

The European Commission has approved Greece's transitional CAT mechanism model planned to remunerate flexible electricity capacity, it has just announced.

Natural gas-fired power plants and hydropower stations offering flexibility will be remunerated with amounts to be determined at auctions, according to the plan.

The mechanism, offering remuneration for a total capacity of 4,500 MW, will be valid until the end of 2019.

"The European Commission has found the planned Greek mechanism to remunerate flexible electricity capacity to be in line with EU State aid rules. Under this mechanism, flexible power capacity providers such as gas-fired power plants, flexible hydro plants and, in a second stage, demand response and storage operators can obtain a payment for being available to generate electricity or, in the case of demand response operators, for being ready to reduce their electricity consumption," the European Commission announced in a statement. "This flexibility in power capacity will allow the Greek transmission system operator to cope with the variability in electricity production and consumption, in particular during evening hours, when decreasing solar energy generation coincides with increasing demand for electricity. To limit costs, the TSO will select the flexible capacity providers through competitive auctions, with a maximum tendered volume of 4,500 megawatts. The measure will apply until the end of 2019. The Commission concluded that the scheme will allow a smooth transition towards a reformed electricity market, which Greece committed to implement as part of the European Stability Mechanism support program, while limiting distortions of competition in line with EU State aid rules," it added.

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