

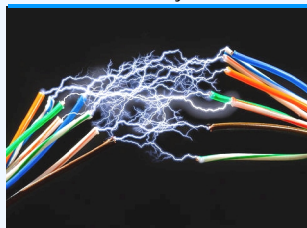
Monthly energy law news from the EU and the SEE countries of the Rokas network

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ENERGY MARKETS

EU: Commission Proposed New Rules on Intergovernmental Agreements

by Dafni Siopi (Thessaloniki)

On 16 February 2016, the European Commission issued a proposal for a decision of the European Parliament and of the Council on establishing an information exchange mechanism with regard to intergovernmental agreements (IGAs) and non-binding instruments between Member States and third countries in the field of energy and repealing Decision No 994/2012/EU. According to the proposal, the Member States will have to notify the Commission about their intergovernmental energy agreements with non-EU countries before concluding them. An information exchange mechanism with regard to IGAs between Member States and third countries in the field of energy was initially established by a Decision adopted by the Parliament and Council on 25 October 2012, which entered into force on 17 November 2012 (the IGA Decision). The main feature of this mechanism was that the Commission carried out compliance checks of IGAs after a Member State and a third country had concluded such agreements. The application of the IGA Decision showed in general that, while the current system was useful for receiving information on existing IGAs and for identifying problems posed by them in terms of their compatibility with EU law, it was not sufficient to solve such incompatibilities, because renegotiating such agreements was very difficult and the positions of the signatories had already been fixed, which created political pressure not to change any aspect of the agreement.

The Commission's involvement before a Member State and a third country have concluded such agreements (ex-ante compatibility check by the Commission), according to the new Proposal, is considered to provide an essential added value by resolving potential conflicts between obligations of Member States under international treaty law and EU law. The revision of the IGA Decision has, therefore, two main objectives: 1) to ensure the compliance of IGAs with EU law, in order to protect the proper functioning of the internal market and enhance the EU's energy security and 2) to enhance the transparency of IGAs, in order to increase the cost effectiveness of the EU's energy supply and solidarity between Member States. For this reason, it is stated that Member States will not be able to sign an IGA before the Commission has issued its opinion and if a Member State decides to sign an IGA that would be incompatible with EU law without taking utmost account of the Commission's opinion, the latter will have the possibility to launch infringement procedures. Infringement proceedings may be also launched, if the Commission ascertains that any already existing IGAs are not in compliance with EU law.



It is hoped that under the new IGA Decision, all Member States concerned will receive the same level of information on cross-border projects and that this will help avoid double investments or infrastructure gaps. Benefits will also clearly be felt by the individual companies involved in energy projects, because possible issues relating to non-compliance with EU law would be tackled at an early stage, providing legal certainty to investors and project promoters and avoiding cancellation or delay costs. It must be noted though, that the new IGA Decision, just like the current IGA Decision, will not cover commercial agreements between companies. The current mechanism of compliance control of commercial contracts, especially with regard to EU competition law, is not changed or affected by the new IGA Decision in any way. However, as in the current IGA Decision, Member States can communicate to the Commission on a voluntary basis such agreements that are referred to in IGAs or non-binding instruments.

more news on Energy Markets:

EU: ACER Publishes Regional Initiatives Status Review Report for 2015

by Lazaros Sidiropoulos (Athens)

On 9 February 2016, ACER published an updated Regional Initiatives Status Review Report presenting the progress made on voluntary regional and cross-regional market integration in 2015. The Electricity and Gas Regional Initiatives were established in 2006 to promote regional cooperation between National Regulators, TSOs and other energy sector stakeholders with the aim to foster the integration of energy markets at a regional level as a step towards the completion of the Internal Energy Market (IEM). In the past years, this cooperation has mainly focused on the voluntary early implementation of the provisions contained in the Network Codes and Commission's Guidelines before their official date of entry into force. Now that these Codes and Guidelines are increasingly coming into force, early implementation is giving way to formal implementation of the adopted binding provisions. In this new context, the Regional Initiatives may play a new role, focusing on the implementation of the Network Codes. This shall be the case in the gas sector, while in the electricity sector the implementation of the Codes and Guidelines will be promoted through other means (e.g. the Electricity Market Stakeholders Committee), which is why the Electricity Regional Initiative ceased to operate in 2015. Accordingly, this Status Review Report presents progress in the Electricity and Gas Regional Initiatives during 2015 containing the last Status Review Report featuring an Electricity Regional Initiative part. It highlights important milestones such as the early implementation of the European Harmonised Allocation Rules (HAR) for the electricity market and shows the progress made in several pilot projects in different gas areas identifying the obstacles faced in 2015 and addressing the challenges for 2016 in relation to the implementation of the Codes.

Montenegro: New Law on Energy Adopted

by Mira Todorovic Symeonides (Athens)

On 29 December 2015, the Montenegrin Parliament adopted a new Law on Energy (OJ 5/2016 – 20.01.2016) which came into effect on 29 January 2016 and replaced the previous law from 2010, as amended. The new law aims to harmonise the energy legislation in accordance with the Third Package of the EU energy directives, as well as to pave the road for the future transition of authorities from the Energy Community to the EU institutions. The law does not apply to exploration and exploitation of hydrocarbons and coal (the second with the exception of exploitation for production of electricity and heat) and energy efficiency in final consumption. In comparison with the previous law, it introduces additional energy activities particularly in regard to the organisation of the gas market in Montenegro, transport and storage of LNG, cogeneration of electricity and heat, production of biofuels and bioliquids as well as trade with bioliquids. It contains extended regulation of RES and cogeneration production particularly regarding the RES action plan and the sustainability requirements. It provides the basis for the further development of the support scheme, its financing and cross-border cooperation as well as on abandoning of the RES support once the RES target provided national plan is reached. The aims and authorisations of the energy regulator are expanded to include, among others, implementation of the decisions of the Energy Community authorities, determination of methodologies for acceptable income of system and market operators and the tariffs of the supplier of last resort. It also introduces provisions on certification of the transmission system operator (TSO). Duration of energy licenses has been reduced from 15 to 10 years, with the possibility of renewal. The new law provides more detailed regulation of the procedure and conditions for connection to the grid including with regard to the content of the connection agreements, the situation when the infrastructure is shared by several users, the connection fee and the use of collected funds. Further, it introduces a procedure for the selection of the supplier of last resort and of Public Service Obligations. Within 12 months from the entry into force of the Law, regulations necessary for the implementation of the Law should be issued, while the energy entities should harmonise their activity with the provisions of the new law. The vertically integrated energy company should unbundle electricity distribution from supply, by establishing a new entity for distribution, within 3 months from entry into force of the Law. Within 12 months, the TSO, the operator of the distribution system (DSO) and the public producer of electricity should transfer the transmission and distribution network installations and equipment, currently in their possession, to the TSO and DSO, respectively.



Albania: Reforms in the Energy Sector

by *Odisea Xhelita (Tirana)*

On 27 January 2016, the Council of Ministers (CM) approved the Decision No. 52/2016, programming economic reforms of all sectors for 2016-2018, including for the energy sector (Official Journal, 12/2016). Among others, the CM aims to eliminate entirely subsidies by restricting public guarantees and net loans. The public investments for the year 2016 are planned to reach 5% of the GDP, taking into consideration for this purpose: i) the priorities of European integration; ii) the priorities of the Albanian government for 2013-2017; iii) supporting by local cost and VAT the foreign projects; & iv) the ongoing projects. As regards competition in the energy sector the CM states that energy production in Albania depends entirely on water sources, from which only 35% have been put to efficiency. The Decision No. 52/2016 of the CM has come into force on 5 February 2016. The stipulated impact for 2016 consists firstly in the further liberalisation of the energy market and secondly in the diversification of the energy sources (gasification). As regards further liberalisation of the energy market the CM intends to: i) improve the legal framework (in line with Directive 2009/72/EC of the European Parliament); and ii) to complete the interconnection line Albania - Kosovo & Albania (Elbasan) - Bitola (FYROM). As regards gasification, the CM intends to: i) prepare a Gas Master Plan for Albania and an Identification Plan; & ii) implement the project "rising the capacities for big investments of the gas infrastructure in Albania, regarding the private sector".

