3299/2004 (and its predecessors). The OPC has drawn resources from the EU Third Community Support Framework to provide state

aid to alternative energy sources. State aid accounts for 30 per cent of the eligible cost of the projects and can go up to 50 per cent in the case of construction of transmission lines connecting renewable energy plants to the grid. During 2006, several measures under the OPC were made open to tender.

On the other hand, statute 3299/2004 introduced substantive and procedural changes to the regime of state aid to corporations and provides for various types of incentives (cash grants, leasing subsidies, tax relief and a cash grant for payroll expenses relating to employment created by an investment). The law was partially amended at the end of 2006 to be harmonised with the new regional aid map that will apply to the EU for the period from 2007 to 2013. The map, which is in line with the Regional Aid Map of the European Commission, defines new regional aid guidelines as well as new maximum permissible limits of state aid.

Regulation of electricity utilities – transmission

6 Authorisations to construct and operate transmission networks

What governmental or administrative authorisations are required to construct and operate transmission networks?

The Greek transmission grid is a monopoly owned by the PPC and managed by the HTSO, the latter being 51 per cent state-owned and 49 per cent owned by the generators (for the time being still PPC). Both the HTSO and the PPC have been granted a licence corresponding to the rights and obligations arising from their being, respectively, the owner and the manager of the transmission network (article 12 of the Electricity Law). Both licences are granted by the Minister of Development following an opinion of the RAE. Given that they both relate to the regulation of a monopoly, what is crucial about them is obviously the obligations and duties arising from these licences. Indeed, chapter 4 of the Electricity Law (articles 12 to 20) and the secondary legislation relating to the transmission network (for example, the Grid and Power Exchange Code) deal in detail with the development, maintenance, management and operation of the high-voltage grid. Crucially, in addition to acting as a system operator, the HTSO also acts as a market operator and a clearing house that settles the accounts between market participants on a daily basis.

7 Eligibility to obtain transmission services

Who is eligible to obtain transmission services and what requirements must be met to obtain access?

According to article 15 of the Electricity Law, access to the transmission grid may be granted to licenced generators and suppliers, to those exempted from the obligation to hold such licences and to eligible customers. The terms and conditions for the provision of transmission services and access to the transmission grid are regulated in the Grid and Power Exchange Code (Ministerial Decision 8311/2005), which is intended to procure, inter alia, the non-discriminatory and objective use of the system.

8 Government incentives

Are there any government incentives to encourage expansion of the transmission grid?

Greece has in recent years enacted various laws designed to foster growth in certain sectors of the economy, encourage investment in rural areas and attract foreign funds. The primary investment incentives law currently in force is statute 3299/2004, which introduces substantive and procedural changes to the regime of state aid to corporations and provides for various types of incentives (ie, cash grants,

leasing subsidies, tax relief and a cash grant for payroll expenses relating to employment created by an investment). The cash grant for payroll expenses covers a percentage of the total payroll cost of each new employment position, depending on the geographical area. The law was partially amended at the end of 2006 to be harmonised with the new regional aid map that will apply to the EU for the period from 2007 to 2013. The new map defines new regional aid guidelines as well as new maximum permissible limits of state aid.

The following incentives are available, based on the geographical zone and category of investment:

Cash grant or leasing subsidy (or both) or cash grants for wages

Investment category	Zone A	Zone B	Zone C
Category 1	20%	30%	40%
Category 2	15%	25%	35%

Income tax exemption

Investment category	Zone A	Zone B	Zone C
Category 1	60%	100%	100%
Category 2	50%	100%	100%

The law provides that the incentives cannot exceed those that are provided by the approved Regional Aid Map of the European Commission.

Employment positions qualifying as new employment positions under statute 3299/2004 are those created within the first three years of completion of the investment and commencement of operation. The cash grant is computed on the gross wages for each qualifying employment position and is paid for a period of two years. The law provides medium-sized enterprises with additional aid of up to 10 per cent and small and very small enterprises with additional aid of up to 20 per cent.

Although the Greek electricity transmission grid is a monopoly, incentives may be granted to the HTSO, as the manager of the grid, and to PPC, as the owner, under statute 3299/2004.

