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OPAL ECJ Decision

by Kosmas Karanikolas (Athens)

On 10 September 2019, the European Court of Justice (ECJ) issued its decision on Poland's request for the annulment of Commission's decision regarding the review of the conditions for exemption of the OPAL pipeline from the rules on *third party access* and *tariff regulation*, as set out in Directive 2009/73, which establishes common rules for the internal natural gas market. It is reminded that, pursuant to the provisions of art. 263 TFEU, the ECJ is entitled to assess the legality of legislative acts of, among others, the Commission upon application of the adversely affected Member State that can question the compliance of the contested decision with primary and/or secondary EU legislation.

According to the aforementioned Directive, Member States are requested to guarantee the non-discriminatory access of third parties to their natural gas transmission and distribution system. Nevertheless, national energy regulatory authorities may decide, upon notification and consent of the Commission, to grant an exemption of certain interconnectors as well as LNG and storage facilities from the rules regarding third party access, on condition that the investment on the exempted interconnector conduces to the enhancement of competition and security of gas supply without detrimentally impairing the effective functioning of the internal gas market. In this regard, on 2009, the competent German regulatory authority, BNetzA, conferred an absolute exemption to the capacities for cross-border transmission of the (then planned) OPAL pipeline from the application of the rules on third party access, for a period of 22 years. It is reminded that the OPAL pipeline constitutes the part of the Nord Stream 1 pipeline lying between Greifswald (Germany) and Brandov (Czech Republic). The relevant BNetzA decision was slightly altered on 2016, as far as the maximum capacity reserved by dominant gas undertakings is concerned, the decision being approved by the Commission with minor rectifications.

The republic of Poland, supported by its neighbouring Baltic states of Latvia and Lithuania, contested the aforementioned decision requesting its annulment on ground that it infringed the principles of energy security and energy solidarity while the Commission along with Germany, which cooperated for the issuance of the contested decision, upheld its legality and conformity with the aforementioned principles. More specifically, the Polish government alleged that the accorded exemption threatens the security of gas supply in Central Europe and in Poland, in particular, insofar it leads to reduction of gas transport through competing to OPAL pipelines (i.e. Yamal and Braterstwo), undermining the desirable diversification of gas supply sources.

The ECJ, after rejecting the raised allegation that the Commission erred in omitting to examine whether the granted exemption ameliorates security of supply reasoning that the Commission's role was *in concreto* confined to the submission of recommendations on the variation of the exemption granted in 2009, assessed whether the contested decision infringed the principle of energy solidarity. More specifically, the ECJ was required to evaluate Poland's assertion that the potentiality of Gazprom group undertakings channelling additional volumes of gas through the OPAL pipeline to EU market, coupled with the stagnation of gas demand in Central Europe, would constrict or even annihilate the quantities of gas transmitted through the Yamal and Braterstwo pipelines that equip the Polish market, jeopardizing security of gas supply in Poland and leading to a considerable increment in gas cost. In this regard, the ECJ adjudicated that the Commission breached its commitment to examine whether the BNetzA decision balanced the interests of the affected states and the EU in the energy field, rendering the contested decision inconsistent with the principle of energy solidarity. More specifically, the Commission erred in not weighing, *inter alia*, the medium term consequences for Poland's energy policy, accruing from the direction to the Nord Stream 1/OPAL transit route of part of the volumes of gas previously transported via the Yamal and Braterstwo pipelines that supply Poland, impairing the latter's security of gas supply, notwithstanding that the contested decision enhanced security of supply for EU *in globo*.

Infrastructure

Adoption of the fourth List of Projects of Common Interest by the European Commission

by Nikolaeta Nikolaou (Athens)

On 31 October 2019 the adoption of the fourth list of projects of common interest (PCI) regarding the implementation of cross-border energy infrastructure in the EU was announced at the official site of the EU.

More specifically, the announced list reflects the importance of infrastructure for the energy union and represents a careful balance among its three key objectives which are sustainability, affordability and security of supply. Moreover, under the Trans-European Network-Energy (TEN-E) Regulation, adopted in 2013, the Commission identifies the most important PCIs interconnecting electricity, smart grids, gas, oil and CO2 networks across the EU, in order to benefit from simplified permitting and the right to apply for EU funding from the Connecting Europe Facility. The projects on the fourth PCI list have been assessed and selected in an open,

transparent and inclusive process over the past 18 months, in line with the provisions of the TEN-E Regulation. The process involved stakeholders active in the field of energy, such as consumer and environmental protection organizations. These groups have dynamically participated in the meetings of the regional groups. According to the abovementioned list of the European Commission, Greece is included in the following infrastructure projects:



