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EU: Commission Initiates Public Consultation on Assessment of the Intergovernmental Agreements Decision

by Stefania Chatzichristofi (Athens)

On 30 July 2015, the European Commission launched a public consultation on the review of the Intergovernmental Agreements (IGAs) Decision No. 994/2012/EU of the European Parliament and the Council of 25 October 2012. The IGAs describe the legally binding agreements between Member States and third countries that affect the functioning of the internal energy market or the European security of supply in the field of energy. The IGAs Decision introduces the establishment of a mechanism of information exchange. The Commission is entitled through this mechanism to implement checks of compatibility of IGAs after their conclusion. The current method, although important in terms of identifying information and problems concerning the agreements, does not fully satisfy the system's requirements regarding resolving the queries arisen. For this reasons, the Commission intends to improve the current mechanism of IGAs in order to ensure full compliance of the agreements concluded with EU energy provisions in the context of the Energy Union strategy and further to ensure energy (and in particular gas) security. The Framework Strategy for a Resilient Energy Union, which was issued by the European Commission on 25 February 2015, regulates that the IGAs Decision shall be reviewed in 2016 in order to ensure compatibility with EU legislation before they are negotiated and develop standard contract clauses for the EU rules and make commercial gas supply contracts more transparent. On 19 March 2015, the European Council agreed to support the Commission's initiative of Energy Union Strategy and as far as gas supply contracts with external suppliers are concerned, the European Council noted that full compliance with EU law must be ensured, indicatively by reinforcing their transparency and their compatibility with EU legislation.

In its consultation, the European Commission poses specific questions on the steps needed in order to let the relevant stakeholders assess the IGAs decision and further improve the already existing mechanism. The questionnaire is addressed to all energy stakeholders, energy consumers as well as EU and Member States authorities. The objectives of the consultation are divided into two sets of questions: a) identifying the options in order to enhance transparency at the conclusion of such agreements as well as to assure the compatibility with EU legislation (inquiring about the effectiveness of the current mechanism, also whether further incentives in the context of reinforcement of the transparency should be given, requesting for an opinion on the enhancement of IGAs with the EU provisions of energy security and further questioning on the need of introduction of a compulsory ex-ante mechanism prior to final signature of agreements and if that is the case how this ex-ante mechanism should be organized); b) identifying whether a mandatory assistance of the Commission during the negotiation of an agreement and development of optional model clauses as a guide for Member States are needed. In regard to the mandatory clauses it further seeks for the opinion about their content and role. The consultation period is open until 22 October 2015.

EU: CEER Publishes Response to the European Commission Consultation on OTC Derivatives, Central Counterparties and Trade Repositories

by Athina Siafarika (Athens)

On 13 August 2015, the Council of European Energy Regulators (CEER) published its response to the European Commission consultation on OTC Derivatives, Central Counterparties and Trade Repositories (Regulation [EU] No 648/2012- "EMIR"). EMIR addresses risks inherent primarily to the financial markets; however it exhibits effects on the Internal Energy Market, as well. In its response, CEER has highlighted four topics where the impact of EMIR is considered important: the definition of hedging, the status of Non-Financial Counterparties (NFCs), the calculation of clearing thresholds and the use of bank guarantees. In regard to this issue, the Agency for Cooperation of Energy Regulatory (ACER) invites the European Commission to assess whether the burden on energy firms of the EMIR obligations is proportionate. Further, in relation to clearing thresholds, ACER is of the opinion that gas and power should be combined as a single commodity class, in other words, the so called "breach one, breach all" principle should be revised. In relation to bank guarantees, CEER supports arguments already expressed by Member States (Sweden, Denmark, Finland, Norway, Estonia, Latvia and Lithuania) for an extension of the exemption in EMIR related to the use of bank guarantees in the energy sector. Withdrawing the possibility for non-financial counterparties to use non-fully backed bank guarantees as collateral, could increase hedging costs especially for small and medium-size companies.

While in favour of transparency provided under EMIR, CEER is of the view that potentially higher trading costs, reduced liquidity and reduced competition will outweigh any benefits to energy consumers. On the contrary, the extra costs incurred following the application of EMIR will impose additional risks on energy markets. CEER argues that, when it comes to the energy market, the European Commission should examine alternative methods to ensure the necessary transparency for regulators, while allowing firms to benefit from OTC derivative trading and consumers to benefit from a liquid and competitive energy market.

EU/Greece: Recent Developments in the Implementation of REMIT by ACER and the Greek Market Operator

by Lazaros Sidiropoulos (Athens)

On 13 July 2015, the Greek market operator LAGIE announced that it will be the competent authority to provide to the energy market participants of Greece from 7 October 2015 Registered Reporting Mechanism (RRM) services according to Regulation (EU) No 1227/2011 on wholesale energy market integrity and transparency (REMIT) and the Implementing Regulation (EU) No. 1348/2015. RRMs' task is to report records of transactions and orders to trade as well as fundamental data on behalf of a market participant directly to ACER. LAGIE was included in the list of pre-registered third party RRMs for the first phase of reporting which was published by ACER in June und is currently under process of final approval. Further to that, on 7 August 2015, LAGIE also published on its website a draft of the REMIT Reporting Service Agreement which shall be concluded between LAGIE and the market participants to enable them satisfy their obligations under REMIT and the Implementing Regulation to provide a record of their wholesale energy market transactions, including orders to trade. The draft agreement defines the services offered by LAGIE, the procedure of subscription of the market participants, the service fees, and the rights and obligations of both LAGIE and the market participants under this agreement.

In relation to the progress of implementation of REMIT also ACER has made some recent announcements, which are worth mentioning in this regard. On 24 July 2015, ACER announced that, after publishing the list of pre-registered RRMs in June, it has now already approved the first five third-party RRMs which have passed all

three RRM registration stages of identification, attestation and testing as stipulated in the RRM requirements. It also published an updated XML schema (version 2) to report trades and orders to trade according to REMIT Table 1 of the Implementing Regulation (EU) No 1348/2014. ACER explained that this was a result of fine-tuning of the current schema version 1 to accommodate requests of organised market places. A few weeks later, on 7 August 2015, ACER also published the 8th edition of the REMIT Questions and Answers (Q&A) document. The REMIT Q&A is updated by ACER on a monthly basis containing the most up-to-date implementing information regarding REMIT.

