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[EU: Energy Council Adopts Conclusions on the Completion of the Internal Energy Market](#)

by *Stefania Chatzichristofi (Athens)*

On 9 December 2014, the Council of the European Union published a communication with the conclusions drawn concerning the completion of the European Internal Energy Market. To start with, the Council reaffirms the conclusions included in the European Commission's communication of 13 October 2014 on "Progress towards completing the Internal Energy Market", i.e. that, although significant progress has already been achieved in completing the Internal Energy Market, nevertheless further steps are urgently required in this regard. According to the Energy Council, timely adoption and implementation of network codes and guidelines for gas and electricity is highly important. The Council points out that the Projects of Common Interest need to be realised urgently and calls on the Commission to report on the potential sources of financing, also addressing in this respect the issue that eventually new projects should be identified that can be helpful in achieving the EU targets. Furthermore, it stresses the need for more investments in smart and flexible infrastructure. The Council also highlights the continued cooperation efforts within the energy bodies of EU and invites the Commission to propose improvements in this regard, where needed.

As far as wholesale markets are concerned, the Council acknowledges that in order to ensure liquidity both in electricity and gas market, cross-border cooperation needs to be improved with regard to balancing markets. Specific reference is also made to the Member State's capacity mechanisms; in this regard the Council calls for synergies of cross-border regional cooperation and proposes to the Commission to undertake studies on the development of a European generation and system adequacy assessment. Further, the Council points out the importance of market transparency which has to be assured through effective monitoring of the wholesale energy markets based on the implementation of the REMIT Regulation and through the ENTSO-E and ENTSO-G transparency platforms. To end with, the Council calls for an increase of awareness and involvement of consumers so that they will be able to participate actively, have access to their consumption data and be fully informed. Combating energy poverty and protection of vulnerable consumers is also a major issue in this regard. The Council underlines the importance of eliminating existing wholesale market distortions and respectively of creating transparent and more competitive retail markets so as to achieve more cost-reflective, competitive and affordable energy prices. The Council invites the Commission to publish a follow-up report by 2016 stating the progress achieved.

[EU: ACER and CEER Issue Annual Market Monitoring Report for 2013](#)

by *Georgia-Ilianna Karamani (Athens)*

On 22 October 2014 the EU Agency for the Cooperation of Energy Regulators (ACER) and the Council of European Energy Regulators (CEER) jointly issued the "Annual Report on the Results of Monitoring the Internal Electricity and Natural Gas Markets in 2013". The aforementioned Report, fulfilling the Agency's mandate as

established by Article 11 of Regulation (EC) No 713/2009, uses data collected and provided by the national regulatory authorities for energy (NRAs), the European Commission and the European Networks of Transmission System Operators (ENTSOs) for electricity and gas. It covers the areas of retail electricity and natural gas prices, access to the networks, including access of electricity produced from renewable sources and compliance with the consumer rights laid down in Directive 2009/72/EC and Directive 2009/73/EC. It offers assessment of the progress towards the implementation of the Third Energy Legislative Package, the adoption of the network codes and the phasing-out of the regulated prices for non-vulnerable customers.

According to the conclusions of the Report, due to the lack of competition and despite the general decrease in wholesale energy prices, a steady increase in gas and electricity retail prices for 2013 has been noted, with the electricity bills for households having been increased on average by 4,4% and gas prices by 2,7%. As far as the wholesale market integration is concerned, it is noted that there is indeed progress, since the efficiency level in the use of electricity interconnections is continuously increasing reaching a level of 77%, but even more flexible solutions are needed. Moreover, Regulators foresee a transition by 2025 to a low-carbon society, where flexible and responsive markets will cause a change to consumers' engagement in the market, in accordance with the actions pointed out in the "Bridge to 2025" proposals by the Regulators. In the gas sector, the promotion of the liquidity of gas trading and the effort for all unused capacity to be returned to the market, remain the most challenging matters. Finally, the Report mentions three areas (transposition, consumer rights, and market rules and practical implementation) where further action is still required, towards ensuring that EU electricity and gas consumers benefit from fully integrated markets.

EU: 22 Member States Are Called to Implement Anti-Vat-Fraud Package

by Stefania Chatzichristofi (Athens)

On 26 November 2014 ENTSO-E issued a joint press release co-signed with other nine European gas and electricity associations pointing the need for all EU Member States to implement the EU anti-VAT-fraud to combat VAT fraud in the energy sector. The problem of VAT losses was identified in 2009, initially in the market of CO2 emissions, with the European prosecuting agencies thereafter orienting their efforts to protect also other energy commodities, such as in the natural gas and electricity sector. As a means of protection, the anti-VAT-fraud package was adopted by the Council of the European Union through Directives 2013/42/EU and 2013/43/EU of 22 July 2013 introducing a quick reaction mechanism against VAT fraud as well as providing for an optional and temporary application of the so-called reverse charge mechanism (i.e. a mechanism whereby the obligation to pay VAT shifts from the seller onto the person to whom the taxable supply of goods or services is made) concerning to sales of certain goods and supplies of certain services susceptible to fraud. The said package has been welcomed as a significant step towards eradication of VAT fraud. Nevertheless, at the moment, only Austria, France, Germany, the Netherlands, Romania and the United Kingdom have transposed this package into their national law. The group of ten associations that consists of AIB, CEER, EACH, EFET, ENTSO- E, EURELECTRIC, Eurogas, Europex, GIE, and LEBA has been led to the conclusion that all relevant stakeholders have to be particularly aware and that it is highly recommended that the rest 22 Member States follow the path of the above six mentioned States as the integrity of EU wholesale electricity and gas markets remains unprotected. What is more, the wholesale markets of the six member states can be misused to perform illicit trading in order to steal VAT from unprotected third countries.

