

Monthly energy law headlines from the EU & the SEE countries of the Rokas network

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Energy Markets **what's new...**

EU: ACER's Reactions on EU COM Proposals on Clean Energy

by *Maria Marda, (Athens)*

On 23 January 2017, the Agency for the Cooperation of Energy Regulators (ACER) published its paper named «European Energy Regulators' Overview Paper Initial Reactions to the European Commission's proposals on Clean Energy», in order to present the joint feedback of the Agency and of the National Regulatory Authorities (NRAs) in the Council of European Energy Regulators (CEER) regarding the key elements of the EU COM proposals. By this report, a set of fundamental principles for a well-functioning Energy Union has been drawn on by the regulators. More specifically, it is stated that by the successful implementation of the recent legislation, competitive markets are evolved that further enables consumers to access dynamic pricing. Moreover, the Commission's proposals to remove priority dispatch, to bring RES into the market and to ensure that all market players are liable for balancing, are welcomed. The Commission's proposals concerning price caps are supported, as well as the initiative to avoid overcapacity across the continent by coordinating the assessment of resource adequacy. The proportionate approach to both TSOs cooperation and to future cooperation between TSOs and DSOs is also welcomed in order to increase smarter system operation. In addition, ACER and NRAs shall continue the detailed analysis of the EU COM proposals in order to be developed a proportionate and effective regulatory framework which can empower and protect consumers across the continent.

EnC: Conclusions of the 44th PHLG Meeting

by *Stefan Pavlovic, (Belgrade)*

On 15 December 2016, the 44th Permanent High Level Group ("PHLG") of the Energy Community meeting was held in Vienna, Austria. The meeting was dedicated to the following issues: (i) Treaty amendments; (ii) Implementation of the *acquis*; (iii) New *acquis*; (iv) Winter Package; (v) Regional initiatives. Among other, the PHLG has identified issues requiring Treaty amendments on the basis of the proposals already made by the Energy Community Secretariat ("Secretariat") and the Republic of Serbia. Regarding introduction of new *acquis*, the PHLG took note of the presented adapted versions of Commission Decision (EU) 2015/715 and Commission Regulation (EU) 2015/703 and expressed its intention to adopt them at the PHLG meeting that will be held in March. The PHLG invited the Secretariat to analyse the possibility and means including a possible roadmap to implement and expand the EU-wide mechanism established by Regulation (EU) 1227/2011 in context of Commission Regulation (EU) 2015/1222 (REMIT) on the territory of the Contracting Parties and present the outcome at the next PHLG meeting. Also, the PHLG took note of the Secretariat's presentation on the progress made in creating a regional electricity market under the Western Balkan 6 Initiative, and further efforts needed to implement WB6 targets to which countries committed to.

Montenegro: Arbitration Disputes before the Energy Regulator

by *Stefan Pavlovic, (Belgrade)*

On 29 and 30 December 2016, the Board of the Montenegrin energy regulator (REGAGEN) issued the rules for the settlement of disputes through arbitration (Rules). The Rules regulates the procedure for resolving disputes through arbitration within the REGAGEN authorizations which are prescribed by the Energy Law. The REGAGEN may solve the disputes between energy entities or between energy entities and their customers regarding issues arising from their contractual relationship, in accordance with the Energy Law, and if contracting parties entrust it with the settlement of the dispute in accordance with the arbitration agreement. The Rules were published in Official journal of Montenegro on 31 December 2016 and came into force on 09 January 2017.

Serbia: Several Decisions for Electricity and Gas Adopted by AERS

by *Mirjana Mladenovic, (Belgrade)*

At the session held on 23 December 2016, the Council of the Energy Agency of the Republic of Serbia (AERS) adopted the Decision on Amending the Methodology for Determining the electricity price for Guaranteed Supply (Official Journal 105/2016). This decision extended the deadline by which the distributors are required to establish the contracted power for calculation of the electricity. At the same session, AERS has adopted the Methodology for Determining the Price for Accession to the Natural Gas Distribution System (Official Journal 105/2016), as well as the Decision on Amending the Methodology for Determining the Price of Natural Gas for Public Supply (Official Journal 105/2016 and 108/2016 – correction). By the amendments, these methodologies are harmonized with the law, additional requirements are listed and certain corrections are made in accordance with the remarks of system users. Also, on the session held on 26 December 2016, AERS has adopted the Decision on System services prices for 2017 (Official Journal 105/2016). Namely, determination of the system services price is a legal obligation of AERS that it needs to perform each year.

Electricity what's new...

EU/ENTSO-E: Consultation on Harmonised Allocation Rules

by Tetyana Vyshnevska, (Kiev)

On 16 January 2017, ENTSO-E launched an online public consultation on Harmonised Allocation Rules (HAR) for long-term transmission rights, prepared in accordance with the requirements of Commission Regulation (EU) 2016/1719 of 26 September 2016 establishing a Guideline on Forward Capacity Allocation (FCA Regulation), which aims, inter alia, at providing market participants with the ability to hedge their risk associated with cross-border electricity trading. As part of the consultation, ENTSO-E will hold a public workshop for stakeholders on 3 February 2017, in Brussels. The feedback received during the consultation will be used to further develop and improve HAR. Interested stakeholders may submit their comments by 17 February 2017.

EU/ENTSO-E: Public Consultation for the Design of the FCR Cooperation

by Mira Todorovic Symeonides, (Athens)

On 2 January 2017, ENTSO-E launched a public consultation regarding a pilot initiative on the common market for procurement and exchange of Frequency Containment Reserve (FCR). This is one of several pilot initiatives developed to support the implementation of the Electricity Balancing Guideline (the last updated draft version of which was published on 25 January 2017), as the transmission system operators (TSOs) and the national regulatory authorities (NRAs) decided to assess the current status of the cooperation and to study the possible market design evolution. The consultation will last from 9 January until 10 February 2017, during which period stakeholders may provide their comments to the consultation document, which presents options for the design of FCR Cooperation and contains the following topics: auction frequency and product duration; bid design possibilities; auction allocation algorithm; cross-border transfer of capacity obligation; and TSO-BSP settlement and Market rules harmonization.

EU/ENTSO-E: CGM and GLDP Methodologies Approval Update

by Mira Todorovic Symeonides, (Athens)

On 12 January 2017, ENTSO-E provided an update on the approval procedure for the Generation and Load Data Provision Methodology (GLDPM) and the Common Grid Model Methodology (CGMM), both prepared by all transmission system operators (TSOs) in compliance with the Commission Regulation (EU) 2015/1222 establishing a guideline on capacity allocation and congestion management, and submitted in summer 2016 to all national regulatory authorities (NRAs) for approval. NRAs have approved the GLDPM (subsequently each NRA shall issue a binding decision for a TSO at national level) while the CGMM has been conditionally approved as the NRAs require three specific amendments (issuing of national level decisions should also follow). TSOs should now start the preparation of the new amended draft versions of both CGMM and GLDPM in order to comply with the Commission Regulation (EU) 2016/1719 establishing a guideline on forward capacity allocation.