Greece: Energy Market Reforms Agreed within the Framework of the Third MoU with Greece's Lenders

by Lazaros Sidiropoulos (Athens)

On 13 August 2015, Law no. 4336/2015 (OJ A 94/14.8.2015) was voted by the Greek Parliament authorising the government to sign the new memorandum of understanding (MoU) and the respective loan agreement which were agreed between Greece and its international lenders, on the one hand, and introducing several legal provisions implementing the first part of the measures listed in the MoU which Greece must implement in order to obtain a new three-year bailout program, on the other hand. Among others, these measures aim to introduce significant reforms in several sectors of the Greek energy market. The most important measures in the energy sector are briefly listed below. Some of them were adopted in the Law (described below as "adopted") while for the others the MoU included in the Law provides that would be adopted in legal or regulatory procedures to follow, providing a concrete time frame for them (described below as "planned"):

Cross-sectoral - *Planned*: Strengthening of the energy regulator's (RAE) financial and operational independency by October 2015; reconsideration of energy taxation policy by October 2015.

Electricity - *Adopted*: As of 1 January 2020 no company will be allowed to have a wholesale electricity market share exceeding 50%. The Competition Commission shall examine no later than by 1 January 2019 whether this target is feasible and shall propose necessary measures for this purpose, being also authorised to impose fines to companies not complying with such measures amounting to 5-10% of their annual turnover.

- *Planned*: launch of discussions between the government and the European Commission by September 2015 on the introduction of the so-called NOME-type auctions enabling access of PPC's competitors to electricity produced through its lignite-fired and hydropower stations with the aim to reduce PPC's retail and wholesale market share by 25% initially and down to less than 50% by 2020, whereby, in case no agreement is reached by the end of October 2015, alternative structural measures will be agreed with the aim to achieve equivalent results (establishment of "small PPC" is not explicitly mentioned, but could be considered to be implied in this regard); conclusion of the so-called interruptibility agreements with major industrial consumers by September 2015 enabling energy cost savings in exchange for shifting electricity usage to off-peak hours whenever required by the grid; amendments to market rules by September 2015 aiming to ensure that power producers are not forced to operate while being remunerated below their variable costs; introduction of temporary and permanent capacity adequacy mechanisms by September 2015; revision of PPC's tariffs by September 2015 taking into consideration the impact of the particular consumption profiles of its customers on its costs, including abolishment of the 20% exceptional discounts offered since 2014 to High-Voltage customers; taking of "irreversible steps" by October 2015 to privatise grid operator ADMIE unless an alternative scheme offering equivalent results is presented, whereby such scheme has already being presented by the Greek Government on August 2015 consisting in transferring of the power transmission activities to a new independent company, while

ADMIE's fixed assets (transmission system) shall remain to PPC, its parent company, according to the Independent System Operator (ISO) model; establishment of a new plan for reinforcement of the electricity grid infrastructure by December 2015; launch of implementation of the roadmap towards the electricity market model by December 2015 with the aim of completing implementation by December 2017; and establishment of a balancing market by June 2017.

Gas: - *Adopted*: Gradual liberalisation of the retail natural gas market, starting in 2016 and being completed in 2018, including unbundling of the natural gas network management and supply services, both currently controlled by the gas distribution companies with regional monopolies (in Attica, Thessaloniki, and Thessalia), aiming to draw new companies into the market and offer to consumers the possibility of shifting to different suppliers.

Renewables: - *Planned*: Introduction of a new RES support scheme by December 2015.

Energy Efficiency: - *Planned*: Transposition of the Energy Efficiency Directive 2012/27/EU by October 2015 through adoption of the draft bill already published for public consultation in June 2015; and introduction of a scheme for the support of energy efficiency measures by December 2015.

Serbia: Regulatory Agency Issues New Rules on Switching Energy Supplier

by Vuk Stankovic (Belgrade)

On 21 July 2015, the Energy Agency of the Republic of Serbia (Energy Agency) issued the Rules on Switching Energy Supplier (Official Gazette of the RS No. 65/15) (Rules) which fully replace the previous rules adopted by the Energy Agency in 2012. The Rules apply to the majority of final customers who purchase electricity or natural gas under the terms of "full supply" (meaning the contractual relationship where the quantity of electricity or natural gas is not stipulated in the supply agreement but determined subsequently based on data measured at the delivery point) ("Customers"), electricity or natural gas suppliers ("Suppliers") and Transmission and Distribution System Operators ("System Operators") including the closed System Operators. In contrast, the Rules shall not apply on a small number of customers who entered into a supply agreement for a predefined amount of electricity or natural gas (e.g. large energy consumers). The aim of the Rules is to regulate the manner and conditions under which the Customers who have already entered into Full Supply Agreements ("FSA") may switch Supplier. The Rules additionally provide for detailed rights and obligations of the Customers, the current Supplier, the System Operator and the new Supplier. Pursuant to the Rules, any Customer with a FSA may switch Supplier if all financial duties resulting from the existing FSA have been settled and if the terms of full supply with the new Supplier have been agreed for the same delivery points. The process of switching Supplier, governed by the System Operator, is free of charge for the Customer and shall not last longer than 21 days. The condition precedent for the new Supplier to conclude the FSA is that its balance responsibility has been arranged in accordance with the law.

Poland: New Act on Control Over Certain Investments

by Izabela Jurek (Warsaw)

On 5 August 2015, the Polish President signed the Act on Control over Certain Investments. This new act introduces mechanisms of investment control in relation to the acquisition of shares, enterprises and property rights, by which the acquirer would obtain a majority stake or dominant position, in certain companies in the energy sector which are considered to be strategic companies. The act applies to major companies from the sectors of gas, electricity production and distribution and petrochemicals. The list of specific strategic companies

will be defined in the secondary regulation, based on the criteria of a significant share in the market, scale of operations and serious threat to the fundamental interests of society.

Prior to the transaction the investors are required to notify the Minister of the Treasury of – and obtain clearance for – any intended purchase in a strategic company operating in the energy sector. The decision to grant or refuse clearance must be issued within 90 days of the date on which notification is filed. The Minister of the Treasury has a right to object to the proposed transaction, if he considers it to be a threat to security and public order. By issuing the decision, the Minister will use the opinion of a consultative committee composed of representatives of public authorities competent for the security and public order. The refusal decisions will be subject to judicial review. The act also provides for sanctions for carrying out the transactions in violation of its provisions. The relevant company or party acting on its behalf will be subject to fines of up to PLN 100 million or imprisonment for between six months and five years, or both financial and criminal liability. The act will come into force after 30 days from the date of its publication in the Journal of Laws.