Substantial incentives and financial support have been granted both to the HTSO and to PPC through the Third Community Operational Framework Programme. It is interesting to note that to date the funds received from the HTSO through this programme in relation to technical assistance and capacity building amount to €28,726,593.

9 Rates and terms for transmission services

Is there any tariff or other regulation regarding the rates and terms for the provision of transmission services?

The transmission of electricity is regulated by a form of price control which restricts the amount of money that the HTSO can earn from this regulated activity. According to article 29 of the Electricity Law, the rates for the provision of transmission services are drawn from a tariff methodology proposed by the HTSO and approved by the RAE. Contrary to the practise in other jurisdictions, there is no self-contained regulation on tariffs and tariff methodologies in Greece. Principles that need to be applied to tariff methodologies are indicated in article 29 of the Electricity Law and are put into full use in chapter 60 (articles 307 to 310) of the Grid and Power Exchange Code, which spells out in detail the formulas to be applied on a yearly basis for the determination of rates and charges for access and use of the system. Tariffs are approved by the Minister of Development following proposals made by both the HTSO and RAE. Current rates may be found at www.desmie.gr/content/index.asp?parent_id=44&cat_id=801&lang=1

10 Entities responsible for assuring reliability

Which entities are responsible for assuring reliability of the transmission grid and what are their powers and responsibilities?

The Greek transmission grid is operated by the HTSO but the ownership of the grid has stayed with PPC, the formerly vertically integrated electricity undertaking. Article 15 of the Electricity Law reflects article 9 of Directive 2003/54/EC and provides for responsibilities such as ensuring the long-term ability of the system and non-discrimination between system users, managing energy flows on the system and interconnections, ensuring ancillary services, contributing to security of supply, etc. To this end, the HTSO prepares annually a study on the transmission grid that deals with the development needs of the transmission system in the five years following each study. The particular scope of the study and the process for its approval (once approved, the study becomes the system's Development Plan) are set out in the Grid and Power Exchange Code (section IX, articles 261 et seq). Under article 12(3) and (4) of the Electricity Law, as well as under the terms of its licence, the PPC, owner of the transmission and distribution networks, is obliged to maintain the grids and implement the works required for their development according to the terms of its agreement with the HTSO, as approved by the Minister of Development (Ministerial Decision 8219/2001), the Grid and Power Exchange Code and the instructions and requests of the HTSO. The remuneration of the PPC for these works and services is specified in article 18(4) of the Electricity Law and article 308 (annual cost of the system) of the Grid and Power Exchange Code. Besides the HTSO and PPC, the RAE has a role to play in contributing to the system's reliability because monitoring and supervising the compliance of the HTSO and PPC with the terms of their licences and ensuring security of supply and the unbundling of accounts are part of the core tasks of the Greek energy regulator.

Regulation of electricity utilities – distribution

11 Authorisation to construct and operate distribution networks

What governmental or administrative authorisations are required to construct and operate distribution networks?

Before the enactment of statute 3426/2005, which made the latest amendments to the Electricity Law, the HTSO operated only the transmission grid, whilst the distribution network was both owned and operated by PPC. Statute 3426 made use of article 17 of Directive 2003/54/EC, which provides for a combined transmission and distribution system operator, and provided that the HTSO would also become the distribution system operator as of 1 July 2007 (articles 21 and 22). To this end, several steps should be taken such as the granting of a distribution licence to the HTSO by the Minister of Development following an opinion of the RAE, the renaming and restructuring of the HTSO to the Hellenic Transmission and Distribution System Operator (HTDSO), etc. Nonetheless, little progress has been made even though 1 July 2007 has already passed.

12 Access to the distribution grid

Who is eligible to obtain access to the distribution grid and what requirements must be met to obtain access?

According to article 22(a) of the Electricity Law, access to the distribution grid is granted to licenced generators and suppliers, to those exempted from the obligation to hold such licences and to eligible customers who, as of 1 July 2007, include household consumers. The terms and conditions for access to the distribution grid are provided in the Distribution Grid Code (article 23 of the Electricity Law) which is yet to be issued.

13 Rates and terms for distribution services

Is there any tariff or other regulation regarding the rates or terms for the provision of distribution services?