- Priority Corridor North-South Electricity Interconnections in Central Eastern and South Europe ("NSI East Electricity"), including both Cluster Bulgaria - Greece between Maritsa East 1 and N. Santa and the necessary internal reinforcements in Bulgaria and Cluster Israel - Cyprus - Greece [currently known as "EUROASIA Interconnector"]
- Priority Corridor North-South Gas Interconnections in Central Eastern and South Eastern Europe ("NSI East Gas"), including LNG terminal in northern Greece (South Kavala UGS facility and metering and regulating station).
- Priority Corridor Southern Gas Corridor ("SGC"), including pipeline from the East Mediterranean gas reserves to Greece mainland via Crete [currently known as "EastMed Pipeline"], with metering and regulating station at Megalopoli and dependent on it the following PCIs and Offshore gas pipeline connecting Greece and Italy [currently known as "Poseidon Pipeline"].
- Priority Corridor North-South Electricity Interconnections in Central Eastern and South Europe ("NSI East Electricity"), including cluster Israel - Cyprus - Greece [currently known as "EUROASIA Interconnector"].
- Through these Projects of Common Interest, the European Commission aims at building strong and well-connected networks across Europe in order to enhance security of supply.

Competition & State Aid

Commission does not Raise Objections to United Kingdom's Capacity Mechanism (SA.35980)

by Viktoria Chatzara (Athens)

On 24 October 2019, the European Commission published the non-confidential version of its decision on the state aid case No. SA.35980 concerning a measure proposed by the United Kingdom to support capacity providers in the electricity market in Great Britain. From a procedural point of view, the measure was initially notified by the UK authorities and the Commission decided not to raise objections in 2014, while the first relevant auction took place within the same year. However, in 2018 the General Court of the EU (GCEU) annulled the Commission's decision due to lack of appropriate investigation by the Commission (see judgment on case T-793/14); an appeal before the Court of Justice of the EU (CJEU) is pending (C-57/19). In the meantime, the Commission initiated an investigation procedure in relation to the proposed measure, following which the decision at hand was issued. At the same time, and following the GCEU's judgment, the UK suspended the measure's implementation and proceeded with certain amendments to the proposed measures, which were taken into account in the course of the Commission's investigation.

The measure in question was designed as a capacity market, where the System Operator would organize centrally-managed auctions to procure the level of capacity required to ensure generation adequacy, aiming to address estimated generation adequacy issues. According to the design of the scheme, auctions would take place, which were initially open only to existing and new generators, demand side response operators and storage operators, while as from the second auction (in 2015) interconnectors were also permitted to participate. Successful bidders would be receiving a set payment during the term of the capacity agreement to be concluded, against their commitment to deliver electricity at times of system stress, and following a relevant request from the System Operator. The capacity measure was designed to be financed through a levy on electricity suppliers. The Commission, taking into account the GCEU's decision, concluded that following the GCEU's decision and until the suspension of the measure, the UK unlawfully implemented it. However, the measure as a whole (including the amendments implemented in the meantime by the UK) was found to be compatible with the internal market according to the relevant provisions on State Aid. The Commission further ruled that, if the CJEU reversed the GCEU's judgment and upheld the original Commission's decision, the proposed by the UK amendments to the scheme would be also considered to be compatible with the internal market, on top of the initially notified state aid measure.

Energy Efficiency

Commission Recommendation on Transposing the Energy Savings Obligations

by Paraskevi Res (Athens)

On 25 September 2019, the European Commission, having regard to the Treaty on the Functioning of the EU, and in particular Article 292 thereof, adopted this recommendation on the energy savings obligations. Directive 2012/27/EU (the 'Energy Efficiency Directive' (EED)), as amended by Directive (EU) 2018/2002, establishes a headline target of at least 32,5 % energy savings at EU level by 2030. The EED as amended extends the energy savings obligation to the period from 1 January 2021 to 31 December 2030 and beyond (subject to review by the Commission). Specifically, in each year of the 2021-2030 obligation period and beyond, Member States must achieve cumulative end-use energy savings equivalent to new savings of 0.8 % of final energy consumption in the period and beyond. Articles 7, 7a and 7b of the EED set out the rules on the energy savings requirements. The cumulative end-use savings may be achieved by establishing mandatory energy efficiency schemes, or policy measures. The choice of the specific means to implement the EED energy savings obligations, however, lies within the Member States' margin of discretion. For Cyprus and Malta, given the limited range of measures available to these small island Member States to meet the energy savings obligations, this rate is set at 0,24%.

