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# ENERGY MARKETS

## EU: ACER/CEER Publish Market Monitoring Report for 2014

by Mira Todorovic Symeonides (Athens)



On 30 November 2015, the Agency for the Cooperation of Energy Regulators (ACER) and the Council of European Regulators (CEER) published the fourth Annual Report on the Results of Monitoring the Internal Electricity and Natural Gas Markets in 2014. The Report presents its findings regarding the retail electricity and gas markets, consumer protection and empowerment, the wholesale electricity market integration and network access, and the gas wholesale markets. It is supported by 14 Annexes which cover different issues, such as methodologies for calculating of net welfare gains and losses, for assessing the level of competition, data on electricity prices and non-price-related elements in offers.

As regards the retail electricity and gas market, despite the reduced demand in 2014, the EU retail post-tax total prices for households were increased on average by 2.6% for electricity and by 2.1% for gas. In contrast, the post-tax total industrial prices declined in 2014 by 0.2% for electricity and by 6.0% for gas. On the other hand, both the electricity and the gas wholesale prices were reduced due to the expansion of subsidized RES, as regards electricity, and due to the decrease in demand and reduced oil prices, as regards gas. However, respective reduction in the retail prices is restrained because of an increase in many Member States (MSs) of non-contestable charges such as taxation and network charges, especially as a result of costs related to the support of the RES schemes. Such charges may be further increased in many MS due to the ongoing implementation of capacity remuneration mechanisms across Europe. The Report shows that many retail markets are highly concentrated, with low switching activity by consumers and high retail prices. The link between electricity wholesale prices and the energy component of retail prices is still weak for household consumers and much stronger in case of industrial consumers. Regulated end-user prices for both households and industrial consumers remain widespread in the EU.

This year's Report also assesses the cross-zonal capacity calculation, concluding that transmission networks may be used in a more efficient way, and that coordinated and efficient capacity calculation methods should be developed. It provides solutions for mitigation of the negative impact of unscheduled flows and loop flows on the Internal Energy Market, presents monitoring results on forward markets and various cross-border hedging tools, and proposes solutions for the challenges they face (e.g. market coupling can reduce uncertainty faced by market participants when buying transmission rights, thus affecting the large negative risk premia). Day-ahead market monitoring results show an increase in the efficient use of interconnections due to market coupling, which would be further fostered after implementation of market coupling at the remaining 12 out of 40 borders. The implementation of the intraday and balancing Target Model should contribute to liquidity and the efficient use of intraday cross-border capacity. There are several barriers such as uncoordinated intraday gate closure times and the lack of balancing responsibility for RES. There are also large disparities in the prices of balancing services in EU.

The EU wholesale gas market is facing a further reduction of gas consumption (by 11% in 2014) which contributed to the declining trend in the EU gas wholesale prices in 2014. In 2014 the aggregated liquidity of EU gas hubs increased significantly, though there is a large discrepancy between them as the two leading hubs (NNP and TTF) are significantly ahead of the others in terms of total traded volumes and sizeable forward markets.

Further actions should include full transposition and implementation by all MSs of the 3rd Package, the EU-wide network codes and the Commission's guidelines envisaged in the 3rd Package.



more news on Energy Markets:

## EU: Energy Council Adopts Conclusions on Energy Union Governance

by Paraskevi Charalampidi (Athens)

On 26 November 2015, the Council of the European Union adopted conclusions on the Energy Union Governance System with the aim to clearly define a long-term policy planning and determine the process for the implementation of the Energy Union strategy. In its conclusions, the Council sets the principles for the Energy Union Governance System, which shall be based on dialogue and mutual sincere cooperation between the Member States and the European Commission. Having regard to these principles, the Council identifies the essential components of the Governance System which shall be, among others, the drafting by each Member State of a National Energy and Climate Plan by the end of 2019 as well as of biennial Progress Reports thereafter, and the preparation by the European Commission of standardised templates and a list of common key indicators for this purpose. The Council calls on the Commission to ensure a swift follow-up to these conclusions and prepare the essentials components of the Governance System.

## EU: European Parliament Adopts Resolution on European Energy Union

by Tetyana Vyshnevskya (Kiev)

On 15 December 2015, the European Parliament adopted a non-legislative resolution (2015/2113(INI)) on Towards a European Energy Union. Hereby the Parliament stated its position on the purpose and tasks of the European Energy Union with a particular focus on interconnection and integration of EU energy markets; diversification, competitiveness and security of energy supply; promotion of energy efficiency, use and integration of renewable energy sources; consumer protection and incentives; promotion of regional and macro-regional cooperation. The Resolution declares specific measures to be assumed by the European Commission for successful attainment of the Energy Union's objectives, including, inter alia, adoption and revision of the relevant EU legislation and reform of the Energy Community. Among others, it notes that, contrary to the European Council's weak 2030 targets for climate and energy, namely to reduce greenhouse gas emissions by 40 %, to increase the share of renewables in the European energy mix to 27 % and to increase energy efficiency by 27 %, the Parliament has repeatedly called for binding 2030 climate and energy targets of at least a 40 % domestic reduction in GHG emissions, at least 30 % for renewables and 40 % for energy efficiency, to be implemented by means of individual national targets. The Resolution should be forwarded by the President of the Parliament to the Council, the European Commission and the Contracting Parties of the Energy Community.

## EnC: EU Parliament Holds the Energy Community an Integral Part of the Energy Union

by Dimitris Nisanakis (Athens)

On 15 December 2015, the European Parliament adopted a resolution on Towards a European Energy Union (please see respective article in the present Newsflash issue). Among others, it is important to stress in particular that in this resolution the Parliament, among other things, calls on the Commission, the Secretariat, the EU Member States and the Contracting Parties of the Energy Community to take action and make all the necessary arrangements in order to establish a true pan-European Energy Community. The Parliament calls on the Commission and the Member States to strengthen the Energy Community activities through better implementation and enforcement of EU law, such as with regard to the 2020 and 2030 targets. This shall be achieved through better governance, streamlining of procedures and better use of IT tools, enhancing its institutions, including the establishment of an Energy Community Parliamentary Assembly, and implementing key infrastructure projects, such as cross-border bidirectional interconnectors, in order to ensure better integration with the EU energy market and security of supply mechanisms without resorting to the establishment of national capacity markets that undermine the effectiveness of the internal energy market.