EU: ACER's Monitoring Report on the 2015 ITC Mechanism

by Dr. Stavroula Antoniou, (Athens)

On 15 November 2016 the Agency for the Cooperation of Energy Regulators (ACER) released its Report to the Electricity European Commission on the implementation of the Inter-Transmission System Operator Compensation (ITC) mechanism in 2015. With regard to specific aspects of the ITC implementation in 2015, the major findings include the following: The Agency notes in its latest report that that losses component of the ITC Fund increased by 19% compared to 2014 up to €153 million, which was mainly triggered by a significant increase of the volume of losses incurred by transit. At the same time the weighted average value of losses used for the 2015 ITC mechanism decreased. Regarding EU ITC Parties the actual 2015 values of losses are still on average 9% lower compared to the values used for the 2015 ITC mechanism. In 2015, the perimeter fee decreased to 0.6 €/MWh, (against 0.7€/MWh in 2014). Both the absolute and relative contribution of the Perimeter countries to the ITC Fund decreased compared to 2014.

EnC: Secretariat Publishes Western Balkan 6 Monitoring Reports

by Vuk Stankovic, (Belgrade)

On 21 December 2016, the Energy Community Secretariat («EnC Secretariat») published the first monitoring reports on Sustainability Charter Monitoring («Sustainability Report») and Electricity Monitoring («Electricity Report») under the Western Balkans 6 Energy Connectivity Initiative («WB6»), which covers six Energy Community Contracting Parties: Albania, Bosnia and Herzegovina, FYR of Macedonia, Montenegro, Kosovo and Serbia. In Sustainability Report EnC Secretariat covered, among others: i) the progress in implementation of the relevant Energy Community acquis on energy efficiency and renewables (RES); ii) the revision of national greenhouse gas emissions monitoring and reporting systems; iii) countries' reporting obligations under the UNFCCC and; iv) measures to ensure investor confidence in sustainable energy markets. On the other hand, the Electricity Report provides an overview of the state of play of implementation of the soft measures and highlights the achievements made in the monitoring period. The Electricity Report also shows where continued implementation efforts are mostly required.

Greece: Public Consultation on Amendments to the Transmission Code

by Mira Todorovic Symeonides, (Athens)

On 17 January 2017, the Regulatory Energy Agency (RAE) launched a public consultation, which will last until 31 January 2017, regarding the amendments to the Code on the Operation of the Electricity Transmission Grid (Transmission Code) in relation to the transitional flexibility service capacity remuneration mechanism (Flexibility Service Mechanism), introduced in August 2016 with RAE Decision No. 284/2016. Particularly, the Transmission System Operator (ADMIE) proposed the amendments of Article 300 of the Transmission Code as well as the respective provisions of the Rulebook of the Transmission Code, which regulate penalties which may be imposed in case a production unit fails to comply with its obligations from participation in the Flexibility Service Mechanism, ranging between 10% to 100% of the remuneration received by such production unit. The proposed amendments regulate the methodology for calculation of the penalties.

FYR of Macedonia: New Manual for Registering Data on Electricity Market

by Simonida Sosolcheva Giannitsakis, (Skopje)

On the 13 of January 2017, the Energy Regulatory Commission of FYR of Macedonia issued Manual for registering data regarding operation of energy markets. The manual for registering data regulates: general information regarding the method of electronic entering data; structure of the files which consists of two or more sheets; the procedure for the method of electronic entering data; and the procedure for controlling of registered data.

Montenegro: Amendments to the PSO Tariffs

by Mirjana Mladenovic, (Belgrade)

On session held on 29 December 2016, the Government of Montenegro adopted the Methodology for Determination of the Price Applied by the Supplier of Last Resort and Vulnerable Consumers (Official Journal 83/2016) ("Methodology"). The Methodology regulates the manner of determining the price of electricity applied by the supplier of last resort and vulnerable consumer for the supply of households and small consumers who do not belong to the category of households connected to the distribution systems of electricity at a voltage level 0,4 kV who without its own fault lose their suppliers or supply contracts or who choose to be supplied through the supplier of last resort and for the supply of the vulnerable consumers. Also, the Methodology prescribes the manner for determination of the electricity prices of the end consumer connected to the transmission system and other end consumers who without its own fault lose their suppliers. Further, the Methodology prescribes the manner for determination of the temporary electricity prices in all cases prescribed by the Energy Law. This Methodology came into force on 09 January 2017.



ELECTRICITY highlights...

Greece: Regulation of the Second Electricity Term Products (NOME) Auction

by Mira Todorovic Symeonides, (Athens)

On 21 December 2016, the Regulatory Energy Authority (RAE) issued three decisions regarding the organization of the second electricity term products sale auction by the Public Power Corporation (PPC): a) the first, Decision No. 618/2016, regulates the amendments of the Electricity Transactions Code (OJ B' 104/2012 as amended), the Operation of the Electricity Transmission System Code (OJ B' 103/2012 as amended) and the Electricity Term Products Transactions Code (OJ B' 3164/2016) amending details of the NOME auction procedures; b) the second, Decision No. 619/2016, regulates the annual quantities of electricity which will be sold on NOME auctions in 2017, defines the products to be sold and provides for the auctions time table; and c) the third, Decision No. 620/2016, sets the administrative fees to be paid by the selected supplier per auction at €356.000.

In 2016 the Law 4389/2016 (OJ A 94/2016 as amended) introduced quarterly auctions whereby the PPC would sell electricity term products along with physical delivery to eligible electricity suppliers (so called 'NOME' auctions, after the French acronym for such models). The purpose of this initiative is to reduce, by the end of 2019, the PPC's retail market share in the interconnected system (electricity sold on islands that are not connected to the mainland grid is not included) from 95.24% (as of August 2015) to less than 50%. The annual quantity of PPC generated electricity to be sold at the auctions should gradually increase from the quantity sold by the PPC in August 2015, from 8% in 2016 to 13% in 2019. These auctions should enable alternative suppliers to have direct access to cheaper electricity acquired beyond the mandatory pool of the day-ahead wholesale electricity market, thus increasing competition between them and the PPC. According to the RAE Decision 619/2016, the annual quantities to be sold on NOME auctions in 2017 will be 681 MWh/h; there will be 4 term products (the first three term products for quantities of 145 MWh/H each

with the duration of 8760 hours and the 4th term product for the amount of 246 MWh/h with 8760 hours duration); There will be 4 auctions organised in 2017 on: 31 January, 26 April, 12 July and 18 October 2017.



Further, on 20 January 2017, RAE issued Decision No. 21/2017 by which it approves technical characteristics and conditions of the NOME auctions which will be organised on 31 January 2017. The approved conditions include the technical characteristics of the term products (quantities, duration and minimum price); technical characteristics of the auction (such as the required guarantee, minimum quantities, deadline for submission of objections); technical characteristics of the clearing and settlement of the transaction (administrative fees of the Electricity Market Operator (LAGIE) which organises the auctions, the amount of advance payment, deadlines for payments). The amount of guarantee for this auction is determined to be €142.402,13, the minimum price (Reserve price) is 37,37 €/MWh while the necessary advance payment is 3%.