Bulgaria: MoU on Energy Signed between Bulgaria and Cyprus

by *Lyubomir Talev (Sofia)*

A Memorandum of Understanding on Energy was signed between Bulgaria and Cyprus on February 22nd, during Cyprus President Nicos Anastasiades's official visit to Sofia. The purpose of the Memorandum of Understanding on Energy is to establish a common framework for the development and deepening of bilateral cooperation in the energy sector, as well as to promote the exchange of best practices and training of scientific and technical personnel in the field. It provides for the establishment of a Joint Working group, comprising representatives of both sides, that will set out the framework within which cooperation in the fields described will be best promoted and facilitated. Cooperation on the basis of this Memorandum may also include areas of interest such as a. prospecting, exploration, and production of hydrocarbons, as well as potential future exports of hydrocarbons, b. environmental protection and standards; c. safety of offshore activities; d. construction and development of energy infrastructure and energy market; and e. renewable energy sources, energy efficiency and energy savings.

Greece: Academy of Athens Presents Findings on the Energy Sector of Greece

by *Paraskevi Charalampidi (Athens)*

On 19 January 2016, the Academy of Athens' Energy Commission published its conclusions and recommendations on energy and growth planning in Greece. The Academy of Athens points out that there is a need for a long term national energy plan that identifies realistically and objectively the country's requirements in energy needs and the potential for long-term development since the energy sector could attract investment capital in two distinct categories: (a) energy infrastructure projects and (b) creation or enhancement of business whose competitiveness will improve as a result of the investments of the previous class. Although energy is now the fourth largest sector of the Greek economy, energy consumption in Greece is at a lower level compared with other European countries, due to poor insulation of buildings, the use of old appliances/heating burners and obsolete fleet. The Academy of Athens notes that there are Greek energy resources, such as natural gas and renewable energy sources, and it would be necessary to increase production on those in a rational and consistent manner and promote their support through inclusion in the relevant EU funding programs. Finally, the Academy of Athens points out that the most important areas for energy investments in Greece are the areas of energy efficiency, especially in buildings, infrastructure, networks, electricity priority corridors and gas, electrical interconnection of islands with the mainland grid and the area of energy competitiveness.



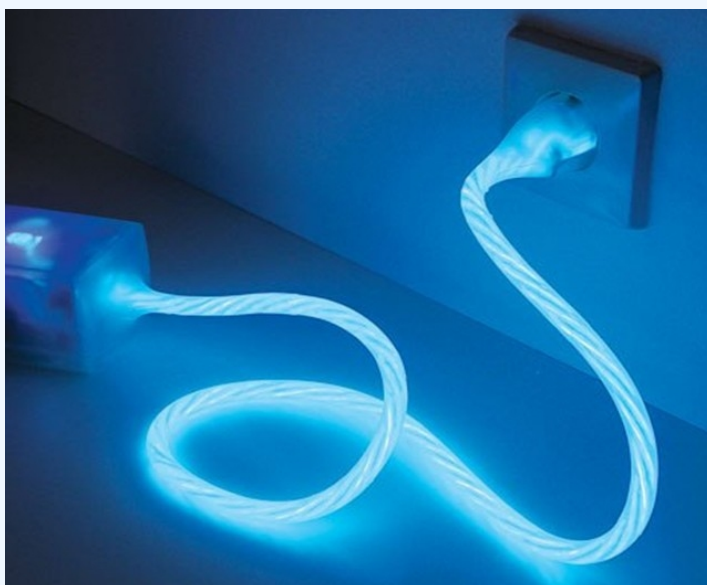
ELECTRICITY

EU: International Energy Agency's Report on European Electricity Market Design

by Mira Todorovic Symeonides (Athens)

On 18 February 2016, the International Energy Agency (IEA) published a report on European electricity market design under the name Re-powering Markets, Market Design and Regulation during the Transition to Low-carbon Power Systems. The report contains analysis of the electricity market framework for low-carbon power systems and provides key recommendations for the European market design. According to the report, "debates on market design for a low-carbon power system generally present two contrasting policy options: reliance on either wholesale electricity markets with a strong carbon price or technology-specific policies and regulations." It further concludes that such binary opposition is no longer sufficient and that the transition to a low-carbon power system requires incorporation of carbon and support policies into a consistent electricity market framework. Thus it favours creation of competitive markets which would be supplemented by regulation in order to ensure an effective transition to low-carbon power at least costs.

The Key dimensions of market frameworks for decarbonisation are divided in the report into 4 objectives: a) low-carbon investments; b) operational efficiency, reliability and adequacy; c) network efficiency and d) consumption. As regards low-carbon investments, the report advises that support schemes should not be the main source of revenues and investors in these technologies should be exposed to some degree of electricity price uncertainty, although at times and locations when the value of electricity is negative, there should be no incentives to produce. But as the electricity prices in most countries are too low to recover these investments, a robust carbon price is needed; however, its introduction and political acceptance takes time. Consequently, long-term arrangements backed by governments are still necessary to attract a sufficient amount of new low-carbon generation. Risk should be shared among investors, consumers and governments, while auctions can be used to determine the level of support needed. Evolution of short-term markets is necessary to ensure that integration of new wind and solar capacity is reflected accurately in electricity prices published by location, thus providing the right incentives on where and when to operate and invest. In Europe, unlike of the United States, pricing with a higher geographical resolution is still not developed in the day-ahead market; therefore one wholesale price applies throughout a given country. The report refers to the significance of and provides options for regulation of capacity mechanisms, such as, defining scarcity prices ex ante; securing strategic reserves by contracting new capacity or old generation which would otherwise retire; establishing capacity markets for long-term resource adequacy goals; and cross border participation of capacity. It stresses the importance of demand response for shaping of market design as new information and points out that automation technology now allows that also small consumers respond to wholesale price variation.



The report concludes that the electricity grid determines the size of the electricity market and the degree of competition. The grids remain significant means to ensure integration of wind and solar power. Competitive procedures to determine who builds and owns new transmission assets may be a way to bring innovation and expose incumbent transmission owners to competition. Distribution network regulation should be modernised to assist operation of distributed energy sources (such as photovoltaic, storage, electric vehicles, heat pumps, micro-turbines and demand response), which should be enabled to participate in both local and wholesale markets. Reform of retail prices is also urgently needed to reflect the cost level and structure. Network tariffs need to be rebalanced towards fixed and capacity components in order to better reflect costs.

more news on Electricity:

EU: ENTSO-E Launches Consultation on Common Grid Model Methodology*by Lazaros Sidiropoulos (Athens)*

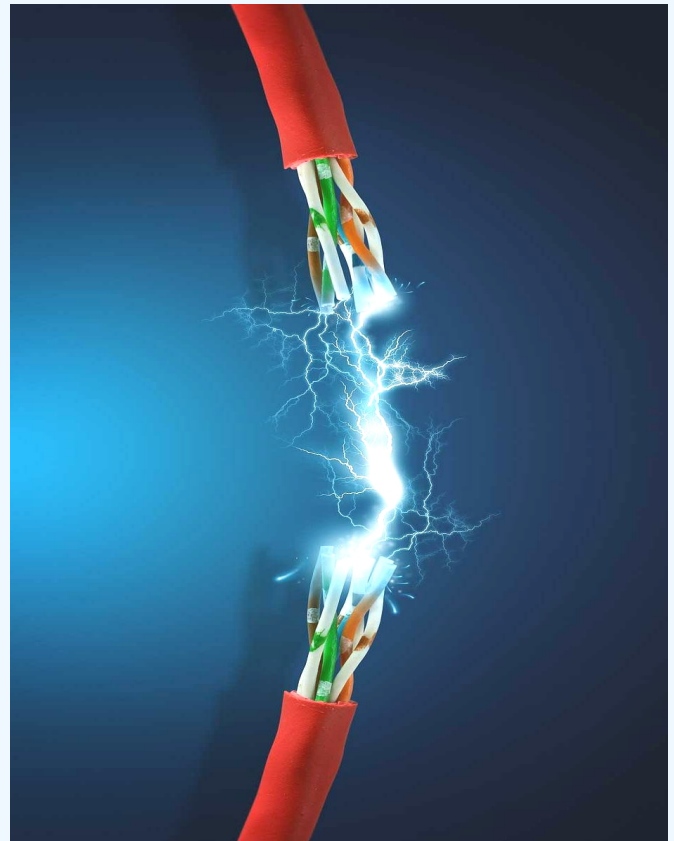
On 5 February 2016, ENTSO-E announced that it launched a consultation on the Common Grid Model Methodology and the Generation and Load Data Provision Methodology based on a respective obligation provided in Commission Regulation (EU) 2015/1222 establishing a guideline on capacity allocation and congestion management (GL CACM). While until now each TSOs has been using its own computer based grid model to simulate the behaviour of their grid in order to make decisions, development of a common grid model has become necessary in the context of advanced interconnections in the process of completion of the internal energy market. To implement single day-ahead and intraday coupling, the available cross-border capacity needs to be calculated in a coordinated manner by the TSOs. For this purpose, a common grid model for single day-ahead and intraday coupling purposes representing the European interconnected system should be established to calculate cross-zonal capacity in a coordinated way. GL CACM requires respectively that 10 months after its entering into force all TSOs shall jointly develop a proposal for a common grid model methodology as well as a proposal for a single methodology for the delivery of the generation and load data required to establish the common grid model. The common grid model shall be used for three purposes: capacity calculation, operational security analysis and outage planning. It shall be based on the individual grid models developed by each TSO for their own networks; once a TSO has prepared its individual grid model, it needs to make this model available for merging into the common grid model. In this context, ENTSO-E has published on its website two respective draft methodologies (a common grid model methodology & a generation and load data provision methodology) and launched a public consultation to last from 4 February until 4 March 2016 in order to obtain stakeholders' views.