## FYRoM: Proposed Amendments to the Law on Energy

by Simonida Shosholcheva Giannitsakis (Skopje)

Still in process of public discussions, the Ministry of Economy proposed in early December 2015 further amendments to the Law on Energy. Even though there were major negative comments regarding the energy sector in the progress Report of the European Commission, the proposed amendments do not appear to resolve those highlighted points of criticism. One of the most important issues, the liberalisation of the electricity market, is still left for 2020. The most important change in the electricity market is the final separation of the two major operators in the transmission. Up to now, the Transmission System Operator and the Transmission Market Operator were the same company, having only separate accounts. With the new proposed amendments, the two operators will be separated into two different companies – TSO and TMO. It is not yet known when we should expect that these amendments to the Law on Energy will be proposed for adoption to the Parliament and when the restructuring of the existing company with the two different licenses will take place, having in mind the current unstable political situation in the country.



# E L E C T R I C I T Y

## EU: Draft Regulation Establishing a Guideline on Transmission System Operation

by Lazaros Sidiropoulos (Athens)

On 1 December 2015, the European Commission published a draft Regulation establishing a guideline on transmission system operation. Following a respective agreement between the European Commission, ACER and ENTSO-E, this draft Regulation merges into a single system operation guideline three former draft operational network codes, i.e. the network codes on Operational Security (NC OS), Operational Planning and Scheduling (NC OPS) and Load Frequency Control and Reserve (NC LFCR).

The draft Regulation aims to establish an institutional framework for enhanced coordination between TSOs for the purpose of safeguarding a good level of operational security, frequency, quality and efficient use of the interconnected system and resources. After a first part, which includes some general provisions regarding, among others, the scope of application of the Regulation and the procedure to be followed by TSOs and NRAs for the development and approval of the terms and conditions or methodologies required by this Regulation, the draft Regulation comprises three further main parts corresponding respectively to the subject matter of the three former draft network codes merged in this draft.

Part II on operational security aims to provide a harmonised technical framework enabling the TSOs to manage their responsibilities for operating the interconnected transmission systems with a high level of coordination in order to ensure secure system operation. It defines common operational security requirements and principles for transmission systems applicable to all TSOs, DSOs and significant grid users (as defined in Article 2 of the draft Regulation) in normal and alert system state. Furthermore, it identifies the general provisions in relation to the emergency state, blackout state and restoration, and contains provisions for training and certification of system operator employees.



Part III on operational planning defines the minimum operational planning and scheduling requirements for ensuring coordinated preparation of real-time operation of transmission systems. This Part focuses on the planning phase, ahead of real-time operations. It determines the roles and responsibilities for TSOs, DSOs and significant grid users towards the operational scheduling procedures and prescribes how these different parties exchange data. In this regard, it determines common methodologies and principles that allow for a coordinated approach towards operational security and adequacy analysis and it also determines how to coordinate availability plans, allowing for a more optimal planning of outages for the maintenance of relevant assets.

Part IV on load-frequency control and reserves aims to ensure a satisfactory level of frequency quality by focusing on frequency quality criteria, frequency control structure, frequency containment reserves, frequency restoration reserves, replacement reserves, exchange of reserves and synchronous time control. In that regard, it defines the minimal requirements and principles for load-frequency control and reserves applicable to all TSOs, reserve connecting DSOs and reserve providers.

The draft Regulation was sent by the European Commission to the Electricity Cross-Border Committee made up of specialists from national energy ministries for an opinion. Once the Committee accepts the draft Regulation, it shall be adopted via the so-called comitology procedure with the approval of the Council of the European Union and the European Parliament.

## more news on Electricity:

## EU: ACER Publishes Conclusions and Next Steps in Electricity Transmission Tariff Scoping

by Tetyana Vyshnevskva (Kiev)

On 2 December 2015, the Agency for the Cooperation of Energy Regulators (ACER) published the document "Scoping towards potential harmonisation of electricity transmission tariff structures (ETTS)", including conclusions on the eventual negative impact of the lack of harmonisation of ETTS on the efficiency of the Internal Energy Market (IEM). The structure of transmission tariffs, which are the network charges applied to electricity producers and consumers under national tariff systems, differ between EU Member States and thus may adversely affect market participants' investment and operational decisions. In this regard the European Commission determined the issue of ETTS harmonisation as one of its priorities for 2015 (according to the Commission Decision 2014/713/EU of 13 October 2014) and requested ACER to perform the relevant scoping activity to prepare framework guidelines. Having considered the findings of the study undertaken by a consultant specifically for the purpose of the scoping and the feedback received from relevant stakeholders, the European Commission, ENTSO-E and national regulatory authorities, ACER concluded that, despite the lack of harmonisation in ETTS among Member States, existing policies are at this stage enough to prevent potential negative effects of differing ETTS on market integration, effective competition and functioning of the Internal Electricity Market, thus currently there's no evident need for an increased harmonisation of ETTS by means of Framework Guidelines and a Network Code. As regards activities in 2016, ACER will commence its work on establishing a common set of transmission tariff principles only after consideration of responses to the consultation on the new Energy Market Design and following steps announced by the European Commission.

## EU: ENTSO-E Members Sign Agreement regarding Regional Cooperation

by Stefan Pavlovic (Belgrade)

On 10 December 2015, the members of the European Network of Transmission System Operators for electricity (ENTSO-E) signed a multi-lateral agreement regarding Regional Security Coordination Initiatives (RSCIs). This agreement envisages participation of ENTSO-E members in RSCIs and ensures harmonised, interoperable and standardised development of the RSCIs. By means of this agreement, customers can benefit from increased security of supply, more efficient networks and markets. The RSCIs operating currently in Europe provide mainly following five services: (i) operational planning security analysis, (ii) outage planning coordination, (iii) coordinated capacity allocation, (iv) short- and medium-term adequacy forecasts, (v) individual and common grid modelling and data set delivery. In 2015, two RSCIs were created in South East Europe, one in Belgrade (SCC) and one most recently in Thessaloniki. ENTSO-E notes that RSCIs were not developed to have real time system operations capabilities; the responsibility for system security has to remain national but this does not prevent cross-border cooperation. Thus, the signing of this agreement is welcomed by ENTSO-E as a means of enhancement of regional cooperation in operational security planning and security analyses, and of ensurance of interoperability of RSCIs.

## EU: ENTSO-E Policy Report on Market Design for Demand Side Response

by Stefania Chatzichristofi (Athens)

In November 2015, ENTSO-E released its policy paper concerning the further progress that should be attained for the integration of the demand side response (hereafter: «DSR») system in the electricity markets. The Report provides a general overview regarding the main requirements that have to be taken into consideration, such as: the challenge of consumer's involvement in the markets through their economic choice between the value of consumption and the value of non-consumption or postponement of consumption, the creation of appropriate price incentives to stimulate appropriate performance on demand side actors (consumers side), relevant price information and physical possibility to act by promotion of emerging technologies and automation in the use of the DSR system, and the removal of regulatory barriers when appeared. Consumers should have the possibility to participate in all relevant markets. The report focuses on creating the environment for efficient development of DSR. In its annexes, it lists the provisions of the Energy Efficiency Directive and Network Codes relevant for DSR, provides the conditions for integration of DSR in day-ahead, intraday and balancing energy markets, and separately in regard to the reserve capacity markets.