EU: Commission Issues REMIT Implementing Acts on Data Reporting Obligations

by Georgia-Ilianna Karamani (Athens) & Lazaros Sidiropoulos (Athens)

On 18 December 2014, Commission Implementing Regulation (EU) No. 1348/2014 of 17 December 2014 on data reporting implementing Article 8(2) and Article 8(6) of Regulation (EU) No 1227/2011 of the European Parliament and of the Council on wholesale energy market integrity and transparency was published in the Official Journal of the European Union. This new legal instrument includes the so-called REMIT Implementing Acts as provided in Article 8 of the REMIT Regulation (No 1227/2011) aiming to regulate the information reporting obligations of market participants which is necessary for ACER to fulfil its task of assessing and monitoring wholesale energy markets to detect and prevent trading based on inside information and market manipulation.

Pursuant to this new Regulation, market participants must report to ACER details of wholesale energy contracts both in relation to the supply of electricity and natural gas and for the transportation of those commodities, including derivatives of contracts relating to electricity or natural gas produced, traded, delivered or transported in the Union. On the other hand, reporting of contracts for balancing services, contracts between different members of the same group of companies and contracts for the sale of the output of small energy production facilities is obligatory only at ACER's reasoned request and on an ad-hoc basis. Moreover, market participants must report to ACER details of wholesale energy products executed at organised market places including matched and unmatched orders through the organised market place concerned, or through trade matching or trade reporting systems. In order to facilitate reporting, the ACER shall draw up a public list of standard contracts as well as a list of organised market places.

Four tables are attached as Annexes including details on the exact information to be reported, distinguishing between standard contracts for the supply of electricity or natural gas (Table 1), non-standard contracts for the supply of electricity or natural gas (Table 2), standard and non-standard contracts for the transportation of electricity (Table 3) and standard and non-standard contracts for the transportation of natural gas (Table 4). The Regulation also sets out rules on the timing of reporting of transactions; for instance, details of standard contracts and orders to trade shall be reported no later than on the working day following the conclusion of the contract or placement of the order. Moreover, rules are included for the reporting of fundamental data on electricity and gas production, transportation and storage facilities by ENTSO-E and ENTSO-G on behalf of the market participants, by TSOs, by other Operators or by the market participants, as the case may be.

Although the Regulation will enter into force 20 days after the day it was published in the Official Journal of the European Union, i.e. on 7 January 2015, different dates of entry into force are provided for the diverse reporting obligations: among others, the reporting obligation for reportable wholesale energy supply and derivatives contracts executed at organised marketplaces and for ENTSO-E and ENTSO-G fundamental data will apply from 7 October 2015, while the reporting obligation for other reportable wholesale energy market contracts (OTC standard and non-standard supply and derivatives contracts, transportation contracts) and for additional fundamental data will apply from 7 April 2016.

EU: The Court of Justice Deems Legitimate the Spanish State Aid Scheme Concerning the Production of Electricity from Domestic Coal

by Viktoria Chatzara (Athens)

On 3 December 2014, the Court of Justice of the European Union issued its ruling on the case T-57/11 on an appeal of Castelnou Energia, SL against the decision of the European Union according to which the state aid scheme adopted by Spain concerning the obligation of specific producers to produce certain volumes of electricity from domestic coal for the purpose of ensuring security of energy supply was deemed to be in compliance with the Internal Market. According to this scheme, the specified electricity producers were obliged to use the so-called "domestic" (i.e. of Spanish origin) coal, whose price is higher than other fuels, for the production of certain volumes

of electricity. Furthermore a mechanism of reliance to services at priority was adopted, according to which electricity from the above producers was preferred against electricity produced by stations operating on imported coal, oil and natural gas. Finally, the above stations were provided a compensatory amount, equal with the difference between the extra cost of production with which they were burdened and the price for the sale on the daily market of electricity.

The ECJ upheld the Commission's decision by rejecting all the grounds of the appeal, both the procedural and the substantial ones. With respect to the substantial complaints of the appellant, the Court firstly ruled that the above described obligations provided by the relevant state measure were correctly considered to be services of General Economic Interest, as they were imposed for the purpose of ensuring the supply of electricity of the Spanish market, which was at risk. Moreover, according to the Court, the contested measures were correctly ruled to be analogous to the purpose at which the above General Economic Interest service aimed. The appellant also supported that the Commission had failed to examine the state aid scheme under other provisions of the EU Law, such as the ones concerning the protection of the environment. The Court ruled that the Commission was not obliged to examine the state measure in the context of these provisions as well, since the state aid scheme did not have as aim the protection of the environment. Nevertheless, the Commission correctly examined the above state measure for its compliance with the EU rules concerning the freedom of products, the freedom of establishment and Directive 2005/89 supplementing Directive 2003/54. The ECJ ruled in this respect that the Commission was correct in deeming the state aid scheme compatible with the above provisions, dismissing as such the relevant allegations in the appeal. Finally, it was ruled that the state aid scheme was also in compliance with the provisions of Regulation 1407/2002 which prohibits the distortions of the competition and provides for the reduction of the state aid schemes in the coal industry sector.