Greece: Electricity Distribution Network Code Adopted

by Mira Todorovic Symeonides, (Athens)

On 20 January 2017, the Decision of the Regulatory Energy Agency (RAE) No. 395/2016 of 18 October 2016 on approval of the Code on Management of the Greek Grid for Distribution of Electricity (Distribution Code) was published in the Official Journal B' 78/2017. This long awaited Distribution Code is the first code regulating the distribution system since liberalization of the electricity market in 1999 and unbundling of the distribution system operator (DEDDIE) from the incumbent company Public Power Corporation (PPC) in 2011. Until now DEDDIE has, for some of its operations, been applying its internal rules and rulebooks.

The Distribution Code regulates the operations of DEDDIE and the relations of DEDDIE with producers, consumers, suppliers, authorities and the public in general. The fields regulated by the Code include: maintenance and development of the grid, management of meters, connection of consumers to the grid, relations with electricity suppliers, the method and costs of

connection of RES producers to the grid, electricity theft, and the quality of supply. The Code establishes the correlation between the amount of DEDDIE's income and grid charges with the quality of services and energy efficiency of the grid. It regulates the quality of DEDDIE services and the quality of electricity delivered, as well as consequences for breaching these obligations. It provides for procedures and technical characteristics regarding the access to the grid and the respective rights and obligations of DEDDIE and the users of the grid, as well as basic principles for calculation of the charges for the connection to and for the use of the grid. The provisions on planning of the grid development have been systemized as well as the aim, criteria and general principles of the grid development.

Several rulebooks should be gradually adopted within the next 18 months from the adoption of the Distribution Code in order to make its application possible. Particularly, the Rulebook on meters' representation and periodical clearance, the Rulebook on charges for the connection of consumers to the grid and the Rulebook on charges for the connection of producers to the grid should be adopted within 6 months; the Rulebook on meters and metering, the Rulebook on operation of the grid, the Rulebook on access to the grid, the Rulebook on the charges for the use of the grid and the Rulebook on operations of the grid control center should be adopted within 12 months; while the Rulebook on the quality of energy and the Rulebook on the quality of service should be adopted within 18 months. Until then, the existing DEDDIE's internal rulebooks will continue to apply. In regard to the Rulebook on Electricity Theft, due to the increased significance of the issue, RAE plans to adopt a temporary regulation within the next couple of months, while the permanent one should be issued within 12 months from the adoption of the Distribution Code. All the rulebooks will be prepared by DEDDIE and approved by RAE.



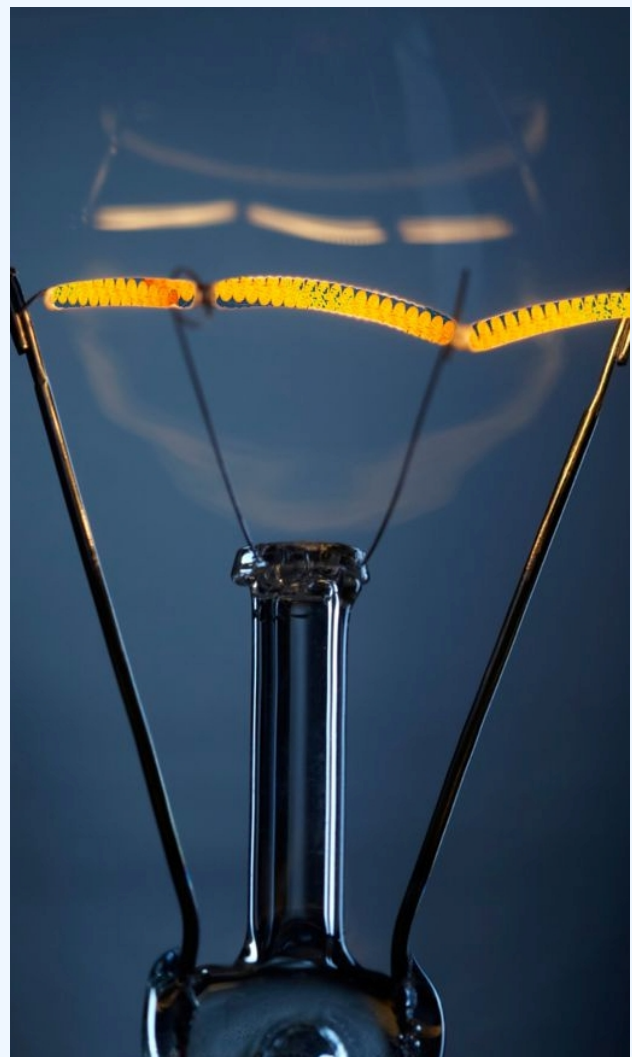
EU/CEER: Guidelines on Electricity Distribution Network Tariffs

by Tetyana Vyshnevska, (Kiev)

On 23 January 2017, Council of European Energy Regulators (CEER) issued its Guidelines of Good Practice for Electricity Distribution Network Tariffs (Ref: C16-DS-27-03). By means of this document CEER intends to assist National Regulatory Authorities in designing distribution tariff structures for electricity distribution networks with due account of future challenges and opportunities for operation and development of these networks. The Guidelines provide an overview of the existing network and tariff structures, case studies of distribution tariff design in different contexts across Europe (Germany, Great Britain, Italy, the Netherlands, Norway, Portugal and Sweden), the changes needed as well as relevant recommendations in the form of key principles to be applied.

According to CEER, current network and tariff structures vary greatly among different European countries but they should nevertheless implement principles of: non-distortion (avoiding distorting decisions around access and use of the network), non-discrimination among network users, cost-reflectivity, cost recovery, transparency, predictability and simplicity. When applying these principles, certain considerations are key, including, among other, the following: a) the network tariff design should allow for introduction of new technologies and innovative market offers that will add value or reduce costs for consumers (e.g. electricity storage, electric vehicles, distribution-connected generation and demand side flexibility); b) different costs of network provision should be reflected in the tariff structures; c) self-generators should enjoy fair and cost-effective network tariffs on a par with other network users; d) network tariffs should be used to give price signals to consumers in combination with other tools (e.g. connection charges and contracts for delivery of flexibility) etc.

The Guidelines of Good Practice for Electricity Distribution Network Tariffs complement the ongoing work of CEER on the interactions between Transmission System Operators and Distribution System Operators (DSOs), CEER Guidelines of Good Practice on Incentive Schemes for DSOs, including innovation, and Best Practice Guidelines for Flexibility Use at Distribution Level.