The new recommendation on the energy savings obligations provides clarifications on the calculation of energy savings required for the 2021-2030 period. If the Member States are to achieve their energy savings obligation, it is important to raise public awareness on benefits of energy efficiency through respective trainings or education programmes. According to the recommendation Member States may take policy measures targeting particular sectors, for example transport, buildings or the water sector. Also, Member States should implement some energy efficiency policy measures as a priority among vulnerable households and establish criteria for how they will address energy poverty. Given the importance of energy generated on or in buildings from renewable energy technologies, the guidance provided with this Recommendation explains how Member States may count end-use energy savings stemming from policy measures promoting the installation of small-scale renewable energy technologies against their energy savings obligation. Examples of measures to achieve the end-use energy savings requirements, such as (a) financing schemes and instruments, and fiscal incentives; (b) taxes on carbon emissions; and on the fuels generating carbon emissions or consumables related to it (e.g. the cars that use such fuels); (c) the imposition through legally binding measures that impose specific technologies or techniques; (d) energy labelling schemes, training and education. Energy suppliers, retailers and distributors are best placed to identify energy savings with their customers and will be able to achieve energy savings in business models for energy services. In this case, Member States must designate one or more obligated parties at national level that are required to achieve energy savings among final customers. Member States are to bring into force the laws, regulations and administrative provisions transposing the energy savings obligation by 25 June 2020. With the entry into force, the amendments to Article 7 EED have an impact on the implementation of the energy savings obligation for the obligation period 2014 to 2020.

Commission Recommendation on the Implementation of the New Metering and Billing Provisions of the Energy Efficiency Directive 2012/27/EU

by Paraskevi Res (Athens)

On 25 September 2019, the Commission taking into account that heating and cooling accounts for almost 50% of EU's total energy consumption, adopted this second recommendation provides clarifications on the application of the Energy Efficiency Directive 2012/27/EU (EED) provisions on the metering and billing of thermal energy. Clear and timely information and energy bills based on actual consumption empower consumers to play an active part in reducing energy. The clarifications include the introduction of the notion of 'final users' alongside the notion of 'final customer' already used in the EED to clarify that the rights to billing and consumption information also apply to consumers without individual or direct contracts with the supplier of energy used for collective heating, cooling or domestic hot water production systems in multi-occupant buildings. To strengthen the impact of metering and billing in terms of the behavioural change they might induce, and the consequent energy savings, the revised EED also contains clearer requirements for more useful and complete billing information based on climate corrected consumption data. This includes relevant comparisons and new elements such as information on related energy mix and greenhouse gas emissions, and on available complaints procedures or dispute resolution mechanisms. Member States are to bring into force the laws, regulations and administrative provisions transposing the metering and billing related provisions of Directive (EU) 2018/2002 by 25 October 2020 at the latest.

In particular, this recommendation contains clarifications on the obligation of metering on Article 9a, which provides the general requirement to ensure that final customers⁶ are provided with meters⁷ that accurately reflect their actual energy consumption and the requirement for a meter to be installed at the heat exchanger or point of delivery where thermal energy is supplied to a building from a central source that services multiple buildings or from a district heating or district cooling system. Also another obligation is provided on Article 9b (1) regarding sub-metering, which refers to measuring consumption in individual units of multi-apartment or multi-purpose buildings where such units are supplied from a central source and where the occupants¹³ have no direct or individual contract with the energy supplier. Additionally, the recommendation clarifies in Article 9b (2) the specific obligation for sub-metering domestic hot water in residential parts of new buildings. Also, Where a sub-metering system is implemented, the measurement

values or indices obtained by reading the individual devices (be they meters or heat cost allocators) are used to allocate the total cost to the individual premises covered by the system. This can be done in many ways⁸ and there is arguably no single, best way¹⁷, at least not for space heating or cooling in the typical case of multi-apartment or multi-purpose buildings where individual units are not thermally independent of each other, i.e. where heat flows across internal walls are not negligible compared to the flows across the building's envelope (external walls, roof etc.). Another requirement is to promote the use of remotely readable devices as critical enablers of frequent feedback to final users on their consumption and the transition to remotely readable devices which do not require access to individual apartments or units to be read (Article 9c). Also, this recommendation contains clarifications on the billing and consumption information that need to be made available to the final users and customers (Article 10a).

Recommendation on the Content of the Comprehensive Assessment of the Potential for Efficient Heating and Cooling

by Paraskevi Res (Athens)