Croatia: Ordinance on Licences for Conducting Energy Activities

by Sanja Tolj Par (Zagreb)

On 12 August 2015, the Croatian Ministry of Economy adopted the Ordinance on Licences for Conducting Energy Activities and Keeping the Register of Issued and Revoked Licences for Conducting Energy Activities (Official Journal, 88/2015) pursuant to Article 17, paragraph 2 of the Energy Act (Official Journal, 120/2012 and 14/2014). This Ordinance lays down the conditions for the issuance, renewal, transfer and termination of licences for conducting energy activities, as well as the form, content and manner of keeping the register of issued and revoked licences, and the period for which the licence is issued. The procedure of issuance, renewal, transfer and termination of a licence for conducting energy activities is managed by the Croatian Energy Regulatory Agency (the Agency), which also keeps the register of issued and revoked licences. The provisions of this Ordinance apply to all energy activities stipulated by the Energy Act and other energy legislation, other than to energy activities for which the Energy Act and other energy legislation stipulates that no permit is required. The Agency may issue permits for conducting energy activities to legal or natural persons registered to conduct energy activities in the Republic of Croatia, which fulfil the conditions of technical, professional and financial qualifications laid down in this Ordinance, and if there are no obstacles regulated by the Article 17, paragraph 1, sections 5 and 6 of the Energy Act. By way of derogation from this stipulation, the Agency may issue a licence for conducting energy activity to legal or natural persons for a project of common interest, which is included in the list of projects of common interest of the EU under the Regulation (EC) No 347/2013 on guidelines for trans-European energy infrastructure (Official Journal of the EU L 115, 25.4.2013). Furthermore, the Agency may also issue a licence for conducting the energy activity of gas or electricity trade to active traders from EU Member States and the Contracting Parties of the Energy Community if they have established a subsidiary in Croatia and if they meet the requirements stipulated by the Gas Market Act (Official Journal, 28/2013 and 14/2014) or the Electricity Market Act (Official Journal, 22/2013) respectively, as well as by this Ordinance.

EU: Commission Adopts Regulation 2015/1222 Establishing a Guideline on Capacity Allocation and Congestion Management

by Mira Todorovic Symeonides (Athens)

On 24 July 2015, the European Commission adopted the Regulation 2015/1222 (OJ L 197, 25.7.2015) establishing a guideline on capacity allocation and congestion management (CACM Regulation), aiming to enhance integration of EU electricity market by increasing cross-border electricity trade, to promote effective competition and to optimise calculation and allocation of cross-zonal capacity. The Regulation provides that market coupling is legally binding across the EU which should hold up day-ahead and intraday cross-border trading of electricity and allow more efficient integration of renewables into the grid. It lays down detailed guidelines on cross-zonal allocation and congestion management in the day-ahead and intraday markets, including the requirement for establishment of common methodologies for determining the volumes of capacity simultaneously available between bidding zones. The Regulation should enable more effective regional cooperation among grid operators, power exchanges and regulators. More specifically:

Within 4 months from the entry into force of the Regulation, each Member State (MS) shall designate one or more Nominated Electricity Market Operators (NEMOs), which fulfil the prescribed requirements for NEMO, who shall undertake to perform, in cooperation with the TSOs, the single day-ahead and/or intraday coupling. A NEMO designated in one MS may offer day-ahead and intraday trading services with delivery in another MS upon proper notification of the other MS authorities, who may refuse performing of these services in certain regulated cases, such as when there is national legal monopoly for day-ahead and intraday trading services in the MS where delivery takes place or the NEMO offering the services is national legal monopoly itself. NEMOs' tasks include receiving orders from the market participants, supervising matching and allocation orders, publishing prices and settling and clearing the trade contracts. NEMOs shall perform functions of Market Coupling Operator (MCO) jointly with other NEMOs. In this regard they will develop and maintain the algorithms (a price coupling algorithm and a continuous trading matching algorithm), products (that can be taken into account in the single day-ahead coupling), system and procedures for single day-ahead and intraday coupling; develop a proposal on harmonised maximum and minimum clearing prices; process input data on cross-zonal capacity and allocation constraints; operate the price coupling and continuous trading matching algorithms; and send coupling results to the responsible NEMOs. All NEMOs should prepare a plan for acting as MCO and within 8 months from coming into force of this Regulation should submit it to all regulatory authorities and the Agency for the Cooperation of Energy Regulators (Agency).

NEMOs and TSOs shall, within the respective deadlines regulated by the Regulation, develop terms and conditions as well as methodologies to be approved by the regulatory authorities. The Regulation has developed the rules on the majority of votes and blocking vote in case certain terms and conditions or methodologies, listed in the Regulation, should be approved by all regulatory authorities in the EU or in the concerned region. In some cases an opinion or a decision of the Agency may be required.

All TSOs shall, within 3 months from entering into force of this Regulation, jointly develop a common proposal regarding the determination of capacity calculation regions. They shall further, within 10 months, develop: a) a proposal for a single methodology for the delivery of the generation and load data required to establish the common grid model (Following the approval of this methodology ENTSOe shall publish the list of entities required to provide information to the TSOs, deadlines and the list of information) and b) a proposal for a common grid model methodology. TSOs, either all TSOs EU-wide or within a specific region or bidding zone, as provided in the Regulation and within the time limits provided in the Regulation, shall also develop: scenarios for each capacity calculation time-frame; individual grid model; common coordinated capacity calculation methodology; common methodology for coordinated redispatching and countertrading and the respective cost sharing; proposal for a single day-ahead firmness deadline; and proposal for a methodology for sharing congestion income. They will organise the process of merging the individual grid models.

The bidding zones configuration, established in accordance with the Regulation, may later be reviewed and amended in procedures provided in the Regulation. A possibility for design and implementation of complementary regional intraday auctions has also been provided.