EnC: Second Monitoring Report on Western Balkans 6 Energy Connectivity Initiative*by Stefan Pavlovic (Belgrade)*

On 2 February 2016, the Energy Community Secretariat published the second set of its monitoring reports on the developments in establishing a regional electricity market under the Western Balkans 6 Energy Connectivity Initiative (WB6). WB6 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. It is concluded that more reform efforts are needed in order for the implementation deadlines for the so-called energy soft measures to be met. While countries which have adopted the Third Energy Package (Albania, Montenegro and Serbia) tend to be frontrunners, it is noted that all WB6 countries should continue their reform efforts in order to remove the obstacles to the development of a regional electricity market by the deadlines agreed at the Western Balkans Summit in Vienna. The Secretariat also updated its WB6 Infrastructure Report, which maps the realisation of the four "Projects of Energy Community Interest" endorsed for inclusion in the EU's Instrument for Pre-Accession Assistance 2015 multi-country programme.

Greece: Progress in Implementation of Interruptibility Scheme*by Lazaros Sidiropoulos (Athens)*

In February 2016, several procedural steps were made in the context of implementation of the Ministerial Decision issued in December 2015 on the interruptibility scheme according to which selected energy intensive consumers shall enter into contracts with the Greek electricity Transmission System Operator (ADMIE) to agree to reduce their electricity consumption for a given period of time and given a stated notice time. As provided in the Decision, the parties interested in entering such contracts shall participate in respective auctions conducted by ADMIE for short-term and for long-term type of services. After completion of an instant public consultation, which was launched by ADMIE on 20 January 2016 on Draft Auction Rules for Interruptible Load Service, ADMIE announced on 8 February 2016 that no comments were submitted in this procedure, while on the next day, on 9 February 2016, the Greek energy regulator RAE launched its own public consultation on the same Draft Auction Rules as well as on respective amendments to the Grid Code necessary to implement this new type of services. While this consultation of RAE ended on 22 February 2016, in the meantime ADMIE also announced on 18 February 2016 that the first two auctions for short-term and long-term type of services respectively, in each case for a total capacity of 500 MW, shall take place on 29 February 2016 provided that the two drafts published by RAE for consultation will have been officially adopted until then. Also two respective calls for interest in participation in the auction were published on the website of ADMIE on 22 February 2016 providing details on the procedure for participation in the auctions. Both auctions will refer to interruptibility services to be provided in the period between 1 March 2016 and 31 March 2016.



O I L & G A S

EU: Commission Presents New Strategy on Security of Gas Supply

by Lazaros Sidiropoulos (Athens)

On 16 February 2016, the European Commission presented its new energy security package within the framework of the Energy Union strategy. In this context, the Commission published, among others, a draft new Regulation concerning measures to safeguard the security of gas supply and repealing Regulation (EU) No 994/2010. The draft Regulation includes rules aiming to help prevent a gas supply crisis in the future and ensure better emergency plans if a crisis were to happen, based on the experience gained with the implementation of the so far applicable security of gas supply regulation (EU 994/2010).



The central objective of the draft Regulation is to create an appropriate framework for exploiting synergies for the early identification of measures that could jeopardize the security in the case of a gas crisis. To achieve this goal, the draft Regulation seeks to enhance regional cooperation among Member States in jointly conducting risk assessments, preventive action plans and emergency plans at regional level based on mandatory common templates, to ensure consistency. The respective regional groups defined in the draft Regulation are sub-groups of the regional cooperation structures established already under the TEN-E Regulation (EU No 347/2013), which were considered too large in size for the purposes of the revised security of gas supply Regulation.

The draft Regulation introduces for the first time the solidarity principle according to which, as a last resort, a Member State shall help out its neighbour experiencing a severe gas crisis, by ensuring gas supplies to protected consumers of the latter (households and essential social services, such as healthcare and security services) in the case of a severe crisis. Furthermore, Member States at both sides of a cross-border interconnection point shall from now on jointly (and not unilaterally) decide on the construction of bidirectional capacity (reverse flows) at each interconnection point and involve other Member States situated along the gas route in the decision. Obligations are also laid on natural gas companies to automatically notify to Member States and the Commission contracts relevant for security of supply, as soon as they have been signed or amended. Finally, the draft Regulation also involves Energy Community Contracting Parties in ensuring a more effective prevention and management of gas crises at their borders with EU Member States.

In the context of its new energy security strategy the Commission also published a strategy for Liquefied Natural Gas (LNG) and gas storage in the EU. Better access to the rapidly developing global LNG market and better use of gas storage across borders through increased regional cooperation shall allow Member States to diversify their supply and hence strengthen their energy security. While the EU's current LNG terminals provide sufficient overall regasification capacity, they are not optimally distributed across the EU; particularly in the SEE and CEE regions and the Baltic, many countries do not have access to LNG and/or are heavily dependent on a single gas supplier, which makes them vulnerable to gas supply crises. To tackle this, new LNG terminals could be built through implementation of respective infrastructure projects included in the EU list of projects of common interest. Another way to ensure access of vulnerable countries to a diverse range of supply sources would be to improve their access to terminals existing in other Member States. Enhancement of cooperation with international partners, such as current and future suppliers and other major LNG consumers, so as to remove obstacles to the trading of LNG on global markets should also be an option.

Finally, also gas age may play a major role for securing gas supply in case of emergency. Because storage capacity in the EU is unevenly distributed, greater interconnectivity and regional cooperation could result in a better and more efficient use of storage to the benefit of Member States with smaller storage capacities (particularly in East and South-East Europe). Developing and optimising the rules of operation and inter-action between storage and transmission operators, suppliers and consumers should enlarge the short-term availability of stored gas in and between Member States and regions.

more news on Oil & Gas:

EU: CEER Publishes Analysis on the role of LNG to improve Security of Supply

by *Dimitris Nisanakis (Athens)*

On 3 February 2016, CEER published an analysis on the role of LNG to improve Security of Supply (SoS). Triggered by the last Russian-Ukrainian crisis, the debate about EU security of gas supply has been reopened. With this report, CEER actively contributes to the debate and tries to analyse the potential contribution of LNG to EU Security of Supply. The objective of this analysis is to assess how LNG can be mobilised to reinforce security of supply both in the short and in the long term and how LNG can be included in a regional framework, making recommendations what measures could be considered by policy makers in case of emergency. The analysis also states that actions should be focused on giving more transparency and visibility to LNG availability and on providing further information about terminals which will play a crucial role in the improvement of SoS. Finally the report emphasises the importance of increased cooperation between LSOs (LNG system operators) and TSOs at EU level, as during a supply crisis, LNG could be the missing link to connect regions which are not adequately interconnected with major hubs.

EU: ENTSOG and ACER Launch Joint Platform to Facilitate Smooth Gas Network Code Implementation

by *Stefan Pavlovic (Belgrade)*

On 11 February 2016, the Agency for the Cooperation of Energy Regulators (ACER) and the European Network of Transmission System Operators for Gas (ENTSOG), with the support of the European Commission, launched a new web-based platform (www.gasnfunc.eu) that will allow stakeholders to notify implementation and operational issues related to the gas network codes. The Codes already in force are the ones related to Capacity Allocation Mechanisms (CAM), Congestion Management Procedures (CMP), Balancing (BAL) and Interoperability and Data Exchange Rules (INT). The joint process between ACER and ENTSOG aims to develop commonly recommended guidance on how to address such issues. The Platform will also make the assessment of these notifications by the Agency and ENTSOG, in their respective limit of responsibility, more efficient, so that appropriate actions can be taken more rapidly and therefore contribute better to achieving the EU single energy market. In order to participate in the process, all relevant parties must be registered using an online form, while non-registered users will have access to the list of submitted issues with a short description. The functionality process and the web-based platform will initially be considered as a pilot project which will be evaluated by ACER and ENTSOG after sufficient experience has been obtained.