## EnC: First Monitoring Report on Western Balkans 6 Energy Connectivity Initiative

by Tetyana Vyshnevskva (Kiev)

On 25 November 2015, the Energy Community Secretariat published the first of its bimonthly monitoring reports on the developments in establishing a regional electricity market under the Western Balkans 6 Energy Connectivity Initiative (WB6), which covers six Energy Community Contracting Parties, namely Albania, Bosnia and Herzegovina, former Yugoslav Republic of Macedonia, Montenegro, Kosovo\* and Serbia. The Monitoring Report includes six country reports on the progress of implementation of several energy soft measures covering market and institutional reforms at the respective six Contracting Parties. These measures include the establishment of spot markets (power exchanges), of a regional balancing market and the use of the existing Coordinated Auction Office in Southeast Europe (SEE CAO) for regional capacity allocation. The implementation deadline is July 2016 when the next WB6 Summit takes place in France. According to the Monitoring Report, in terms of energy soft measures, the most headway was made by Albania, Montenegro and Serbia, in particular as regards primary and secondary legislation, organized day-ahead market and national balancing market, price deregulation, independence of national regulatory authorities and use of SEE CAO (except Serbia). A separate infrastructure report was also published in the same context reporting on the progress made by the said countries in respect of implementation of four regional electricity infrastructure projects, deemed "Projects of Energy Community Interest" (i.e. Albania – FYR of Macedonia Power Interconnection (I) and (II), and Trans-Balkan Electricity Corridor (I) and (II)). In this regards, apart from Serbia, all the countries demonstrate certain accomplishments and seem well on track for further developments in 2016.



## Serbia: Power Exchange Acquires Organised Electricity Market Operation License

by Vuk Stankovic (Belgrade)

On 4 December 2015, the Energy Regulatory Agency of the Republic of Serbia granted a 10-year License (under no. 312-108/2015) for the administration of an organised market to the Belgrade based Southeast European Power Exchange (SEEPEX). The Serbian Joint Stock Company SEEPEX was established in Belgrade on 14 July 2015 as a joint venture between two shareholders: (i) the Serbian Transmission System Operator with 75 % of equity share capital and (ii) the European Power Exchange EPEX based in Paris with 25 % of equity share capital. On 4 December 2015, SEEPEX adopted Rules on the organised electricity market operation which consist of following Acts: (i) Exchange Rules; (ii) Operational Rules; (iii) a Sample Trading Agreement; (iv) a Code of Conduct; and (v) Definitions. In addition to the Rules, SEEPEX has published on its website a variety of internal acts including a Client Installation Act, Client Guidelines and a Price list. The scope of the SEEPEX is to offer a day-ahead and intra-day trading platform to producers, suppliers, energy intensive consumers and electricity trading companies. Pursuant to the Rules, SEEPEX currently operates a spot market in Serbia with the intention to propose to the neighbouring and regional markets to jointly form a regional power exchange and participate in the Integrated European Market by coupling their spot markets with neighbouring power exchanges. Earlier this year, SEEPEX has appointed European Commodity Clearing AG as the Clearing House of the Exchange in charge for clearing and settlement of the contracts. Pursuant to the official announcements of SEEPEX representatives, the first auction will take place on 1 January 2016.

## Romania: Regulator Issues Order on the License for Administration of the Centralised Electricity Markets

by Corina Bădiceanu (Bucharest)

On 11 December 2015, an Order of the Romanian Energy Regulatory Authority (ANRE) for the approval of the general conditions regarding the license for administration of the centralised electricity markets was published in the Official Gazette under the no. 163/2015. The above mentioned Order establishes the general conditions under which the license for the administration of the centralised electricity markets is available. Accordingly, the license's owner may organise and administrate centralised electricity markets (with the exception of balancing markets), may establish certain obligations and rights for the participants as well as for the transport and system operators and may perform electricity sales operations as counterparty to the centralised electricity markets. In addition to its rights, the license owner also has certain obligations such as to respect all legal provisions (whether the provisions are national or European), to submit to the competent authority the participation agreements in order for these agreements to be approved or to establish and maintain a proper communication system, while respecting a normal competition environment.

## Ukraine: Government Reintroduces Emergency Measures for the Electricity Market

by Tetyana Vyshnevska (Kiev)

On 9 December 2015, the Cabinet of Ministers of Ukraine issued Resolution no. 1296-p on Assuming Temporary Emergency Measures at the Electricity Market. The Resolution introduces a number of actions to be taken by the National Energy and Utilities Regulatory Commission, NPC Ukrenergoholdings (the TSO), and SE Energorynok (the MO) to eliminate consequences of market disruption due to emergencies in the unified energy system of Ukraine caused by damage of electric installations, and to ensure stable and reliable operation of the energy system. The Resolution came into force on 19 December 2015 and should remain in effect until 19 January 2016. Three days prior the Resolution's expiration date, the Ministry of Energy and Coal Industry of Ukraine shall report to the Government on its implementation. Noteworthy, similar emergency measures have already been implemented and extended in 2014 and early 2015, and led, inter alia, to curtailment of electricity production from RES and reduction of feed-in tariffs.

## Greece: Agreement on Unbundling and Privatisation of ADMIE

by Mira Todorovic Symeonides (Athens)

On 16 December 2015, the Greek Ministry of Environment and Energy announced the conclusion of the negotiations with Greece's international lenders regarding the unbundling and privatisation of the Greek Transmission System Operator ADMIE, which is currently 100% subsidiary of the Greek Public Power Corporation (PPC). Unbundling of the Greek TSO started in 2000 with the establishment of the TSO DESMIE as a fully owned PPC's subsidiary, which was then further split off into two entities, the TSO ADMIE, which continued to be PPC's subsidiary, and the market operator LAGIE, owned by the Greek State. In 2013 the Greek Government decided to separate ADMIE from PPC and to privatise 66% of its shares, while leaving the remaining 34% to be acquired by the Greek State. In February 2014, the Greek Parliament enacted Law 4237/2014, which provided for the above ownership unbundling and privatisation. The tender for privatisation of ADMIE was published by PPC in April 2014 but was never finalised.

The Greek Government announce now that it agreed with the representatives of the Greece's international lenders the terms of ADMIE's unbundling and partial privatisation in order to avoid its full privatisation but at the same time to strengthen competition in the electricity sector. In this regard the Ministry announced that the Greek State would acquire 51% of ADMIE's shares, 20% will be sold to a strategic investor (an international TSO) while 29% will be sold through the Athens Stock Exchange. The Greek State would have majority in ADMIE's Board of Directors while the General Manager would be elected unanimously. The Greek State shall undertake to pay compensation to PPC for acquiring ADMIE's assets (the High Voltage Grid) from the revenue it will receive from the sale of shares to the strategic investor and through the Athens Stock Exchange, while the rest of the value will be paid annually in an amount of up to 10% of the EBITDA (earnings before interest, taxes, depreciation and amortisation) of ADMIE.