EU: ENTSO-E Consultation on Capacity Calculation Regions

by Mira Todorovic Symeonides (Athens)

On 24 August 2015, ENTSO-E called on consultation on the draft Proposal for Capacity Calculation Regions (CCRs). The consultation shall last until 24 September 2015 while ENTSO-E also plans to hold a public workshop on 14 September 2015. On 24 July 2015, the European Commission adopted the Regulation 2015/1222 establishing a guideline on capacity allocation and congestion management (CACM Regulation) which entered into force on 14 August 2015. Article 15 of the CACM Regulation provides that all TSOs shall, within 3 months from entering into force of this Regulation, jointly develop a common proposal regarding the determination of the CCRs. In execution of this Article, ENTSO-E has developed a common proposal of all TSOs regarding determining of CCRs which contains: a detailed description of the CCRs with maps covering the existing bidding zone borders between EU Member States and including various non-EU bidding zone borders; an analysis of the expected impact of the proposed CCRs on the objectives of the CACM Regulation; and a timescale for their implementation.

ENTSO-E and the TSOs proposed 11 CCRs in Europe: Nordic, Hansa, Central-west Europe, Italian north borders, Italian borders 2, Central Eastern Europe, South-west Europe, Ireland and UK, Channel, Baltic and South-east Europe. In its Annexes, for information purpose, it provides a proposal for the future composition of CCRs, which includes non-EU bidding zone borders, and future bidding zone borders in Hansa CCR and Channel CCR regarding interconnections still under construction or not yet operated.

Greece: Announcements regarding the Opening of the Electricity Market at the Non-Interconnected Islands

by Lazaros Sidiropoulos (Athens)

On 6 August 2015, the Greek energy regulator RAE launched a public consultation regarding proposed amendments to the network code for the regulation of the autonomous electricity systems at the non-interconnected islands (NII) which was adopted in early 2014 by RAE's Decision no. 304/2014 (Official Journal 304 B/11-2-2014) aiming to serve as the main regulatory framework for the opening of the electricity markets at the NII of Greece. These amendments mainly introduce a concrete and updated timetable of all particular steps

which shall be taken in the near future with a view to enabling new electricity producers and suppliers to enter these challenging markets. Until now the Greek electricity utility PPC enjoys a monopoly in the supply sector at the NII, while it is also the sole conventional electricity producer parallel to the existing RES electricity production at the islands. In this respect, i.e. with regard to the gradual market opening at the NII, Greece has been granted by the European Commission Decision 2014/536/EU, of 14 August 2014, a derogation from Articles 7(1) and 33 of Directive 2009/72/EC referring to the market opening and authorisation procedures at small and micro isolated systems. According to RAE's announcement, the updated timetable is based on a relevant action plan submitted to RAE by the network operator of the NII DEDDIE; accordingly, all necessary procedures and infrastructure for the opening of the NII markets will be completed by the first semester of 2019, while, as regards the supply sector in particular, the market will be already opened by the third quarter of 2015 for Crete and Rhodes and by the first quarter of 2016 for the rest of the NII. A respective announcement of the imminent market opening was already made by DEDDIE on 23 July 2015 accompanied with explanations on the procedure to be followed by interested suppliers for the purpose of registration before DEDDIE.

Bulgaria: The New Energy System Security Fund in Bulgaria

by Gergana Hadjipanteleeva (Sofia)

On 22 July 2015, the Bulgarian National Assembly adopted the Law on Amendment and Supplementing of the Energy Act (OJ 56/2015) which came into effect on 24 July 2015. The amendments provide for the establishment of the Energy System Security Fund (the Fund). The purpose of the Fund shall be to cover the expenses suffered by the Public Supplier (NEK EAD) in performance of its obligation to purchase electricity from producers under art. 93a of the Energy Act (electricity purchased based on long-term availability agreements and electricity produced from renewable sources and from high-efficiency combined electricity and heat generation), as well as the annual quota for mandatory acquisition of electricity produced by utilising local energy sources (as per art. 4, par. 2, item 8). The main source for financing of the Fund shall be levies paid through monthly installments by electricity producers and importers amounting to 5 % of their income earned from the sale or import of electricity These levies shall not be acknowledged as expenses for the purposes of the regulated electricity price calculation and shall represent public revenues which may be collected in accordance with the provisions of the Tax and Social Insurance Procedure Code. The funds granted by the Fund to NEK EAD may not be subject to set off or sequestration. The founding of the Fund has raised concerns among Bulgarian energy experts as to its impact on the electricity market in Bulgaria, particularly, having in mind that currently the Public Supplier has considerable deficits which should be covered by the introduction of the levies and this shall significantly burden the electricity producers and importers and thus indirectly may adversely affect the electricity market.

Ukraine: Draft Code of Electricity Grids Published for Public Consultation

by Tetyana Vyshnevska (Kiev)

On 15 July 2015, the Ministry of Energy and Coal Industry of Ukraine (Ministry) published the draft Code of Electricity Grids (CoEG) at its official web-site for public consultation. The draft CoEG was developed with the aim to regulate relations between the "System Operator" (responsible for dispatching and balancing), transmission system operators (TSO), distribution system operators (DSO), electricity producers and consumers as regards access and connection to the electricity grids, management, reliable operation and development of the Unified Energy System of Ukraine (UESU). The draft CoEG consists of 11 chapters and 6 annexes, and pays particular attention to: a) grid connection and grid extension activities and related issues; b) operation of the UESU, its balancing and protection during emergencies, including responsibilities of the persons involved; c) ten-year development plans for distribution networks and the UESU; and d) contracts on central dispatching and

electricity transmission. According to the Transitional Provisions of the draft CoEG, the System Operator shall act as the administrator of the CoEG, being responsible for its publication, the clarification of its provisions to the users of electricity grids, the review of recommendations to amend the CoEG and the preparation of relevant draft amendments, reporting to the Ministry on its activities in such capacity. The CoEG shall come into effect upon its approval by the Government and registration at the Ministry of Justice of Ukraine, except for some of its provisions regarding which the Law on Operational Principles of the Electricity Market of Ukraine provides otherwise.

Croatia: General Terms and Conditions for the Use of the Electricity Network and Electricity Supply

by Sanja Tolj Par (Zagreb)

On 23 July 2015, the Croatian Energy Regulatory Agency adopted at the session of the Governing Council the General Terms and Conditions for the Use of the Electricity Network and Electricity Supply (Official Journal, 85/2015) pursuant to Article 59, paragraph 1, of the Electricity Market Act (Official Journal, 22/2013). These General Terms and Conditions regulate the contractual relations between energy undertakings and network users; the conditions for the conclusion and the content of the contracts for the supply of end users; the obligations and responsibilities of energy undertakings and network users; the process of switching supplier in case of change of the owner of a building; the relations between the transmission system operator and the distribution system operator; the rules and conditions governing the relationship between the supplier and the transmission system operator or the distribution system operator; the categories of consumption and the tariff models for the network use; the collection and processing of metering data from the billing metering points of network users; the terms and conditions for the calculation of power consumption and the billing of delivered electricity and power; a standard method of calculation; the treatment of metering data from the billing metering points and the points of separation between adjacent systems; the case of existence of several billing metering points of an end user; the maintenance of metering devices; the procedures for determining and calculating unauthorised consumption of electricity; the conditions for the application of the process of limitation or temporary suspension of electricity supply; and the measures to protect end users. The relations between energy undertakings and network users in terms of these General Terms and Conditions are governed by the contract for electricity network use and the contract for the supply of the end user.

