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To: European Parliament  
ITRE Committee

October 12, 2016  
Ref. No. 111/2016

**Subject:** ITRE vote on ETS Directive

Dear Member of the ITRE Committee,

I am writing to you regarding the upcoming ITRE vote on Thursday 13th of October on the revision of the ETS directive. Amongst other things, this vote is of crucial importance for my country's energy future, as Greece's eligibility for free CO<sub>2</sub> allowances through an Article 10c derogation will be at stake.

In particular, Compromise Amendment 1, as well as several individual amendments which you are called to vote on, include a scandalous, photographic change in the base year from 2013 to 2014 which influences only Greece's eligibility for free emission allowances in the electricity sector.

***Simply stated, if the ITRE Committee signs off on an amendment that makes Greece eligible for an Article 10c derogation, it is essentially giving a green light for 2 new lignite plants in Greece (1,110 MW), which will operate until the 2060s.***

These plants, which will cost approximately 2,5 billion euros, are not economically viable, without free emission allowances even for moderate carbon pricing scenarios, as has been demonstrated through detailed analysis<sup>1</sup>. Therefore, rendering Greece eligible for free emission allowances is equivalent to approving the construction of these 2 new lignite plants. More to the point, this amendment directly opposes the very spirit of Article 10c, which is supposed to help poor Member States to transition away from coal/lignite and towards clean energy. Such an energy transition is already taking place in Greece. Currently, lignite's share in Greece's electricity mix has plummeted to 27%, whereas renewables have already surpassed lignite with ~30%. Despite its low price signal since 2013, ETS has played a crucial role in this positive development, mainly due to the very poor quality of Greek lignite. Thus, offering Greece free emission allowances for 2021-2030 essentially sends a signal to revive lignite according to the Public Power Corporation's (PPC) explicitly stated vision of perpetually keeping lignite's share to at least 35%, a vision that is in obvious contradiction with the Paris agreement that the EU has just ratified.

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<sup>1</sup> WWF Greece, (2013, July) "Economic Viability Report of the new lignite units Ptolemaida-V and Meliti<sup>2</sup>".  
[http://www.wwf.gr/images/pdfs/Lignite\\_Study\\_WWFGreece.pdf](http://www.wwf.gr/images/pdfs/Lignite_Study_WWFGreece.pdf)

Several MEPs may think that rendering Greece eligible for free emission allowances will actually support Greece's shift towards cleaner forms of energy through the stricter criteria for the 10c investment program that the ITRE Committee has included in Compromise Amendment 1. This couldn't be further from the truth. Here's why:

- The construction of two new lignite plants, lagging in efficiency rates and flexibility, will limit the available "electrical space" for RES development in a country with a strong, decreasing electricity demand.
- With Greece's huge RES potential and maturity of the RES market (currently at 30%), a stable support scheme and institutional framework which will give a clear signal to invest in renewables, is all that is required for further increasing the RES share in the electricity mix. In short, there is no need for extra investments facilitated by an article 10c derogation to promote RES in Greece.
- An Article 10c derogation for Greece will hinder RES development in an additional, indirect way: It will reduce the public revenue from ETS auctioning for Greece by 40%. ETS public revenue is currently used to pay RES producers. Thus, free emission allowances will reduce the funds available for swift RES deployment.

Finally, several MEPs might tend to think that, extending the life of lignite in Greece will offer practical solutions to the huge unemployment problem in Western Macedonia (the main lignite region in Greece where the 2 new plants will be constructed). This is also not true. In fact, it will delay the mobilization of the necessary funds to transform the ailing economy of Western Macedonia towards a more sustainable direction, create new jobs, and financially support lignite miners and plant workers who will suffer the most from the transition away from lignite in Greece. It was shown<sup>2</sup> that with investments of the same order (~2,3 billion euros) as the construction cost of the two new lignite plants, directed to 12 sustainable economic sectors, a much higher number of jobs and a greater regional GDP can be created than if the two new plants are indeed constructed.

***Based on the above, I urge you to not support an amendment which will make Greece eligible for an Article 10c derogation in the 4th period of the ETS (2021-2030).***

Please don't hesitate to contact me in case you need further clarifications on this crucial issue.

Sincerely yours,

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<sup>2</sup> WWF Greece (2016, July) "Roadmap for the transition of Western Macedonia to a post-lignite era".  
[http://www.wwf.gr/images/pdfs/Roadmap\\_PostLignite\\_EN.pdf](http://www.wwf.gr/images/pdfs/Roadmap_PostLignite_EN.pdf)