## Greece: Public Consultation on Adoption of Distribution Network Code

by Mira Todorovic Symeonides (Athens)

On 17 December 2015, the Greek Regulatory Authority (RAE) launched a second public consultation regarding the Draft Electricity Distribution Network Code, which will run until 1 February 2016. The Code was drafted by the Greek Distribution Network Operator (DEDDIE), a 100% subsidiary of the Greek public vertically integrated electricity company DEI, and was initially submitted to RAE in July 2014. After reviewing the draft Code and the comments received during the first public consultation, which lasted from 31 July 2014 until 17 October 2014, RAE prepared in cooperation with DEDDIE this amended draft for a second consultation. The Code regulates all the major issues of electricity distribution such as planning, development, operation and maintenance of the distribution network; quality of electricity and customer services; assurance of the users' effective access to the network; measuring and collection of data; relations with suppliers; and charges for use and connection to the network.

## Greece: Regulator Approves Auction Rules at Greece's borders

by Lazaros Sidiropoulos (Athens)

In December 2015, three Decisions of the Greek energy regulator RAE were published on the Official Journal (OJ) on approval of the auction rules regarding the allocation of available electricity interconnection capacity at the Greek borders for 2016. Because the competences for performing the respective auctions are gradually transferred from the Greek TSO to responsible joint auction operators, which is already the case for the borders with Albania and Turkey, the respective auctions being performed by the South East Europe Coordinated Auction Office (SEE CAO), and for the borders with Italy, where the "Capacity Allocation Service Company" (CASC) is in charge, different sets of rules were submitted to RAE in those cases. More precisely, by its decision 355/2015 (OJ B 2829 of 23 December 2015) RAE approved the auction rules for capacity allocation at the Greek-Italian border included in the texts "Allocation Rules for Forward Capacity Allocation", "Annex 9 to the Allocation Rules – Regional specific annex: Italian Borders" and "Daily Capacity Allocation on Swiss Borders and Italy – Greece Border". Furthermore, by its decision 376/2015 (OJ B 2823 of 23 December 2015) RAE approved the auction rules for capacity allocation at the Greek-Albanian and the Greek-Turkish borders included in the text "Auction Rules for Capacity Allocation in SEE CAO Version 1.3". Finally, by its decision 439/2015 (OJ B 22731 of 16 December 2015), RAE approved the auction rules for capacity allocation at the Greek-Bulgarian and Greek-FYRoM borders included in the texts "Access Rules to Greece-FYRoM Interconnection (Capacity Allocation Auction Rules) 2016" and "Access Rules to Greece-Bulgaria Interconnection (Capacity Allocation Auction Rules) 2016".

## Greece: Public Consultation on Amendments to the Legal Framework on PSOs

by Mira Todorovic Symeonides (Athens)

On 23 November 2015, the Greek Energy Regulatory Authority (RAE) launched a public consultation regarding the management of the Public Service Obligation's (PSO) Special Account and regarding some other issues such as transactions between the System and Network Operators related to regulated charges. Initially, during 2015 RAE, the Greek TSO and the Greek DSO submitted to RAE their proposals for the improvement of the management the PSO's Special Account such as a) in regard to the method of calculation of PSO charges to suppliers or consumers and particularly for the clients connected to the distribution network with periodical measurements, b) remuneration of the suppliers for PSO services and c) management of the available funds of the Special PSO Account. Resolving of these issues will also require respective amendments to the Transmission System Operation Code, Non-Interconnected Islands System Operation Code and the respective rulebooks. Their proposals were subject to this public consultation which lasted until 23 December 2015.

In addition RAE wishes to review the 2 months credit margin for the payment of the PSO and other regulated charges by the suppliers to the competent Operator, as this is regulated by RAE decision 1285/2011 and has been interpreted by RAE in its letter dated 22 January 2013. This extended credit margin, which was a transitory measure in favour of independent suppliers in order to compensate for the advanced position of the vertically structured incumbent supplier DEI, is no longer necessary due to the fact that the DSO and the TSO now operate as independent companies, while reducing of the credit margin duration would lead to reduction of the guarantee amounts that the suppliers need to pay and this would subsequently reduce the costs of supplies. The public consultation for this particular issue lasted until 27 November 2015.



## Greece: Regulator Introduces Revised Cost-Recovery Mechanism

by Lazaros Sidiropoulos (Athens)

On 26 November 2015, Decision No. 392/2015 of the Greek energy regulator RAE was published on the Official Journal (B 2552) amending the Grid Code by introducing a revised form of the so-called cost-recovery mechanism. Although this mechanism, which ensured that thermal electricity production units were remunerated based on their declared minimum variable costs was abolished by 31 December 2014 because it was considered to be a market distortion, it is now restored in a more restricted form so as to combat financial and technical problems caused by its abolishment. The new form of the mechanism will be applicable either in cases where a thermal electricity production unit receives a dispatch instruction by the TSO although it was not included in the day-ahead dispatch schedule or in cases where such unit generates within the framework of the day-ahead schedule solely to fulfill purposes of procurement of reserve power. In the recitals of its decision, RAE explains that this amendment is in compliance with a respective provision of the so-called Third MoU agreed with Greece's international lenders in August 2015 (Law no. 4336/2015) providing, among others, that amendments to market rules should be introduced by September 2015 aiming to ensure that electricity producers are not forced to operate while being remunerated below their variable costs. RAE also states that this measure is only of temporary nature until the reform of the Greek electricity market in the context of transition to the European Target Model is accomplished. In addition to the above decision, RAE also launched on 23 November 2015 a short-term public consultation on a draft amendment to a respective Rulebook of the Grid Code for the purpose of adaptation to the aforementioned amendment to the Grid Code.



## Greece: Incumbent Supplier Decides on Discounts to HV Customers

by Dimitris Nisanakis (Athens)

On 7 December 2015, an extraordinary meeting of the General Assembly of the state owned electricity supplier Public Power Corporation's (PPC) was held regarding the approval of new High Voltage (HV) Tariffs. In compliance with a respective obligation assumed by the Greek State towards Greece's international lenders (Law 4336/2014), the Assembly's resolution abolished the so far applicable 20% discounts to HV electricity supply customers of PPC which were granted by the previous meetings held on 28 February and 22 December 2014 and approved a more complex system of discounts for the period 2016 and 2017 which, depending on the total annual consumption, may amount up to 15%. The new discount scheme comprises seven different main tariffs, which - combined with 8 discount scales based on the consumption volume - provide a total of fifty six different tariffs which may serve as a basis for negotiations with the HV clients. Nevertheless, the fact that these tariffs were proposed to the Assembly by the Greek State, being the main shareholder of PPC, raises concerns whether also these discounts, as this was the case with the previous discounts, run the risk of triggering an intervention of the European Union's competition authorities on the ground of breaching state aid rules.