EU: ENTSOG Submits Revised Network Code on Harmonised Transmission Tariff Structures for Gas to ACER

by Mira Todorovic Symeonides (Athens)

On 31 July 2015, ENTSOG re-submitted to the Agency for the Cooperation of Energy Regulators (ACER) the Network Code on Harmonised Transmission Tariff (TAR NC). The draft TAR NC was prepared by ENTSOG and initially submitted on 26 December 2014 to ACER for comments. On 26 March 2015, ACER sent to ENTSOG a Reasoned Opinion with comments and proposals. This re-submitted TAR NC has taken into consideration the Reasoned Opinion as well as trilateral discussions between ENTSOG, ACER and the European Community as well as additional feedback received from stakeholders.

Among others, following amendments, which were addressed in the Reasoned Opinion, are accepted in the re-submitted proposal of TAR NC: Criteria are introduced for distinction between transmission and non-transmission services and tariffs. The possibility of applying a complementary revenue recovery charge at interconnection point with fixed payable price has been removed as it may increase cross-subsidies. It is clarified that transmission tariffs for standard capacity products are to be only capacity based; these transmission tariffs will be set by applying a discount to the respective reserve price while any such specific capacity product is subject to the National Regulatory Authority (NRA) approval. The joint application of the reference price methodology was introduced as a default rule while a NRA may decide on the separate application under certain conditions. Changes were made to explicitly capture transmission tariffs at entry/exit points from /to storage facilities and to ensure that the cost allocation test is based on the cost drivers of capacity and distance by default. The possibility of providing a combination of ex-ante and ex-post discounts in case of interruption has been removed. Pricing of non-physical backhaul capacity should be the same as for interruptible capacity. There are new provisions regarding the update of discounts for monthly and within-day interruptible products and reference prices. The auction premium from bundled capacity sales is split per agreement between TSOs subject to the subsequent NRA approval. New is also the distinction between fixed payable price approach for incremental and existing capacity, between non-price cap and price cap regimes regarding conditions for offering the payable price approaches.

EU: ENTSOG Publishes Recommendation Paper on Issues Related to Bundling of Capacities

by Dimitrios Nisanakis (Athens)

On 3 August 2015, the European Network of Transmission System Operators for Gas (ENTSOG) published a recommendation paper on issues related to bundling of capacities based on thorough discussion with stakeholders about the outlined issues which were presented jointly with the European Federation of Energy Traders (EFET).After the XXVI Madrid Forum in April 2015, two joint EFET/ENTSOG workshops were held to identify and to discuss the issues which occurred related to the introduction of bundling of capacities and the potential options. In these two public workshops, which took place on 20 May and 30 June 2015 in Brussels, all interested stakeholders were invited to participate and express their opinions on the issues raised by ENTSOG and EFET. The aim of the first workshop was to address the identified issues and the initial options presented by ENTSOG and EFET. The aim of the second workshop was a presentation of more thoroughly considered options in order to address the issues mentioned at the first workshop and the request of the stakeholder' s support on the options to solve the identified issues. The result of the joint ENTSOG/EFET workshops was the selection of four main issues related to bundling of capacity, as mentioned below: 1) already contracted unbundled capacity and offer of bundled products only, 2) CMP regulation and its consistent implementation across IP's, 3) alignment of secondary marketing of bundled products and 4) aligned procedures for the surrender of capacity. After these two joint workshops ENTSOG reached stakeholder' s support and published the recommendation paper which proposes a variety of solutions to the four issues stated right above.

Greece: Reform of Greek Gas Retail Market

by Mira Todorovic Symeonides (Athens)

On 13 August 2015, Law no. 4336/2015 (OJ A 94/14.08.2015) was voted by the Greek Parliament authorising the Government to sign the new memorandum of understanding (MoU) and the respective loan agreement which were agreed between Greece and its international lenders. The Law also introduced some of the measures listed

in the MoU, including the measures on the gradual liberalisation of the natural gas retail market, such as unbundling of the natural gas distribution and supply services. There was one previous attempt to perform this reform of the Greek gas market in 2014. The Second Economic Adjustment Programme for Greece – the fourth review, issued by the DG for Economic and Financial Affairs in April 2014 provided for fundamental reforms of the Gas market, including the broadening of the eligibility to all industrial gas consumers starting from 1 October 2015 and the separation of the supply from the distribution activities of the three regional gas distributors and suppliers (EPAs) EPA Thessalonica, EPA Thessaly and EPA Attica (the Three EPAs), by 1 July 2015. In October 2014 the Greek Government prepared draft amendments to the energy law no. 4001/2011 which included the above measures and performed the public consultation, but the Bill was never voted by the Parliament.