Bulgaria: World Bank Report on Recovery and Liberalization of Bulgarian Power Sector

by Apostolos Christakoudis, (Sofia)



In November 2016, the World Bank presented to the Bulgarian government its report entitled: «Bulgaria Power Sector: Making the Transition to Financial Recovery and Market Liberalization». The following issues are presented in the said report namely: i) the financial stress of the Bulgarian power sector and ii) the market liberalization.

First of all, regarding the financial stress, the Report recommends measures in order to improve the financial condition of the sector. One of the recommended measures is the government's support for the reduction of the cost of repayment of the accumulated debt. The other is an increase in the obligation for society fee for all consumers by approximately 5 % per year until 2019. The

recommended steps by the Report which are related to the increase of the market's liquidity are the implementation of market-based purchase of losses and the integration of generators with long-term Power Purchase Agreements (PPAs) that benefit from feed-in tariffs (FITs). The process of full market liberalisation should continue in a stepwise approach through the gradual implementation of market-based regulated pricing for households and ending with the full removal of regulated tariffs.

Nevertheless, there are some concerns concerning the Report's findings. Some of them are related to the failure of focus on some of the feasible generation options already available in the market such as: uprating of the nuclear units, uprating of the hydros, and energy from waste facilities utilising steam for heat generation, etc. However, it should be noted that the report is very valuable and in most cases presents the accurate picture of the current electricity sector in Bulgaria and of the need for change in the upcoming years. In order to properly implement the Report's suggestions, the next Government and Parliament shall need to modify the Energy Strategy of Bulgaria until the year 2020 and then focus on amending its primary and secondary legislation. The delay in the completion of the Report brings uncertainty of whether its recommendations will be honoured by the new decision-makers in the Bulgarian electricity sector. The Report is also a very important milestone for the successful market liberalization and financial recovery reform, both of which are much needed. It also clearly shows that what the sector really needs is not the unrealistic multi-billion euro generation projects, which have the potential to derail the sector from the much needed focus over the next years.

Croatia: CROPEX Published Amendments to the Rules of Trading - Introducing Intraday Market

by Sanja Tolj Par, (Zagreb)

On 18 December 2016, the Croatian Power Exchange (CROPEX) published the amendments to the Rules of trading introducing the intraday market to CROPEX. Key changes introduced in the amendments to the Rules of trading are related to the introduction of the Rules of Intraday Market as an integral part of the Rules of trading, definition of products and the manner of trading on the intraday market as well as proscribing that the exchange rate from EUR to HRK is the median exchange rate of the Croatian National Bank on the day of issuance of the invoice. Intraday market offers its members a possibility to continuously trade with products on an intraday basis on the Croatian territory whereby the transactions are automatically paired with matching offers entered into the ETS.

Detailed provisions governing trade on the intraday market are contained in the Rules of the Intraday Market and the Membership Agreement. Products that can be traded on the intraday market, as well as the applicable hours of trade are listed in the product specification section of the Rules of trading. Three categories of products are foreseen for trade on the intraday market, namely hour, peak and base product. The timetable for product trading is based on the day of the delivery where the trading starts at 15:45 CET time on the day prior to the delivery date and ends thirty (30) minutes before the delivery date. Trade currency is euro, the unit of trade is 0,1 MW and the price unit is 0,1 EUR/MWh. Rules envisages six (6) types of orders that can be issued on the intraday market, namely the Fill order, All-or-Nothing order, Fill-or-Kill order, Immediate or Cancel order, Iceberg order and the Block order. Single order can range between 500 and 3000 EUR. Order prices are designed to indicate the price in euros per MWh, e.g. the order in the amount of 22.60 would mean that the price of the order is 22,6 EUR/MWh. CROPEX will continuously throughout each trading day provide members with the information on all orders and transactions registered in the ETS, on an anonymous basis. Information on all transactions will be available through the ETS and other information facilities that CROPEX chooses in its sole discretion, taking into account that such information are included in the fees provided for in the amount of compensation.



Following the publication and entry into force of the Rules of trading with included Rules of Intraday Market on 1 January 2017, the process of accession of existing and future member to the CROPEX intraday market has started. Membership on the CROPEX intraday market is available to all participants possessing a valid licence for conducting energy activities issued by the Croatian Energy Regulatory Agency (HERA), contract on the responsibility for deviation with the Croatian Transmission System Operator (HOPS) and the contract on participation in the electricity market with the Croatian Energy Market Operator (HROTE). All interested market participants may submit a request for membership which begins the formal process of accession and the signing of the membership contract. Upon the request for membership, market participants shall receive the Membership Contract, and upon signing of the contract access to the test trading platform and consequently the operational trading platform for trading on the intraday electricity market.

Oil & Gas what's new...

EU/ENTSOG: Statement on Amendments to Interoperability Network Code

by Tetyana Vyshnevskya, (Kiev)

On 21 December 2016, ENTSOG issued a Press Release 0123-16, stating its position on the introduction of a binding reference to the CEN standard on gas quality (EN1726:2015) into the Network Code for Interoperability and Data Exchange Rules (INT NC). According to the Press Release, having carried out an impact analysis, requested by the European Commission in December 2015, with the focus on potential consequences of such an amendment for the entire gas value chain in relevant EU Member States, ENTSOG does not recommend to amend the INT NC. The ENTSOG's position is consistent with the Commission's statement made at Madrid Forum on 7 October 2016.

EU: ACER's Views on Gas Congestion Indicators

by Dr. Stavroula Antoniou, (Athens)

On 15 December 2016, following a recent survey on the indicators for contractual congestion at gas interconnection points (IPs), ACER (Agency) published its views on the stakeholders' responses. According to the European Commission Guidelines on Congestion Management Procedures, the Agency publishes a yearly monitoring report on contractual congestion at the interconnection points of the gas transmission network. The Agency has invited stakeholders to propose concrete suggestions to improve the "congestion indicators" and to comment on the Firm Day-Ahead Use-It-Or-Lose-It (FDA UIOLI) mechanism. The initial Agency views on the most important aspects can be summarised as follows: 1. the current automatic application of FDA UIOLI at IPs in case of detected contractual congestion is not supported by a number of stake holders and NRAs; 2. the Evaluation of Responses shows a tendency in favour of enhancing the congestion analysis by assessing additional indicators (e.g. price spreads, capacity utilisation) and by allowing NRAs to decide based on further considerations and parameters (also using elements already assessed in the congestion reports, e.g. secondary trading, interruptible capacity,...) and not just the occurrence of auction premia and the non -offer of products; and 3. a deepened assessment of physical congestion is not necessary.

EnC: Serbia-Russia Intergovernmental Agreement on Natural Gas Supply

by Vuk Stankovic, (Belgrade)

On 12 January 2017, the Energy Community Secretariat («EnC Secretariat») sent an Opening Letter to Serbia regarding the Case ECS-18/16 concerning the failure to comply with the competition rules of the Energy Community in an agreement between Serbia and Russia dated on 15 October 2012 for natural gas supply over the course of ten (10) years («Agreement»). The legal ground of the Agreement is the contract between Gazprom Export and Yugorosgaz regarding the supply of up to five (5) billion cubic meters of natural gas per year from Russia to Serbia in the period between 2012 and 2021. Under the Agreement, the natural gas shall be placed exclusively on Serbian market, which may represent a destination clause, infringing the competition rules set forth in the Energy Community Treaty («Treaty»). Serbia has the opportunity to make its arguments heard by submitting the Reasoned Opinion on non-compliance with the Treaty within two (2) months as of the date of Opening Letter and thus to prevent the Dispute Settlement in line with Articles 90-93 of the Treaty.

