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IS THE GREEK GREEN TRANSITION RUNNING OUT OF POWER?

In his maiden speech to the UN in 2019, PM Kyriakos Mitsotakis positioned Greece at the forefront of the green transition by promising “a new, ambitious national strategy on energy and climate change”, centring on a rapid coal phase-out and a steep acceleration of renewable generation.

Six years on, mid-way through his second term as prime minister, Mitsotakis has shifted his position, arguing that “the green transition cannot be an end in itself” and calling for a loosening of climate targets to support industrial competitiveness and social cohesion. While Greece has achieved notable success at boosting renewable capacity, it is also making a fresh push for offshore gas exploration, while continuing to build more gas-fired generation and investing in LNG infrastructure.

We look at Greece’s mixed record at meeting the targets of the National Energy and Climate Plan (NECP) and identify the key forces shaping the policy response.

“Energy transition”

The lynchpin of the national energy plan drafted by the Mitsotakis administration shortly after taking office, was eliminating coal from the electricity mix in under a decade – the so-called “de-lignitisation” process. In 2019, emerging out of Greece’s ten-year debt crisis, the government’s priority was to find a new engine of growth, for which it looked for inspiration to the German “Energiewende”. “De-lignitisation” surpassed Germany’s coal-phase out targets and cast Mitsotakis as a global climate change leader.

Around this goal, the incoming government redrafted the National Energy and Climate Plan in 2019. It then revised it in 2023 with more aggressive targets for renewables and emissions reduction, often exceeding the EU’s “Fit for 55” goals (Hellenic Republic Ministry of Environment and Energy 2024).

Key targets of NECP, comparison of 2019 and 2023 editions

(Mtoe = Million tonnes oil equivalent).

	NECP 2019	NECP 2023
Share of RES in gross final energy consumption	35%	43%
Share of RES in gross final electricity consumption	61-64%	75.70%
Final energy consumption	16.1-16.5 Mtoe	15.2 Mtoe
GHG reduction	-42% vs 1990	-58% vs 1990

Sources: Hellenic Republic Ministry of Environment and Energy, 2019, 2024.

The revised plan sets out to reduce greenhouse gas emissions by -58% by 2030, compared to the EU goal of -55%, while the contribution of renewables to the electricity mix was set at 75.7% compared to the EU target of 69%.

Looking back at progress six years on, the “de-lignitisation” process is well underway, with the last coal-burning plants due to shut or switch to natural gas in the coming year, while Greece ranks as one of the most attractive markets globally for renewables investment (EY 2024).

Despite these headline successes, however, Greece scores poorly in terms of meeting the broader green transition targets (EEA 2025, CCPI 2026).

Several factors contribute to Greece’s disappointing overall performance. The increasing reliance on natural gas and lack of progress in introducing electricity storage are slowing down the decarbonisation of the power sector. Advances in sectors such as industry, transport and buildings have been even slower.

Added to this, the recent reactivation of hydrocarbon exploration, combined with diplomatic efforts by the Greek government to relax EU climate targets, offer tangible signs of the top-level change in policy direction which has taken place since 2019 and is set to further compromise the green transition.

Renewables stalling

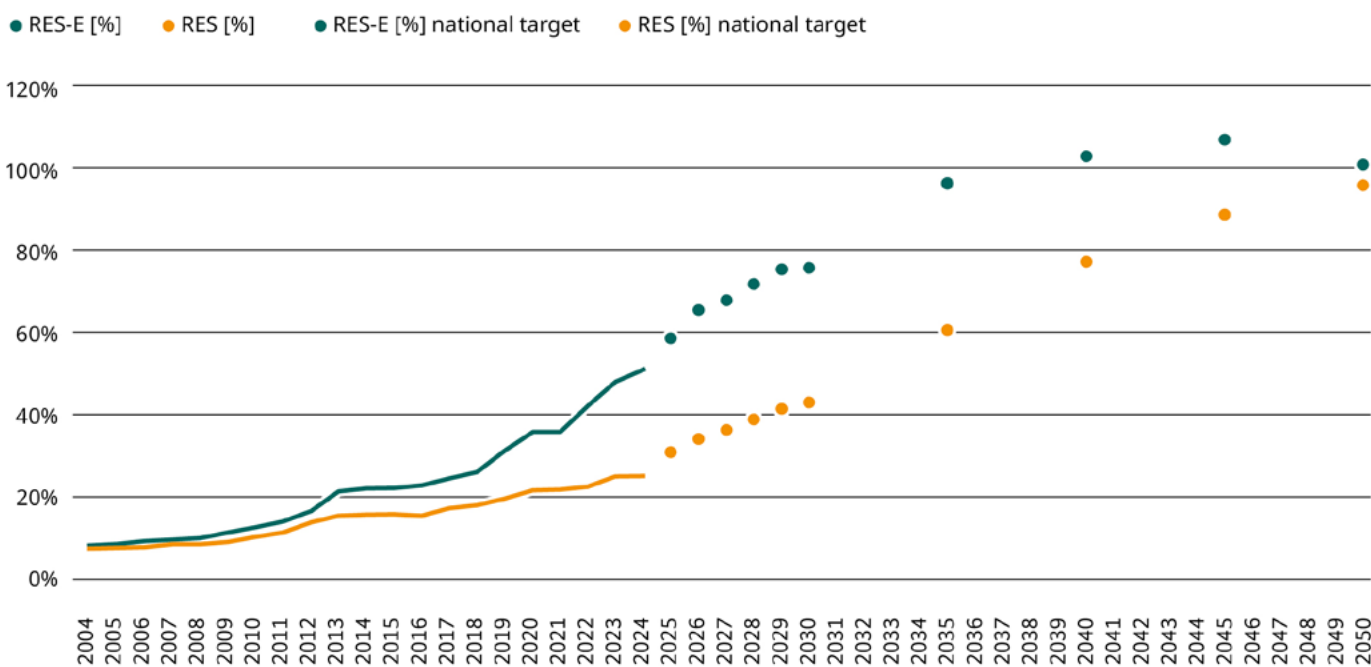
Greece continues to set ambitious targets for renewables, and has made some notable progress in this area; however, it has been less successful in lifting constraints on the sector, while a parallel support for natural gas undermines progress in reducing emissions.