EnC/Ukraine: Ministry Submits Draft Unbundling Plan for Naftogaz

by *Tetyana Vyshnevska (Kiev)*

On 16 February 2016, in line with the Ukraine's commitments under the Gas Sector Reform Implementation Plan approved by the Governmental Order 375-p of 25 March 2015, the Ministry of Energy and Coal Industry of Ukraine (hereinafter: the Ministry) submitted a draft plan for the unbundling of NJSC Naftogaz of Ukraine (hereinafter: Naftogaz) to the Energy Community Secretariat. Naftogaz is a state owned vertically integrated oil and gas company, performing, inter alia, natural gas extraction, transmission, storage and supply, and being thus subject to unbundling in accordance with the requirements of the Third Energy Package. Naftogaz shall be restructured in several steps, the first being the separation of its gas storage and transmission activities, and the Government shall decide on the unbundling of the Gas Transmission System (GTS) Operator (i.e. PJSC Ukrtransgaz, 100% owned by Naftogaz) by selecting either the Independent System Operator (ISO) or the Ownership Unbundling (OU) model. That being said, the OU model is considered to be the most appropriate for the gas market of Ukraine. The Secretariat is expected to analyse the submitted plan on its compliance with the Third Energy Package, approve the proposed unbundling model and, later on, issue an opinion on the certification of the unbundled GTS Operator by the National Energy and Utilities Regulatory Commission. In respect of the draft unbundling plan, the Secretariat is going to arrange public hearings to gather views of relevant stakeholders.

Ukraine: Parliament Enables Backhaul of Natural Gas

by *Tetyana Vyshnevska (Kiev)*

On 4 February 2016, the draft law no. 3074 on Amending the Customs Code of Ukraine to Create Preconditions for the New Natural Gas Market Model (the Law) was adopted by the Parliament. The amendments were introduced to regulate transactions of the virtual reverse flow or backhaul of natural gas, so that Ukrainian companies could purchase natural gas from their European counterparties without its physical transmission (the amount of gas purchased would be withdrawn from the transit gas flow through Ukraine). The Law is expected to become effective on the first day of the month following the month of its official publication.

Greece: DEPA and Gazprom Export Agree on Settlement regarding the Take-or-Pay Clause for 2014

by *Stefania Chatzichristofi (Athens)*

On 22 January 2016, the Greek Public Gas Corporation (DEPA) issued a press release announcing that an agreement was reached with the company Gazprom Export regarding the payment for the quantities of natural gas that were not absorbed in the years 2014 by the Greek market as per application of the respective take-or-pay (ToP) clause included in the long term supply agreement regulating the commercial relations between the two parties. After numerous negotiations, both sides agreed that the amount of money that DEPA has to compensate Gazprom levels up to \$ 36 million instead of the initially requested amount of \$ 82 million, resulting from the activation of the ToP clause for quantities of the year 2014 that were not absorbed. According to the agreement, the amount shall be paid in two installments. The first installment amounted to 20 million Dollars and was paid on 31 January 2016 and the second installment shall amount to 16 million Dollars and be paid on 31 March 2016. The reduced demand in the Greek market played a significant role in the fact that the pre-agreed quantities of natural gas were not absorbed finally.

RENEWABLES

EU: ENTSO-E and CEER's Responses to Consultation on New RES Directive

by Mira Todorovic Symeonides (Athens)

In 2015, within the framework of the Energy Union Strategy, the European Commission announced a new renewable energy package for the period after 2020 to include a new renewable energy directive (REDII) for the period 2020-2030 and an updated EU bioenergy sustainability policy. The Consultation for the REDII for the period from 2020-2030 lasted from 18 November until 10 February 2016 while the Consultation for the sustainable bioenergy police for the period 2020-2030 was launched on 10 February 2016 and will last until 10 May 2016.

The Consultation on REDII addresses numerous important issues such as assessment of the current RES policy framework, importance and need to develop harmonised EU wide or regional support schemes or common rules, decarbonising the heating and cooling sector as well as the transport sector, and removing barriers for integration of RES into energy markets, and requires that the participants answer to specific questions such as what should be the geographical scope of support schemes or to qualify the level of importance of different types of complementary EU measures (e.g. EU-level auctioning of RES capacities or EU level regulatory measures).



On 12 February 2016, ENTSO-E published its response to the REDII Consultation, stating among other, that all RES mature technologies should be exposed to wholesale market price signals; all market participants, including RES, should have the same balancing responsibilities; RES should not have priority dispatch; it also recommends tendering for the new RES generation. ENTSO-E believes that a more coordinated approach across Europe for RES support schemes is desirable for achieving the 27% RES share, which has been formed on EU rather than on MS level. It proposes gradual harmonisation of the types and levels of RES support (such as partial cross-border opening of national support schemes) and advises to timely address the issue of potential significant financial transfers between MSs (regarding payments for the support schemes and taxes) in case of fully harmonised support schemes on EU level.

On 2 February 2016, CEER published its response to the REDII consultation in which it favours gradual alignment of national support schemes through common EU rules, stresses out the important barriers to the implementation of support schemes at a regional level (e.g. different national RES deployment objectives, political issues in case of cross-border financing, high degree of complexity in the financial, technical and legal details of the schemes as in regard to market premiums which are defined on the national spot market results) since, for the time being, regional cooperation between MSs is not used for the promotion of RES. It advises that prescribing new cooperation mechanisms might be counterproductive to foster their development as the prerequisite for such cooperation lays in MSs' common economic and environmental interests and the public acceptance for such schemes.

In relation to the integration of RES market, on 26 January 2016 CEER also issued a report on key support elements of RES in Europe: moving towards market integration. The purpose of the report was to provide insight into RES support schemes by presenting design options and obstacles for each option. This has been illustrated by a number of case studies from several MSs. The report addresses several issues such as regarding the legal framework, the administrative and competitive procedures and the support instruments for achieving a deeper market integration of RES. The conclusions of the report include the need a) to further adjust the national support schemes on the basis of national and EU wide experience; b) to promote competitive procedures rather than currently predominant administrative procedures for the support schemes; c) to determine the level of RES support through a quota systems or certificate schemes; and d) to promote FiP rather than FiT.

more news on Renewables:

EU: Commission Implementing Regulation regarding imports of PV panels from China

by Mira Todorovic Symeonides (Athens)

On 11 February 2016, the European Commission passed the Implementing Regulation (EU) 2016/185 extending the definitive anti-dumping duty imposed by Council Regulation (EU) no. 1238/2013 on imports of crystalline silicon photovoltaic modules and key components (i.e. cells) originating in or consigned from the People's Republic of China to those consigned from Malaysia and Taiwan, whether declared as originating in Malaysia and in Taiwan or not; and the Implementing Regulation (EU) 2016/184 extending the definitive countervailing duty imposed by Council Implementing Regulation (EU) No 1239/2013 on imports of crystalline silicon photovoltaic modules and key components (i.e. cells) originating in or consigned from the People's Republic of China to imports of crystalline silicon photovoltaic modules and key components (i.e. cells) consigned from Malaysia and Taiwan, whether declared as originating in Malaysia and in Taiwan or not. The EU has imposed anti-dumping and anti-subsidy measures on imports of solar cells and solar panels from China on 5 December 2013 for the period of two years. Until the pending decision on their extension is issued the measures will remain in force. The above Implementing Regulations are the result of the anti-circumvention investigation initiated by the Commission in May 2015 in the cases R620 and R622, which concluded that the measures were being avoided by means of transshipment via Taiwan and Malaysia. The new duties will not apply to the genuine producers in Taiwan and Malaysia, thus some Taiwanese and Malaysian companies will not be subject to any extended duties as they have shown that they are genuine producers and are not engaged in any circumvention activities.



Greece: Model PPA for Solar Thermal Plants at the Non-Interconnected Islands

by Stefania Chatzichristofi (Athens)

On 11 February 2016, a Ministerial Decision (APEHL/AF1/oik.171302) was published in the Official Journal (B 271) defining the form and the content of power purchase agreements (PPA) for the purchase of electricity produced from solar thermal plants at the non-interconnected islands (NII) of Greece. More precisely, the Decision approves a standard model PPA between the NII network and market operator DEDDIE and the respective electricity producers for a 25 years term, regulating issues such as metering, remuneration for the energy produced and the available capacity, monitoring of compliance with the rules of operation of the plant, provision of auxiliary services, billing and payments, and other issues regarding the contractual rights and obligations of both parties. It provides that in case of solar thermal power stations with special characteristics with decline from the standard ones which are regulated by this model PPA, the respective contractual provisions may be amended and adjusted at the proposal of DEDDIE and upon approval by the Minister of Environment and Energy which should first acquire the opinion of the Greek Energy Regulator RAE.

