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Editorial: PPC dodged a bullet – Great changes in the energy landscape

The significant date of September 24th went by without a nosebleed for PPC, a fact that allows the government and the company's management to proceed with their rescue plan. This is because Ernst & Young's logistical report, published on that day, did not affirm the worst case scenario that would lead PPC one step before bankruptcy, but it confirmed that the company still holds on, although barely.
Of course, this does not mean that the work of the energy ministry and PPC's management is any easier. On the contrary, the measures they have agreed upon are especially demanding and they essentially constitute a “bandage”, not a cure, for the company's liquidity issues. In other words, they will have to be accompanied by more long-term measures in order to set PPC on a healthy course and eventually to make it grow inside a more competitive environment than in the past.
Meanwhile, there is the spectacular fact that power production through lignite was reduced by 46% from August 2018 to August 2019 and now reaches 19.7% under the weight of more expensive CO_2 emissions rights. At the same time, natural gas plants raised their production by 34% and renewables by 9%.
We can see, based on all the above, how crucial this year is for the Greek power market. Meanwhile, the prime minister, Kyriakos Mitsotakis, announced the shutting down of all lignite plants by 2028.

274 million euro losses for PPC in H1 2019

PPC reported a net loss of 274.8 million Euros in the first half of 2019, reduced by 48.5% compared to the first half of 2018.

Sales rose by 4.3% and reached 2,305.2 million during this time, while operational expenses rose by 24.4% at 2,295.9 million and EBITDA rose by 18.4% at 108.6 million Euros.

The losses are attributed to the more expensive carbon emission rights, since their price more than doubled within a year. PPC paid 122 million more for their acquisition, that is 251.1 million versus 129.1 million in H1 2018. This, in conjunction to the NOME auctions are the two basic negative factors for the H1 financial results, according to the company.

Electricity demand up 3.8% in first half in Greece

Domestic electricity demand increased by 3.8 percent in the first half of 2019 compared to the equivalent period a year earlier, according to PPC's data.
More specifically, PPC’s total turnover increased by 94 million euros, or 4.3 percent, in the first half, despite a 4.6 percent, or 921 GWh, reduction in sales as a result of the utility’s retail market share loss, from 83.2 percent in the first half last year to 77.1 percent in the first half this year, the utility’s first-half results showed.
PPC's turnover increase is attributed to the increased demand for electricity, a partial recovery of CO2-related expenses from mid and high-voltage electricity sales and a reduction of PPC’s punctuality discount from 15 to 10 percent as of April 1, 2019.

Regulator proposes simpler licensing procedure for renewables

The Greek Energy Regulatory Authority submitted for public consultation a set of proposals aiming to simplify licensing procedures for renewable energy production.
RAE's proposals focus on the simplification of assessment criteria used for RES production applications, primarily wind and solar energy facilities, as well as the immediate processing of applications through transparent and objective means.

These proposals were welcomed by renewables associations, although they underlined that there is still work to be done in order to facilitate installations and help the country achieve its goals.

One year extension for Repsol-Energean in hydrocarbon exploration of Ioannina

HHRM provided the consortium of Repsol and Energean an one year extension in the first exploratory phase of their project in Ioannina.
The consortium, where Repsol holds 60% and Energean 40% asked for the extension up to October 2nd, 2020, of the first three-year phase for hydrocarbon exploration in the region. This is the second extension, while the first one was given in 2017.

Parliament approves four hydrocarbon licenses

The Greek energy ministry submitted to parliament four draft bills for the approval of an equal number of offshore hydrocarbon exploration and production licenses near Crete and in the Ionian Sea.

The parliament subsequently approved these agreements, negotiated between 2015 and 2019, which will enhance Greece's ability to attract foreign investments in the developing hydrocarbon sector, as the ministry noted in a statement.

Agreements for two offshore licenses southwest and west of Crete were signed in June between the Greek State and a consortium comprising Total, ExxonMobil and Hellenic Petroleum (ELPE).

Two more agreements were signed several months earlier, in April – one for an offshore block in the Ionian Sea, whose rights were acquired by a two-member consortium made up of Repsol and ELPE; the other, for a block west of the Peloponnese, secured by ELPE, the sole participant.