## Greece: Regulator Reduces Several Charges Payable by Electricity Consumers for 2016

by Lazaros Sidiropoulos (Athens)

In December 2015, several decisions of the Greek energy regulator RAE were published in the Official Journal concerning, directly or indirectly, the amount of several charges paid by electricity consumers. More precisely, by decisions 455/2015 and 466/2015 the tariffs for the use of the distribution network and the transmission system in 2016 respectively were defined, while the same decision 455/2015 and decision 453/2015 determined the allowed revenues of the distribution network operator and of the transmission system operator for 2016 respectively. All above decisions, alongside decision 454/2015 which defined the allowed revenues of the distribution network operator for 2015 were published in OJ B 2769 of 18 December 2015. Because the allowed revenues for the two operators are reduced for 2016, a respective reduction of network charges is introduced by the aforementioned decisions 455/2015 and 466/2015 for the same year. Among other reasons, the determination of the allowed revenues for the TSO ADMIE was connected with Decision 425/2015 of RAE (OJ B 2559 of 26 November 2015) by which the regulator decided to take into account, when determining the allowed revenues of the TSO for 2016, also a substantive part of the revenues of ADMIE which will result from the allocation of interconnection capacities for 2016 in line with the respective power given to the regulators to draw such decision pursuant to Article 16 para 6 of EU Regulation 714/2009. Furthermore, by its Decision 465/2015 (OJ B 2815 of 22 December 2015) RAE also decided to reduce the amount payable by electricity consumers in 2016 for ETMEAR, i.e. the special duty by which RES production is financed. The overall weighted average rate of reduction amounts to 8.1% in comparison to the amounts payable in 2014 and 2015. A raise is only introduced as regards MV consumers with consumption over 13 GWh (7.4%) and HV consumers (8.1%).



# O I L & G A S

## Ukraine: Natural Gas Market Reform Update

by Tetyana Vyshnevskva (Kiev)

On 30 September 2015, the National Energy and Utilities Regulatory Commission (NEURC) issued Resolutions no. 2493-2501 and thereby approved a number of normative acts in the context of the natural gas market reform, including the Codes of Gas Transmission System (GTS), Gas Distribution Systems (GDS) and Gas Storage Facilities (GSF), Natural Gas Supply Rules and model contracts on natural gas transmission, distribution, storage and supply. The GSF Code is also accompanied by Criteria according to which a contractual access or a regulated access regime is applied to certain GSF (hereinafter: the Criteria).

The GTS, GDS and GSF Codes (the Codes) were drafted in accordance with the Natural Gas Market Law with the aim to ensure safe and reliable operation of the GTS, GDS and GSF, equal rights of access and connection to networks on a contractual basis for all market participants (including producers of biogas and other types of gas from alternative sources). The Codes' provisions are dedicated, among other, to the following issues: rights and liabilities of the GTS, GDS, GSF Operators; structure and characteristics of the networks; granting energy identification codes to market participants; quality (physical and chemical characteristics) of natural gas acceptable in the Ukrainian GTS/GDS/GSF; commercial accounting and documentation of transfer/acceptance of natural gas; networks' exploitation, repair and development; technical and commercial specifications for access and connection procedure; capacity allocation, balancing and dealing with system overloads and emergencies; information exchange. The GTS, GDS and GSF Operators are obliged to publish the relevant code and model contract together with information on current tariffs and the cost of other services at their official websites.

According to the approved Criteria, contractual access shall be applied in case a GSF Operator is meeting certain requirements. Such requirements do not apply to GSFs located in the Crimean free trade area. The regulated access regime is applied to a GSF in case a GSF Operator does not meet at least one of the listed requirements.

The approved Natural Gas Supply Rules cover gas supply companies, consumers and the GTS/GDS Operators. The Rules regulate all issues in relation to the natural gas supply to residential and non-residential consumers (including by the last resort supplier, i.e. NJSC Naftogaz of Ukraine), the procedure of switching supplier, compensation of damages and dispute settlement.

The new model contracts on natural gas transmission, distribution and storage were prepared by the NEURC to substitute the pre-existing ones and bring existing regulation in compliance with the Natural Gas Market Law. They apply to the relations between the GTS/GDS/GSF Operator, gas extraction companies and direct consumers. According to NEURC Resolutions, the GTS and GDS Operator are required to bring their contractual relations in compliance with the new model contracts by 1 March 2016, and the GSF Operator by 1 April 2016.

The GTS and GDS Codes and Natural Gas Supply Rules became effective on 27 November 2015. The GSF Code, the Criteria and new model contracts on natural gas transmission, distribution, storage and supply came into force on 1 December 2015.



more news on Oil & Gas:

### EU: Approval of Update to the prevention Action Plan

by Sofia Athanasaki (Athens)

On 2 December 2015, Decision No. 429/2015 of the Greek energy regulator RAE was published in approval of an update to the Preventive Action Plan for enhancing security of supply in gas in the Greek National Natural Gas System (NNGS or ESFA in Greek), which was approved in 2013. Contrary to the Emergency Plan, the Preventive Action Plan includes measures (e.g. regulatory measures, construction of infrastructure, conclusion of agreements) aiming to ensure security of supply on a long term basis. The update was prepared on the basis of a risk assessment report and in accordance with the respective provisions of Regulation (EU) no. 994/2010 concerning measures to safeguard security of gas supply in the EU, taking into account the infrastructure and supply standards included in the Regulation. The Action Plan contains solutions for the upgrade of the infrastructure and supply of gas, actions to appropriate safety standards supply, determination of scenarios with high risk and mitigation of the identified risk for customers, large industrial enterprises and Power Generation. RAE's Decision will be notified to the European Commission as well as to competent authorities of Bulgaria and Romania.