Greece: RAE Approves TAP AG's Compliance Programme

by Andriani Kantillieraki, (Athens)

On 16 December 2016, the Greek Energy Regulatory Authority (RAE) issued its decision no. 572/2016 regarding the approval of the revised regulatory compliance programme of the company TAP (Trans Adriatic Pipeline) AG. In taking this decision, RAE had to consider the provisions of the law, previous decisions on the exemption of TAP AG from certain requirements outlined in Directive 2009/73/EC (the Gas Directive) and other relevant decisions of the competent Regulatory Authorities of Italy and Albania. RAE examined the revised RCP in terms of compliance with the conditions set out in the Final Joint Opinion of the Energy Regulators. In other words, RAE accepted the revised programme as it was deemed to be in line with the requirements set out in order to ensure that TAP AG's commercial operations are performed on an independent basis and that all the necessary measures to prevent discriminatory conduct are adopted. TAP AG proposed several additional measures to ensure the said goals and now appears to be ready to proceed to the next step of this venture which is the smooth transition from the construction phase to the full commercial function and activity.

Greece: Draft Law Incorporating Directive 2014/94/EU

by Dafni Siopi, (Thessaloniki)

On 17 November 2016, the Draft Law «Incorporation into Greek law of Directive 2014/94/EU of the European Parliament and of the Council of 22 October 2014 for infrastructure development of alternative fuels, simplifying the licensing process and other fuel filling delivery devices and energy, and other provisions» was submitted to the Greek Parliament. The Draft Law regulates issues related to the development of alternative fuels infrastructure pursuant to EU legislation, the licensing of gas and fuels service stations and the supply process of energy and other regulated issues. The Draft Law incorporates in Greek legislation the Directive 2014/94/EU on the development of alternative fuel infrastructure and amended relevant national legislation.

Greece: Model Contracts for Alternative Fuels and Gas Interruptibility Scheme

by Stefania Chatzichristofi, (Athens)

On 23 December 2016, the Greek Energy Regulatory Authority (RAE) issued its Decision No. 628/2016 (Official Gazette 4395 B/2016) and approved two types of model contracts. The first one relates to the Stock Conservation of Alternative Fuels and the Availability Operation of the Electricity Power Plants. The contract is signed pursuant to the provisions of Article 74 paragraph 4 of the Law no. 4001/2011, between the Hellenic Gas Transmission System Operator (DESFA) and the company that possesses the license of electricity production with fuel from gas and also possesses, under remuneration a stock of alternative fuels (i.e LNG). The second model contract of RAE's Decision refers to the financing of the mechanism of management of the gas demand, i.e. the interruptibility mechanism between big clients and DESFA. By this contract, extensive energy consumers agree with DESFA for remuneration to either reduce or interrupt their demand on gas for a specific period of crisis and given a stated notice time.

Greece: Temporary Methodology for Natural Gas Quantity Allocation

by Dr. Stavroula Antoniou, (Athens)

On 22 December 2016 the Decision no. 338/2016 on introducing a temporary methodology for natural gas quantity allocation in Distribution Network Exit Point, passed on 29 September 2016 by the Greek Energy Regulatory Authority (RAE) was published in the OJ B' 4136/2016. The regulatory intervention takes into account in a fair and reasonable way the measurements recorded at the Extraction points of the Distribution Networks. The regulation which shall be implemented during the transitional period until the completion of the regulatory framework concerning the Distribution Networks is finalised, is expected to contribute to the creation of a streamlined and clear regulatory standard about the natural gas quantity allocation to Exit Point of Distribution Network.

Albania: TAP AG Regulatory Compliance Programme

by Odisea Xhelita, (Tirana)

On 23 November 2016 the Energy Regulatory Entity (ERE), after the request of TAP AG and following the Final Joint Opinion (FJO) of the Energy Regulators in Italy, Albania and Greece signed on 6 June 2013, as amended, has approved the Decision No.185/2016 On the Approval of the Regulatory Compliance Programme (RCP). RCP was established by TAP AG to provide a binding internal framework to ensure that TAP AG as a whole, as well as its Employees, shall comply with the requirements set out by section 4.5.1 of the FJO, in particular: i) the person responsible for monitoring the RCP and reporting to the Authorities; ii) the duties and the rights of the Employees of TAP AG in the fulfilment of the purposes of RCP, including the management of Commercially Sensitive In-formation; iii) the measures adopted by TAP AG to prevent Discriminatory Conduct in relation to participants in the Booking Phase of the market test, who are not shareholders in TAP AG; iv) the principles of tariff methodology and congestion management rules for the marketing of capacity by TAP AG.

Croatia: NRA Adopted New Tariff Systems and Rules on the Gas Market

by Sanja Tolj Par, (Zagreb)

On 16 December 2016, the Croatian Energy Regulatory Agency adopted a series of decisions setting the new tariff systems in the gas market as well as approving the Terms of Use of the Gas Storage System. The following Decisions were adopted: i) Decision on tariff amounts for gas distribution; ii) Decision on tariff amounts for gas storage; iii) Decision on tariff amounts for public service of gas supply for the period 1 January 2017 to 31 March 2017; iv) and the Decision on fees for the connection to the gas distribution and transmission system and the increase of connection capacity for the regulating period 2017-2021 (Official Journal, 122/2016). Furthermore, pursuant to Article 86, Paragraph 3 of the Gas Market Act (Official Journal, 28/2013) and the Decision on the approval of the Croatian NRA of 23 December 2013, the company Underground Gas Storage Ltd adopted the Rules of Use of the gas storage system. Among others, the Rules of Use of the gas storage system govern the development of the gas storage system, the booking procedure as well as the use of gas storage system capacities and the gas storage trading capacities.

FYR of Macedonia: Gas Distribution Tariff and Revenue for 2017-2021

by *Simonida Sosolcheva Giannitsakis, (Skopje)*

On 28 December 2016, the Energy Regulatory Commission, following a respective public consultations, adopted a Decision for the regulated revenue and tariff for natural gas distribution services of the Directorate for Technological Industrial Development Zones (DTIDZ) Skopje for the regulatory period of 2017-2021. The Commission concluded that there is an increase of the connection to the distribution network in the previous regulatory period, in the technological and industrial Development Zone Skopje 1 and Skopje 2, as currently eight users are connected to the distribution network. The Decisions regulates the revenue in amount of 10,514,541 Denars and tariff of 2,8418 Denars/nm³ for natural gas distribution service for 2017 year, for transferred 3.700.000 nm³ natural gas. The annual revenue per constituent elements (ABB) for natural gas distribution service for regulated period 2017-2021 year: for 2017 year 10.514.541 Denars, for 2018 year 10.623.804 Denars, for 2019 year 11.508.528 Denars, for 2020 year 11.971.157 Denars; and for 2021 year 12.246.093 Denars.