The measures adopted in the new Law are mostly the same with those from the Bill prepared in October 2014. They include: abolition of the monopoly of the Three EPAs (in which the majority of shares is held by the Greek Public Gas Corporation [DEPA]); accounting unbundling of their activities from the activities of DEPA within 2016; and legal and operational unbundling of distribution services until January 2017 with establishment of Gas Distribution Companies (EDAs) by the shareholders of the Three EPAs by 30 May 2016. The EPA Thessaly and the EPA Thessalonica may establish one joint EDA. More EPAs and EDAs may further merge within each group of unbundled distribution and supply operations companies, unless such mergers would breach the provisions of competition legislation. EDAs shall operate the distribution networks and perform distribution activities. The Law stipulates that DEPA will establish an EDA for the rest of Greece (without providing a specific deadline for this obligation), whose operations of the distribution network of the rest of Greece shall be legally unbundled from the other activities of the vertically integrated company. Gas distribution networks, which have been constructed by DEPA or by the Three EPAs, shall remain in the ownership of DEPA while the newly established EDAs will acquire the ownership of the networks extended by them, in accordance with the approved development plans. However, EDAs established by the Three EPAs will not have monopoly to construct other networks within the region for which they have acquired license if such extension is not predicted in the approved development plan or if it has been predicted, but the respective EDA failed to finalise the construction within 18 months from the approved deadline. Further, the Law extends the list of eligible consumers to new categories such as electricity producers which use natural gas for production; consumers situated within the geographical regions covered by the licenses of the Three EPAs, which use gas for transportation on the land and on the sea and for industrial use (in the late case if the consumption exceeds 2,2 GWh during preceding 12 months) while from 1 January 2017 eligible will be all consumers which are not households and from 1 January 2018 all consumers including households. The Three EPAs shall be eligible consumers for the quantities above those agreed with DEPA. The Law provides for the adoption of a Distribution Network Pricing Regulation and of a Gas Distribution Network Code. Until the new pricing regulation is issued and the respective new prices for distribution services of DEPA and the Three EPAS is approved by RAE, the applicable price for distribution services will 4 €/MWh while the current price is 0,8 €/MWh,

Ukraine: Draft Law Introduces Reduction of Rent Payments for Gas Extraction Companies

by Tetyana Vyshnevska (Kiev)

On 14 July 2015, the draft law no. 2352a on Amending the Tax Code of Ukraine (Concerning Taxation of Business Entities Performing Extraction of Natural Gas) (the Draft) was registered at the Parliament. The Draft was prepared by the Ministry of Finance of Ukraine with the aim to tackle the issue of high rent payments for

using underground resources for commercial natural gas extraction, and thus encourage investments in the sector and increase domestic production of natural gas. According to the Draft, relevant rent rates (calculated as a percentage to the value of extracted product) for existing projects shall be decreased from 55% to 29% for deposits up to 5 km deep, and from 28% to 14% for deposits below 5 km deep. As regards future investment projects, prepared and approved after 1 January 2016, relevant rent payments shall be paid in the amount of 20% for deposits up to 5 km deep and 10% for deposits below 5 km deep. At the same time, apart from the current profit tax (18%) investors in future natural gas extraction projects will be subject to a payment of a 30% surcharge to the profit tax, payable in advance. Furthermore, a separate accounting of incomes and expenses pertaining to the natural gas extraction for each area (field, deposit) of such projects will be required. The Law is expected to come into force on 1 October 2015, except for the provisions concerning new investment projects which shall become operative on 1 January 2016.

Croatia: Act on Safety in Offshore Exploration and Exploitation of Hydrocarbons

by Sanja Tolj Par (Zagreb)

On 8 July 2015, the Croatian Parliament adopted the Decision on Promulgating the Act on Safety in Offshore Exploration and Exploitation of Hydrocarbons (Official Journal, 78/2015) regulating prevention of major accidents during offshore exploration and exploitation of oil and gas. This Act regulates the enforcement of legislation, the prevention and treatment in the event of a major accident related to the execution of offshore works, the manner of performing supervision by administrative authorities and inspectorates, penalty provisions and other issues. The provisions of this Act apply, unless otherwise stipulated in the Act, to offshore facilities located or drifting in the Croatian internal or territorial waters or in the continental shelf of the Republic of Croatia, which includes the seabed and subsoil beyond the outer limit of the territorial sea of the Republic of Croatia seaward to the limit of the continental shelf with neighbouring countries on which Croatia, in accordance with international law, exercises jurisdiction and sovereign rights. This Act transposes the Directive 2013/30/EU on safety of offshore oil and gas operations and amending Directive 2004/35/EC (OJ L 178, 28.6.2013). It provides the legal ground for application of the Commission implementing Regulation (EU) No 1112/2014 determining a common format for sharing of information on major hazard indicators by the operators and owners of offshore oil and gas installations and a common format for the publication of the information on major hazard indicators by the Member States (OJ L 302, 22.10.2014). The main provisions of this Act stipulate that an operator or owner must ensure that all appropriate measures are applied in accordance with this Act with respect to offshore works to prevent major accidents; that the authorised person is financially responsible for the prevention and remediation of environmental damage caused by offshore works; that in the event of a major accident, the operator or the owner shall take all appropriate measures, in accordance with this Act, in order to limit the consequences for human health, the environment, the nature and the economic use of the sea; and that operators or owners shall ensure the conducting of offshore works on the basis of systematic risk management.

FYRoM: Security of Supply at Stake in FYRoM due to Court Decisions for Makpetrol Officials

by Simonida Sosolceva Giannitsaki (Skopje)

On 13 August 2015, the Criminal Court in Skopje brought a Decision to seize the bank accounts and property of the biggest supplier of oil and oil derivatives in the country, Makpetrol AD, as well as of its related company OILCO. The Decision entered into force immediately and as of 14 August 2015 the regular operations of these two companies were interrupted. The above Decision of the Criminal Court was brought after 20 criminal

applications were submitted against persons, which were members of the Management and Supervisory Board of both companies by the State Regulatory Authority for the Securities and Exchange. Apart from the issues of criminal investigation and procedure against the officials of the two companies, the most important question that was raised was the security of supply with oil, oil derivatives and natural gas in the country. Makpetrol is a holder of several licenses in the sector of oil and oil derivatives (production of oil for transport, production of bio oil, trade with oil and oil derivatives for transport, as well as storage of oil and oil derivatives for transport) as well as operator of 126 petrol stations.

The risk of energy crisis in the country was initially addressed by the two companies, which pointed out their annual agreements for procurement of oil and natural gas to the schools and kindergartens, companies and most important to the state company for production of electricity ELEM and the concessionaire of the state airports. Regardless of the official statement of the Energy Regulatory Commission that the oil and oil derivatives and the natural gas markets are fully liberalised, the problem lies in the Law on Public Procurement, which does not provide for a short and urgent procurement procedure to apply in such cases when supplies for essential goods such as energy is concerned. Although the law on Energy provides that producers of electricity and heat, which use oil as a fuel for their production, are obliged to keep reserves of oil for 15 days, since Makpetrol is the only supplier of oil in the country, this provision does not provide sufficient security for a situation when Makpetrol's operations are interrupted and it is prevented to continue the supply. Particularly since an emergency procurement procedure may not be finished and a contract may not be signed during such short period

Even though the temporary measure of blocking the bank accounts and property of Makpetrol has been revoked after 6 days, the question of a second, emergency supplier of oil and oil derivatives as well as of natural gas is more present than ever and changes in the Law on Procurement and the Law on energy are urgently needed.

