

Brussels,
Ares(2019)

12.07.2019

Dear Mr Karavellas and Mr Charalambides,

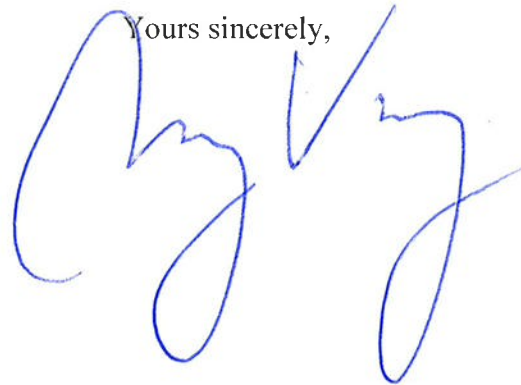
Thank you for your letter dated 14 May 2019 in which you have put forward your views on the planned market-wide capacity mechanism in Greece, and in particular your main concern about support to fossil-fuelled power plants in the framework of the capacity mechanism.

First of all, let me apologise for not replying earlier to your letter.

As you know, we agree that capacity mechanisms must not be backdoor subsidies for specific technologies, notably those using fossil fuels. I take this statement very seriously and the Commission has acted accordingly. In particular, the current State aid rules, the Guidelines on State Aid for Environmental Protection and Energy (EEAG), stipulate that Member States should primarily consider alternative ways of achieving security of supply than subsidising fossil-fuelled power plants. Moreover, EEAG require that the design of capacity mechanisms should give preference to low-carbon generators in case of equivalent technical and economic parameters. Most recently, upon the proposal from the Commission, the new Electricity Regulation has included strict rules on the participation of polluting power plants in capacity mechanisms. The objective is that capacity mechanisms do not incentivise the construction of new polluting capacity; and Member States need to phase out capacity payments to existing polluting capacity by 2025.

As regards the planned Greek capacity mechanism, the Commission is in close contact with the Greek authorities. We will assess the measure based on the established legal framework, notably also the environmental provisions. I am glad to see that you took the opportunity to express your concerns also in reply to the public consultation at national level and thank you for sharing your comments. We will consider them in the further assessment of the measure.

Yours sincerely,



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CEO, WWF Greece

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