As with transmission, the distribution of electricity is regulated by a form of price control which restricts the amount of money that PPC, as the current distribution system operator, and eventually the HTDSO, as the combined transmission and distribution system operator, can earn from this regulated activity. According to article 29 of the Electricity Law, the rates for the provision of transmission services are drawn from a tariff methodology proposed by the HTSO and approved by the RAE. Contrary to the practise in other jurisdictions, there is no self-contained regulation on tariffs and tariff methodologies in Greece. According to article 23(2)(i) of the Electricity Law, tariffs and tariff methodologies regarding access to the distribution grid shall be spelt out in the Distribution Grid Code, which is yet to be issued. For the time being, the tariffs charged by PPC, the current distribution system owner and operator, for access to the distribution grid are decided by the Minister of Development following an opinion of the RAE.

Regulation of electricity utilities – sales of power**14 Approval to sell power**

What governmental or administrative authorisations are required for the sale of power to customers and which authorities grant such approvals?

The sale of power to customers requires a supply licence that is issued in accordance with the Licensing Regulation by the Minister of Development following an opinion of the RAE. The issue of a licence does not release its holder of the obligation to acquire other licences or permits stipulated in other pieces of legislation, yet this is more relevant in the case of a generation licence which is linked to various other permits and licences (for example, construction permits, operation licences, environmental permits, land planning permissions, etc).

Any natural or legal person or joint venture having its registered seat in an EU member state, may apply for a supply licence at any time. In accordance with article 3 of the Licensing Regulation, the application for a supply licence is submitted to The RAE together with the necessary paperwork, data and application fee. At the same time, the applicant submits a copy of the application and the attached documentation and data to the Minister of Development. Within a period of two months from the submission of the application, the RAE may request from the applicant to provide, within a specified period, further information which is considered necessary either by the RAE or by the Minister of Development. The Minister of Development, following the RAE's opinion, may reject the application if the applicant has not submitted the requested information on time. The application procedure is considered to have been completed if the applicant submits the requested information on time and the RAE does not request further information within one month. On the other hand, if no notice is communicated to the applicant requesting the submission of additional information, it is deemed that the RAE considers the application procedure to have been completed.

According to article 10 of the Licensing Regulation, the RAE submits its opinion to the Minister of Development within three months after the application has been completed and then communicates a copy of it to the applicant. The RAE's opinion may include proposals relating to the terms, criteria and restrictions that should be included in the licence. Article 11 of the Licensing Regulation provides that the Minister of Development issues a decision on the application within one month from the submission of the RAE's opinion. The supply licence is effective as of the date it was issued by the Minister or as of the date indicated in the Minister's decision.

15 Power sales tariffs

Is there any tariff or other regulation regarding power sales?

As of 1 July 2007, all consumers have become eligible customers and are therefore subject to the power sales tariffs applicable to eligible customers in line with the Supply Code (Ministerial Decision 4524/2001) issued under article 27 of the Electricity Law. Said code provides that, the market having opened up, suppliers are free to decide their tariffs and pricing and the terms of the supply contracts (article 6).

However, the Supply Code also provides that PPC's tariffs must be approved by the Minister of Development following an opinion of the RAE for as long as PPC covers more than 70 per cent of the domestic electricity consumption (article 14), which is today the case as PPC still covers more than 90 per cent of domestic consumption. Furthermore, the Supply Code provides (article 13) that in case of the so-called big suppliers (suppliers covering more than 40 per cent of the country's total electricity consumption), the Minister of Development, following an opinion of the RAE, may intervene and amend the tariffs and the general terms of business published by the big supplier.

16 Public service obligations

To what extent are electricity utilities that sell power subject to public service obligations?

Greek electricity legislation is approximated with article 3 of directive 2003/54/EC regarding public service obligations. Indeed, the Electricity Law provides that electricity suppliers are subject to public service obligations. Given the geographical peculiarities of Greece (for example, many small islands and mountainous areas that are not easily accessible), the imposition of public service obligations (for the time being, only on PPC) is a matter of necessity that has been under way for several decades. The latest decision providing a definition of public service obligations is Ministerial Decision 12924/2007 and involves the provision of such services to non-interconnected islands and the small isolated systems.

Regulatory authorities**17 Policy setting**

Which governmental or administrative authorities determine regulatory policy with respect to the electricity sector?