Serbia: New Energy Balance for 2014

by Vuk Stankovic (Belgrade)

On 21 November 2014, the Serbian Government adopted the Decision on Determination of the Energy Balance of the Republic of Serbia for 2014 (Official Gazette of the RS no. 127/2014) (hereinafter the Balance), which fully replaced the initial version of the Balance for 2014 published in December 2013. The aim of the Balance is to amend the forecast of the energy generation and consumption in Serbia, as well as to present new projections regarding the increased need to import electricity, coal, gas and oil caused by 2014 floods. In 2014 Serbia suffered substantial decrease in thermal energy generation and misbalance of the electro-energy system in general, due to the natural disasters that hit Serbian in May. In regard to oil exploitation, Serbia has in 2014 reduced the number of its oil fields from 59 to 42, which resulted in a decrease of exploitation points. In terms of gas production, the share of domestic production slightly dropped and 83% of the required amount of natural gas has to be imported. In the field of coal production, exploitation of coal from open-pits in 2014 declined for 22%, which resulted in an increase of the need to import (up to 7% of overall production). Insignificant changes in the generation capacities for electricity have happened in 2014. Capacities for thermal and hydro power plants remained the same as in 2013, whereas certain changes in the capacities of the RES facilities are notable. Capacities of solar energy have elevated from 0,1 MW to 2,5 MW and for geothermal energy from 2,7 to 4,8 MW. In the structure of the planned total generation of primary energy in 2014, RES participates with 18,9% share. Nevertheless, import of the electricity in Serbia for 2014 is 86% higher than estimated in 2013. Finally, the Balance provides for conclusions and recommendations which include restoration of the damaged facilities, higher participation of the RES, market opening and more investments in the energy sector, as well as full implementation of the Law on Efficient Use of Energy.



Greece: RAE Approves DEDDIE's Unbundling Compliance Programme

by Mira Todorovic Symeonides (Athens)

On 15 November 2014, the Greek Regulatory Authority (RAE) approved the unbundling Compliance Programme of the Greek Distribution System Operator (DEDDIE), at the same time providing instructions for its adjustment (RAE Decision No. 678/2014). DEDDIE submitted to RAE the draft Compliance Programme, pursuant to Article 124.7 of the Law 4001/2011 implementing Article 26 of the Directive 2009/72/EC, for the first time on 17 July 2012. On 13 February 2013 RAE, in its letter O-54046/2013, requested certain amendments. On 26 March 2013, DEDDIE submitted to RAE its revised Compliance Programme. Now RAE approved the revised Compliance Programme but requested the following amendments: a) exclusion from the Compliance Programme of certain measures which, due to its general content or level of clarity, should not be part of it; b) implementation of other comments including those related to the full separation of company's assets (buildings, infrastructure) from the vertically integrated parent company (PPC) and specifying the time frame for finalisation of such separation; c) reporting by the Compliance Officer, in its quarterly progress reports, on the establishment of new procedures necessary for the Compliance Programme implementation and on the development of new (or separation of the existing) information systems and d) introduction of new measures into the Compliance Programme necessary for more effective internal communication and implementation of the Compliance Programme by DEDDIE management, including the possibility of imposing penalties in case of non compliance.

Greece: National Scheme for the Compensation of Indirect EU ETS Costs

by Lazaros Sidiropoulos (Athens)

On 9 December 2014, a Joint Ministerial Decision (AP/APEHL/oik.21906) was published in the Official Journal (B 3304) establishing a national scheme for the compensation of specific energy-intensive industrial sectors for increased energy costs resulting from greenhouse gas emissions rights payable by power producers, based on Article 10a (6) of Directive 2009/29/EC, which entitles Member States to adopt financial measures in favour of sectors exposed to a significant risk of carbon leakage. This State aid measure has already been approved by the European Commission by its decision not to raise objections reached on 30 June 2014. The said Joint Ministerial Decision regulates the procedure for granting the aid by the Greek market operator LAGIE through the intermediation of the power suppliers, sets out the methodology of calculation of the aid in each case, defines the maximum aid intensities (85% of the eligible costs incurred in 2013, 2014 and 2015, 80% of the eligible costs incurred in 2016, 2017 and 2018 and 75% of the eligible costs incurred in 2019 and 2020) and includes an Annex which lists the eligible sectors corresponding to Annex II of Commission's Guidelines on certain State aid measures in the context of the greenhouse gas emission allowance trading scheme post-2012. The measure shall cover the period from 2013 to 2020 and the budget for the aid will be covered by the revenues from the auctioning of Greek

emission allowances through LAGIE. A further Joint Ministerial Decision was also published in this context (APEHL/oik/21230 in: OJ B 3299/9-12-2014) defining that the amount which may be used for the financing of this measure for the period 2013-2015 may not exceed 20% of the yearly revenues from the auctioning of the allowances. In order for the eligible industries to receive the aid for the year 2013 in particular, eligible companies need to be registered in the relevant registry kept by LAGIE by no later than 19 December 2014 through the intermediation of accredited certification bodies. For this purpose, one day after the issuance of the above decisions LAGIE published on its website a call for interested certification bodies and the day after a list of five such bodies was already published, so that interested companies could apply to these bodies for the purpose of registration before LAGIE.