### EnC: Secretariat Issues First CESEC Report on Gas Market Integration

by Stefania Chatzichristofi (Athens)

On 18 December 2015, the Secretariat issued its first monitoring report regarding the Action Plan of the Central and South-Eastern European Gas Connectivity (CESEC) initiative. This action follows the signature of the Memorandum of Understanding (MoU) by the EU, nine EU Member States and five Energy Community Contracting Parties on 10 July 2015 on a joint approach to address the natural gas diversification and security of supply challenges in the context of the CESEC initiative. The Energy Community Secretariat was invited to monitor the progress of the implementation of the Action Plan regularly. The Report presents the progress made and specific actions that should be completed for four out of the five Contracting Parties which signed the MoU (Albania, Serbia, FYRoM and Ukraine, while Moldova, which joined the initiative at a later stage, shall be included in the next reports). More precisely, monitoring focused on the implementation of following action points: ensuring transparent and non-discriminatory third party access; ensuring free flow of gas and provision of competitive framework; infrastructure related measures; measures required for market integration; TSO unbundling; and NRA independence. As regards infrastructure projects, the Report focused on the interconnector Bulgaria-Serbia, as one of only two CESEC priority projects where a Contracting Party is involved. While the Trans Adriatic Pipeline (TAP) is also labelled as a CESEC priority project, it has been considered as "decided". The subsequent report is expected to be published on February 2016.



### Bulgaria: New Tender for Oil and Gas Onshore in Bulgaria

by Daniela Dzabarova Anagnostopoulou (Sofia)

In late November 2015, the government announced a new tender procedure for granting a licence for prospecting and exploration for oil and natural gas in the area Block "1-24 Kitka". The 1-24 Kitka Block has a surface of 704 sq. km and is located onshore in the South-Eastern part of the Varna Municipality. The license will be granted for a period of five years, with the opportunity to be prolonged twice for a total of maximum four more years, according to art. 31 para 3 of the Subsurface Resources Act. Interested parties will be able to buy the tender documentation for up to 120 days after the decision is published in the Official Journal of the EU at the price of 10,000 BGN. Candidates must submit applications for participation no later than 140 days from the publication of the decision in the Official Journal and submit offers no later than 155 day after publication. Both, the applications and offers shall be submitted to the Ministry of Energy. The deposit for participation is 5,000 BGN. The proposals will be assessed according to the suggested operation schedules, the funds earmarked for environmental protection, bonuses, staff training and the managerial and financial capacities of the candidates.

### Greece: Public Consultations on Gas Network Codes and Tariff Regulations

by Lazaros Sidiropoulos (Athens)

On 10 December 2015, the Greek energy regulator RAE launched four separate public consultation procedures regarding amendments to existing acts or introduction of new ones regulating the Greek gas sector. Two of the consultations refer to amendments of regulations applicable to the gas transmission system: in order to adapt to the most recent legislative developments on EU level, including EU Regulations No 984/2013 establishing a Network Code on Capacity Allocation Mechanisms in Gas Transmission Systems, No 312/2014 establishing a Network Code on Gas Balancing of Transmission Networks, and No 703/2015 establishing a network code on interoperability and data exchange rules, RAE published two drafts prepared by the Greek gas TSO DESFA introducing amendments to the existing Gas Transmission System Code as well as to the respective Gas Transmission System Tariff Regulation. The consultation for the amendments to the Transmission System Code shall run until 29 January 2016, while the one for the respective Tariff Regulation shall run until 15 January 2016. Furthermore, as a consequence of the gradual opening of the gas retail market triggered by Law 4336/2015 in August 2015, the other two consultations of RAE refer to the introduction of a Gas Distribution Network Code for the first time in Greece as well as of a respective Gas Distribution Network Tariff Regulation. Actually, the drafts published by RAE for consultation are four in each case, as these were separately prepared and submitted by the four new gas DSOs, each for its own network. Nevertheless, RAE mentions that it intends to examine whether it is possible to agree on a harmonised, commonly applicable text for all four distribution networks, i.e. one single Distribution Network Code and one single Tariff Regulation. The consultation for the Distribution Network Code shall run until 15 January 2016, while the one for the respective Tariff Regulation ended on 30 December 2015.

## COMPETITION - STATE AID

### EU: Commission Opens Two in-depth Investigations into French Capacity Payment Schemes

by Viktoria Chatzara (Athens)

On 13 November 2015, the European Commission announced the opening of in-depth investigations concerning two national schemes France aims to adopt in order to remunerate electricity capacity. The investigations come as a result of a state aid sector inquiry Commission had launched earlier this year into the capacity mechanisms introduced by several Member States with the aim to encourage investment in new power plants or to ensure that power plants continue to operate. Capacity mechanisms are linked to the Energy Union strategy, among the objectives of which is the aim to secure energy supply in every EU country. The sector inquiry was conducted in order to ensure that such capacity mechanisms are competitive and market-based and do not distort the competition in the single market. The Commission has particular concerns as to whether the capacity mechanisms in question could favour certain companies and create obstacles to the entry of new competitors and to whether they could support only one type of technology or solution.

As regards the specific current cases, the initiated in-depth investigations concern two French capacity mechanisms: the plan for a country-wide capacity mechanism and a tender for a new gas-fired power plant in Brittany. With respect to the first scheme, France intends to adopt a national market-wide capacity mechanism where capacity obligations are traded between electricity capacity providers, such as power plants and demand side operators, and electricity suppliers, with the aim to ensure that there is sufficient capacity for the production of electricity and that such production meets demand at any time. The Commission notes that there are concerns as to whether this proposed



scheme favours certain companies and hinders the entry of new competitors in the relevant market and that it should be investigated whether the same result could be achieved with other measures, less distorting for the competition in the single market. As far as the second state measure is concerned, France aims at increasing the electricity generation capacity in Brittany, by publishing a tender to support the construction of a new gas-fired power plant. The in-depth investigation in connection with this measure was launched in order to examine whether support is granted to only one type of technology and it is not open to other potential solutions. Moreover, there is a concern as to whether this measure would result in the creation of a subsidy dependent market, where investors will develop projects only in connection with public tenders granting State aid, in which case, there would be a risk for deterioration of the adequacy problem.



more news on Competition - State Aid:

### EnC: EU State Aid Guidelines Shall Apply to Environmental Protection and Energy in the Energy Community

by Tetyana Vyshnevska (Kiev) and Stefan Pavlovic (Belgrade)

On 26 November 2015, the Energy Community (EnC) Secretariat published the Policy Guidelines on the Applicability of the Guidelines on State Aid for Environmental Protection and Energy 2014-2020. Hereby the Secretariat confirms that European Commission's Guidelines on state aid for environmental protection and energy, published in June 2014 (EU State Aid Guidelines), shall be applied and enforced by national authorities of the EnC Contracting Parties and by the EnC Secretariat when assessing compatibility of state aid granted for energy or environmental protection objectives and initiating dispute settlement procedures against EnC Contracting Parties for non-enforcement or wrong enforcement of state aid provisions. The purpose is to ensure uniform application of relevant state aid rules throughout the EnC. The Secretariat clarifies that its Policy Guidelines, by which the state aid guidelines of the European Commission are endorsed, are only of declaratory nature as the legal obligation to apply the EU state aid rules on both national authorities and the Secretariat follows directly from Article 18 of the Energy Community Treaty. The EU State Aid Guidelines are applicable from 1 July 2014 till 31 December 2020.