Regulatory competencies are shared between the Minister of Development and the RAE; yet the latter has comparatively limited decision-making powers and retains a primarily advisory role. The Minister decides on all strategic matters, oversees the country's energy policy, security of supply and environmental protection, grants licences for any activity relating to the generation, transmission, distribution and supply of electricity, and is wholly responsible for both primary and secondary legislation (article 3 of the Electricity Law).

18 Scope of authority

What is the scope of each regulator's authority?

The RAE supervises all sub-sectors of the energy market, monitors compliance with licences, oversees the unbundling of accounts and the enhancement of competition in the energy market, sanctions licences for licence breaches, and gives its opinion to the Minister on a wide variety of issues including applications for the issue of licences, etc (article 5 of the Electricity Law). Even though the RAE has the functions set out in article 23 of Directive 2003/54/EC, its role remains an advisory one to the Minister of Development who

has the final word on all legislation, primary and secondary, and on the grant of licences.

19 Establishment of regulators

How is each regulator established and to what extent is it considered to be independent of the regulated business and of elected officials?

Even though five regulators (the Hellenic Data Protection Authority, the Greek Ombudsman, the Hellenic Authority for Information and Communication Security and Privacy, the Greek National Council for Radio and Television, and the Supreme Commission for Personnel Selection) have been stipulated in the Greek Constitution (article 101A), most Greek regulators (of which there are about 15) have been established by primary laws.

The RAE has been set up in accordance with the Electricity Law (article 4) and consists of seven members. Of these, three (its chairman and two vice-chairmen) are chosen and appointed by the Council of Ministers, while the remaining four are appointed by the Minister of Development. The RAE's independence is secured through the express guarantees for personal and operational independence that its seven members enjoy. Crucially, no member of the RAE can be removed during his or her term of office. Moreover, neither members nor their spouses are allowed to have any interest in any energy undertaking while in office and for three years after its end.

20 Challenge and appeal of decisions

To what extent can decisions of the regulator be challenged or appealed, and to whom? What are the grounds and procedures for appeal?

The RAE's decisions, including those involving sanctions, may be challenged before the RAE's competent organs within 30 days from the day of service or the day the decision came in the knowledge of the interested party (article 5 of the Electricity Law). The RAE's final decision is then subject to an appeal (the 'application for judicial review'), at a first instance before the Athens Administrative Court of Appeal and at a second and final instance before the Council of State, the supreme administrative court in Greece. In either procedure (ie, before both the Court of Appeal and the Council of State), the application for judicial review must be heard within two months of its filing and a judgment must be given four months after the hearing. The grounds for appeal can cover the full range of substantive and procedural objections that can be raised against any enforceable administrative order.

Statute 3426/2005 has fully transposed the review procedures set out in Directive 2003/54/EC including the one in article 23(5), under which any party having a complaint against the HTSO, the distribution system operator or the owner of the transmission and distribution grids may refer the complaint to the RAE, which, acting as dispute settlement authority, shall issue a decision within two months of receipt of the complaint. This period may be extended by two months where additional information is sought by the RAE. Its decision may only be overruled by the Council of State.

Acquisition and merger control – competition

21 Responsible bodies

Which government bodies have the authority to approve or disapprove mergers or other changes in control over businesses in the sector or acquisition of utility assets?

The entities involved in acquisition and merger control are:

- European Commission: the Commission has the power to review concentrations and investigate mergers, acquisitions, structural joint ventures and other transactions resulting in changes of

control when these bring about a lasting change of control and meet the jurisdictional thresholds set out in article 1(2) and (3) of Regulation 139/2004 on the control of concentrations between undertakings. Even so, the Hellenic Competition Commission (HCC), an independent regulatory body with administrative and financial autonomy which is supervised by the Minister of Development, will submit its views on the transaction to the European Commission.

- HCC: depending on the relevant jurisdictional thresholds, the transaction may be subject only to national merger control regime, in which case the HCC shall be responsible for checking. HCC shares some concurrent powers with the RAE regarding the monitoring of competition, yet it is the HCC that, according to article 1(20) of statute 2837/2000 on competition, the RAE, etc, has the final word on merger control and on the application of statute 703/1977 on the control of monopolies and oligopolies and the protection of free competition.
- RAE: the regulator monitors market competition and has a decisive role to play in monitoring the unbundling of accounts. It also considers whether the transaction raises regulatory issues for, under the Licensing Regulation and the general terms of the licence, it is called upon to evaluate any change of shareholding control in any licence holder.
- Hellenic Capital Markets Commission (HCMC) or local prefecture: depending on whether any of the parties involved in the transaction is an undertaking listed at the Athens Stock Exchange or not, a merger has to be notified to the involved undertakings' supervising authorities (for listed companies, this is HCMC and for non-listed, the local prefecture) and go through the standard merger reporting procedures and approval requirements.