Greece: Energy Regulator Approves Interconnection Capacity Allocation Auction Rules for 2015

by Lazaros Sidiropoulos (Athens)

On 8 and 15 December 2014, Decisions No. 653/2014 and 675/2014 of the Greek energy regulator RAE were respectively published, approving the rules for capacity allocation at the Greek borders for 2015 as proposed by the Greek TSO ADMIE in accordance with the requirements of Regulation (EC) 714/2009 on conditions for access to the network for cross border exchanges in electricity. The auction rules set out the terms and conditions governing the allocation of electricity transmission capacities via auctions in both directions on the country's borders. Capacity is auctioned in the form of Physical Transmission Rights (PTR) of electrical energy on a yearly, monthly and daily basis. Among others, the auction rules regulate the requirements that participants must fulfil to participate in the auctions, the auction proceedings, the allocation of capacities, the conditions to access the secondary PTR market, the capacity usage rules and the payment terms.

More precisely, the first decision (653/2014) refers to capacity allocation on the Greece-Italy interconnection; the document which was submitted by ADMIE and approved by RAE are the "Rules for Capacity Allocation by Explicit Auctions" (version 2.0) within Central West Europe Region (CWE), Central South Europe Region (CSE), France-Spain and Switzerland, regulating, apart from capacity allocation on the Greece-Italy interconnection, also capacity allocation for 12 other country borders (involving following countries: Italy, Slovenia, Austria, Germany, France, Spain, Switzerland, Belgium and the Netherlands). Capacity allocation for these country borders has been outsourced by the competent TSOs to a Joint Auction Office, operating under the name CASC.EU S.A., which conducts the auctions on behalf of the TSOs, but in its own name, in accordance with these auction rules. RAE approved these rules without proposing any alterations, commenting that the amendments to the last years' rules (version 1.0), although generally important (among others, reflecting the expected shift to market coupling for the country borders France-Italy, Austria-Italy and Slovenia-Italy), they do not affect substantially the currently applicable auction rules specifically with regard to the Greece-Italy interconnection.

Further, by its second aforementioned Decision (675/2014) RAE approved four sets of Access Rules submitted by ADMIE regulating capacity allocation on the Greece-Albania, Greece-FYROM, Greece-Bulgaria and Greece-Turkey interconnections. RAE approved the proposed rules without proposing any alterations, commenting that no substantial amendments have been made to the last years rules. Worth mentioning in this regard is that the sets of rules regarding particularly the Greece-Albania and Greece-Turkey interconnections are only aimed to be provisionally valid until the auctions for these two interconnection points are finally assumed by the South East Europe Coordinated Auction Office (SEE CAO) which is expected to take place within the first quarter of 2015.

Ukraine: Amendments to the Grid Access Rules regarding Import and Export

by Tetyana Vyshnevskya (Kiev)

On 1 December 2014, Article 30 of the Law of Ukraine No. 575/97-BP on the Electric Power Industry came into force, as amended by the Closing and Transitional Provisions of the Law of Ukraine No. 663-VII on Operating Principles of the Electricity Market of Ukraine adopted on 24 October 2013. The amended Article regulates the conditions for grid access in order to export and/or import electricity. It provides that the available grid capacity will be evaluated by Transmission System Operator SE "NPC Ukrenergo" according to the methodology determined by the Ministry of Energy and Coal Industry of Ukraine and will be distributed among the electricity suppliers based on annual, monthly and daily e-auctions (with the use of electronic document management and digital signatures). All revenues raised from e-auctions shall be used to enhance the grid capacity. Legal persons that invest in the improvement of grid capacity are granted a privileged access to additionally created capacities while the Law provides for the possibility that these capacities are not offered in the e-auctions. An electricity supplier may lose the granted grid access in case: a) it does not submit daily hourly schedules of electricity export/import according to the established terms and conditions or b) during a calendar month it has used less than 70% of the grid capacity granted under the annual e-auction. The right for grid access may be further assigned to another electricity supplier through an agreement, which should be registered with Ukrenergo.



Romania: Measures on the Supply of Natural Gas to Non-Domestic Clients

by Corina Badiceanu (Bucharest)

On 27 October 2014, an Order of the Romanian Regulatory Authority for Energy (ANRE) on the introduction of certain measures regarding the supply of natural gas to non-domestic clients was published in the Official Gazette under no. 107/2014 and came into force on 1 November 2014. Pursuant to the Order, the non-domestic clients that did not opt for the supply of natural gas in negotiated regime and did not exercise their eligibility right in relation to their natural gas supplier must choose a natural gas supplier and conclude a contract of purchase of natural gas (either through negotiating on the price and the commercial conditions or through accepting a standard offer by the chosen supplier) until the 31 December 2014. Nevertheless, within a transitory period until 30 June 2015 (this being the ultimate deadline for the conclusion of such a contract), for the clients that did not conclude a contract according to the above, the supply of natural gas shall be carried out based on the supply contracts in force on 31 December 2014 except for the clauses relating to the regulated final price. The final price applicable in this kind of situation shall be the one provided by the existing supply contract until 31 December 2014 and, after this moment and until 30 June 2015, the one proposed by the natural gas supplier. It is expected that the measures imposed by the Order no/107/2014 will eliminate the regulated final prices, leading thus to the liberalisation of the internal natural gas market.