FYR of Macedonia: Gas Transmission Regulated Revenue and Tariffs for 2017 - 2021

by *Simonida Sosolcheva Giannitsakis, (Skopje)*

On 28 December 2016, the Energy Regulatory Commission adopted a Decision for the maximum regulated revenue and tariffs for natural gas transmission services and management of the natural gas transmission system for 2017, as well as the annual revenue per constituent elements of natural gas transmission services and management of the natural gas transmission system for the regulatory period of 2017-2021 for GAMA AD Skopje. In the Decision, Energy Regulatory Commission approved to GAMA AD Skopje the following: The maximum regulated revenue in amount of 216.260.469 Denars and tariff of 1,3516 denars/nm³, for transferred 160.000.000 nm³ natural gas, for natural gas transmission services in 2017 year; 29.490.064 denars and tariff of 0,1843 Denars/nm³, for transferred 160.000.000 nm³ natural gas, for management of the natural gas transmission system in 2017 year; and annual revenue per constituent elements (ABB), for 2017 year 213.847.100 Denars, for 2018 year 215.298.925 Denars, for 2019 year 216.767.997 Denars, for 2020 year 218.254.837 Denars and for 2021 year 219.759.981 Denars, for natural gas transmission services and management of the natural gas transmission system for regulated period 2017-2021 year.

FYR of Macedonia: Tariffs for Construction of Kumanovo Gas and Strumica Gas

by *Simonida Sosolcheva Giannitsakis, (Skopje)*

On 28 December 2016, the Energy Regulatory Commission adopted a Decision for the regulated tariffs for the regulated activity of natural gas distribution to consumers connected to the natural gas distribution system of Public Enterprise for construction of infrastructure facilities "Kumanovo-GAS" Kumanovo and a Decision for the regulated tariffs for the regulated activity of natural gas distribution to consumers connected to the natural gas distribution system of Public Enterprise for energy activities "Strumica gas" Strumica. Energy Regulatory Commission approved regulated tariff for Kumanovo in amount of 3,00 Denars/nm³ and in amount of 2,87 Denars/nm³ for Strumica for a period of 2017-2021 year. The Purpose to the Energy Regulatory Commission is to allow connection of more consumers and more competitiveness of the tariff for natural gas distribution service.

Ukraine: Parliament Reduces Rent Payments for Oil Extraction

by *Tetyana Vyshnevska, (Kiev)*

On 20 December 2016, the Ukrainian Parliament adopted the Law No. 1791-VIII on Amending the Tax Code of Ukraine and Certain Legislative Acts of Ukraine to Ensure Balance of Budget Revenues. Thereby, among other amendments, the rates of rent payable by oil extraction companies for using ground under the surface for extraction purposes were considerably reduced. This amendment is expected to incentivize investments in oil extraction in the country. The Law came into force on 1 January 2017.



OIL & GAS highlight...

Ukraine: Recent Developments on the Natural Gas Market

by Tetyana Vyshnevskya, (Kiev)

On 28 December 2016, the Cabinet of Ministers of Ukraine (CMU) has, according to the available information, approved the Concept of Natural Gas Extraction Sector Development. The declared objective of the Concept is to reduce the import of energy resources and therefore contribute to energy independence of Ukraine by means of promoting investments in domestic gas production through efficient use of resources and rational management of the sector. The Concept determines the conditions and estimated indices necessary to increase volumes of natural gas extraction in the country to 27 billion m³ in the course of the following five (5) years, i.e. until 2020, mainly through drilling new wells at existing and new gas fields and intensification of production. As of now the text of the Concept is not publicly available.

In addition, on 28 December 2016, CMU issued Resolution No. 1009 on Approval of the Lists of Goods, the Export and Import of Which Requires Licensing, and Quotas for 2017. According to the Resolution, among other issues, the Government excluded export of natural gas and anthracitic coal from licensing in 2017. The Resolution came into force on 1 January 2017.

Moreover, on 29 December 2016, two Resolutions of the National Energy and Utilities Regulatory Commission (NEURC) came into force. One is the Resolution No. 2016 of 24 November 2016 on Approval of Amendments to the Model Natural Gas Transmission Contract and the second is the Resolution No. 2017 of 24 November 2016 amending the Gas Distribution Systems Code and the Model Natural Gas Transmission Contract. By means of Resolution No. 2016, NEURC introduced a new approach to determining the capacity of the physical exit point from the gas transmission system (GTS), in case transmission services are requested by the direct consumer of natural gas. In particular, among other changes, from now on the amount of the contracted daily capacity of a Customer (direct consumer) shall not be less than its maximum (peak) daily consumption of natural gas from 1

September of the previous year until 1 September of the current year, and such amount cannot be changed until the end of the period it has been allocated for, unless its increase is requested by Customer. The Transmission System Operator shall inform about the amount of the contracted daily capacity by 15 September of the current year. The capacity will be allocated to Customers for the period of at least one (1) year, however this shall not apply to new exit points from the GTS in the gas year when such Customer was connected to the network (in such case the capacity will be allocated until the end of the gas year when the connection took place). By means of Resolution No. 2017 NEURC intended to improve existing regulations by reducing the coefficients used for calculation of a compensation for violation of the natural gas quality requirements set out in the GTS Code. According to the explanatory note of NEURC, gas extraction companies claim to be incurring substantial financial losses due to application of existing coefficients. Therefore, since 29 December 2016 the following coefficients apply: 0,01 by 31 December 2016 (instead of 0,02-0,04 as prescribed before); 0,03 for 1 January 2017 - 31 December 2017 (instead of 0,06-0,08); 0,05 for 1 January 2018 - 31 December 2018 (instead of 0,1) and 0,1 from 1 January 2019.



Infrastructure **what's new...**

EU/ENTSO E: New Roadmap for R&I in Smart Networks Covering 2017-2026

by Evridiki Evangelopoulou, (Thessaloniki)

On 19 January 2017, the long - range key priorities were published by the European Technology and Innovation Platform Smart Networks for Energy Transition (ETIP SNET) in order to enable the transition towards a reliable and sustainable European electricity system with very high shares of renewable energy. This Research and Innovation Roadmap describes the 2017-2026 priorities for the European Technology and Innovation Platform for «Smart Networks for the Energy Transition». This Final ETIP SNET R&I roadmap covering 2017-26 is the update and a very significant extension of the previous EEGI roadmap 2013-2022. The new ETIP SNET Research & Innovation roadmap provides for the system view to the entire energy transition by facing a scope larger than smart electricity grids. It also encloses the interactions with gas and heat networks and focuses on the integration of all flexibility solutions into the power system, including energy storage technologies.