Ukraine: NEURC Approves Compensation for RES Producers

by Tetyana Vyshnevska (Kiev)

On 23 July 2015, the National Energy and Utilities Regulatory Commission (NEURC) issued Resolution no. 2060 on Approval of Additional Payments to Compensate Under-Received Funds to Producers Working at "Green" Tariffs for July 2015. Thereby the NEURC addresses the issue of non-indexation of feed-in tariffs (FiT) for RES producers during August - December 2014 in breach of its obligations under the Law of Ukraine on Electric Power Industry, which provided for a monthly review of FiT by the NEURC in accordance with the EUR-UAH currency exchange rate. According to the Resolution, electricity producers using wind, biomass and biogas, ground mounted, rooftop and/or facade based solar stations as well as micro, mini and small hydropower plants are entitled to relevant compensations to be paid by the SE Energorynok, some of them amounting to tens of millions UAH without VAT. It should be noted that certain RES producers are not included in the approved list, in particular producers whose generating facilities are located within the territory of the so called Anti-Terrorist Operation in the Eastern Ukraine. Further, the NEURC issued Resolution no. 2140 of 6 August 2015 which sets

the tariffs at which RES electricity producers will be paid for electricity sold to the Wholesale Electricity Market of Ukraine, adjusted for FiT and additional payments previously approved by the NEURC for July 2015.

Romania: ANRE Issues Order on the Methodology of Establishing the Mandatory Annual Quotas of Electricity produced from RES Benefiting from the System of Green Certificates

by Corina Badiceanu (Bucarest)

On 28 July 2015, the Order no. 101/2015 of the Romanian Energy Regulatory Authority (ANRE) on the approval of the methodology of establishing the mandatory annual quotas of electricity produced from renewable energy sources benefiting from the system of promotion of green certificates and the mandatory annual quotas of acquisition of green certificates was published in the Official Gazette under the number 101/2015. The Order no. 101/2015 abolishes the Order no. 144/2014 as a consequence of the latest amendments brought to the relevant legislation (one of the most important amendments being the obligation of the electricity suppliers and producers to purchase not only annually, but also quarterly a number of green certificates).

According to the new provisions, the methodology shall establish ways of calculation of the number of green certificates related to the non-fulfillment of the estimated annual quota of green certificates, for each trimester of the analysed year, by the economic operators that have obligations of acquiring green certificates; ways of calculation of the number of green certificates related to the non-fulfillment of the mandatory annual quota of green certificates, corresponding to the analysed year, by the economic operators that have obligations of acquiring green certificates; ways of calculation of the amount of money payable for the non-fulfillment of the estimated annual quota of acquisition of green certificates for each trimester and ways of calculation of the amount of money payable for the non-fulfillment of the mandatory annual quota of acquisition of green certificates. These ways of calculation are additional to the ones that were provided by the Order no. 144/2014 and are also maintained by the Order no. 101/2015, i.e. the ways of calculation of the mandatory annual quota of electricity produced from renewable energy sources systems that benefit from the system of promotion and of the mandatory annual quota of acquisition of green certificates.

Romania: ANRE Raises the Mandatory Quota of Electricity Produced from RES Benefiting from the System of Green Certificates for 2016

by Corina Badiceanu (Bucarest)

On 1 July 2015, the Romanian Energy Regulatory Authority (ANRE) published on its website a note regarding the mandatory quota of electricity produced from renewable energy sources benefiting from the system of promotion through green certificates for the year 2016. According to this note, the mandatory quota of electricity produced from renewable energy sources that benefits from the system of promotion shall be equal to 12,15% of the gross final consumption of electricity. This quota is an increased one compared to the ones applicable in the preceding two years – 2014 (11, 1%) and 2015 (11, 9%). This year's estimation made by ANRE comes after the amendments brought to the relevant legislation, according to which ANRE estimates, publishes on its website and informs the Government until 30 June of the quota that needs to be established for the next year based on the achieved amount of the national target as well as based on the anticipated impact of the quota on the final consumer.

BiH - RS: Public Consultation on a Regulation on Biofuels

by Mira Todorovic Symeonides (Athens) and Nebojsa Milanovic (Banja Luka)

On 17 August 2015, the Ministry of Industry, Energy and Mining of the Republika Srpska in BiH (RS), launched a public consultation on a Draft Regulation on Biofuels. The consultation lasted until 27 August 2015. The Draft Regulation envisages the average annual content of biofuels in all fuels for motor vehicles supplied on the territory of the RS as follows: 2% in 2016, 4% in 2017, 7% in 2018, 8% in 2019 and 10% in 2020. The types of biofuels that may be distributed in the RS are: bio-diesel, bio-ethanol, pure vegetable oil, biogas and liquid biofuels. Every year the Government of the RS should, at the proposal of the Ministry, prepare an annual plan for trade with biofuels, while distributors should submit every year by 31 December reports to the Ministry on the fulfilment of this plan. In case a distributor fails to fulfil its obligations from the plan, the Ministry will issue a decision obliging him to increase his distribution of biofuels in the next calendar year for the quantities missing in the previous year. Each distributor shall keep evidence of the quantities and types of biofuels (pure or blended) he distributed and shall report every three months to the Ministry. All biofuels distributed in the RS should be accompanied by a statement of compliance with the prescribed biofuels quality parameters, supported by a report on examination of the biofuels quality, issued by an authorised laboratory in accordance with the standard BAS EN ISO/IEC 17025. This Regulation should replace the one issued in 2007 (OJ RS no. 82/07) which was not applied in practice.