Ukraine: New Rules and Emergency Measures for the Ukrainian Gas Market

by Tetyana Vyshnevskya (Kiev)

On 26 November 2014, the Cabinet of Ministers of Ukraine issued Resolution No. 647 on the Procedure for Purchase of Natural Gas by Industrial, Energy and Heat Generating Enterprises (applicable to Quantities of Natural Gas for Industrial Use), that came into force on 29 November 2014. By this Resolution, the Government cancelled its Resolution No. 488 dated 29 September 2014 on the Use of Natural Gas by Enterprises that Produce Mineral Fertilisers, as well as the highly disputed Resolution No. 596 dated 07 November 2014 on the Procedure for Purchase of Natural Gas by Industrial, Energy and Heat Generating Enterprises (applicable to Quantities of Natural Gas for Industrial Use), which established the gas sale monopoly of NJSC "Naftogas of Ukraine" for the period of 13 November 2014 – 28 February 2015. Despite formal cancellation, provisions of Resolution No. 596 remain in effect, as they were reproduced in the Resolution No. 647 with slight amendments: the list of companies obliged to buy natural gas exclusively from Naftogas now includes 168 enterprises as opposed to 90 companies listed in the Resolution 596; the direct prohibition of natural gas purchase from gas suppliers other than Naftogas is replaced with an obligation to purchase only from Naftogas; Naftogas is instructed to conclude agreements with all the listed companies while gas supplying and gas transportation companies shall accept natural gas for transportation to the listed enterprises from Naftogas only; natural gas distribution schedules for listed companies will be accepted only if it originates from resources of Naftogas. Resolution No. 647 also introduced an obligation for the state owned companies that use natural gas for industrial needs to buy from Naftogas on a pre-paid basis.

Naftogas expressed its position in an open letter addressed to the Energy Community Secretariat and market participants published at the web-site of the company on 3 December 2014. In the letter, Naftogas points out arguments in favour of the above Resolutions strengthening its monopoly position such as its obligation to supply the privileged gas consumers, even from import, and the accumulated historical debts and the budget deficit of Naftogas in the amount of UAH 103 billion, which do not burden private gas traders. The Governmental Resolutions No. 596 and No. 647 caused concern of the Energy Community (EnC) Secretariat which on 11 December 2014 issued an official statement expressing these concerns, stating that these Resolutions breach the EnC law, distort the part of the already liberalised gas market of Ukraine and the Secretariat insists on their immediate removal.

In November 2014, Ukraine also introduced two other gas market related emergency measures: a) on 4 November 2014, the National Security and Defence Council of Ukraine issued Decision No. n0015525-14 on the Condition of State Energy Security and Emergency Measures for Stable Operation of the Heating Season of 2014/15, enacted by the Decree of the President of Ukraine No. 876/2014 dated 14 November 2014 and b) on 28 November 2014, the National Commission for State Energy and Public Utilities Regulation issued Resolution No. 426 on Establishing the Natural Gas Price Limit for Industrial Consumers and Other Business Entities. By the first measure the Council entitled certain state authorities to take actions in order to eliminate negative aspects of current state policy that may affect the state energy security, improve payments for energy carriers, stimulate reduction of natural gas utilisation by Central Heat Power Plants and Thermal Power Plants, and avoid emergencies in the Unified Energy System of Ukraine. By the second measure, the Commission increased the tariff for natural gas for industrial users and business entities by 15.7%, from UAH 5100 to 5900 per 1000 m³.

Montenegro: Amendments to the Decision on Blocks for Exploration and Production of Hydrocarbons

by Dejan Radinovic (Podgorica)

On 30 October 2014, the Government of Montenegro passed a decision amending the Decision on Blocks for Exploration and Production of Hydrocarbons (Official Journal of Montenegro 51/2014 as of 5 December 2014). The amended Decision is now in accordance with the Protocol on the Temporary Regime along the Southern Border dated 2002, signed between Montenegro and Croatia. Some 1.800km² of territorial sea between Montenegro and Croatia are disputable according to the above mentioned Protocol, so Montenegro has exempted part of the territorial sea previously included in the blocks for exploration and production of hydrocarbons.

Romania: European Commission Asks Romania to Comply with the EU Rules on Security of Gas Supply

by Corina Badiceanu (Bucharest)

In November 2014, the European Commission has published its infringement package, Romania being among the notified countries. According to this announcement, Romania was officially requested to ensure full compliance with the EU rules on security of gas supply. The EU Regulation No. 994/2010 on security of gas supply provides that the Member States are well prepared to deal with possible supply disruptions. Thus, the Member States should be able to provide bi-directional gas flow across borders as well as to prepare emergency and preventive action plans in advance. The competent authorities of the Member States should have approved these emergency and preventive actions plans until 3 December 2012 whereas also the decisions on bi-directional gas flow should have been adopted until 3 September 2012. In this respect, Romania was given two months in order to fully comply with the provisions of the aforementioned Regulation; otherwise, the European Commission could decide to refer this case to the European Court of Justice.

Greece - Belgium: Agreements on Cooperation in the Gas Sector

by Mira Todorovic Symeonides (Athens)

On 24 November 2014, the Greek Energy Regulatory Authority (RAE), the Commission of Regulation for Electricity and Gas of Belgium (CREG), the Operator of the Belgian Natural Gas System (Fluxys) and the Greek Gas Transmission System Operator (DESFA) published a joint announcement regarding the signing of agreements promoting further cooperation in the gas sector. RAE and CREG signed a Memorandum of Understanding with the objective to promote, through exchange of know-how, information and relevant expertise, effective market opening and endorsing the role of the national regulatory authorities, important for the implementation of the Third Energy Package.

Fluxys and DESFA signed an agreement regarding the creation of a virtual trading point in Greece. Through its subsidiary Huberator, Fluxys operates the Zeebrugge Beach (physical trading point) and the Zeebrugge Trading Point (virtual trading point launched as a part of the Belgian entry-exit model). Fluxys shall, according to the joint announcement, conduct a feasibility study for the creation of a liquid wholesale market in Greece, which involves the creation of a notional trade point for gas commodity and would contribute to the enhancement of the operation of the gas balancing market.



