



To:

- Maroš Šefčovič, Vice-President, Energy Union
- Pierre Moscovici, Commissioner, Economic and Financial Affairs, Taxation and Customs
- Margrethe Vestager, Commissioner, Competition
- Karmenu Vella, Commissioner, Environment, Maritime Affairs and Fisheries
- Miguel Arias Cañete, Commissioner, Climate Action & Energy

Athens, 23 January 2019

Dear Vice President, dear Commissioners,

As the divestment process of PPC's lignite assets is now in its final phase, under the supervision and pressure by the European Commission, it is with growing concern that WWF and Greenpeace view the Commission's role in sanctioning new coal in Greece.

There is a profound disconnect between current trends in the EU electricity market, which are increasingly rendering coal uncompetitive, and Commission's decisions on the Greek lignite market. This is according to the Commission's C(2018) 2104 final Decision, which authorizes the sale of 40% of the Greek Public Power Corporations' (PPC) coal assets and the subsequent licensing of the construction of a brand new coal power plant (SES Meliti II), as beneficial to electricity market competitiveness. We find it particularly disappointing that the European Commission on the one hand commits to the Paris Agreement and has published a net zero emissions vision for Europe by 2050, while at the same time approves the prolongation of the current lignite energy production model and the opening of new coal power stations.

The recently concluded economic adjustment programmes for Greece, whose implementation was closely supervised by the European Commission, contained a binding commitment on the sale of coal mines and lignite-fired power plants. This was in addition to the Commission's decision C(2018) 2104 final which required the sale of 40% of PPC's lignite assets, claiming that this would lead to lower electricity prices for end consumers. Apart from a clear negation of the EU's climate policies, the Commission supports the use of lignite as the cheapest source for electricity generation, contrary to carbon market trends, which clearly show that conventional generation technologies are already facing significant competition from clean energy sources and energy storage alternatives: declining costs for renewable energy, coupled with uncertain long-term fuel costs for conventional generation technologies have closed all gaps in LCOE values. Published data show beyond any doubt that in 2019 new renewables will be cheaper than energy generation from existing coal utilities.

Even if it could be argued that the divestment measures are implemented in relation to previous Commission decisions on antitrust law, they are clearly at odds with the EU's climate policies and will certainly not benefit end consumers and society at large.

In reality, the Commission's position on the sale of lignite assets leads to new dirty coal installations, according to terms especially attractive to investors: license for a new 450MW lignite power plant (Meliti II), favourable licensing conditions for operating plants (Megalopoli, supplied by the lowest thermal quality lignite deposits in the EU, and Meliti I).

As stated in the webpage of DG COMP, the aim of EU competition policies is to "provide everyone in Europe with better quality goods and services at lower prices" and to "encourage enterprise and efficiency". In the case of Greek lignite, this essentially means that the Commission aims for the revival of an economically dying market, which is also subject to specific environmental regulations as heavily polluting and climate catastrophic.

Instead, Greece needs to urgently shift away from coal, starting with an immediate withdrawal from the financially absurd project of constructing the 660MW Ptolemaida V unit and the freezing of all processes for the construction of Meliti II.

In addition, a healthy and innovative PPC will not only benefit public health and the protection of the environment, but can also trigger viable investments aligned with the future energy reality towards the transition to clean energy.

Greece should be encouraged to follow the lignite phase-out route which, one after another, its EU counterparts are following, while at the same time financially supporting the just transition of the lignite regions of Greece towards sustainable economic activities.

WWF and Greenpeace urge you to proceed urgently with a full evaluation of the impacts of the sale of PPC's lignite assets on the climate, with a view to the target of net zero emissions by 2040, and reconsider the sale, taking into account the energy market developments, environmental standards and the newly adopted EU climate policies.

Sincerely,



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