BiH - FBiH: Public Consultation on Amendments to the Rulebook on the Minimum Quantities of RES

by Mira Todorovic Symeonides (Athens) and Nebojsa Milanovic (Banja Luka)

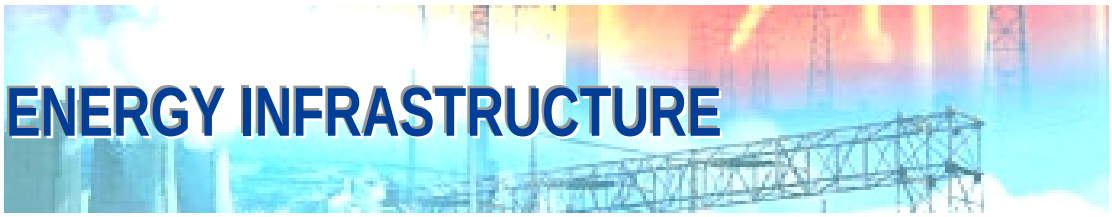
On 23 July 2015, the Energy Regulatory Agency of the Federation of BiH (FBiH) launched a public consultation on a Draft Rulebook on Amendments to the Rulebook on Compulsory Share and Purchase of Electricity from RES. The public consultation will last until 3 September 2015 while the Agency plans to organise in its premises a public discussion regarding this issue on 1 September 2015. The Draft Rulebook aims to amend Article 4 of the Rulebook on Compulsory Share and Purchase of Electricity from RES which was issued by the Agency on 6 July 2014. The Agency proposed these amendments following the comments of the FBiH Ministry for Energy, Mining and Industry received on 26 July 2015,. Draft Article 4 provides that the Agency shall determine until 15 December every year the minimum percentage of electricity produced from RES, which suppliers and eligible buyers are obliged to purchase (the RES Share) for the next calendar year. The RES Share should be determined based on the RES Action Plan of FBiH, the Balance of energy needs of FBiH (which contains data on annual and monthly plans for RES production and electricity consumption by end-customers) and the quantities of RES Share set-off from the previous year (deviation between planned and realised RES production, RES consumption and RES Share). Currently, Article 4 provides that the RES Share will be calculated based on the RES Action plan and the Methodology for Calculation of RES Share which should have been issued by the Ministry.

EU: Commission Does Not Raise Objections to the Extension of Already Approved State Aid Scheme to Energy Intensive Undertakings

by Viktoria Chatzara (Athens)

On 17 July 2015, an EU Commission's Decision dated 27 May 2015 was published in the EU Official Journal, concerning the extension of the German planned reduction from renewable surcharges (EEG surcharge) for energy-intensive undertakings (EIU) in the sectors of (a) forging, pressing, stamping and roll-forming of metal; powder metallurgy, ("forging"), and (b) treatment and coating of metals. This Decision supplements a decision of the Commission dated 23 July 2014, by which the Commission approved the German Act for the Reform of the Renewable Energy Law ("EEG-Act 2014"), which reformed the scheme promoting the production of electricity from renewable energy sources and from mining gas and granting reductions in the EEG surcharge to EIUs. However, the initially notified to the Commission scheme did not include the above mentioned sectors, thus, the German authorities submitted a draft modification to the EEG-Act 2014, in order for them to be included in the reduction from the EEG surcharge as well. The Commission primarily mentioned that the reduction from the EEG surcharge constituted state aid (as it was assessed in its first decision) in the sense of the applicable EU provisions, and then proceeded to examine whether it can be considered compatible with the internal market, in accordance with the Guidelines on State aid for environmental protection and energy 2014-2020. In order to assess this compatibility, the Commission firstly observed that it corresponds to the possibility provided to Member States by the Guidelines to grant reductions to undertakings with an electro intensity greater than 20% in sectors with a trade exposure of at least 4% at Union level. Although no Eurostat data explicitly for these sectors were available at Union level, the Commission accepted the data from the German Federal Statistics Office concerning the trade intensity of Germany with countries located out of EU, whereas Germany undertook the obligation to re- notify the measure, should Eurostat data concerning the trade exposure at a Union level become available. Following this the Commission concluded that no objection should be raised against the extension of the reduction from the EEG surcharge to the above mentioned sectors, as this state aid scheme is compatible with the internal market.

With respect to the scheme accepted as above described by the EU Commission and which will be extended to EIU in the sectors of forging and treatment and coating of metals, the EEG- Act 2014 sets certain conditions in order for an undertaking to be awarded the reduction. More specifically, according to one of these conditions, undertakings pertaining in the aforementioned sectors shall have electro- intensity that reaches 20%, whereas the EEG surcharge is capped: for consumption up to 1 GWh in the last financial year the full EEG surcharge shall be paid, and for the part of the annual consumption exceeding 1 GWh, 15% of the full EEG surcharge. The EEG-Act 2014 provides for further limitation of the surcharge paid by any undertaking as a proportion of the gross added value of the undertaking over the last 3 complete accounting years, whereas there are also provisions concerning new undertakings and the data which shall be used in order to determine the reduction they are entitled to. The reduction from the EEG surcharge is to be decided by a public authority (the BAFA), following a specific request, whose decisions are binding on the TSO. The measure described in the EEG-Act 2014 shall cover the period until 31 July 2014.



EU: Commission Initiates Public Consultation on Additional Projects of Common Interest in Oil, Gas and Electricity

by Stefania Chatzichristofi (Athens)

On 29 July 2015, the European Commission launched a public consultation on the review of the Projects of Common Interest (PCI) in the field of energy infrastructure. A list of additional projects in the domains of oil, natural gas and electricity has been introduced, including among others a variety of oil and gas projects in the SEE and CEE region, such as the Eastring gas project covering Bulgaria, Romania, Hungary and Slovakia; the TESLA gas project covering Greece, FYRoM, Serbia and Hungary; gas interconnections between Ukraine, on the one side, and Hungary and Poland, on the other side; other gas infrastructure projects in Bulgaria, FYRoM and Hungary; the Adamowo-Brody oil pipeline connecting Ukraine and Poland; and JANAF-Adria oil pipelines connecting Croatia, Hungary and Slovakia. The identification of a project as a PCI is made according to Regulation (EU) No 347/2013 of the European Parliament and the Council of 17 April 2013 on guidelines for trans-European energy infrastructure (TEN-E Regulation) which entered into force in May 2013. A list of PCI that incorporates 248 key energy projects has been published in October 2013 with a perspective of update according to TEN-E Regulation every two years. The classification of a project as a PCI shall be made through transparent and objective procedures. Moreover, it shall be assured that this project contributes the most to the implementation of energy infrastructure corridors. Further, the Ten-E Regulation defines the specific process that lets a project be classified as PCI.

The objective of this consultation is focused on the opinion of all relevant stakeholders concerning the supplementary projects proposed and especially their significance and impact on the energy markets in order to be classified as PCI. The assessment should particularly pay attention to the following goals of the EU policy: security of supply, market integration, competition and sustainability. The questionnaire is addressed to all energy stakeholders, industry, energy consumers, organisations as well as EU and Member States authorities. The consultation period is open until 22 October 2015.

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