Greece: Decision Imposing Levy for Licensed Production Capacities not Connected to the Grid

by Stefania Chatzichristofi (Athens)

On 1 February 2016, the Ministry of Environment and Energy issued Decision no. 171434/01.02.2016 regulating the obligation of RES and CHP plants to pay a levy for conservation of production licenses for unused production capacities (production capacities not connected to the grid) and the calculation of such levy for the year 2015, all in accordance with article 27 of law no. 4342/2015 (OJ A' 143/09.11.2015). The purpose of this levy is to encourage production license holders to finalise and put into operation their RES and CHP projects. The Decision contains a provisional table of the license holders obliged to pay the levy and the calculated amounts of the levy. These producers were entitled to apply until 18 February 2016 to the Ministry for corrections of the data provided in the table. The table shall become final after the expiration of the deadline. According to the provisions of the law the levy will be paid to a special account kept by the Electricity Market Operator (LAGIE) used to finance, among other, RES support schemes. In case of failure to timely pay this levy, the respective production licenses shall be automatically terminated within one month from the deadline. Further to that, the Greek energy regulator RAE will publish on its website a table with the terminated licenses. These license-holders shall not be allowed to resubmit an application for a production license for the same production unit, plant and technology, within one year from publication of the above table.

Serbia: Government of Serbia Adopts Decree on Levy for Incentives to Privileged Producers

by Vuk Stankovic (Belgrade)

On 13 February 2016, the Government of Serbia adopted the Decree on a levy for incentives to the privileged producers (OG RS no 12/2016) ("Decree"). The Decree regulates the manner of calculation, payment and collection of the levy for incentives to the privileged producers ("Levy"), payable by all final customers. Pursuant to the Decree the monthly obligation of invoicing the Levy lays on: (i) the Guaranteed Supplier; (ii) the System Operator in charge for supply to the final customers that have not entered into full supply agreements ("System Operator"); (iii) the chosen supplier in charge for supply to the final customers that have entered into full supply agreements, however not with the Guaranteed Supplier ("Chosen Supplier"). Upon collection of the levy, the System Operator and the Chosen Supplier are required to transfer it to the Guaranteed Supplier for the purpose of creation of a special fund for renewable energy incentive measures. On the other hand, the Guaranteed Supplier is obliged to use the funds for paying the off-take price for renewable energy in line with the Model Agreement concluded with the privileged producers. The Decree shall be effective until 31 December 2018.

Poland: Draft Wind Turbines Investments Act Submitted to Parliament

by Piotr Kloc (Warsaw)

On 19 February 2016, a draft Wind Turbines Investments Act was submitted to the Parliament by members of the ruling party. The Act determines the conditions and proceedings referring to citing, investment and use of wind turbines, as well as, zoning conditions within the area of wind turbines. The matter was not previously regulated by Polish law nor harmonised with European law. The Act refers to wind turbines of minimum 40 KW. New wind turbines shall not be located within a distance of 10 times – high of such a turbine from building's areas or nature reserves. Typical wind turbines are 150 – 180 meters high, thus they cannot be located within a distance of approx. 2 kilometers from the nearest buildings or nature reserves. The Polish Association of Wind Energy criticized this provision as there is no more space which meets the requirements of such a ruling (spaces where zoning plan allows construction of wind farms and there is no building area within 2 kilometers). Old wind turbines which are closer to buildings shall not be further developed. Moreover, the draft Act allows wind turbines of 40 KW power to be located only on the basis of local zoning plan. If a zoning plan does not refer to wind turbines or does not exist, investors may apply for issuing a zoning decision (a decision act which determines the conditions of area's development, necessary before obtaining a permit for raise a building). What seems to be most controversial is the obligatory discontinuance of zoning decision's proceedings (in case when the "distance requirement" is not met) which are pending while the Act comes into force. Applying for a zoning decision means for entrepreneurs the necessity to bear high costs for adjusting the area to meet the necessary requirements, for obtaining an environmental permit or even for partial investments in acquiring the turbines. Furthermore, according to the draft Act, every wind turbine will have to acquire a permit for exploitation issued by the Office of Technical Inspection. The permit will be issued for a two – year's period.

Romania: Order Sets the Values of Trading with Green Certificates for 2016

by Corina Bădiceanu (Bucharest)

On 19 February 2016, an Order of the Romanian Energy Regulatory Authority (ANRE) regarding the approval of the value limits of trading with green certificates and of the equivalent value of non-purchased green certificates was published in the Official Gazette under the no. 3/2016. According to this Order, during the year 2016, the minimum value of trading with green certificates shall amount to 132,4045 lei/green certificate (meaning EUR 29,3971/green certificate), while the maximum value shall amount to 269,7247 lei/green certificate (meaning EUR 59,8856/green certificate). Moreover, the equivalent of a non-purchased green certificate is set at 539,4450 lei/non-purchased green certificate (meaning EUR 119,7702/non-purchased green certificate). The provisions of this Order shall be fulfilled by the National Electricity and Natural Gas Market Operator – OPCOM S.A., by the producers of electricity from renewable sources and also by the economic operators that are obliged to annually purchase green certificates. The organisational entities belonging to ANRE shall monitor the compliance with the provisions of the aforementioned Order.

Ukraine: Amendments to the Procedure for Setting Feed-in Tariffs

by Tetyana Vyshnevskya (Kiev)

On 12 February 2016, Resolution of the National Energy and Utilities Regulatory Commission (NEURC) no. 2933 of 10 December 2015 on Approval of Amendments to the Procedure for Setting, Review and Termination of a "Green" Tariff for Business Entities came into force. Hereby the NEURC brought the existing regulation in compliance with Law no. 514-VIII of 4 June 2015 on Amending Certain Laws of Ukraine Concerning Ensuring of Competitive Conditions for Electricity Production from Alternative Energy Sources. The amendments concern establishment of feed-in tariffs (FiT) and relevant increments to FIT for business entities producing electricity from alternative energy sources as well as private households producing electricity through solar and wind power stations with an installed capacity up to 30 kW.



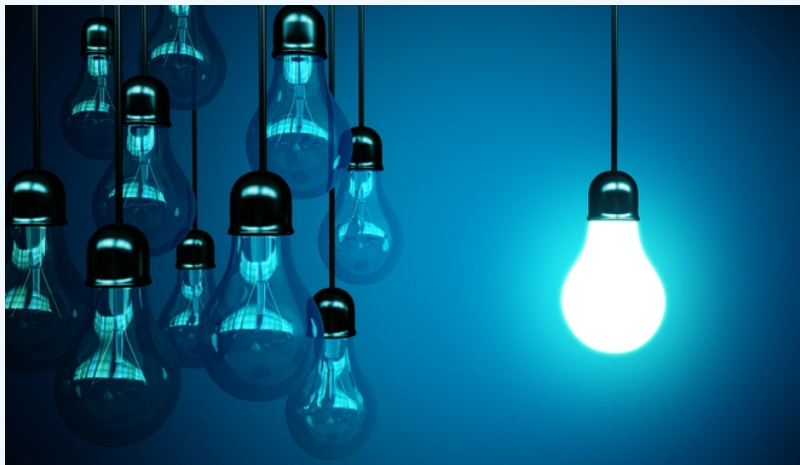
COMPETITION - STATE AID

EU: Commission Calls for Comments on Two French State Aid Schemes

by *Viktoria Chatzara & Stefania Chatzichristofi (Athens)*

According to Article 108 par. 2 of the Treaty on the Functioning of the European Union (TFEU), the European Commission issues its decision ordering a Member State (MS) to abolish or amend an illegal state aid scheme, after providing the opportunity to any interested parties to submit their comments with respect to the scheme at hand. On 5 February 2016 two invitations for the submission of such comments were published in the Official Journal of the European Union, in connection with two French state aid schemes, along with the letters the Commission had addressed to France with respect to these schemes; any interested parties will have to submit their comments within one month from the date of publication of these invitations.

The first of the above mentioned French schemes is the capacity mechanism introduced by the French Law No 2010-1488 on the new organisation of the electricity market. According to the assessment of the operator of the French electricity transmission grid (RTE), a peak demand for electricity during a so-called "winter cold spell" would endanger the security of supply in France. However, taking into account that such conditions only take place once a decade, it was estimated that investment in new electricity production supply would not be economically viable, whereas the development of a demand-side capacity mechanism would be preferable. The aforementioned Law of 2010 introduced an obligation on electricity suppliers to obtain each year a certain volume of capacity guarantees linked to the consumption of their customers during the peak period. Such capacity guarantees are either obtained directly for resources the suppliers own or they must be purchased on a decentralised market



from capacity operators, to which such guarantees are allocated by RTE, according to the projected contribution of their plant. In this way, the French Law allocates free of charge the capacity certificates, creating at the same time a market for them by imposing the above described obligation on the suppliers, and a corresponding value. According to the Commission's assessment, this selective state aid measure is also likely to distort competition and affect trade between Member States, whereas it does not comply with the Guidelines on state aid for environmental protection and energy 2014-2020.

