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Public Power Corporation S.A.- Hellas
Energy for everyone

Feedback on the public consultation on the strategy for long-term EU greenhouse gas emissions reduction

Public Power Corporation S.A. (PPC), Greece's largest electricity company, welcomes the EU's initiative to develop a strategy for long-term EU greenhouse gas emissions reduction in accordance with the Paris Agreement.

PPC is looking forward to contributing to the development of the overall EU long-term decarbonization strategy, not only through this public consultation but also within the framework of high-level public stakeholder events, specific consultations and technical, bilateral meetings with the leading DG CLIMA.

In our view, the EU long-term decarbonization strategy should:

- *Adopt an ambitious approach as regards the fulfillment of EU's obligations under the Paris Agreement, achieving a balance between emissions and removals of GHG as early as possible in the second half of this century and, in certain Member States (MS), potentially even by 2050;*
- *Provide for a suitable, realistic and smooth transition trajectory to decarbonized economy, taking into account the crucial and decisive role of national specificities and different starting points of Member States (holistic approach towards different Member States' preconditions and specificities);*
- *Incorporate the social and economic impact of decarbonization and the ambitious objectives of the Energy Union, by providing for security of energy supply to all European citizens at affordable prices.*

In particular, we believe that both the energy efficiency and the promotion of renewable energy shall be the main drivers for the EU long term GHG emissions reduction strategy, presenting many opportunities and challenges, especially for the electricity sector:

Electrification of other sectors coupled with the promotion of electricity generation from zero-emitting renewable energy sources (RES) shall be doubtlessly a major and, to our view, the ultimate tool to achieve cost-effective decarbonization of the economy.

- ✓ In a smooth functioning, competitive electricity market, RES generation facilities, supported by the developments in energy storage technology, digitalization, interconnections and expansion of grids would gradually outperform all other types of electricity generation capacity in terms of investment and operating costs.
- ✓ In that context, extreme caution is necessary as regards the extent of acceleration of the decarbonization trajectory of Member States pursued by means of investments in natural gas-fired capacity, as it would eventually lead to stranded assets. Moreover, such a practice would both unnecessarily drain valuable investment funds from the markets and create an increased dependency on gas imports.
- ✓ While evaluating alternative policy instruments, cost-effectiveness of the decarbonization should be a priority. Any upcoming policy interventions should by no means lead to market distortions, consequently resulting in unnecessary, additional costs for both market participants and the consumers. In that sense, priority should be given to well-designed, market-based policies, aimed at securing both the energy supply and affordable prices for all European citizens.

Availability and low cost of financing across Europe will be of the utmost importance for a successful long-term GHG emissions reduction strategy.

- ✓ PPC welcomes the European Commission's (EC's) action plan for sustainable finance. The availability, as well as the cost of financing for the decarbonization of individual Member States are the major parameters that will define realistic transition policies.
- ✓ In that context, PPC would like to stress the considerable differences as regards the cost of money across Europe. Therefore, the action plan for sustainable financing should also specifically address this problem through

a robust mechanism, financially supporting low-carbon projects. This would greatly contribute towards enhancing sustainable EU GHG emissions reduction in all Member States.

The electricity generation industry, as a capital-intensive sector, requires a stable and transparent, yet flexible enough, long-term legal framework for decarbonization.

- ✓ Given the time required for the implementation of new-capacity investments, as well as the long fiscal life of such capacity, the feasibility of such investments is heavily dependent on the availability of a long-term insight and the predictability of market conditions. Therefore, stable and transparent business environment is vital for promoting such investments.
- ✓ All the same, sufficient flexibility of the legislative framework over time is required to mitigate unforeseen, negative side effects, given the long-term nature of the decarbonization strategy.
- ✓ Furthermore, due to the variety of starting points as well as the specificities of the Member States, there is no “one size fits all” approach regarding the most effective policy for decarbonization of individual Member States.

The social aspect of a robust decarbonization strategy for Europe should address both the energy poverty and a smooth social transition.

- ✓ PPC welcomes the EU’s initiative in dealing with energy poverty through the Energy Poverty Observatory. Fighting the energy poverty, an issue that is already acute within many Member States, adversely affecting the operation of the markets, should remain a policy priority within the future decarbonization strategy.
- ✓ A detailed and quantitative impact assessment of the long-term decarbonization strategy on the citizens’ quality of life and the smooth functioning of the different power markets across the EU is necessary. Within this context, the results of existing studies at national level may prove to be valuable, as they reveal weaknesses not visible at EU level. Combining the results of studies carried out both at EU and national level

would help developing the most appropriate tools for long-term reduction of GHG emissions, without adversely affecting the energy markets in terms of security of supply, cost efficiency and dependency on imports during the transition period.

- ✓ Moreover, the necessity for a smooth social transition to the decarbonized economy is extremely important. We fully support the Coal Regions in Transition Platform launched by the Commission and would call for additional, concrete financial instruments in support of this, really important initiative, so that it shall be able to deliver its objectives.