22 Review of transfers of control

What criteria and procedures apply with respect to the review of mergers, acquisitions and other transfers of control? How long does it typically take to obtain a decision approving or disapproving the transaction?

Statute 703/1977 on the control of monopolies and oligopolies and the protection of free competition regulates competition issues arising from mergers and acquisitions. The provisions of the statute are enforced by the HCC and apply to concentrations in general, including any kind of merger between two or more undertakings, to the acquisition of direct or indirect control of an undertaking by a person controlling at least one undertaking, and to joint ventures. A concentration is subject to:

- pre-merger notification if the parties have an aggregate worldwide turnover of at least €150 million and at least two participating undertakings have an aggregate turnover exceeding €15 million in Greece; and
- post-merger notification if the market share of the parties amounts to at least 10 per cent of the relevant market in Greece or if the aggregate turnover of the parties in Greece comes to at least €15 million.

If the parties complete the merger or the acquisition before clearance by the HCC, a fine of at least €30,000 and of up to 15 per cent of the worldwide aggregate turnover of the undertaking under an obligation to notify may be imposed. Completion of the merger or the acquisition before HCC's approval also constitutes a criminal offence for the legal representative of the breaching undertaking.

According to article 4(d) of statute 703/1977, the HCC must decide within one month from its notification whether a concentration falls within the scope of the statute and whether it raises concerns for restricting competition. If the HCC rules that there is a case, its chairman must order an investigation. The HCC's decision

approving or disallowing a concentration must be issued within ninety days from its initial notification. If a decision has not been issued within this time limit, the concentration is deemed to have been approved.

23 Prevention and prosecution of anti-competitive practices

Which governmental or administrative authorities have the power to prevent or prosecute anti-competitive or manipulative practices in the electricity sector?

The HCC and RAE have concurrent powers to prevent or prosecute anti-competitive or manipulative practices in the electricity sector. According to article 1(20) of statute 2837/2000, the HCC has the final word on all matters referred to it in connection with statute 703/1977 on the control of monopolies and oligopolies and the protection of free competition. Nonetheless, the RAE plays a crucial role when it comes to the unbundling of accounts and cross subsidies. This is so not only because the Electricity Law assigns such tasks to the RAE but also because the Greek electricity market still remains monopolistic and dominated by the PPC.

24 Determination of anti-competitive conduct

What substantive standards are applied to determine whether conduct is anti-competitive or manipulative?

Articles 81 and 82 of the EC Treaty are quite significant and have been fully transposed into the country's legislation. Thus any transactions which aim to prevent, restrict or distort competition (for example, by directly or indirectly fixing purchase or selling prices or any other trading conditions; by limiting or controlling production, markets, technical development, or investment; by sharing markets or sources of supply; by applying dissimilar conditions to equivalent transactions with other trading parties placing them at a competitive disadvantage; or by making the conclusion of contracts subject to acceptance by the other parties of supplementary obligations) may all be declared void. Likewise, any abuse of a dominant position in the market or in a substantial part of it is likely to be disallowed.

25 Preclusion and remedy of anti-competitive practices

What authority does the governmental body (or bodies) have to preclude or remedy anti-competitive or manipulative practices?

The authority is twofold: to declare that the practice breaches competition law and should be discontinued (in case a transaction is involved, the agreement will be declared null and void) and to impose financial penalties.

Pursuant to article 9(1) of statute 703/1997, as amended by statute 3373/2005, the HCC may undertake an audit in connection with anti-competitive or manipulative practices at its own motion or following a complaint by the Ministry of Development. Depending on the outcome of the audit, the HCC may impose a penalty which can amount to up to 15 per cent of the company's gross annual income.

International

26 Acquisitions by foreign companies

Are there any special requirements or limitations on acquisitions of interests in the electricity sector by foreign companies?