### EU/Bulgaria: Commission Accepts commitments by BEH

by Lyubomir Talev (Sofia)

On 10 December 2015, the European Commission announced that it adopted a decision, still not officially published, to accept the commitments offered by the State-owned Bulgarian energy incumbent Bulgarian Energy Holding (BEH) to end competition restrictions on Bulgaria's wholesale electricity market. After opening formal proceedings on 27 November 2012 to investigate whether BEH may be abusing its dominant market position in the wholesale electricity market in Bulgaria and issuing a Statement of Objections in August 2014, the Commission was satisfied that the commitments proposed by BEH in the course of the proceedings will address its competition concerns. These commitments included offering certain volumes of electricity on an independently operated day-ahead market on a newly created power exchange in Bulgaria as well as offering minimum stipulated volumes of electricity on the Bulgarian power exchange, for a period of five years. The Commission has found that the commitments will make it easier to trade electricity, improve price transparency on the market and promote the integration of the Bulgarian wholesale electricity market with neighbouring countries' markets. The Commission has therefore made the commitments legally binding on BEH and its subsidiaries.

### EU: Commission Opens Formal Investigation against Ethanol Producers for Price Manipulation

by Viktoria Chatzara (Athens)

On 7 December 2015, the European Commission announced the opening of a formal investigation for a breach of the provisions of Article 101 of the Treaty on the Functioning of the European Union (TFEU) and, specifically, of the prohibitions of anticompetitive agreements and concerted practices, against three companies from Spain, Belgium and Sweden, which produce, distribute and trade ethanol, an alcohol made from biomass that is mainly added to gasoline and used as a biofuel for certain motor vehicles. The initiation of the formal investigation follows three previous unannounced inspections which took place in May 2013, October 2014 and March 2015. According to the Commission, there are concerns that the investigated companies have entered into agreements with the aim to manipulate the ethanol prices published by the price reporting agency Platts, which serve as benchmarks for trade in the physical markets and in the financial derivatives markets. Such practices, if they are confirmed, could harm the competition and undermine EU energy objectives, as they would result in an increase of ethanol prices and lead the consumers to use fossil fuels as an alternative.

### EU: Commission Decides not to Raise Objections to an Aid Scheme of the Czech Republic Concerning Biofuels for Transport

by Viktoria Chatzara (Athens)

On 25 November 2015, the European Commission's decision according to which the Commission did not raise any objections against the multi-annual support scheme to biofuels for transport of the Czech Republic was published. The aid scheme at hand benefits any pure or high-concentration biofuel lawfully placed on the Czech market, provided it meets the applicable sustainability criteria and regardless of whether it is domestic or imported. The aid, according to this scheme, is granted in the form of an excise duty reduction, proportionate to the biofuel content of each blend. The support levels are calculated to be equal to the additional costs of biofuels, in comparison to the costs of conventional fuels, such as increased costs for the transport of biofuels, additional maintenance costs etc. According to the Commission's decision, the support scheme constitutes state aid, which however aims to promote an objective of common interest that could not be achieved without state intervention. Additionally, it is noted that the measure is appropriate and proportionate to the intended aim, it has limited distortion effects to the competition and the requirements for transparency and compliance with the EU tax law are met.

# ENERGY INFRASTRUCTURE

## Greece/Bulgaria: IGB Final Investment Decision and Launch of Second Market Test

by Mira Todorovic Symeonides (Athens)

On 10 December 2015, the shareholders of the Bulgarian company ICGB AD (50% held by the Bulgarian Energy Holding EAD and 50% by the Greek company IGI Poseidon s.a, whose shareholders with equal shares are the Greek public gas company DEPA s.a. and the Italian Edison S.p.A.), signed the Final Investment Decision by which they commit to provide the capital required to complete the construction of the Interconnector Greece Bulgaria (IGB) Pipeline, once regulatory, permitting and exemption approvals and procedures are finalised. The company ICGB is in charge of developing, constructing and operating the IGB Pipeline. The construction is planned to take place from the 4th quarter of 2016 until mid 2018. In the forward flow direction from Komotini (Greece) to Stara Zagora (Bulgaria) the Pipeline is designed to transport approximately 3 bNcm/y of natural gas which may be increased up to approximately 5bNcm/y. It will be able to operate in a reverse flow mode (Bulgaria to Greece). The project is co-financed by the EU under the European Energy Programme for Recovery, through its designation as an EU Project of Common Interest and through its inclusion into the Central and South-East European Gas Connectivity High Level Group.



The IGB Pipeline has obtained intergovernmental support by Greece and Bulgaria through a MoU signed in 2009 and its qualification as a Project of national priority under the Bulgarian Council of Ministers' Decision of 7 June 2012 and under the Greek Law 4001/2011. On 27 November 2013, ICGB requested from the Energy and Water Regulatory Commission of Bulgaria (EWRC) and from the Greek Energy Regulatory Authority (RAE) exemption under article 36 of Directive 2009/73/EC from the application of Directive's provisions on unbundling, regulated tariffs on forward and reverse flow capacity and third party access on the forward flow capacity. Between May 2013 and September 2014 ICGB has performed a Market Test which failed to provide sufficient market information.

In November 2015, EWRC (Decision no Y-2/27.11.2015) and RAE (Decision 438/23.11.2015) approved the Updated Guidelines for management and allocation of capacity on the IGB Interconnector according to paragraph 6 of article 36 of Directive 2009/73/EC, in order to repeat the Market Test. According to the Updated Guidelines, ICGB intends to perform the Market Test in two phases: a) the Expression of Interest Phase in which the potential users, including TSOs, are invited to express their interest in contracting capacity (a quota of forward flow and/or a quota of reverse flow capacity) and/or any party TSO are invited to express their interest in being connected to the IGB Pipeline; and b) the Bidding Phase in which the participants will submit binding requests for contracting capacity on or for connecting to the IGB Pipeline. Participation in the Expression of Interest is a prerequisite in order to be able to participate in the Bidding Phase, if EWRC and RAE decide in accordance with the Updated Guidelines that the Bidding Phase will take place.

