

## Greece

*The OECD Inventory of Support Measures for Fossil Fuels identifies, documents and estimates direct budgetary support and tax expenditures supporting the production or consumption of fossil fuels in OECD countries and eight large partner economies (Argentina, Brazil, the People's Republic of China, Colombia, India, Indonesia, the Russian Federation, and South Africa).*

### Energy resources and market structure

In line with a government strategy seeking to diversify energy sources and reduce the CO<sub>2</sub> intensity of the economy, the most important change in the Greek energy landscape of the last decade has been an increasing reliance on imported natural gas along with a decrease in coal (lignite) use. Although Greece is endowed with large quantities of coal, any future expansion of the industry is unlikely to take place due to environmental and land-use constraints.

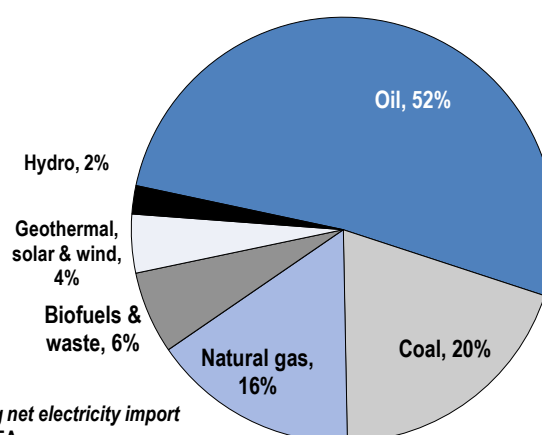
Since the country has very little indigenous oil production, the remaining oil demand in Greece is traditionally covered by imported crude oil, which in the year 2013 came from the Russian Federation (about 36.2%), but also from Iraq (32%), Libya (8.2%), Kazakhstan (8.3%) and Saudi Arabia (8.3%). Only two companies operate in the refining market (Hellenic Petroleum S.A. and Motor Oil Hellas S.A.), which cover 90% of demand, while the rest is imported by wholesale companies.

Greece has set a target for achieving a 20% share of renewable energy in its total gross final energy consumption by 2020. As a result, the share of energy, in particular electricity, from renewable sources has increased significantly over the last decade. Electricity generation from renewable energy sources (RES) grew almost seven-fold and surpassed 8.5 TWh for 2014 and 9.5 TWh in 2015, from just 1.4 TWh in 2004.

In the field of electricity production, the state-controlled Public Power Corporation (PPC) and its subsidiaries have lost a large portion of its market share, as a result of legislative reforms and new electricity producer entrants that have gradually weakened the position of the PPC. As a comparison, in 2004, PPC electricity power plants supplied nearly 93% of net demand of the country, going down to 62% by 2015.

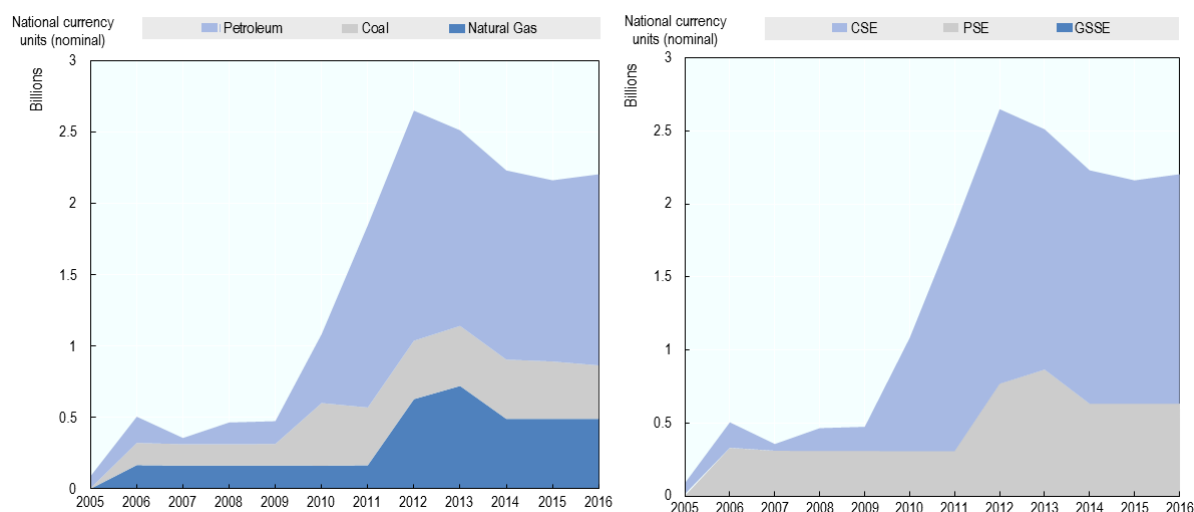
The gas sector is dominated by the vertically-integrated Public Gas Corporation (DEPA). In January 2017, a new legislative framework takes effect which would provide for the legal and operational unbundling of the three public gas corporations (EPA) and the establishment of new gas distribution companies (EDA), as well as for the full eligibility of all customers in the country to choose their gas supplier. Although the development and operation of the high-pressure transmission network was legally unbundled in 2006, the current gas transmission tariffs still widely exceed the EU average, due to Greece's peculiar geography and the fact that the infrastructure is still new.

Total Primary Energy Supply\* in 2016



\*excluding net electricity import  
Source: IEA

## Total support by for fossil fuels in the Greece by support indicator (left) and fuel type (right)



Note: CSE=Consumer Support Estimate; PSE=Producer Support Estimate; GSSE=General Services Support Estimate.

### Energy prices and taxes

Prices for petroleum products in Greece are set by the market. Indicative prices are announced weekly by the government as a guide for final consumers. The sale of fuels are subjected to the standard VAT, with rates having increased from 19% in 2009 to 23% in 2011 to its present level of 24% (for most fossil fuels) since June 2016. Excise tax and other fees and charges are also levied on fuels.

Lignite resources allocated to PPC are subject to the special lignite fee which started charging in 2012 at a rate of EUR 2/MWh of net electricity generated by lignite power electricity stations. In addition, the PPC is also charged a special local communities' tax payable to communities where mining takes place, at a rate of 0.5% of PPC's turnover.

### Recent developments and trends in support

Following the 2015 Memorandum of Understanding between the European Commission (acting on behalf of the European Stability Mechanism), the Government of Greece, and the Bank of Greece, the country has adopted measures supporting fossil-fuel consumption in certain sectors, such as the preferential tax treatment of diesel fuel used by farmers. In the same vein, low-income households are also granted tax relief for their consumption of heating oil in order to offset income losses.

#### Examples of measures

<b>Excise-Tax Refund for Fuels Used in Tourist Boats (2004-)</b>	An excise-tax refund is provided for fuels used in boats for tourism in Greece.
<b>Subsidy for Suppliers of Fuels to Remote Areas (2004-)</b>	Under this measure, a subsidy is paid to oil companies that supply petroleum products to remote areas (e.g. islands, border regions, etc.) of Greece.