There are no barriers to companies from other EU member states. Such companies are subject to the same rules as those applicable to Greek companies. It should be noted, however, that (i) any such foreign company, which holds a licence for performing activities in the electricity sector in another member state, still needs to obtain

a Greek licence, and (ii) any change over the control of the licence holder needs to be notified to the RAE and to the Minister of Development who may disapprove a change of such control.

27 Cross-border electricity supply

What rules apply to cross-border electricity supply, especially interconnection issues?

The HTSO regularly conducts auctions for the allocation and assignment of interconnection capacity rights for energy exports to Italy and for energy imports from the countries north of the Greek border (Bulgaria, FYR Macedonia and Albania) on a yearly, monthly and daily basis. In the case of imports from the countries north of the Greek border, monthly and daily auctions take place on a regular basis from Bulgaria and FYR Macedonia and on an irregular basis from Albania.

A bidder must do the following:

- register with the users registry maintained by the HTSO according to articles 1 and 2 of the Grid and Power Exchange Code (article 2 states the paperwork that needs to be submitted to the HTSO for registration);
- meet the criteria of article 312 of the Grid and Power Exchange Code, according to which a system user may be granted the right of access to interconnection capacity if it holds a supply licence for imports, exports and transit of electricity issued by the Minister of Development;
- observe the formalities set out in the auction rules published by the HTSO – this includes obtaining a unique EIC code under the Energy Identification Coding Scheme and a duly completed and signed statement of acceptance; and
- participate in the electronic auction, provided it has, prior to the auction, submitted a participation bond in the form of a letter of guarantee, which must cover at least 20 per cent of the total offer that the bidder intends to make during the auction.

Transactions between affiliates

28 Restrictions

What restrictions, if any, exist on transactions between electricity utilities and their affiliates?

According to article 30 of the Electricity Law, electricity utilities and their affiliates need to maintain separate accounts for each of their activities, whether these relate to generation, transportation, distribution or supply, and do so as if these accounts were maintained by different undertakings. This unbundling of accounts is meant to ensure that cross-subsidies, discriminatory practices and competition distortions are avoided. Under article 30(4) of the Electricity Law, electricity utilities are obliged to report all their transactions with affiliated undertakings (undertakings in which they have a shareholding interest). It is stipulated that auditors of integrated electricity utilities shall audit the unbundled accounts as if these separate accounts belonged to different undertakings. Auditors should particularly specify in their report to the general meeting of the shareholders how the undertaking's rules on the unbundling of the accounts were applied and how the obligation to avoid cross subsidies was observed.

29 Enforcement and sanctions

Who enforces the restrictions on utilities dealing with affiliates and what are the sanctions for non-compliance?

Electricity utilities need to specify the principles and the rules they apply to maintaining separate, unbundled accounts and submit these

Update and trends

Solar energy projects have drawn substantial investment interest over the last year or so (primarily due to satisfactory feed-in tariffs and subsidy incentives) and have led to an outburst of applications for the grant of generation licences. In fact, the number of applications has been so overwhelming that RAE has made the point that it neither has the resources to process these applications nor the authority to grant them because, even if these applications are technically and financially sound, they far exceed the total capacity that the grid could afford. Indeed,

the capacity resulting from the applications made during 2007 for a solar energy generation licence amounted to approximately 3,750MW, whereas the total capacity that has been set to be granted until 2010 amounts only to approximately 500MW. This situation has recently resulted in a suspension of the licensing procedures for solar energy projects, yet recent draft amendments to Statute 3468/2006 indicate that the Greek government has been working on ways to end the current licensing deadlock.

rules and principles for approval to the RAE so as to ensure that there are no discriminatory practices, cross-subsidies, or distortions of competition. Crucially, the annual accounts of electricity utilities, which have been approved by the general meeting of their shareholders, must be submitted to the RAE which retains the right to undertake inspections at any time to find out how electricity utilities comply with their obligation to maintain separate accounts.

Any licensee who breaches its obligation to unbundle its accounts and maintain them separately may be sanctioned according to article 33 of the Electricity Law. The penalty that may be imposed ranges from €150,000 to €3 million. Decisions regarding sanctions are reached following the hearing procedures set out in Presidential Decree 139/2001 on the RAE's internal organisational rules – a decree that is currently under review.

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