Taking into account that Article 14 of Directive 2012/27/EU on Energy Efficiency Directive) ('EED') requires each Member State to carry out and notify to the Commission a comprehensive assessment which must include all the elements mentioned in Annex VIII of the EED, the commission adopted on 25.9.2019 the recommendation on the content of the comprehensive assessment of the potential for efficient heating and cooling. In particular, under Article 14 of and Annex VIII Member States had to carry out first comprehensive assessments of the potential for efficient heating and cooling by 31 December 2015. Member States are required to submit updated comprehensive assessments under Article 14(1) of EED by 31 December 2020. The aim of this recommendation is to provide guidance to Member States as to the information that needs to be notified to the Commission in the comprehensive assessments. In the annex of this recommendation the commission provides the content of this assessment: a) an assessment of the amount of useful energy (UE) and quantification of final energy consumption (FEC) by sector (GWh per year); b) the estimated and identified current heating and cooling supplied to sectors of final consumption (GWh per year), with breakdowns by technologies and as to whether the energy was derived from fossil and renewable sources; c) the identification of potential supply from installations that generate waste heat or cold (GWh per year); d) reported shares of energy from renewable sources and from waste heat or cold in district heating and cooling FEC over the past 5 years; e) forecast trends in demand for heating and cooling for the next 30 years (GWh); and f) a map of the national territory showing energy-dense areas, heat and cold supply points identified under point 2(b) and district heating transmission installations, both existing and planned.

Also in order to give a general overview of policy on heating and cooling, the assessment must include: a) a description of the role of efficient heating and cooling in long-term greenhouse gas (GHG) emission reductions; and b) a general overview of existing policies and measures on heating and cooling, as reported in accordance with the Governance Regulation. In order to analyse the economic potential for efficiency in heating and cooling, the steps leading to a complete assessment must include: a) the identification of suitable technologies for supplying low-carbon and energy-efficient heat and cold on the national territory using a cost-benefit analysis (CBA); b) a baseline and alternative scenarios for a well-defined geographical area; c) financial and economic analyses (the latter taking into account external costs); d) a sensitivity analysis; and e) a presentation of the method used and assumptions made. Finally, proposals for additional and future policy measures in heating and cooling must be presented to complete the comprehensive assessment.

ALBANIA

Electricity

Amendments on "Regulation on the procedures for the purchase of electricity"

by Manuela Cela (Tirana)

On 6 September 2019, the Albanian Energy Regulatory Authority (ERE), with decision No.225, dated 26.10.2018 started the procedures for reviewing the OST sh.a's request for changes on the "Regulation on the procedures for the purchase of electricity for coverage of losses in network distribution and transmission and for purchase of energy electricity to ensure meeting of public service obligations". At the end of the consultation process and review of the proposed changes, with letter no. 143, dated 11.02.2019, OST sha has proposed again some changes on this regulation. Point 3 of Article 15 shall be: "The bidding process should be repeated to all electricity traders and be published on the on-line platform and the official website of buyers. The process should be repeated at least one day after the notification of process failure." On 18.06.2019, was held a hearing with the stakeholders which expressed their agreement with OST sh.a. proposals. On 20.06.2019, the ERE addressed to the Secretariat of the Energy Community for reflection on recent changes proposed from OST sh.a. in the Purchase Regulation and the Community Secretariat has agreed to these changes.



The results of the above procedures are that:

1. The purchase of energy is exempted from public procurement law;
2. The failure of the procedure for purchasing energy may occur 3 times in one year;
3. The specific amount of energy procured by OST sh.a. is smaller than what was procured by OSHEE sh.a., and changes with a bidder also affect OSHEE sh.a. procedures as long this regulation remains the same for both operators;
4. Although the parties agreed on the proposal of OST sh.a, the deadlines set in Article 18, point 1, letters "a" and "c" shall be reduced to half of the time it is currently in regulation. So, from 24 hours to 12 hours, to give the opportunity for all parties to have sufficient time to exercise their right to their complaint and not to prevent OST sh.a. for repeating the process.

Based on these facts, the ERE accepted partially the proposal of OST sh.a, and decided that point 3 of article 15 shall be: "The bidding process should be repeated to all electricity traders and be published on the on-line platform and official site of the buyer. The process should be repeated at least one day after the notification of process failure."

Amendments on the "Temporary Rules for electricity balancing mechanism"

by Manuela Cela (Tirana)

OST sh.a. with letter no. 26/1 dated 14.01.2019 requested the revision of the "Temporary Rules for electricity balancing mechanism" adopted by ERE's decision No.93, dated 24.11.2017 which would result in the increase of the respective prices. ERE started the procedures for reviewing the changes requested by OST sha with letter no. 26/1 dated 14.01.2019.

At the end of the deadlines, and after numerous correspondences between ERE and OST sh.a., and for all the above, it was concluded that:

1. There is no opinion from the Energy Community Secretariat on the additions and changes proposed by OST sh.a;
2. There have been no claims by either interested parties, including the OST sha;
3. Existing rules including set coefficients were intended the financial neutrality of OST sh.a. and as such can not create financial costs for the System Operator;
4. OST sh.a. neither argued nor documented with calculations that in extent of application of the coefficients currently defined in the mechanism of temporary balancing, gives negative effects to society and not even changes proposed will avoid these presumed effects in the future;
5. It has passed a relatively long time since the request for reviewing this proposals, through the ERE's decision to launch the procedure for considering these proposals and at the request of the OST sha itself for a period of one month and this period was exceeded.