On 1 December 2015, RAE issued Decision 472/2015 on approval of the Expression of Interest Phase Notice for IGB Pipeline Market Test. The deadline for the expression of interest is 29 February 2016.



more news on Energy Infrastructure:



EU: European Parliament Resolution on 10% Electricity Interconnection Target

by Evridiki Evangelopoulou (Thessaloniki)

On 15 December 2015, the European Parliament, having regard to the Commission's relevant report, adopted a resolution (2015/2108(INI)) concerning the achievement of the electricity interconnection aim of 10% until 2020, through the establishment of a European electricity grid. The objective of the European Union towards a competitive and sustainable Energy Union with long-term policy on climate change is included in the above mentioned resolution. Concerted actions are required by Member States in order to reduce the dependence on energy imports through the integration of the energy market and, on the other hand, to facilitate electricity trade. Co-operation between Member States is essential for the creation of an interconnected grid, which will contribute significantly to the energy security of Europe, the boost of competition in the internal market resulting in more affordable prices, the most effective utilisation of existing and renewable energy sources, while it will also ensure a high level of environmental protection and EU's geopolitical position. The Resolution states that the Commission estimates that EUR 35 billion of financing is necessary to reach the 10 % target by 2020 across all Member States. It refers to the role of the Commission, ENTSO-E, ACER and other key stakeholders, stresses the significance of projects of common interest, requires from the Member States to facilitate speedier permitting processes for new high-voltage lines in Europe and the establishment of an one-stop shop approach in licensing, and addresses the issue of regional cooperation per region.

Greece: Decision on Certification of TAP AG

by Dafni Siopi (Thessaloniki)

On 10 December 2015, the Greek energy regulator RAE published its decision No 394/2015 on approval of the joint Decision of the Italian, Greek and Albanian Regulatory Authorities on the certification of TAP AG following the respective application by TAP dated 1 July 2015 for certification on the basis of the exemption which was granted to TAP AG on June 2013, pursuant to Article 36 of Directive 2009/73/EC ("Gas Directive"), from third party access, regulated tariffs and ownership unbundling rules for a period of 25 years. TAP AG is a single purpose company, incorporated under the laws of Switzerland, with no interest than the development, construction, ownership and operation, including the marketing and maintenance of TAP ("Trans Adriatic Pipeline"), a major project that aims to facilitate the transportation of gas produced from the gas fields of Azerbaijan to Greece, through Albania, to Italy and other European gas markets. With their joint decision the three regulators assessed whether TAP AG can be certified according to the independent transmission operator (ITO) model, as set out in Chapter IV of the Gas Directive (Directive 2009/73/EC), with the exception of Article 22 of the said Directive. Several matters were examined in this regard such as the independence of the staff and the management of TAP AG, the financial independence of TAP AG, the provisions of services by shareholders during the construction phase, the establishment of the Supervisory Body and the Compliance of TAP AG with Articles 17 and 18 of the Gas Directive. This preliminary certification decision will be notified to the European Commission and to the Energy Community Secretariat and, following the European Commission's opinion, the three energy regulators will adopt their final Joint certification decision of TAP AG.





# ENERGY EFFICIENCY

## Ukraine: National Energy Efficiency Action Plan Finally Approved

by Tetyana Vyshnevskva (Kiev)

On 25 November 2015, the Cabinet of Ministers of Ukraine issued Resolution no. 1228-p on the National Energy Efficiency Action Plan until 2020 (the NEEAP). Hereby the Government approved the first NEEAP and an Implementation Plan for the NEEAP. The NEEAP was prepared by the Ministry of Regional Development, Construction and Housing using data provided by the State Statistics Service of Ukraine and measures proposed by the State Agency on Energy Efficiency and Energy Saving of Ukraine (SAEE), in accordance with the European Directive 2006/32/EC on energy end-use efficiency and energy services (the Directive) and a model EEAP of 2009 for the Energy Community Contracting Parties.

The NEEAP provides an overview of energy consumption by four sectors (residential consumers; services sector, including commercial and public buildings; industrial consumers; transport) and energy efficiency measures needed to achieve energy savings targets set out therein. All the analysed sectors have an energy savings potential, although the largest contribution is expected from the sector of residential consumers (49.6%). According to the NEEAP, the following measures are required: total commercial accounting of energy consumption; improvement of building norms and standards (including annual increase in construction of nearly zero-energy buildings); introduction of energy audits and certification, energy labelling, minimal energy efficiency standards (including for industrial equipment); improvement of energy efficiency through energy performance contracts with Energy Service Companies (ESCO); modernisation of production processes and promotion of cleaner, safer and energy efficient vehicles.

Implementation of measures prescribed by the NEEAP shall ensure achievement of the overall national indicative savings target of Ukraine by 2020 which is 9% (6501 kilotons of oil equivalent (ktoe)) of the average final energy consumption during 2005-2009, and the interim target of 5% (612 ktoe) by 2017, by means of proper implementation of the Directive; liberalisation of the energy market; promotion of private-public partnerships and enhancement of existing state measures on energy efficiency. The required investments amount to EUR 35070 million by 2020 to be provided at the expense of the Energy Efficiency Fund, local budgets, private investments (including ESCO), financial assistance from international financial organisations and other sources.

The Implementation Plan for the NEEAP entrusts certain Ministries, SAEE, the National Energy and Utilities Regulatory Commission and local executive bodies with the preparation of draft legislation and particular sectoral and inter-sectoral measures to improve energy efficiency, sets indicative deadlines and expected results. Implementation of the NEEAP shall be monitored annually, using data from national statistical energy balances. Proper execution of measures envisaged in the NEEAP is expected to result in fulfillment of Ukraine's commitments under the Association Agreement and the Energy Community Treaty as well as considerably contribute to the realization of country's aspirations for energy independence.



more news on Energy Efficiency:



### Croatia: Amendments to Ordinances on Energy Audits and Certification

by Sanja Tolj Par (Zagreb)

On 9 December 2015, the Croatian Ministry of Construction and Physical Planning adopted, pursuant to Article 47 of the Construction Act (Official Journal, 153/13), an Ordinance amending the Ordinance on persons authorised for energy certification, energy audits and regular inspections of heating and cooling systems or air conditioning in buildings and an Ordinance amending the Ordinance on energy audits and energy certification (Official Journal, 133/15). The latter puts forward a series of changes to the methods and conditions of implementation of energy audits of buildings. The Ordinance on persons authorised to carry out energy audits and certifications has been amended in order to prolong the period in which the holders of training programmes need to align their programmes with the Ordinance.

### Croatia: Regulations on Rational Use of Energy in Buildings

by Sanja Tolj Par (Zagreb)

On 25 November 2015, the Croatian Ministry of Construction and Physical Planning adopted the Technical Regulations on Rational Use of Energy and Thermal Protection in Buildings (Official Journal, 128/15) pursuant to Article 17 Paragraph 2 and Article 20 Paragraph 3 of the Construction Act (Official Journal, 153/13). These Regulations define the technical requirements for the rational use of energy and thermal protection, technical systems of heating, cooling, air conditioning, hot water and lighting which need to be adhered to during design, construction, reconstruction and use of buildings that are heated to an internal temperature higher than 12°C, as well as maintenance requirements of buildings in relation to rational use of energy and thermal protection. They regulate residential and non residential buildings, new buildings and existing buildings under reconstruction.



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