In 2024, renewables (chiefly wind, photovoltaics and hydro) accounted for 51% of all electricity generated and for 25% of total energy consumption across all sectors (EUROSTAT 2025).

Despite RES generation increasing at an average rate of just under 10% for the past decade, the growth trend is not sufficient to hit the national targets of 75.7% of electricity generation and 43% of total energy consumption by 2030 (see Figure 1).

Fig. 1

Trends in RES penetration in the electricity mix (RES-E) and total energy consumption (RES) versus NECP projections.



Sources: EUROSTAT 2025, Hellenic Republic Ministry of Environment and Energy 2024.

The sector benefitted from generous incentive schemes initially, while it attracted the lion’s share of Recovery and Resilience Facility (RRF) funding in the post-Covid years (Kathimerini 2025a).

Some areas have had remarkable success in attracting investment, with solar power reaching 9.7 Gigawatt-peak (GWp) of installed capacity by the end of 2024, already exceeding the NECP projection of 8.5 GWp for 2025 (HELAPCO 2025). Wind power installations, by contrast have slowed, reaching 5.5 GW in the first half of 2025 (ELTAEN 2025), compared to the NECP projection of 7 GW for 2030, while there has been no progress towards meeting new targets offshore wind, which were one of the innovations of the 2023 NECP.

Renewables made a record contribution to the electricity mix in the first ten months of 2025, making up 47.7% of the total and overtaking fossil fuels for the third consecutive year as the main source of electricity.

There are, however, signs of a slowdown in the sector. The past year also saw record curtailments from the grid, when renewable power was rejected in the hours of peak production due to low corresponding demand. Around 7.5% of renewable generation was rejected, more than double the previous year (Green Tank 2025a).

This constraint on the contribution of renewables is largely the result of lack of progress on incorporating energy storage. Of the 4.3 GW of standalone batteries targeted in the revised NECP, only around 300 MW have been installed

and none have been connected to the grid (PV Magazine 2026), with government schemes plagued by bureaucratic delays.

Curtailments not only limit the present contribution of renewables but also dampen the appetite for future investment and financing for the sector by reducing its profitability.

Gas on the ascent

At the same time as renewables show signs of hitting a buffer, natural gas had a record year in 2025, covering 39.9 pct of demand in the power sector, which is the fuel’s greatest consumer in the Greek market. Gas has rapidly regained its share of the electricity mix following drastic cuts in compliance with EU obligations in 2022-2023, which had seen consumption slashed by almost a third (Green Tank 2023).

As a result, in spite of being close to achieving full “de-lignitisation”, Greece looks set to miss its 2025 emissions reduction goal for the power sector by a wide margin, producing an estimated 15 million tonnes of CO2 versus the target of 10.2 million tonnes (Green Tank 2025b). This is significant because the sector was expected to deliver around two thirds of all emissions reductions over the decade to 2030.

Behind the rebound of natural gas lies a policy hedge that has always been present in the NECP, which describes gas as a “transition fuel” on the path to a fully decarbonised system. Accordingly, the national policy framework lacks a

gas phase-out target to match the country's EU commitments, while national planning framework foresees the building of new gas infrastructure that will remain in operation well beyond 2035.

Since the launch of its green transition plan, the Mitsotakis government has overseen the commissioning of two new gas-fired generation plants, with one more in construction and more in the planning phase. It has also inaugurated a second LNG terminal, with at least three more currently under consideration.

Finally, the administration revived its hydrocarbon exploration programme, doubling the areas licensed for offshore drilling with new tenders run in 2025.

The growing role of gas in the national energy strategy, although foreshadowed in the NECP, reflects a broader policy shift which is already having a tangible effect on the country's ability to meet its green transition commitments.