Further, the second French scheme refers to a call for tenders notified by the French authorities on 7 January 2015 regarding the construction and operation of a gas power station with capacity 450 MW in the region of Bretagne and more precisely due to the perspective of some availability requirements related to its construction (such as minimum duration of adjustment tenders etc). This call for tenders, which is based on article L.311-10 of the French code of energy and is integrated into the pluriannual program of investments of 2009, The winning project was selected on 29 February 2012 by the French Minister of Energy, after receiving the opinion of the French Energy Regulator Commission, and is managed by the consortium Direct Energie-Siemens. The main objective of this construction is to increase the power generation capacity in the region, which is poorly connected to the rest of France, aiming thus to contribute to the security of electricity supply in the region of Bretagne that is considered as of general economic interest in a way that the support offered to the potential tenderer is a kind of compensation for the discharge of public service obligations. According to the tender procedure, the producer is free to either place its entire production on the market either sell part of it to Electricité de France (EDF) under a PPA at a tariff of 95% of the hourly price recorded. Moreover, the producer shall receive a fixed annual premium and a premium expressed in EUR/MW/year. The premium shall be paid for a period of twenty years and shall be indexed during the project's lifetime. According to the Commission's assessment, this state aid measure is likely to be unnecessary and disproportionate whereas it is likely to distort competition and trade due to the potential enforcement of EDF whereas it is not certain on how and in which extent this measure shall contribute to the security of supply in Bretagne.

more news on [Competition - State Aid](#):

[EU: Commission Decides not to Raise Objections against UK Electricity Demand Reduction Pilot Scheme](#)

by *Viktoria Chatzara (Athens)*

On 4 February 2016, the European Commission issued a Decision concerning the UK Electricity Demand Reduction (EDR) Pilot state aid Scheme, which was pre-notified to the Commission on 16 February 2015 and notified on 11 December 2015. The EDR Pilot Scheme is of limited duration (one year) and estimated budget (6 million pounds); however, if it is proven to be successful, it may be applied on a larger budgetary basis. All electricity consumers, households, undertakings, private or public organisations etc., located in the UK and connected to the UK electricity grid, are entitled to apply to participate in the scheme, provided that they can deliver, through the replacement of less efficient technologies with new, more efficient ones, at least a minimum amount of electricity demand reduction during the winter peak hours. The beneficiaries of the EDR Pilot Scheme will be chosen through a pay-as-bid auction mechanism, whereas the competent Authorities will be funding as many projects as possible in the framework of the available budget, with those that are cheapest (on a pounds per kW basis) being selected first. The scheme intends to help cut energy bills for consumers, lower costs for businesses and bring down CO2 emissions. The Commission concluded that, to the extent that the beneficiaries of the EDR Pilot Scheme are undertakings performing economic activities, the measure constitutes state aid, in the sense of the applicable EU provisions. Nevertheless, this state aid measure was found to be in compliance with Article 107(3)(c) TFEU and with the Commission's Guidelines on State Aid for environmental protection and energy 2014-2020.

[EU: Commission Clears Acquisition by German Manufacturer of Wind Turbines](#)

by *Viktoria Chatzara (Athens)*

On 12 January 2016, the European Commission issued its Decision not to oppose to a notified transaction between NORDEX, a listed German wind turbine manufacturer, and ACCIONA, a global renewable energy and infrastructure group. According to the notified transaction, NORDEX acquires CORPORACION ACCIONA WINDPOWER S.L. ("AWP") from ACCIONA for a price of €785 million in cash and new NORDEX shares equal to a 16,6% stake in NORDEX. Furthermore, ACCIONA will acquire additional existing shares equal to 13,3% stake in NORDEX from investment vehicles, with the result of ACCIONA becoming the largest shareholder in NORDEX with 29,9% stake and having a de facto sole control of the company. The notified transaction was filed and examined in accordance with the simplified procedure. According to the Commission, the companies involved in the transaction will continue having a limited position on the market for the manufacturing of wind turbines and a significant number of large competitors, thus the acquisition will not raise any competition concerns. Furthermore the Commission examined and concluded that the merged entity would not be allowed, due to the contemplated transaction, to engage in anticompetitive behaviour in related markets as well.



ENERGY INFRASTRUCTURE

EU: Study on Investment Conditions for Electricity and Gas TSOs in the EU

by Tetyana Vyshnevskva (Kiev)



In February 2016, the European Commission published a study on Comparative Review of Investment Conditions for Electricity and Gas Transmission System Operators (TSOs) in the EU. The purpose of the study was to assess the financial capacities of European electricity and gas TSOs to satisfy the growing demand for construction of new and upgrading of existing transmission infrastructure, including an assessment of the financing sources needed for the implementation of energy infrastructure projects (EIP) indicated in the national network development plans (NDP), the circumstances lowering the TSOs ability to attract investments, the possible impact on transmission tariffs and the implications for final energy consumers.

The study covers 39 TSOs in 14 European countries, i.e. Bulgaria, Czech Republic,

Finland, Greece, Hungary, Ireland, Italy, Lithuania, Poland, Romania, France, Germany, Spain and the UK. According to the study, in the next ten years the TSOs intend to invest about EUR 65 billion in electricity transmission assets and up to EUR 20 billion mostly in gas transmission assets, while the majority of TSOs (25 out of 39) will continue to have their current financial structure, relying for the most part on debt financing, equity injection from shareholders and pay-out optimisation (i.e. retained earnings). Investments in EIP are deemed attractive due to the regulated nature of the energy sector and its stability, long-term maturities, low volatility and foreseeable cash flows, although they are hindered by a number of legal and regulatory constraints, including, among others: poor regulatory patterns, legal provisions preventing external players from investing in TSOs' equity (in some Member States), fewer actual projects as opposed to theoretical EIPs envisaged in NDPs, cross-border project complexity, limitations stipulated by the Third Energy Package and lack of incentives/support from the EU.

Based on its findings, the study provides information on the best practices and relevant recommendations to improve the financial capacity of TSOs, including, among others: a) approximation of national regulatory frameworks to establish a common set of rules; b) increasing the reliability of NDPs; c) introducing compensations for the financial impact of construction delays arising from permitting and public opposition; d) increasing the transparency in regulation and financial performance; e) lifting restrictions on access to equity and promoting consolidation of the smallest TSOs in order to strengthen their financial capacity; f) considering possibilities of an alternative development model for (onshore, offshore) interconnectors based on project finance and inspired by the Offshore Transmission Owner and cap-and-floor regulations in the UK for parts of the EU with low interconnection levels.

According to the study, transmission tariffs of the majority of TSOs are expected to increase, but the final impact of tariff increases and investment plans on the end-users should remain limited. The study should help debt and equity financing institutions assess the market for regulated energy transmission infrastructure investments.

more news on Energy Infrastructure:

[EU: ACER Signs MoU with National Authorities for PCIs](#)*by Tetyana Vyshnevskva (Kiev)*

On 15 February 2016, the Agency for the Cooperation of Energy Regulators (ACER) published on its website a Memorandum of Understanding between ACER and the Competent Authorities pursuant to Article 8(1) of Regulation (EU) No 347/2013 (TEN-E Regulation), laying down administrative arrangements on the exchange of information under that Regulation (the MoU). The MoU was signed by the Competent Authorities of 24 Member States, responsible for facilitating and coordinating the permit granting process in relation to energy infrastructure projects in Europe aka projects of common interest (PCIs), with a view to promote information exchange and simplify the reporting process pertaining to implementation of the PCIs by means of a platform established and managed by the ACER. It should be noted that the Competent Authorities of Belgium, Germany, France and Netherlands did not join the MoU, thus the PCI promoters of said countries shall continue reporting both to ACER and the respective national Competent Authority.