Based on these facts, the Albanian Energy Regulatory Authority (ERE), with decision No.148, dated 04.10.2019, decided to reject the request of OST sh.a for approving some amendments on the "Temporary Rules for electricity balancing mechanism" adopted by ERE's decision No.93, dated 24.11.2017.

Oil & Gas

Approval of the "Regulation on the new connections on the natural gas network"

by Manuela Cela (Tirana)

The Law No. 102/2015 "On the natural Gas Sector" provides that ERE sets minimum standards and requirements for the quality of services and suppliers, approves the methodology and sets tariffs; OST publishes the terms and conditions approved by the ERE, including the rules and fees for providing third-party access to the transmission system; The distribution System Operator connects to the distribution network all clients, based in non-discriminatory and transparent conditions provided from the applicable regulations, with the condition that the distribution system has sufficient capacity and meets all other technical and commercial conditions and also provides access to the distribution system, within limits of distribution capacities and technical regulations.

The draft Regulation on new connections to the natural gas sector has been drafted by taking note the early stages of development of the gas sector in the country, and the essential need for the development of gas infrastructure, the promoting investment in gas infrastructure development, experiences of some countries, including EU countries, Contracting Parties of the Energy Community but also outside the region and the existing experience accumulated in the Albanian electricity sector. This Regulation aims to ensure implementation of the right of each applicant to connect to the gas network, transparent and fair connection charges, secure implementation of connection services and fair connection costs, a simple and practical document, adapted to the current level of development and a number of minimum quality requirements and deadlines in the implementation of new connections.

Based on these facts, the Albanian Energy Regulatory Authority (ERE), with decision No.132, dated 29.08.2019, decided to initiate the procedures for reviewing and approving the draft of the "Regulation on the new connections on the natural gas network".

GREECE

Market



Draft Law Emending the Energy Market

by Mira Todorovic Symeonides (Athens)

On 15 November 2019, draft law on Liberalisation of the energy market, modernization of the Public Power Corporation (PPC), privatization of the Public Natural Gas Company (DEPA), and support of RES, was submitted to the Parliament for voting. The Draft proposes significant amendment particularly in the following fields: electricity market, PPC, privatization of DEPA (which is separately presented in this Energy Newsflash), RES and energy efficiency.

In regard to the electricity market the main proposals are regarding: a) the beginning of operation of the Energy Derivatives market and Intraday market of the Energy exchange (planned for 2020); b) implementation of the

Regulation 1227/2011 on wholesale energy market integrity and transparency (REMIT) in Greece including the provision on the respective monitoring of the market by the Regulatory Energy Agency (RAE) and penalties for the breach of this Regulation, also authorizing RAE to develop methodology for calculation of the penalty amounts; c) the Universal Service Obligation which will from now on be obligatory provided not only by the PPC in case that there are no other interested providers, but by 5 suppliers with the biggest market share in the previous month; d) delay in payment of the electricity bills of municipality enterprises which will from now on be guaranteed and paid by the respective municipalities; and e) reduction of the Public Service Obligation of the final consumers for the electricity consumer during the night hours.

Regarding the functioning of the PPC, the proposed amendments mostly address different employment issues such as termination of the permanent employment status for the new employees, CEO and other directors, and flexibility in transferring of employees to new working posts.

Regarding the RES market, it is proposed that for the first time it is regulated that RES projects which do not wish to receive state aid may participate directly in the electricity spot market and receive the respective market prices for the produced electricity. The Draft proposes the possibility of different regulation of the RES plants with capacity above 250 MW (or group of plants to be connected to the grid at the same connection point) for which an individually agreed prices may be approved by the Ministry upon receiving the respective state aid approval from the European Commission, without obligation to participate in the auction procedures. There are also certain regulations regarding the use of the agricultural land of high productivity.

In regard to the licensing procedure of the hybrid plants on the Non Interconnected Islands, it is proposed that the Ministry of Environment and Energy is authorized to issue a decision regulating the procedures and conditions for providing state aid for these plants, as well as conclusion of respective agreements and any other necessary issue. The amount of state aid will no longer be proposed by the applicants and approved by RAE. The new system and procedures also aim to de-block the procedures for the number of applications already submitted to RAE for which the issuing of the respective production licenses is pending.

It further regulates the issues regarding energy efficiency relating to the program ELEKTRA which finances the energy upgrading of the public buildings and regarding the development of installations for the electric vehicles.

