

Legal Flash

June 2022

National Climate Law

Law 4936/2022 was published in the Government Gazette and includes provisions about climate neutrality and adaptation to climate change, as well as urgent provisions on tackling the energy crisis and protecting the environment.

The key aspects of the new provisions are summarised below:

A. Transition to Climate Neutrality and Adaptation to Climate Change

Several measures and policies on Greece adapting to climate change and its decarbonisation until 2050 have been designed at the lowest possible cost.

For this long-term goal to be achieved, interim goals have been set for 2030 and 2040, namely achieving GHG emissions' reduction of at least 55% and 80%, respectively, compared with 1990 levels, and by taking into account the forecast of the National Energy and Climate Plan.

B. GHG Emissions Strategies and Adaptation to Climate Change

With the aim of adapting to climate change, the following are developed:

The Ministry for Climate Crisis and Civil Protection develops the National Adaptation Strategy to Climate Change (NASCC), which sets out the general objectives and guiding principles for a period of at least 10 years. Moreover, each Administrative Division develops a National adaptation plan (NAP), for a period of at least 7 years, which elaborates more on the guiding principles set out by NASCC.

C. Policies & Measures

➤ Phasing out the Use of Fossil Fuels for Generating Electricity

The combustion of lignite to generate electricity is banned to reduce the impact that these electricity units have on the emissions' level.

The use of fossil fuels to generate electricity is banned **after 31 December 2028**. Current Electricity Generation Licences from fossil fuels will not be in force following this date. The above date can be rescheduled for earlier in case a Joint Ministerial Decision is issued by the end of 2025, and after having ensured adequate generation capacity and security of supply.

➤ Incentives for low or zero-emission mobility

Several measures are adopted for the promotion of low or zero-emission mobility to accelerate the transition in the market in a predictable manner, with an emphasis on the professional fields that are associated with high vehicle kilometres.

2024 - at least $\frac{1}{4}$ of the new company cars that are registered cumulatively by each company, should be fully electric or plug-in hybrid-electric with emissions up to 50 gr CO₂/km.

2026 - new taxis in Athens and Thessaloniki, as well as $\frac{1}{3}$ of new vehicles that are registered for rental to third parties, should be zero-emission vehicles. Island Local Government Organisations of 1st level are exempted. These measures will be evaluated again **until 31 December 2023** in order to be extended to other regions as well by evaluating the associated impact.

2030 - new passenger cars and light commercial vehicles that are registered will be only low emission vehicles. The registration of new internal combustion engine vehicles is banned on condition of the EU legislation. Greece will adopt the date that will be effective according to the relevant EU Regulation.

➤ Decarbonising Buildings

Several measures are adopted for the reduction of buildings' emissions and are linked with a ban on sale and installation of oil boilers for heating purposes while the fines imposed for non-compliance are described.

2023 - the carbon footprint of buildings will be included in the Plan for Energy Efficiency in Buildings, according to the "ISO 14064-1:2018", category 1 or 2 or another equivalent methodology.

2025 - sale and installation of oil boilers for heating purposes are banned.

2030 - sale of heating oil is permitted only when it is blended at least by 30% in terms of volume with renewable liquid fuels.

Special Buildings, with the exception of tourist accommodation and temples - regarding building permit applications to construct new buildings or make additions to existing ones that are submitted from 1 January 2023, special buildings with a floor area above 50 square metres should install electricity generation systems by photovoltaic or thermal solar plants that are corresponding at 30% of the floor area. Exceptions can apply for morphology or aesthetic factors in buildings or for buildings located in a conservation area.

The Public Sector is the beneficiary of funding for energy renovation in public buildings.

➤ **Decarbonising Installations**

Several measures are adopted for the reduction of emissions from energy-intensive sectors that do not fall within the EU Emissions Trading System (ETS).

2030 - sectors that do not fall within the EU Emissions Trading System (ETS) should reduce their emissions by at least 30% compared to 2019 emissions' levels.

Sectors are classified as follows:

- Environmental infrastructure
- Tourist facilities and urban development projects related to buildings, sports and leisure

- Poultry farms
- Aquaculture
- Industrial activities and relevant installations

From 2026, the entity responsible for a project or an activity should submit a report about the emissions of the previous year to the Environmental Licensing Authority **by 31 December of each year**. If the report is not submitted on time, a fine of 100€ / per day of delay will be imposed, which cannot exceed 0,1% of the responsible entity's annual income.