Croatia: Plan Regarding Distribution of Revenues from Sale of Emission Allowances for the Period 2014-2016

by Sanja Tolj Par (Zagreb)

The Croatian Government at its session held on 26 November 2014 adopted the Decision on the Adoption of the Plan for Use of Revenues Obtained from the Sales of Emission Allowances through Auctions in the Republic of Croatia for the period 2014-2016 (Official Journal 140/2014). The Ministry of Environmental and Nature Protection and the Environmental Protection and Energy Efficiency Fund are the bodies designated for the implementation of the Plan. The Ministry is authorised to carry out the redistribution, if necessary, of collected revenues for the financing of measures of the Plan in an amount not exceeding 10% of total funding. The main objective of the Plan is the definition, calculation and allocation of revenues obtained from the sales of emission allowances through auctions. An allocation plan is set out in detail according to priority areas corresponding to the intended use of revenues provided by the Air Protection Act. The measures are grouped into eight priority areas, including renewable energy use and increasing energy efficiency. The Plan sets out 4 measures of renewable energy use with a total allocation of 60 million HRK (7,8 million EUR), or an annual average of 20 million HRK (2,6 million EUR). The proposed measures are promoting the 1) application of autonomous PV systems; 2) application of solar thermal collectors; 3) application of solid biomass boilers; and 4) application of heat pumps. The highest amount of financial resources in the Plan is allocated to six measures of energy efficiency for a total amount of 306 million HRK (40 million EUR). The proposed measures to increase energy efficiency are: 1) energy renovation of single-family houses; 2) individual metering of heat energy consumption; 3) energy labelling of household appliances and energy standards; 4) industrial energy efficiency network; 5) integral renovation of apartment buildings; and 6) energy renovation programme for public buildings.

Croatia: Methodology of Determining the Origin of Electricity

by Sanja Tolj Par (Zagreb)

On 11 November 2014, the Croatian Energy Regulatory Agency adopted the Methodology of Determining the Origin of Electricity (Official Journal, 133/2014), pursuant to the Regulation of Energy Activities Act (Official Journal, 120/2012) and the Energy Act (Official Journal 120/2012 and 14/2014). This Methodology applies to the supply of electricity to end users in the Republic of Croatia. It establishes principles and basic elements of determining the origin of electricity, the method of determining the structure of electricity produced in the system of incentives, the method of determining the structure of total residual electricity, the method of determining the structure of electricity sold to end users by the suppliers, the obligations of suppliers to end users, verification of the structure of electricity sold by suppliers and the manner of publication of the annual report on the origin of electricity. The methodology prescribes the obligation of suppliers to specify to the end users the shares of particular energy sources used in the production of electricity which is sold to end users, in accordance with Article 3, paragraph 9 of Directive 2009/72/EC of the European Parliament and of the Council of 13 July 2009 on common rules for the internal

market in electricity. The proof of electricity structure, i.e. the share of particular energy sources used in the production of electricity sold to end users is based primarily on the guarantees of origin of electricity determined by the Regulation Establishing the System of Guarantees of Origin of Electricity (Official Journal 84/2013 and 20/2014) and by the Article 15 of the Directive 2009/28/EC of the European Parliament and of the Council of 23 April 2009 on promoting the use of energy from renewable sources, as well as article 14, paragraph 10 of the Directive 2012/27/EU of the European Parliament and of the Council of 25 October 2012 on energy efficiency.

EU: Commission Partially Approves the German State Aid Scheme for Renewable Energy

by Viktoria Chatzara (Athens)

On 25 November 2014 the Commission, after an in-depth investigation, issued a decision approving the German state aid scheme for renewable energy adopted under the German Renewable Energy Act of 2012. According to the provisions of the German Renewable Energy Act, a certain surcharge on the consumption of electricity the EEG-surcharge was adopted to support electricity production from renewable sources. Moreover, energy intensive industries are granted reductions on the EEG-surcharge. The above state aid scheme was not notified to the Commission, since Germany considered it did not involve state aid. However the in-depth investigation was initiated by the Commission following complaints from consumers, in order to review whether the adopted state measures provided the benefited companies with an undue economic advantage.

The Commission ruled at first that the support to renewable energy production as per the above EEG-surcharge was in line with the 2008 environmental aid guidelines, as it was limited to the extra costs of renewable energy production that exceeded the market price. However, the Commission had concerns whether the reductions for energy-intensive companies can be justified and whether they are proportionate and do not unduly distort competition. As the new Environmental and Energy Aid Guidelines of 2014 were adopted by the Commission, Germany was obliged to provide an adjustment plan, according to which the above surcharges would be brought in line with the new guidelines. The Commission, during the in-depth investigation, assessed both the initial scheme of reductions and the adjustment plan provided by Germany and reached the conclusion that the reductions granted to energy-intensive companies is for the most part in compliance with the new Environmental and Energy Aid Guidelines. Under the guidelines, Member States can apply such reductions to EU energy intensive sectors particularly exposed to international competition. Nevertheless, part of the granted reductions exceeded the levels set under the adjustment plan and, as such, need to be recovered from the beneficiaries. It should be finally noted that in order to remedy any discrimination against imports of electricity, which is also subject to the EEG-surcharge, Germany has undertaken the obligation to invest €50 million in interconnectors and European energy projects.