EU: Call Opens for New Projects of Common Interest

by Dr. Stavroula Antoniou, (Athens)

On 21 December 2016 the European Commission opened a call for gas and electricity projects to be submitted as candidates for the third European Union 'Projects of Common Interest' (PCIs) list, which will be drawn up by the end of 2017. PCIs are key infrastructure projects that help EU countries to physically integrate their energy markets, enable them to diversify their energy sources, and contribute to bringing to an end the energy isolation some of them are facing. Projects must be included in the Ten-Year Network Development Plans (TYNDP) developed by the European Networks of Transmission System Operators for electricity (ENTSO-E) and gas (ENTSOG). This call for applications closed at midnight on 22 January 2017. The next step is assess the projects' compliance with the PCI eligibility criteria by the Regional Groups that include representatives from EU countries, the Commission, transmission system operators and their European networks, project promoters and regulatory authorities as well as the Agency for the Cooperation of Energy Regulators (ACER) will.

Croatia: Electricity TYDP for 2017-2026 Adopted

by Sanja Tolj Par, (Zagreb)

On 17 January 2017, the Management Board of the Croatian Electricity Transmission System Operator (HOPS) adopted a Ten-year development plan of the Croatian transmission network 2017-2026 with a detailed elaboration of the initial three-year and one-year period, pursuant to the Article 30 of the Electricity Market Act (Official Journal 22/2013, 95/2015 and 102/2015) and previously obtaining the approval of the Croatian Energy Regulatory Agency on 30 December 2016. HOPS is obliged as the owner of the transmission network from 110 kV to 400 kV, pursuant to the Electricity Market Act, to prepare and adopt a ten-year, three-year and one-year investments plans for the development of the transmission network.

Montenegro: Public Consultation on Gasification of Montenegro

by Mirjana Mladenovic, (Belgrade)

On 16 January 2017, the Ministry of Economy launched the Public Consultation on the draft Master Plan of gasification of Montenegro (Master Plan), accompanied by the report on strategic assessment of environmental impact. The aim of the Public Consultation is to inform all interested parties with the current draft Master Plan, whose preparation was financed by the Western Balkan Investment Framework (WBIF). The Master Plan presents development plan and institutional measures that need to be undertaken at the level of ministries and regulators responsible for this area. All interested parties should submit comments and suggestions until 16 February 2017.

Serbia: Consultations on the Gas TYNDP

by Stefan Pavlovic, (Belgrade)

On 12 December 2016, the Energy Regulatory Agency of the Republic of Serbia (AERS) launched public consultations regarding the Ten-year plan of development of the transport system of the Serbian TSO for gas YUGOROSGAZ-TRANSPORT LLC (Development Plan). In accordance with the Energy Law of the Republic of Serbia, the TSO is obliged to submit a Draft Development Plan to the AERS for approval, every year. As a part of the procedure for approval, the AERS organises a public consultation regarding the submitted Draft Development Plan. Public consultations lasted until 26 December 2016, while the AERS decision on the approval is now pending.

INFRASTRUCTURE highlights...

EU: Gas TNYDP

by Dr. Stavroula Antoniou, (Athens)

On 20 December 2016 ENTSO-G publishes the Ten Years Network Development Plan (TYNDP) for gas for 2017 which states that the current gas infrastructure is close to achieving the infrastructure - related element of the internal gas market. In the specific areas where persistent long - term investment needs are identified, it has been confirmed that the necessary projects are included in the TYNDP 2017. The Plan assesses the European supply adequacy and the resilience of the system and identifies if and where investment gaps remain, and how submitted projects mitigate these gaps.

The European gas infrastructure shows high resilience and is well equipped to support Europe in achieving its energy and climate ambitions. It is connected to diversified low - carbon energy sources, benefits from large storage capabilities, high cross - border energy transmission and peak - demand management capabilities and is highly inter connected across most of Europe. Its integration with the power, heat and mobility infrastructure will support the decarbonization of the European energy system in the specific areas where further investments are needed; the projects addressing these needs are part of this TYNDP 2017. Most of them are already at an advanced stage of development. The investment costs acquired to complete the integration of the European gas infrastructure are estimated to be below 20 bn€. Together with a limited number of large - scale import projects, these investments should bring secure, affordable, diversified and competitive low carbon

energy to all European citizens. The TYNDP was submitted to the Agency for the Cooperation of Energy Regulators (ACER) for an Opinion.

On 13 December 2016 the ACER published its Opinion No 14/2016 of 5 December 2016 on Gas Network Developments: Review of National Network Development Plans to Assess their Consistency with the EU TYNDP and Monitoring of the Implementation of the EU TYNDP and Investments to create New Interconnector Capacity. The Opinion reviews national gas network development plans (NDPs) and assesses their consistency with the EU TYNDP. The opinion also contains the results of the ACER's monitoring of the implementation of the EU TYNDP and investments to create new interconnector capacity between EU Member States (MSs). The main findings and recommendations of the Opinion concern various aspects of the NDPs and TYNDP methodologies, coordination, consultations, transparency (particularly regarding costs and benefits), as well as other issues which could lead to a more efficient and effective implementation of the NDPs and the EU TYNDP. The ACER notes that there is a need to strengthen the regulatory oversight of the NDP in the MSs in which this oversight has so far been limited.

ENTSO-G endeavour to consider stakeholders feedback and ACER Opinion and incorporate it in this final version where manageable. ENTSO-G intends to publish a final version of the TYNDP in Spring 2017.



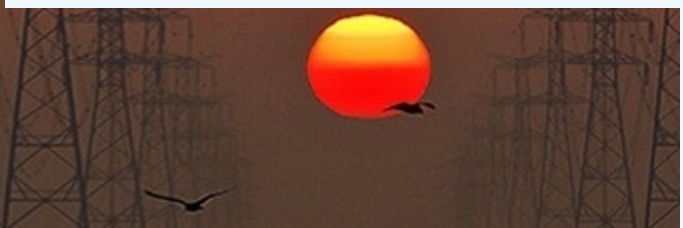
EU: ENTSO-E Publishes its TYNDP 2016

by *Stefania Chatzichristofi, (Athens)*

On 20 December 2016, ENTSO-E published its Ten-Year Network Development Plan (TYNDP) 2016 which was sent to the Agency for the Cooperation of Energy Regulators (ACER) earlier in December 2016 for its official opinion. The final version of the TYNDP 2016 was prepared by ENTSO-E following a public consultation and comments received from the respective stakeholders within the year 2016. The TYNDP is updated and published by ENTSO-E every two years.

TYNDP 2016 builds on the 2014 edition and presents what grid is required in order to achieve Europe's climate objectives by the year 2030. The TYNDP 2016 foresees up to €150 billion of investments of pan-European importance in grid infrastructure supporting two hundred (200) projects in transmission and storage sectors with a positive environmental impact. The TYNDP 2016 deals with the possibility of a power system where 80% of the emissions will be cut by the year 2030. The studies and research made have shown that an extension of the current grid is needed to allow the transition of large quantities of renewable energy resources (RES) to the main consumption centers, even if local generation, demand response, storage and energy efficiency, shall play an increasing role.

