

For a regulatory period covering 2021-2024, the weighted average cost of capital (WACC) level of Greek electricity distribution system operator DEDDIE has been set to just below 7 %, according to sources. Such high level will likely attract the interest of potential investors at the upcoming sale of a minority stake in DEDDIE.

The Regulatory Authority for Energy (RAE) has greenlit the accelerated procedure for the launch of the sale of 49 % stake in DEDDIE, which is expected to start in November. RAE now needs to approve the regulatory framework, which includes the abovementioned WACC levels, with an option to extend these to another four-year regulatory period covering 2025-2028.

If it is indeed launched next month, the privatization procedure could be completed in the first quarter of 2021. According to estimates, the selling price for a 49 % stake in DEDDIE could reach up to 1.5 billion euros.

According to DEDDIE's 2020-2028 business plan, the operator's investment funds will be gradually increased to reach annual levels of 300-350 million euros, from current 150-170 million euros. DEDDIE's new investments will focus on upgrading and expanding the electricity network to facilitate growing needs of the renewable energy sector and broadened network presence, especially on islands, as well as ambitious electric vehicle targets. The overall upgrade will include network digitization projects for advanced grid management and smart meter installations. DEDDIE's investments were on the downward trend in recent years. Contrary to other EU operators, the company's regulatory asset base value has decreased during the period of economic crisis, as new investments each year have been outweighed by the depreciation levels of previous projects. The privatization is expected to provide funding for many modernization projects.