[EnC/Albania: Secretariat Issues Opinion on Certification of TAP AG by the Albanian Regulator](#)*by Tetyana Vyshnevskva (Kiev)*

On 11 February 2016, the Energy Community (EnC) Secretariat published its Opinion no. 1/16 of 3 February 2016 concerning the preliminary decision of the Albanian Energy Regulatory Authority (ERE) on certification of Trans Adriatic Pipeline (TAP) AG as the transmission system operator for natural gas (ERE's Decision no. 130 of 31 October 2015, hereafter: the Decision). The Secretariat issued the Opinion in order to provide ERE with relevant recommendations after examining its Decision for compatibility with provisions of Article 9 and 10(2) of Directive 2009/73/EC concerning common rules for the internal market in natural gas (the Gas Directive). Inter alia, the Secretariat recommends ERE to continue scrutinising the activities of TAP AG to make sure they do not give rise to any potential or actual conflicts of interest in accordance with the requirements of the Gas Directive, and perform a relevant compliance assessment of TAP AG during a new certification procedure after the commercial operation date (presumably in 2020). Apart from that, the Secretariat reiterates the necessity to amend ERE's Decision, as already stipulated by the relevant Opinion issued by the EnC Regulatory Board on 26 January 2016, by making correct references to the applicable *acquis*, i.e the Energy Community *acquis communautaire*, as well as the competence of the Secretariat and Regulatory Board to deliver opinions on the preliminary certification decision. The ERE is expected to take due account of the Secretariat's comments when making the final decision on the certification of TAP AG and communicate the latter to the Secretariat.

[Greece: TSO Launches Consultation on New Interconnection Line between Greece and Bulgaria](#)*by Sofia Athanasaki (Athens)*

On 15 February 2016, the Greek TSO ADMIE launched a public consultation, which shall run until 31 May 2016, regarding the construction of a Project of Common Interest (PCI), i.e. the new interconnection line between Greece and Bulgaria, and more precisely, between the substations Nea Santa and Maritsa East. The consultation is conducted in line with article 9 of Regulation (EC) No 347/2013 of the European Parliament and the Council of 17 April 2013 (TEN-E Regulation), and its main purpose is to collect comments and remarks on the route of the abovementioned PCI. This project shall increase the energy transmission capacity between the two countries, while its main purpose is to contribute firstly to the upgrading of existing energy infrastructure and secondly to the safe integration of renewable energy sources in Greece and Bulgaria. A map with alternative routes, information material and a provisional timetable for the realisation of the project are made available on the website of ADMIE to parties interested to provide their comments.

[Greece: TSO Launches Consultation on Draft 10-Year Development Plan for 2017-2026](#)*by Dimitris Nisanakis (Athens)*

On 9 February 2016, the Greek TSO ADMIE launched a public consultation on its preliminary draft ten-year network development plan for the period 2017-2026. The draft is divided into two main sections. The first section refers to the facts regarding the existing electricity grid, such as the already existing power stations and the cross-border interconnections that have been accomplished so far, while the second sections focuses on the targets and development projects, aiming to upgrade and extend the main grid. One of the most important and crucial projects, included in the draft, is the interconnection of the Cretan and Cycladic regional networks with the mainland grid which will result in a significant decrease in the power supply costs. Another target included in the draft is the promotion of integration of the renewable sources into the grid, in order for Greece to comply with the national renewable energy target for 2020. After the end of the public consultation, a final draft which will take into consideration the suggestions made by the interesting parties will be submitted to the energy regulator RAE for approval and final publication. The draft is open to suggestions for any interested parties until Wednesday 9 March 2016.



ENERGY EFFICIENCY

EU: Commission Publishes Communication on Heating & Cooling Strategy

by Evidiki Evangelopoulou (Thessaloniki)

On 16 February 2016, the European Commission published, alongside a raft of other measures aiming to make Energy Union a reality, a Communication on its Heating and Cooling Strategy. This is the first attempt to deal with the huge amount of energy used to heat and cool Europe's buildings, such as households, offices, hospitals, schools and industry. This strategy provides a framework for integrating efficient heating and cooling into EU energy policies by focusing action on stopping the energy leakage from buildings, maximising the efficiency and sustainability of heating and cooling systems, supporting efficiency in industry and reaping the benefits of integrating heating and cooling into the electricity system.

It is confirmed that heating and cooling in buildings, businesses and industry consume approximately half of the energy produced and used in the European Union and 68% of all its gas imports. On the other hand, renewables are estimated at around 18% of energy in the sector, while an important amount of energy is wasted by industry. Therefore, EU's aim is to take measures to curb energy use and boost renewables, so that energy costs and the dependence on imported fossil fuels will be reduced.

In particular, the heating and cooling Strategy includes plans to make energy efficient renovations easier, to develop energy efficiency guidelines for public buildings and to improve the reliability of relative energy performance certificates. It also aims to integrate the electricity system with district heating and cooling systems. These networks can use and store electricity powered by renewables and then distribute it to buildings and industrial sites, boosting the level of renewable heating and cooling. The Strategy intends to raise the level of renewable energy used for heating and cooling through measures that will be announced in the upcoming reviews of both the renewable energy Directive and the energy performance of buildings Directive.

The Strategy also plans to boost consumers' power. Consumers must be at the centre of this strategy, using modern technologies and innovative solutions to shift to a smart, efficient and sustainable heating and cooling system that can unlock energy and budgetary savings for companies and citizens, improve air quality, increase well-being for individuals and provide benefits to the society as a whole. Owners, tenants, building managers and public authorities will be fully informed on how to renovate buildings and use more renewable power, as well as the potential benefits of doing so. Decarbonisation of buildings will contribute decisively to this accomplishment. This entails renovating the existing building stock, combined with intensified efforts in energy efficiency and renewable energy, supported by decarbonised electricity and district heating. These innovations can apply also in industry by taking advantage of the new technical solutions in order to use more renewable energy, such as biomass. The decarbonisation of heating and cooling in buildings and industry will require utilising renewable energy sources on a large scale, combined with the need of significant energy savings in end-energy use and energy transformation through higher efficiencies. A large part of renewable supply is expected to originate from electricity by variable renewable sources (wind, solar, wave and tidal), which must be captured and used when they are available.

The EU research and development Framework Programmes and Horizon 2020 have already contributed to introduce new technologies and reduce their costs. These efforts need to be continued in order to help technologies reach the markets and secure the needed levels of research, development and demonstration. Support will also come from the European Structural and Investment Funds (ESIF). In particular, for the period of 2014-2020 EUR 45 billion are allocated to investments supporting the shift towards a low-carbon economy, EUR 44 billion for research and innovation and EUR 63 billion for enhancing the competitiveness of SMEs.



more news on Energy Efficiency:

EU: CEER Responds to Consultation on Review of Energy Efficiency Directive

by Dafni Siopi (Thessaloniki)

On 29 January 2016, CEER published its response to the European Commission's public consultation on the Review of Directive 2012/27/EU on Energy Efficiency. In its response, CEER focused primarily on Articles 9 – 11 of the Directive, which pertain to metering, billing information and cost of access to metering and billing information regarding the electricity and gas sectors. With regard to the overall adequacy of the Energy Efficiency Directive, CEER urged the Commission to consider carefully the level of prescription in relation to the content or format of bills and other customer communications, so that it is ensured that the provisions on metering and billing are sufficient to guarantee all consumers easily accessible, sufficiently frequent, detailed and understandable information on their own consumption of energy. For this reason, CEER proposes that customers are properly informed free of charge, at least once a month or on demand, of their actual (and not estimated) energy consumption and costs and that the Commission considers proposing a harmonised methodology for assessing and determining competitively priced individual meters at the EU level.

EU: Commission Publishes Study on Energy Efficiency in Industry

by Paraskevi Charalampidi (Athens)

On 25 January 2016, the European Commission published a new study on energy efficiency and energy saving potential in industry and on possible policy mechanisms. The study points out that the energy efficiency levels are expected to improve overall up to 2050. The sectors of covered pulp, paper and print, iron and steel, non-metallic mineral, chemical and pharmaceutical, non-ferrous metal, petroleum refineries, food and beverage and machinery represented the 98% of final industrial energy consumption in 2013. Furthermore, according to the study, only the sectors of iron, steel, chemicals and pharmaceuticals are expected to increase their energy consumption. On the other hand, energy efficiency will remain flat in the sectors of non-metallic minerals and non-ferrous metals. The study also points out that production in the petroleum refineries sector is assumed to decline by 23% by 2050. Finally, for the food and drinks sector, the study notes that it is expected to improve its productivity and high standards for food safety and quality, resulting in declining energy consumption even as production continues to grow.