Oil & Gas

DEPA Transformation and Privatization

by Kosmas Karanikolas (Athens)

On 15 November 2019, a draft law concerning, among others, the intended transformation of the Greek Public Natural Gas Company (DEPA), through its division into three separate undertakings, as well as its privatization was introduced to the Greek Parliament. The above mentioned draft law contains significant alterations to DEPA's unbundling and privatization scheme that was adopted through I. 4602/2019, on 9 March 2019. The proposed amendments are designed to pursue a twofold purpose; (i.) the enhancement of competition in gas supply and the amelioration of distribution networks' efficiency, through the attraction of credible investors, and (ii.) the assurance of the effectuation of the pending international projects that DEPA has engaged in, through the establishment of joint ventures.

The first significant differentiation of the draft law in question from the provisions of law 4602/2019 concerns DEPA's partition process. More specifically, the proposed law provides for the simultaneous segmentation of DEPA's Infrastructure branch, allowing for the formulation of the autonomous company "DEPA Infrastructure SA", and the spinning off of the branch containing DEPA's international projects, which will be transferred to a new, discrete company bearing the name "DEPA International Projects SA". The second important alteration introduced by the proposed law regards the degree of DEPA's privatization. The proposed legislation furnishes that the entirety of both DEPA Trade's and DEPA Infrastructure's shares owned by the Greek State will be placed on the market. To this end, the Greek State will transfer to the Public Property Valuation Fund (TAIPED) its participation in the aforementioned undertakings, i.e. 65% of their share capital, so that they will be sold to private investors. Moreover, the obligation imposed to the major shareholder of DEPA Trade to conclude an agreement with the State conferring the latter the right to exercise veto on strategic policy decisions is abolished, appeasing the concerns that such a privilege would impair investors' ability to exercise their commercial policy. On the other hand, in order to counterbalance the disposal of the totality of the State's participation in DEPA Infrastructure's share capital and with a view to attracting long-term interested investors who will undertake and finance the modernization, development and expansion of gas distribution network infrastructure, non-transfer of the shares undertaken for a period of five years is set as a prerequisite.

DEPA's future rights and obligations related to the development, expansion and operation of the natural gas supply system, including compressed gas or small-scale LNG infrastructure projects, are transferred from DEPA Trade to DEPA Infrastructure insofar DEPA Trade's scope is confined to actions associated with gas supply, its intervention to activities transferred to the infrastructure sector being precluded. In addition, the administration of the fiber optic network is numbered among DEPA Infrastructure's competences, instead of DEPA International Projects. The latter's scope is restricted to DEPA's participation in international projects, namely Greece-Italy interconnection pipelines (IGI), Greece – Bulgaria interconnection pipeline (IGB) as well as the Eastern Mediterranean Pipeline (EastMed), along with any projects to be developed in the future, through DEPA's direct or indirect participation to companies aiming at developing, constructing or managing interconnection projects with neighboring countries.

Infrastructure

Approval of the five year Network Development Plan

by Leonidas Voulgaris (Athens)

On 18 October 2019, the Regulatory Authority for Energy (RAE) issued its decision n. 946/2019 by virtue of which the five year Network Development Plan (NDP for 2019-2023) which was submitted by the National Network Administrator (DEDDHE) on July 2018, was approved in principal.

According to the provisions of article 128 par.2 of law 4001/2011, the major parameters for the development of the National Distribution Network for Electricity (EDDHE) are defined by the Network Development Plan which is issued by the Network Administrator (DEDDHE) and is thereafter subject to RAE's approval. The 5 year NDP for 2019-2023 includes a thorough plan of investments for the development of various projects on a national level. The total budget which will cover the realization of this NDP is estimated to a total amount of €1.3 billion, of which a major part (namely €932 million) will cover projects of recurrence nature, i.e. new network connections, variations and enhancements of already existing infrastructures, charge volume upgrades, and in general quality upgrades of the network (renovation, aesthetic restoration etc).

In more detail, the 5 year NDP includes the development on a national level of projects for the power connection of Non Interconnected Islands, the supply of which was up until now ensured by aerial connections with other islands or the mainland. The NDP provides for the construction of submarine cables of medium-voltage volume, connecting Paros with Antiparos, Kalimnos with Leros, Trizinia with Poros, Keramoti with Thasos and the golf of Kalloni Lesvos. However these new connections do not cover the full scale of the submarine projects of the NDP. Upgrades of a total amount of 11 pre-existing submarine connections are to be rooted, both in the areas of Aegean and the Ionian sea. Moreover and in accordance with RAE's remarks, the new NDP is to include 10 additional projects of pre-existing power substations, in comparison with its previous edition. Other important projects are the pilot telemetric project for low volume consumers which will concern a total estimated number of 170.000 consumers, including mainly the construction, development and function of advanced power metric infrastructures with a new modernized data processing system, but also the replacement of consumers' power metric gear. Other notable projects are the development of network characteristic enhancements (roughly worth €186 million), systems for the supervision, control and administration of the network (worth €102 million) and various user service infrastructures (worth €34 million).