Greece: ADMIE and DEDDIE Announce Details regarding the Letters of Guarantee for RES Projects as well as the Granting of Connection Offers for the Peloponnese Grid

by Stefania Chatzichristofi (Athens)

On 19 December 2014, the Greek Electricity Distribution Network Operator (DEDDIE) in collaboration with the Independent Power Transmission Operator (ADMIE) published a joint communication on the amount of letters of guarantee that every unit of RES and CHP has to submit from 1 January 2015 based on law 4152/2013. The joint communication of DEDDIE and ADMIE distinguishes between the RES projects which have received a final

connection offer before 1 January 2015, but still no connection agreement is into force, and the ones for which a final connection offer will be issued after 1 January 2015. In the first case, a letter of guarantee must be submitted by no later than 31 January 2015, whereas in the second case the letters of guarantee should be submitted at the time of the acceptance of the final connection offer and no later than two months after the reception thereof. The amount ranges, in the second case, between 10.000€ and 60.000€ in proportion to the capacity of the power plant, while half of the above amounts applies for the RES projects of the first case, this amount being further halved when the connection agreement enters into force.

On 23 December 2014, another joint communication by DEDDIE and ADMIE was published pursuant to which the aforementioned Operators are starting to grant final offers for connection to the saturated grid of Peloponnese until the available capacity margin (46,78 MW) is covered. The offers will be granted to applicants which have already submitted complete applications for a connection offer, by priority order depending on the date of submission of the application.



BiH: State Electricity Regulatory Commission Approves the Long-Term Transmission Network Development Plan for the Period 2014-2023

by Nebojsa Milanovic (Banja Luka)

On 20 November 2014, the State Electricity Regulatory Commission adopted a decision approving the Long-Term Transmission Network Development Plan for the Period 2014-2023 (published in the Official Journal of BiH no. 93/14). The Long-Term Plan envisages the construction of 29 substations 110/x kV, 50 transmission lines 110 kV, two transmission lines 220 kV, three transmission lines 400 kV and 37 transmission line bays within the existing substations. The Plan also includes the expansion and installation of a second transformer in 34 substations 110/x kV, the installation of one transformer 400/220/110 kV and the reconstruction and rehabilitation of 112 high- and medium-voltage facilities. Furthermore, it envisages the reconstruction and rehabilitation of 76 transmission lines 110 kV, 20 transmission lines 220 kV and one transmission line 400 kV as well as replacement of 52 transformers 110/x kV, one transformer 220/x kV and two transformers 400/x kV. The construction of six interconnectors is planned at the 400 kV voltage level. The total value of investments as foreseen by the Long-Term Plan amounts to 787.84 million BAM (EUR 402.82 million).

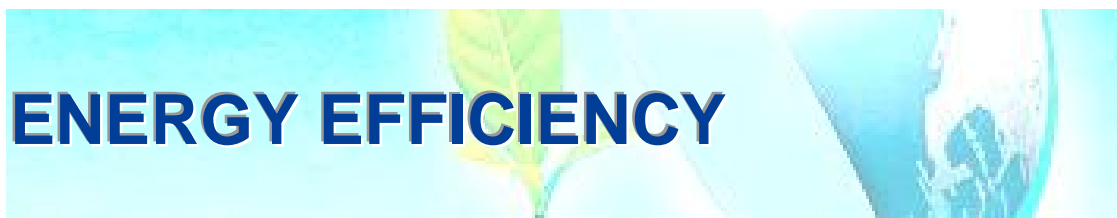
The approval of the Long-Term Plan ensures qualitative preparations of annual investment plans of Elektroprivreda Bosne i Hercegovine (Company for Transmission of Electric Power in Bosnia and Herzegovina) and creates the conditions to more adequately meet the obligations towards the European Network of Transmission System Operators for Electricity (ENTSO-E) concerning contributions to the development of the European Ten Year Network Development Plan.

EU: ACER and ENTSO-E Launch Consultation on the Establishment of European Network Code Stakeholder Committees; Regulation on Capacity Allocation and Congestion Management adopted in Comitology

by Georgia-Ilianna Karamani (Athens)

From 12 December 2014 until 23 January 2014 both ACER and ENTSO-E are holding a public consultation on the role of stakeholders in the implementation of network codes and related guidelines and on the establishment of European Network Code Stakeholder Committees. The network codes help realize Europe's three energy key policy goals, ensuring security of supply, creating a competitive internal electricity market and decarbonising the electricity sector, rendering their implementation and compliance of great importance. To that end, on 5 December 2014, Member States gave a positive Opinion on the draft Regulation on Capacity Allocation and Congestion Management (CACM) in Comitology. The CACM shall set out the rules for cross-border capacity allocation as well as for congestion management, both necessary for achieving the goal of cross-border electricity trading within the internal electricity market. The draft CACM, as adopted on 5 December 2014, will be sent now to the European Parliament and Council for scrutiny before formal adoption.

Through this draft CACM the European Commission tasked ACER, in close collaboration with ENTSO-E, to establish a stakeholder Committee in order for the implementation of the different network codes to be facilitated and for the stakeholders themselves to provide their views and feedback. ACER and ENTSO-E are considering three permanent European Stakeholders Committees, each for every family of codes (Market codes, Operational codes and Connection codes), which will be used to monitor progress in the NC implementation process at local, regional and pan-European level. The Committees will function on predefined rules and responsibilities linking different expert groups and ensuring efficiency and transparency.