EU: Commission Publishes Study on Compliance with Energy Performance of Buildings Directive

by Stefan Pavlovic (Belgrade)

On 8 December 2015, the European Commission published an Energy Performance of Buildings Directive (EPBD) Compliance Study aiming to analyse on-the-ground compliance with the current national regulatory frameworks across the EU Member States. The scope of the study required a detailed analysis of these national frameworks and systems, specifically in relation to the compliance with minimum energy performance (MEP) requirements and Energy Performance Certificates (EPCs). The study primarily focuses on data pertaining to the year 2014; therefore, it should be considered as providing a review of compliance for 2014. The objective of the study comprises two main elements: Firstly, to attempt to measure compliance at the national level against this national legal basis, seeking evidence of the application and enforcement of national legislation; and secondly, to analyse the variability in compliance with national legislation across Member States, identifying, where possible, reasons and factors driving different compliance rates, as well as good practices. The study primarily aims to address knowledge gaps around the application of the EPBD across the 28 Member States of the European Union, provide compliance rates with MEP requirements and various aspects of implementation of EPCs, build an understanding of the compliance checking systems and the Independent Control System (for EPCs) and examine the influence of these systems and other framework conditions on observed levels of compliance, and provide an estimate of missed energy savings based on non-compliance with MEP requirements across the 28 Member States of the European Union.



EU: Commission Publishes Report on Energy Efficiency Improvements in Networks

by Lazaros Sidiropoulos (Athens)

In January 2016, the European Commission published a report "identifying energy efficiency improvements and saving potential in energy networks and demand response, in support of the implementation of Article 15 of the Energy Efficiency Directive (2012/27/EU)". Article 15 of the Directive requires Member States to perform an assessment of the energy efficiency potential of their gas and electricity infrastructure, in particular regarding transmission, distribution, load management and interoperability, as well as in connection to energy generating installations; in this regard Member States are also required to ensure that concrete measures and investments are identified for the purpose of introduction of cost-effective energy efficiency improvements in the network infrastructure. Such an assessment has not been carried out by several Member States yet. This report aims to support Member States in performing their assessments as well as to define a common ground to carry out the review of the assessment reports that will be submitted by Member States to the European Community. In its first part, the report focuses on the identification and assessment of measures to improve the efficiency of electricity and gas networks, while the second part specifically focuses on the use of demand response to improve the efficiency of electricity networks concerning reduction of losses and optimisation of grid planning and operation. A key outcome of the report is the definition of a step-by-step methodology to guide Member States and system operators in the definition of energy efficiency measures for electricity and gas grids. To this end an ad-hoc decision support tool has been set-up aiming to help project promoters in selecting good candidate measures and refine their energy efficiency strategy before carrying out full detailed cost-benefit analyses.



BiH: Secondary Legislation on Energy Performance of Buildings Enters into Force

by Nebojša Milanović (Banja Luka)

On 1 January 2016 a set of secondary legislation on the energy performance of buildings, which was adopted by the Ministry for Urban Planning, Construction and Ecology of the Government of Republika Srpska (BH), entered into force. The "Rulebook on building energy audits and issuance of energy certificates" provides rules on the procedure of building energy audits, the determination of energy classes of buildings, the issuance of energy certificate, the keeping of a registry of energy certificates, the costs of energy audits and the procedure regarding an external and independent monitoring of issued energy certificates. The "Rulebook on methodology for calculation of energy characteristics of buildings" contains rules on the estimation of the annual needs of energy for buildings, annual losses of technical systems in buildings and rules about greenhouse emissions. The "Rulebook on minimal preconditions for the energy characteristics of buildings" provides rules on the rational use of energy and heating of buildings in the stage of construction of buildings and also contains rules about the characteristics of construction material for buildings.

Montenegro: Decree on Reconstruction of State Buildings and Rulebooks on Auditing of Buildings

by Mira Todorovic Symeonides (Athens)

The Government of Montenegro, on its session held on 28 December 2015, adopted the proposal of the Ministry of Economy and passed the Decree on Reconstruction of Official Buildings. The decree provides that all official buildings in state ownership, with surface exceeding 500m², managed by the authority in charge for the management of state assets, which should fulfill the minimum technical conditions of energy efficiency and for which the electricity consumption bills are paid from the state budget, except for buildings designed for sale, lease, destruction, removal or putting out of use, will be reconstructed in accordance with the Law on Energy Efficiency. A minimum of 2% of the total surface of these buildings should be reconstructed annually. The plan of reconstruction of public buildings should rank them according to their current energy efficiency level and should assess the economic and technical feasibility of such reconstruction. The priority in reconstruction will be given to the buildings with the lowest ranked energy efficiency.

On its session held on 15 December 2015, the Ministry of Economy of Montenegro adopted the Rulebook on Performing of Technical Auditing of Buildings and the Rulebook on Certification of the Technical Auditing of Buildings (both published in the OJ of Montenegro 75/2015-25.12.2015) which came into force on 2 January 2016 and replaced the respective 2013 rulebooks. The first rulebook regulates the methodology for performing energy efficiency auditing of buildings, the content of the reports on auditing and the conditions for technical auditing which depend on the complexity of the technical systems in buildings. The second rulebook regulates the methodology of certification of buildings, the content of the energy characteristics of buildings, the types of buildings which are not certified and the register of issued certificates.

for further information, please contact **Editing authors...**



Mira Todorovic Symeonides, LL.M.

Partner

Rokas (Athens)

E m.todorovic@rokas.com



Dr. Lazaros Sidiropoulos, LL.M.

Senior Associate

Rokas (Athens)

E l.sidiropoulos@rokas.com

Rokas Law Firm 25 & 25A, Boukourestiou Str. 106 71 Athens, Greece
T (+30) 210 3616816 F (+30) 210 3615425 E athens@rokas.com

Authors



Nebojsa Milanovic

Associate

Rokas (Banja Luka)

Rokas Law Firm
- ADVOCAT Nebojsa Milanović
1 Dositeja Obradovića, 78 000 Banja Luka
Bosnia & Herzegovina
E banjaluka@rokas.com



Vuk Stankovic

Associate

Rokas (Belgrade)

IKRP & Partners Belgrade
30, Tadeusa Kosciuskog Str.
11000 Belgrade, Serbia
E belgrade@rokas.com



Lyubomir Talev

Associate

Rokas (Sofia)

Rokas Law Firm Branch Bulgaria, I. Rokas
12-16 Dragan Tzankov Blvd. Lozenetz Sq.
1164 Sofia, Bulgaria
E sofia@rokas.com



Odisea Xhelita

Associate

Rokas (Tirana)

IKRP Rokas & Partners Albania sh.p.k
Donika Kastrioti Str.
Palace No. 14, 6th Floor, Apartment 7A
Tirana, Albania
E tirana@rokas.com



Corina Bădiceanu

Associate

Rokas (Bucharest)

I.K. Rokas & Partners - Constantinescu,
Radu, Ionescu SPARL
45 Polona Str., District 1, Bucharest, Romania
E bucharest@rokas.com



Stefan Pavlovic

Associate

Rokas (Belgrade)

IKRP & Partners Belgrade
30, Tadeusa Kosciuskog Str.
11000 Belgrade, Serbia
E belgrade@rokas.com









Viktoria Chatzara, LL.M.

Associate

Rokas (Athens)

Rokas Law Firm
25 & 25A, Boukourestiou Str.
106 71 Athens, Greece
E athens@rokas.com

Authors (cont.)

	Tetyana Vyshnevskaya Associate Rokas (Kiev)	IKRP Rokas & Partners Ukraine 15, Panasa Lyubchenko Str.,office 320 Kiev 03680, Ukraine E kiev@rokas.com
	Stefania Chatzichristofi Associate Rokas (Athens)	Rokas Law Firm 25 & 25A, Boukourestiou Str. 106 71 Athens, Greece E athens@rokas.com
	Evridiki Evangelopoulou Associate Rokas (Thessaloniki)	Rokas Law Firm Tsimiski & 3 G.Theotoka Str. 546 21 Thessaloniki E thessaloniki@rokas.com
	Piotr Kloc Associate Rokas (Warsaw)	I.K. Rokas & Partners Binieda Kancelaria Prawna sp.k. 7, Młynarska Str. 01 205 Warsaw, Poland E warsaw@rokas.com
	Dafni Siopi Associate Rokas (Thessaloniki)	Rokas Law Firm Tsimiski & 3 G.Theotoka Str. 546 21 Thessaloniki E thessaloniki@rokas.com
	Dimitris Nisanakis Associate Rokas (Athens)	Rokas Law Firm 25 & 25A, Boukourestiou Str. 106 71 Athens, Greece E athens@rokas.com
	Sofia Athanassaki Associate Rokas (Athens)	Rokas Law Firm 25 & 25A, Boukourestiou Str. 106 71 Athens, Greece E athens@rokas.com
	Paraskevi Charalampidi Associate Rokas (Athens)	Rokas Law Firm 25 & 25A, Boukourestiou Str. 106 71 Athens, Greece E athens@rokas.com