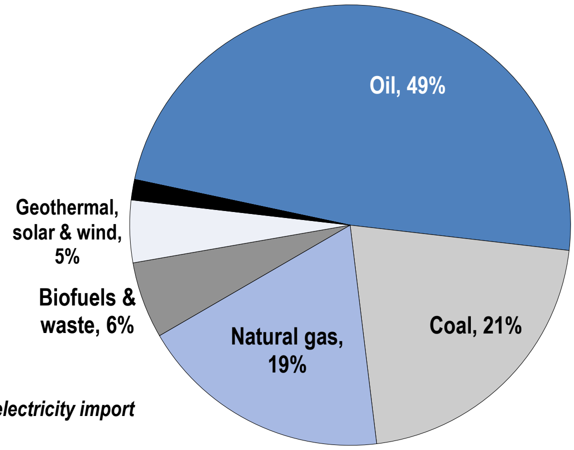
Greece

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 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_2 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.

Total Primary Energy Supply* in 2017



excluding net electricity import
Source: IEA

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 2017 came from Iraq (42%), Iran (17%), , Kazakhstan (12%) and Saudi Arabia (9.8%). 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 ten-fold to13.1 TWh in 2017, from just 1.4 TWh in 2004.

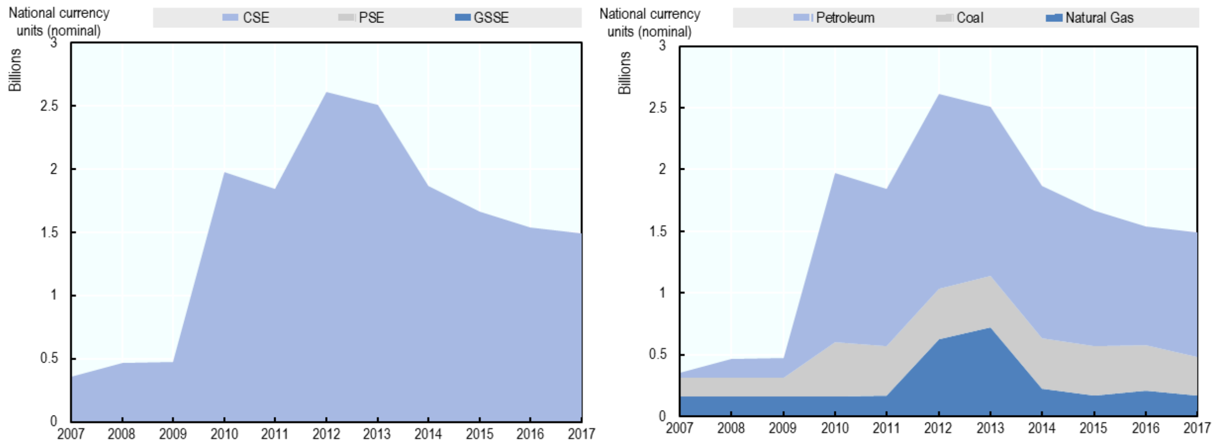
In the field of electricity production, the state-controlled Public Power Corporation (PPC) and its subsidiaries have lost a large portion of its market share as a result of legislative reforms and new electricity producer entrants that have gradually weakened the position of the PPC. As a comparison,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

The Third Memorandum of Understanding for economic adjustment programme conducted via the European Stability Mechanism (ESM)obliges the Greek Government to reduce PPC's market share in the wholesale market (production/import) and in supply relevant market down to no more than 50% by 2020. In order to comply with the third European Electricity Directive (2009/72/EC), with decision no. 353/2016, the Regulatory Authority for Energy (RAE) determined the annual amount of electricity that will be available through auction sales of forward electricity products (NOME Type of Auction). The saletook place for the first time on October 25, 2016 and on a three month basis since then (four auctions took place until now). The NOME mechanism (Nouvelle Organisation du Marché de l'Electricité) is based on the French model of concluding bilateral agreements between the electricity production and distribution industries. According to RAE's initial plans, some 25-30% of the PPC's annual lignite and hydro generated electricity should be sold to suppliers through regulated auction processes enabling them to have direct access to cheap electricity acquired beyond the mandatory pool.

In June 2018, the Hellenic Energy Exchange S.A (HEnEx S.A.) was founded and is owned by the state-owned electricity market operator LAGIE, the Athens Exchange Group, the Independent Power Transmission Operator (ADMIE), the EBRD and the Hellenic Gas Transmission System Operator (DESFA). The HEnEx S.A., manages the Energy Markets of physical delivery and the Energy Financial Markets in accordance with the provisions of Law 4512/2018 and its delegated act. The HEnEx S.A. will provide access to new liquid energy markets and products that will, among others, support greater domestic competition, reduce barriers to entry for new energy market participants and allow the effective participation of renewable energy producers in the electricity markets. It will also support regional integration by facilitating market coupling with neighboring countries such as Italy and Bulgaria. The new framework will replace the existing model of operation of the wholesale market (mandatory pool system) in order to implement the European regulations and directives on the completion of the single European electricity market, the so-called Target Model.

The natural gas sector is dominated by the vertically-integrated Public Gas Corporation (DEPA). In January 2017, a new legislative framework takes effect that 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. In 2016, the Hellenic Competition Commission (HCC) accepted a proposal submitted by DEPA to revise partly the commitments adopted with earlier HCC decisions (Decisions No. 551/2012, 589/2014, 596/2014 and 618/2015), as follows: (a) Iincrease the quantities auctioned through the gas release programme and, consequently, amend specific terms of the system for the supply of natural gas through electronic auctions, in view of the forthcoming scheduled annual auction; (b) revise specific terms of the commitments pertaining to DEPA's reservation of capacity at the points of entry of the transmission network, pending the review of the entire sub-set of the relevant commitments in light of Regulations (EU) 984/2013 and 715/2009 (relating, respectively, to capacity allocation mechanisms in gas transmission systems and to the conditions for access to transmission networks and congestion management), as implemented.

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	
Excise-Tax Refund for Fuels Used in Tourist Boats (2004-)	An excise-tax refund is provided for fuels used in boats for tourism in Greece.
Subsidy for Suppliers of Fuels to Remote Areas (2004-)	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.