Ukraine: New Statute of State Agency on Energy Efficiency and Energy Saving of Ukraine and Road Map on the Implementation of EU Legislation on Energy Efficiency

by Tetyana Vyshnevskva (Kiev)

On 26 November 2014, the Cabinet of Ministers of Ukraine issued Resolution No. 676 on the Approval of the Statute of the State Agency on Energy Efficiency and Energy Saving of Ukraine. The new Statute provides the Agency with extended and more specific authorities as the central executive body responsible for implementation of the state policy for efficient use of fuel and energy resources, energy saving, RES and alternative types of fuel, with the aim to stimulate energy efficiency and develop the renewable energy sector in accordance with Ukrainian obligations towards the EU. In particular, pursuant to the approved Statute, the Agency shall be coordinated by the Government through the Minister for Regional Development, Construction, Housing and Public Utilities Sector, and perform, among others, the following activities: ensure the increase of the share of RES; implement public-private partnership; ensure elaboration and functioning of the state energy balance indexes monitoring system; monitor efficient use of fuel and energy resources, energy saving, RES and alternative types of fuel; keep the state register

of enterprises, institutions and organisations that develop, implement and use energy efficiency measures and projects; keep the register of alternative types of fuel and the state register of liquid biofuel and biogas producers; carry out qualification of cogenerating facilities; issue documents confirming that the fuel is alternative; participate in the elaboration of sustainability criteria for the liquid and gaseous fuels produced from biomass; elaborate technical requirements for the production and use of biofuels and bioliquids; participate in Ukraine's cooperation with the EU as regards implementation of the Association Agreement (to the extent of its competence). The Resolution became effective on 12 December 2014.

Moreover, on the same date the Government approved several road maps for implementation of the EU legislation in Ukraine. In particular, it issued Order No. 1150-p on the Approval of Plans for Implementation of Certain Legislative Acts of the EU, prepared by the Ministry of Economic Development and Trade. Pursuant to the Order, Ukraine shall implement: a) Directive 2006/32/EC of the European Parliament and of the Council of 5 April 2006 on energy end-use efficiency and energy services and repealing Council Directive 93/76/EEC; b) Directive 2010/30/EU of the European Parliament and of the Council of 19 May 2010 on the indication by labelling and standard product information of the consumption of energy and other resources by energy-related products; and c) Directive 2010/31/EU of the European Parliament and of the Council of 19 May 2010 on the energy performance of buildings. The Plans may be amended by the Ministry of Economic Development and Trade of Ukraine upon approval of the Ministry of Justice and the Governmental Office for European Integration. The Ministry of Regional Development, Construction, Housing and Public Utilities shall report to the Government about execution of the Plans on a quarterly basis.

EC: Bulgaria, Hungary and Greece to comply with Energy Efficiency

by Marina Aliferopoulou (Athens)

On 26 November 2014, the European Commission (Commission) asked from Bulgaria and Hungary to make sure that they duly implemented the Energy Efficiency Directive (Directive 2012/27/EU), which establishes the measures for the promotion of energy efficiency within the Union in order to ensure the Union's 2020 target of 20% on energy efficiency, and, to improve the energy efficiency in the future. By 30 April 2014 and every three years, the Member States (MS) should submit their National Energy Efficiency Action Plans (NEEAPs) to the Commission; the Commission also adopted a Template, i.e. the information the MS should include, and a Guidance, i.e. the additional advice required in the NEEAPs. By a reasoned opinion to Bulgaria and Hungary the Commission requested information regarding all their transposition measures for the Energy Efficiency Directive, which had to be transposed into their national law by 5 June 2014. In case of no compliance within two months, the Commission may refer the issue to the Court of Justice. In this regard, it should be mentioned that the Commission began infringement procedures against 24 MS (all MS except Cyprus, Italy, Malta and Sweden) in June 2014.

Also, on 26 November 2014, Greece was formally asked to comply with the obligations set by the Energy Performance of Buildings Directive (Directive 2010/31/EU), which promotes the improvement of the energy performance of buildings within the Union, taking into account outdoor climatic and local conditions, as well indoor climate requirements and cost effectiveness. The Directive imposes to the Member States certain notification requirements in relation to the minimum energy performance of buildings; such notification should have been made by 21 March 2013 (following an extension of the initial deadline of 30 June 2012). If Greece fails to comply with its legal obligations within two months after the Commission's request of 26 November 2014, the Commission may refer Greece to the Court of Justice.

Albania: Law on Energy Efficiency of Buildings

by Eris Coba (Tirana)

On 11 December 2014, the Energy Community (EnC) Secretariat submitted to the Albanian Ministry of Energy and Industry a Draft Law on Energy Efficiency of Buildings, prepared with the aim to transpose into Albanian legislation the Directive 2010/31/EU of the European Parliament and of the Council of 19 May 2010 on the energy performance of buildings, the deadline for which expired in 2012. The law was drafted as part of an EU funded Regional Energy Efficiency Programme, implemented by the EBRD in cooperation with the EnC Secretariat. If accepted, the Draft shall be proposed by the Council of Ministers to the Albanian Assembly for voting. The draft intends to promote the improvement of the energy performance of buildings, taking into account outdoor climatic conditions and local conditions, as well as indoor climate necessities and cost-effectiveness. The minimum requirements for the energy performance of buildings, calculated in accordance with the National Calculation Methodology, should be determined by a Council of Ministers Decision upon the proposal of the Ministry responsible for energy.

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