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IN-DEPTH ANALYSIS OF THE NEWS AND NEWSMAKERS THAT SHAPE
EUROPE'S EMERGING LEGAL MARKETS



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Greece: Renewable Energy – A Lucrative Investment Horizon

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As the year 2024 unfolds, Greece stands as a shining beacon of opportunity in the energy sector, particularly in the realm of renewable energy. The Greek energy market has undergone a profound transformation in recent years, embracing a diverse and sustainable energy mix that positions the country as an attractive investment destination.

The Greek energy landscape has pivoted, with a strong emphasis on harnessing renewable sources to meet the nation's energy needs. Fueled by a steadfast commitment to environmental sustainability, Greece is leading the charge in a renewable energy revolution, with solar energy, wind power (soon to include offshore wind farms), hydropower, and biomass at the forefront of this transformative journey.

In 2022, Greece surpassed expectations with 43% of its energy derived from renewable sources, surpassing the European average of 41%, as per data released by *Eurostat*. A historic milestone was achieved in October 2022, when Greece powered the entire country solely with renewable energy for an unprecedented five hours. Building on this momentum, the Institute of Energy for South East Europe announced a further 7% increase in total renewable energy participation in 2023 compared to 2022. In July 2023, the nation recorded an impressive 87 consecutive hours without utilizing lignite, showcasing the prowess of renewable energy sources, which accounted for up to 84% of total energy consumption during this period.

The trajectory of the green energy sector is poised for even greater acceleration in the next five years, with total investments in Greece for this decade expected to surpass an impressive EUR 20 billion. To facilitate this monumental shift, Greece has implemented a supportive regulatory framework aimed at encouraging renewable energy investments. Key legislative initiatives include the updated *Law for Fast Track Licensing of Strategic Investments (Law 4608/2019)*, which expedited the implementation of major renewable energy source (RES) parks throughout the country.

Further, *Climate Law (Law 4936/2022)* has set ambitious targets for the de-carbonization of the Greek economy, aiming to reduce greenhouse gas emissions by 55% by 2030 and 80% by 2040, ultimately achieving climate neutrality by 2050. Complementing these efforts, *Law 4964/2022* was passed to simplify procedures and accelerate the development of RES projects in response to the urgent need to address climate change.

Also, aligned with the *National Energy and Climate Plan (NECP)*, which envisions a significant increase in installed RES capacity by 2030, Greece has increased its target for RES to 28 gigawatts, up from the previous aim of 19 gigawatts. The ongoing de-lignification of certain areas, coupled with the country's geographical location and favorable weather conditions (over 250 days of sunshine per year, high wind potential, etc.), has spurred the development of numerous large-scale RES projects across Greece.

Additionally, long-term Power Purchase Agreements (PPAs) add an attractive dimension to investing in renewable energy in Greece. The NECP aims for a 55% drop in CO₂ emissions and 45% of total energy consumption from RES by 2030, with long-term PPAs being instrumental in achieving these ambitious goals.

Over the past decade, major photovoltaic parks have been established in various regions, including the North East (combining four parks of 1.2 gigawatts), central Greece (700 megawatts), western Macedonia (205 megawatts), northern Greece (362 megawatts), and a cluster of 13 parks (197 megawatts). The Euboea island hosts one of Greece's largest wind farm complexes boasting a total capacity of 154 megawatts, while a hybrid cluster project on Crete integrates hydroelectric and wind power to generate 227 megawatts.

The funding for these energy projects primarily comes from a combination of local investors and major international players, many of which have shares listed on stock exchanges worldwide. The *National Recovery and Resilience Facility Greece 2.0 (RRF)*, adopted in 2021, has played a pivotal role in financing investments in the green energy sector. Offering long-term loans with remarkably low interest rates, covering up to 50% of the investment cost, the RRF has ushered in a new era of sustainable financing.

All projects eligible for RRF funding fall into this transformative pillar. Already, the RRF has provided funding for PPAs with a capacity of approximately 200 megawatts whereas, when combined with investors' and banks' contributions, the total investment may reach approximately EUR 12.7 billion.

In conclusion, Greece's renewable energy renaissance is not just a testament to its commitment to environmental sustainability but also a lucrative investment horizon for those looking to participate in the global shift toward cleaner and greener energy sources. With a supportive regulatory framework, ambitious targets, and substantial financial backing, Greece stands as a prime destination for investors seeking both environmental impact and financial returns in the burgeoning renewable energy sector. ●