Policy pivot

Two developments played a key role in shifting the policy balance since 2019. The first is the rising cost of energy, which has contributed to persistent inflationary pressures on Greek households and industry, starting at the end of 2021. The second is the re-election of President Trump, and the geopolitical realignments this has caused across the region.

High living costs have emerged as the biggest concern for Greek voters and the most persistent policy challenge for the New Democracy government, which has seen its popularity slump since starting a second term in 2023. In spite of 9.5 billion euros – equivalent to over 5% of GDP – channelled into support measures at the height of the energy crisis, Greece still has the highest energy poverty levels in Europe. In 2024, 32% of households were in arrears on their utility bills compared to the European figure of 6.9%, while 19% reporting inability to heat their homes adequately compared to 9% across Europe (European Commission 2025). The cost-of-living issue tops the political agenda for the majority of Greeks, who consistently rate the government's economic performance as a failure in surveys, despite the improvement in headline figures.

Production costs have also risen as a result of rising energy bills, resulting in intensifying political pressure from Greek industry. Mitsotakis has chosen to tackle the domestic calls for lower energy prices by referring the problem to Brussels. In a series of public statements, he has called for market reform and increased investment in connectivity, but has also made pleas for the EU to loosen emissions targets and to allow investment in gas infrastructure.

In a letter to the European Commission President penned in January 2025, the Greek PM argued that “we need to empower European companies to invest in gas projects and

infrastructure, and to sign contracts that guarantee European access to global supplies” (Kathimerini 2025b). In a more recent op-ed in the Financial Times, he argued that “the green transition cannot be an end in itself”, adding that, “if we must accept some emissions for a bit longer to save our industries or to maintain social cohesion, so be it” (Hellenic Republic Office of the Prime Minister 2025a).

The second inflection point occurred in November 2025, when Athens hosted the meeting of the Partnership for Transatlantic Energy Cooperation (P-TEC). The gathering included several members of the Trump administration with responsibility for the energy agenda as well as a large trade delegation from the US oil and gas industry. A number of deals were announced, all pertaining to hydrocarbons, while the timing of the forum was significant, as it coincided with the opening of the COP-30 climate summit, which Greece and the US both snubbed.

From the podium of the P-TEC conference, participants sketched out a new energy architecture for southeast Europe and the eastern Mediterranean, revolving mostly around the displacement of Russian gas by US LNG across southeast and central Europe, as well as Moldova and Ukraine. In his address, Mitsotakis highlighted Greece's “strategic bet” on natural gas and described that the country as “the natural entry point for US LNG to replace Russian gas in the region” (Hellenic Republic Office of the Prime Minister 2025b).

The event marked the start of a closer alignment of Greek energy policy with the Trump agenda, pushing back against climate targets while supporting a greater role for hydrocarbons. Aside from the commercial angle, the Greek PM views P-TEC as a geopolitical turning point, cementing relations with the Trump administration and promising – in their perception at least - an implicit security guarantee against territorial claims by Turkey.

Greece is not unique among European countries in revising its stance on the green transition in light of the shifting geopolitical circumstances and the internal political tensions fanned by the energy crisis. Mitsotakis is, however, the first European leader to align so closely with the Trump energy agenda – a move driven both by the need to find a point of convergence with the new administration in Washington, and by the search for a new economic narrative in the post-RRF era.

Although Mitsotakis's policy pivot certainly does not amount to a full convergence with the climate-sceptic views expressed by some of the US policy-makers at P-TEC, it exemplifies what he describes as a more “pragmatic” approach to the green transition.

This is also evident in other policy choices made in recent months. In addition to hailing the progress in attracting hydrocarbon investments, the Greek PM welcomed the EU's retreat on the EU Emission Trading System ETS2 cap-

and-trade scheme for buildings and road transport and the introduction of greater flexibility on 2040 climate targets – outcomes which Athens had actively advocated for (Hellenic Republic Office of the Prime Minister 2025b).

In a related move, Greece sided with the US in opposing the International Maritime Organisation’s Net-Zero Framework for shipping, putting it at odds with the EU position (Lloyd’s List 2025).

Outlook

In a recent restatement of national energy principles, the Minister for Environment and Energy, Stavros Papastavrou, listed investment in energy networks and infrastructure, new energy routes, the development of an electricity export market, and hydrocarbon development (Euro2day 2025), with no reference to climate targets.

Taking their cue from policy-makers, several major Greek energy and infrastructure players have announced that they are shifting their business strategy away from renewables, which were the focus until recently, and towards fossil fuel investments. Others are looking outside Greece for growth opportunities in the RES space.

In shifting the policy emphasis to natural gas extraction and infrastructure, Greece has not explicitly abandoned its green transition targets; however, areas that have already been suffering from poor implementation risk further deterioration simply by slipping further down the policy agenda.

The coming elections in 2027 are unlikely to change the picture significantly, given that no opposition party or civil society movement has presented to date a fully-formed energy vision to challenge the status quo. This applies equally in respect to the vision articulated in the imperfectly implemented NECP or that created by the recent ad hoc policy manoeuvres. Without a spark to jumpstart the Greek green transition, we can expect momentum to slow.

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