Until 2026, the entity responsible for the project or the activity should submit an amendment on the Decision on the Approval of Environmental Conditions (DAEC) to the Environmental Licensing Authority. If the emissions' target provided in the DAEC is not met, a fine will be imposed, which cannot exceed 0,5% of the responsible entity's annual income.

➤ **Decarbonising Businesses**

Several measures are adopted for the recording and publication of businesses' emissions with the aim to adopt targets on emission allocations per sector.

Until 31 December 2023 - specific legal persons should submit reports about their carbon footprint for the year 2022. Voluntary targets and initiatives about reducing or offsetting emissions will be included in the reports.

The reporting obligations **apply** to the following legal entities:

- Publicly Listed Companies
- Financial institutions
- Insurance corporations
- Investment companies
- Telecommunication companies
- Water supply and wastewater treatment companies
- Courier services
- Electricity and natural gas providers

- Retail companies with more than 500 employees
- Supply Chain Service Providers
- Public transport companies.

Small and Very Small Businesses **are exempted**.

If the report is not submitted on time, a fine of 50€ / per day of delay will be imposed, which cannot exceed 0,1% of the liable legal entity's annual income.

➤ **Municipal Emissions Reduction Plan**

First Level of Local Government Units are obliged to draft Emissions Reduction Plans.

Until 31 March 2023 - each Municipality will have to draft an Emissions Reduction Plan that will estimate its carbon footprint, specify and prioritise the necessary measures and activities for emission's reduction in a well-founded way, and is verified by a certified entity, while its progression will be monitored through a technical report. The Plan also includes emissions inventory and reduction targets for buildings, equipment and infrastructure that absorb energy, while it can include removals ("carbon sinks") of greenhouse gases.

A target of net emissions' reduction at a minimum of 10% for 2025 and 30% for 2030 is set - compared to base year levels (2019).

2024 - The Plan's drafting and update is a precondition for evaluating the proposals submitted by Municipalities to implement projects through funding tools in the energy saving and climate change sectors.

➤ **Islands**

A coherent Strategic Development Plan named "GR-eco Islands" is launched for the climate and energy transition of Greek islands.

Eligible islands are determined by the following criteria:

- Permanent population
- Prospect for interconnection to the mainland's power supply
- Energy needs
- Tourist traffic
- Accessibility to transport and infrastructure sector
- Potentially exploited natural resources
- Economic and social features.

2030 - emissions' reduction of **non-interconnected islands** at 80% compared to 2019 emissions, and zero mazut use for electricity generation.

D. Public Participation, Monitoring and Governance

In the context of climate governance as well as wider public participation and deliberation, the following actions are taken:

The **National Observatory on Adaptation to Climate Change** and the **National Council for Adaptation to Climate Change** are established in the Ministry of Climate Crisis and Civil Protection. A **Scientific Board on Climate Change** is established in the Ministry of Environment and Energy. A **forum of climate dialogue** is created by the Natural Environment & Climate Change Agency and can be found at *gov.gr-EΨΔ*. The Directorate of Climate Change and Atmospheric Quality of the Ministry of Environment and Energy in cooperation with the responsible agency of the Ministry of Climate Crisis and Civil Protection and the Natural Environment and Climate Change Agency will draft an annual progress report on mitigation and adaptation to climate change.

E. Responding to the Energy Crisis

Emergency financial assistance is offered to **households** in order to cover a part of the increasing prices of electricity bills that were issued from 1 December 2021 until 31 May 2022; the emergency financial assistance applies to **residential consumers** residing and taxed in Greece with an annual gross household income up to 45.000€

for the financial year 2020. The assistance is granted for an amount above 30€ and up to 600€ per beneficiary.

The conditions are analysed in the Joint Ministerial Decision No. 3365/2022 (B' 2827/06.06.2022).

A special levy on energy producers, with the exception of RES and CHP producers and producers at thermal units in the Small Connected System of Crete, is imposed for the total unit of production for the period from 1 October 2021 until 30 June 2022. The special levy will be calculated as follows: “Special Levy = 90%* [positive difference of Gross Profit Margin * (1- Rate of Fixed-Price Supply Contracts) - Discounts - returns of Bilateral PPAs]” per producer, by the Regulatory Authority for Energy (RAE), it will be imposed by the Ministry of Environment and Energy and collected, as a public revenue, by the Independent Authority for Public Revenue (AADE).

All the details and processes that are required for the application of this special levy, will be analysed in a Joint Decision of the Minister of Environment and Energy and the Minister of Finance.

Let's talk

For a deeper discussion of how the National Climate Law might affect your business, please contact:

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This information is intended only as a general update for interested persons and should not be used as a basis for decision-making.

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