It should further be mentioned that the Network Administrator estimates an increase of the annual budget for the years 2019-2023 in comparison with the previous annual budget of 2018, of a total 5% for the new power connections, and of a total 10% for the network enhancement and renovation. Finally, the approving decision of RAE which was published on 9 November 2019 in the Official Journal B' 4069/2019, includes various correctional observations to DEDDHE mainly for the justification of the data for the estimated annual consumption increase, and demands for the provision of more detailed information for the technical and economical realization of the analysed projects.

RES

Lifting of Saturated Grid Status of Peloponnesus Grid

by Maria Ioannou (Athens)

On 2 October 2019, the RAE published Decision 663 regulating the increase of the maximum RES electricity injection capacity of the transmission and distribution of the Peloponnesus grid from 1,900MW to 2,310MW.⁽⁶⁾ A total capacity of 1,200MW will be allocated to wind power production; however, an additional 380MW is reserved for wind power stations with interruption ability; 900MW for solar power production; 100MW for small hydroelectric station production; 80MW for biomass, biofuel, geothermal, solar-thermal energy and combined heat and power plant production; and 30MW for energy produced by RES operated by energy communities. With this decision, the RAE lifted the ban on new RES production applications which had been imposed in 2012 due to the saturation of the Peloponnesus network (see RAE Decision 699/2012). From the December 2019 submission round, the RAE will accept new applications for production licences in Peloponnesus, while technologies and plants which are exempt from acquiring a production licence may apply to be connected to the distribution and transmission operators (ie, in order to receive the binding connection terms and subsequently sign a connection agreement). However, the capacity limit set out in Decision 663 does not apply to prosumers or certain plants with special regimes.



December RES Auctions (PAE Decision 828/2019)

by Mira Todorovic Symeonides (Athens)

On 30 August 2019, the RAE issued Decision 828/2019,⁽⁴⁾ launching the next two RES auctions of 225MW for wind power stations of up to 50MW and of 287MW for solar power stations of up to 20MW, which will take place on 12 December 2019. The two pilot RES auctions were organised in 2016 and 2017, while regular auctions in compliance with the law and the respective ministerial decision began in 2018. Since then, four auctions have been organised for different categories of wind and photovoltaic (PV) plant, during which the feed in premium (FiP) was significantly reduced for all categories. However, despite growing investor interest in the RES auctions, relatively low participation is expected for the December 2019 auction. According to the market stakeholders' comments, this is due to either: the delayed licensing procedure for new wind farms; or the fact that various energy communities have secured priority over private PV projects regarding connectivity and installation.

MONTENEGRO

Environment

Law Adopted on Protection from the Negative Impact of Climate Change

by Mirjana Mladenovic (Belgrade)

On 14 October 2019, the Government of Montenegro at its 139 session adopted the Proposal of the Law on Protection from the Negative Impact of Climate Change (Bill) and referred it to the Parliament for its adoption. Namely, the Bill regulates the protection from negative effects of climate changes, the reduction of greenhouse gas emissions, the protection of the ozone layer and other issues related to the protection from negative effects of climate changes. In accordance with the Bill the protection from negative impacts of climate changes shall be realized by reducing greenhouse gas and substances that deplete the ozone layer to the scientifically determined level, in a cost-effective manner. The Bill also introduces the obligation, among others, to develop - a) the Low Carbon Development Strategy; b) the National Adaptation Plan; c) the GHG Level Projections; d) the GHG Level Projection Report; e) the GHG Inventory; f) the obligation to obtain a special GHG emission permit for industrial plants; g) the obligation to monitor and report and verification of GHG emissions for aviation operators and industrial and energy plants etc.

Also, it is very important to point out that Montenegro represents the first Energy Community Contracting Party in the region which adopted the Bill which, after its adoption by the Parliament, will represent the law of exceptional importance.

ROMANIA

Oil & Gas

The first Transaction Concluded on the Gas Forward CCP Platform

by Raluca Draghici (Bucharest)

On 1 August 2019, the Romanian Commodity Exchange ("RCE") has announced that the first transaction was performed on its new trading platform "Gas Forward CCP" based on a standard contract for a period of one week.

The "Gas Forward CCP" platform was launched by the Romanian Commodity Exchange at the end of June, 2019. This platform is an electronic trading platform administered by the Romanian Commodities Exchange through which natural gas is traded on the market of standardized products in the medium term, the transaction being realized through the double competitive trading procedure and using the standard RCE contract approved by the National Regulatory Authority for Energy. Thereby, the Gas Forward CCP platform works using a double subjective novation procedure, in which the sale-purchase agreement between two market participants turns into two new contracts. In the new contracts, the initial seller and buyer have the same counterparty – the RCE. Thus, the contracts become perfectly fungible and the counterparty risk is eliminated.

