To: Guenther H. Oettinger  
Commissioner for Energy

Connie Hedegaard,  
Commissioner for Climate Action

European Commission  
Brussels

Copy: Rainer Hinrichs Rahwles  
President

Doerte Fouquet  
General Director

European Renewable Energies Federation (EREF)  
Brussels

Athens, 11 January 2013

Subject: Alternative proposals to the Government-imposed retroactive cuts of the “guaranteed” gross revenues of all operating RES projects in Greece, aiming to avert their destructive impact on the national RES and in particular to the wind, small hydro and biomass sectors

Dear Commissioners,

Following up on our letter dated 23 November 2012 through which EREF, the European Renewable Energies Federation, together with GAREP, the Greek Association of Renewable Energy Producers, representing the vast majority and the full technological spectrum of installed renewable capacity in Greece, called upon you and the European Commission to request your support in dealing with the recent decision of the Greek Government to impose a retroactive levy on the supposedly “guaranteed” gross income of all operating RES projects in Greece, we would hereby like to present certain alternative measures that, if adopted by the Greek Government, would, in our view, avert the destructive impact of these cuts on the national RES and in particular to the wind, small hydro and biomass sectors.

Such alternative measures could be:

a. A small increase of the levy imposed on all energy consumers (with the possible exception of the industrial sector) for the mitigation of climate change. Careful calculations indicate that an increase of this levy by only 1 €/MWh would balance exactly the expected annual revenues from the imposition of the 10% retroactive tax on all operating wind, small hydro and biomass projects (about 50 million € / year).

b. An increase of the relatively small levy imposed recently on the Greek Public Power Corporation (PPC) for the use of lignite as primary fuel for power production. Calculations indicate that increasing the levy from 2 € / MWh to 4 € / MWh would raise similar revenues as in case (a). It is to be noted that until 2011 the PPC did not have to
pay anything for the right to use this national resource as a major constituent of its fuel mix.

c. Taxation of the revenues from operating rooftop PV systems < 10 kW which enjoy an average FIT of 500 €/MWh (!). This PV category has been consistently exempted of all taxes (regular income or retroactive) for political reasons, despite the asymmetric burden it imposes on public finances. Calculations indicate that if this PV category were taxed like all other operating PV systems (which receive, on average 20%, lower tariffs), the Market Operator would receive 41 million € / year towards balancing its RES account deficit.

d. A combination of some or all of the above with the proper adjustment (lowering) of the calculated indicative tax rates per alternative measure, so as to come up with the equivalent sum total of the tax revenues sought by the Market Operator.

Replacing the imposed 10% retroactive tax imposed on the revenues of operating wind, small hydro and biomass projects with anyone or a combination of the aforementioned measures would not only aid the national Electricity Market Operator to balance its RES account deficit in an equivalent manner but at the same time it would:

- Reduce a real threat to the viability of many European companies based in Greece which are either Greek or which operate in the country through subsidiaries involved in the development, installation and operation of RES projects

- Help instill lost investment confidence and, thus, regenerate prospects for continued RES, and especially wind farm growth, in a country whose significant renewable energy potential remains largely unexploited

- Manifest in practice that different RES technologies should be treated by policy planners and decision makers according to their specific cost-benefit characteristics and not through the application of horizontal, devastating leveling measures

Hoping that this will assist your intervention, we remain at your disposal for any relevant discussion.

Yours sincerely,

George Peristessi
President, GAREP

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**The Greek Association of RES Electricity Producers (GAREP)** is an association of independent power producers active in the development, installation and operation of RES-electricity projects in Greece. GAREP represents the vast majority and the full technological spectrum of installed renewable capacity in Greece and strives to facilitate the implementation of RES projects nationwide.