The main advantages of this platform are, therefore, the guarantee of the transaction, both for the seller and for the buyer and the reduction of the level of bank guarantees mandatory for the parties, up to five times. The complex working system with the operationalization of three safety margins (initial, variation and delivery), allows the operation of a modern and integrated trading and post-trading environment, RCE becoming the guarantor of the concluded transactions. The Romanian Commodity Exchange also makes available to this market in order to ensure a safe operation a guarantee fund currently supplied at a level of €1.5 million.

Establishment of Mandatory Minimum Stocks of Natural Gas - Actions Taken so far by the National Regulatory Authority for Energy

by Raluca Draghici (Bucharest)

In order to ensure continuity in the supply of natural gas to final customers, National Regulatory Authority for Energy ("NRAE") establishes, annually, in transparent and non-discriminatory conditions, by decision of the president, the quantities of natural gas representing the minimum stocks to be stored by each supplier, so as to ensure to ensure an adequate level of domestic consumption, under conditions of continuity and safety.

At the same time, according to the obligations established by the Law on energy and natural gas no. 123/2012, with the subsequent modifications and completions, SNTGN Transgaz SA, as operator of the natural gas transmission system, must hold in the underground deposits or to ensure the acquisition of the quantities of natural gas necessary for the permanent operation and assurance of the physical balance of the transport system.

In view of the above, NRAE has taken the following actions:

- Has determined a level of the minimum natural gas stock of 23,497,313,689 MWh (2,217 billion cubic meters), equivalent to 29% of the consumption of the extraction period 2017-2018, calculated and published on its own site, on 07.03.2019, the initial list regarding the stocks that the natural gas suppliers are obliged to make up to October 31, 2019 and the percentages for the 2019 national minimum stock;
- Has approved and published, on April 10, 2019, Decision no. 663, and on October 16, 2019, Decision no. 1774 (final) regarding the establishment of the level of the minimum natural gas stock that each holder of the natural gas supply license has the obligation to set up in underground storage deposits until October 31, 2019, for each category of final customers in its portfolio. According to the final decision, taking into account the changes of the suppliers' portfolios and the events that influenced some suppliers / final customers, it has resulted a minimum total stock of natural gas of 23,358,764,055 MWh (2,204 billion cubic meters), of which 10,376,722,362 MWh (0.979 billion cubic meters) for the category of final domestic customers, 3,962,894,816 MWh (0.374 billion cubic meters) corresponding to the category of final customers producing thermal energy, only for the quantities of natural gas used for the production of thermal energy in cogeneration and thermal power plants intended for the consumption of the population and 9,019,146,877 MWh (0.851 billion cubic meters) for the category of final non-household customers.
- Has determined and approved the corresponding minimum stock of SNTGN Transgaz SA, of 939,894.097 MWh (0.089 billion cubic meters), 282.5% higher than the previous value.

Also, during the period between April 10, 2019 (the date of issuing the first decision) and the date of October 16, 2019 (the date of issuing the final decision), NRAE weekly monitored the level of the stock made by each supplier based on their statements and the total stock actually realized and informed the interested institutional factors.

As a result of the monitoring activity, NRAE found that the total minimum stock was effectively realized since the end of August 2019, and at this date the suppliers stored about 30.500.000 MWh (2.877 billion cubic meters), with 30% more than the stock. total minimum required.

Taking into account the stock made by SNTGN Transgaz SA, it has resulted a total effective stock of 31.473.178 MWh (2.969 billion cubic meters) with 7.174.520 MWh (0.677 billion cubic meters) higher than the mandatory value established by NRAE.

SERBIA

Electricity



New Electricity Prices Approved

by Mirjana Mladenovic (Belgrade)

At the session held on 31 October 2019, the Energy Agency of the Republic of Serbia (AERS) approved the new prices of the electricity. Namely, at the request of energy entities JP EPS Beograd, EMS a.d. Beograd and the operator of the distribution system "EPS Distribucija" d.o.o. Beograd, AERS gave the consent to pricing decisions for access to the electricity transmission system, access to the electricity distribution system and for a guaranteed supply. Namely, the price of access to the transmission system is increased by 3.9% while the price of access to the electricity distribution system is increased by 2%. The average electricity price for customers who are entitled to a guaranteed supply at regulated prices (households and small customers), determined on the basis of the maximum approved income, amounts 7.3 RSD/kWh, excluding taxes and fees, and it is higher than the existing average price by 3.9%. The new guaranteed supply price shall apply from 1 December 2019.









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