The Plan comprises of: i) an executive summary; ii) twelve insight reports; iii) six regional investment plans; iv) a scenario development report and v) the TYNDP 2016 project sheets and the market & network data. It should be noted that for the first time, ENTSO-E additionally publishes the full data obtained from the studies used to build the TYNDP. Further, each project included in the TYNDP is assessed using the pan-European Cost Benefit analysis methodology. The six regional investment plans were developed from September 2014 to June 2015 as part of the TYNDP 2016. These plans refer to the following projects: i) North Sea Region; ii) Continental South West region; iii) Continental South East Region; iv) Continental Central South Region; v) Continental Central East Region; vi) Baltic Sea Region. After the publication of the TYNDP 2016, ENTSO-E starts the preparation of the workshops and assessment of projects for the TYNDP 2018.



Competition - State Aid **what's new...**

EU: Commission Approves the Restructuring Plan of Areva in France

by Stefania Chatzichristofi, (Athens)

On 10 January 2017, the European Commission issued a positive decision regarding the restructuring plan of the French Areva, a group active in the whole range of activities around the full nuclear fuel cycle that is facing serious financial difficulties the last five years. By this decision, whose public version is not yet available as it has to be cleansed of any confidential information, French plans to grant a capital injection of €4.5 billion to Areva Group are decided as in line with the EU state aid rules. The Commission assessed in particular whether this restructuring plan shall allow the company to become viable without unduly distorting competition in the Single Market. The Commission's investigation showed that Areva's withdrawal from the nuclear reactor business shall allow the group to focus on a clear and profitable business in the nuclear fuel cycle as demonstrated by the financial projections of the newly created group. The Commission also found that Areva will finance a significant part of the restructuring costs with proceeds from planned asset sales, including the divestiture of Areva's reactor business (New Areva NP) to the French energy incumbent EDF. The contribution is subject to the Commission's review of the planned transaction under EU merger control rules. The Commission has also approved today a loan amounting to €3.3 billion from the French State to Areva. This loan aims at bridging Areva's liquidity needs until the capital injection can take place. The French authorities will submit regular monitoring reports to the Commission, in order to ensure that the restructuring plan is implemented in line with this decision, until the restructuring period of Areva comes to an end in the year 2019. The Commission therefore concluded that Areva's restructuring plan was in line with EU state aid rules, subject to the effective divestment of the group's nuclear reactor business.

EU: Commission Clears Support to a Romanian Wind Project

by Viktoria Chatzara, (Athens)

On 18 January 2017, the European Commission published its decision dated on 3 December 2016 concerning a state aid scheme in the form of granting green certificates to the Fantanele Vest Wind Power Plant (FVWPP), which exceeded the thresholds for individual notification, and the aim of which is to contribute to the fulfilment of the mandatory renewable energy target, as defined under the applicable EU law provisions. According to the relevant provisions of the Romanian law, producers of electricity from renewable energy sources (RES) are granted green certificates by the National Regulatory Authority of Energy (ANRE), whereas electricity suppliers are obliged to prove that each year they acquire a certain number of green certificates. Green certificates are sold either on the centralised green certificate market (which is separate from the electricity market) or/and on the bilateral contract market, at a price varying between EUR 27 – EUR 55 per certificate and determined on the basis of the demand and supply. The amount collected from the sale of the green certificates generates an additional income for RES electricity producers. The Commission stated that such measure constitutes state aid, whereas its compatibility with the internal market was assessed under the 2008 Community Guidelines on State Aid for Environmental Protection (EAG), given the time when the aid was actually granted to FVWPP. The Commission reached the conclusion that the state aid scheme at hand is compatible with the internal market, accepting that it addresses a market failure and contributes to a common objective, it is an appropriate measure for these aims, it has an incentive effect and is necessary to achieve the common environmental objective sought, it is proportional, and it may cause limited distortion of the competition, which will be in any case outweighed by its positive environmental effects.

EU: Commission Approves German RES Schemes

by Paraskevi Charalampidi, (Athens)

On 20 December 2016, the European Commission approved the amendments that Germany had applied on renewable energy (RES) scheme in order to be in line with EU state aid rules, and in particular with the Guidelines on state aid for Environmental Protection and Energy 2014-2020 (EEAG). These amendments are intended to generalise the use of auctions for the selection of renewable electricity producers eligible for aid, in aim not only to promote the steady deployment of renewable energy but also to maintain competition in the German energy market. In line with the Guidelines, Germany is therefore entitled to organise specific auctions per technology, i.e offshore wind installations; onshore wind installations; solar installations; and biomass and biogas installations. Finally, Germany is committed to submit an evaluation report to the European Commission by the end of June 2020 providing information regarding the effectiveness of the auctions.

EU: German Network Reserve Compatible with the Internal Market

by *Viktoria Chatzara, (Athens)*

On 20 December 2016 the European Commission issued its decision clearing Germany's contemplated scheme for ensuring electricity capacity in Southern Germany by establishing a Network Reserve, the costs for which are estimated at the amount of €126 million in 2016. According to this scheme, in the event that operators of power plants, which are essential with respect to keeping the balance of the electricity system, notify their intention to close down, German transmission system operators (TSOs) shall pay them a cost-based remuneration for remaining available to the network. TSOs may also address foreign power plants operators, which may be contracted following a call for expression of interest and then required by the TSO to increase or decrease production to keep the grid in balance. Pursuant to the Commission, the contemplated scheme constitutes a capacity mechanism under the sense described in the Commission's 2014-2020 Energy and Environmental Aid Guidelines. The German Network Reserve is a necessary, but temporary (until June 2020) measure to relieve the severe internal congestion in the electricity grid, which results in insufficient power flows from Northern to Southern Germany, which is expected to be supplemented by a number of additional measures to improve congestion management by the competent TSOs.

Greece: Commission Approves German Electricity Demand Response Scheme

by *Dr. Stavroula Antoniou, (Athens)*

On 16 December 2016 the European Commission approved under EU state aid rules a German measure to stabilise the electricity network by reducing electricity consumption of large consumers. Under this measure (Verordnung zu abschaltbaren Lasten – "AbLaV") German network operators can enter into flexible, weekly contracts with customers for a total of 1500 megawatt (MW) of capacity. This allows the network operators to remotely and at short notice reduce the consumption of those customers in exchange for the payment of a fee. The Commission found that AbLaV will improve the ability of network operators to react to short term volatility in the electricity network and that the measure has the long-term benefit of creating a more responsive demand side. Operating a power grid reliably requires that electricity supply and demand are in balance at all times. AbLaV helps to maintain this balance and improve security of supply by managing demand rather than by adding or maintaining electricity generation capacity. The cost effectiveness of the measure is ensured by weekly competitive auctions to determine the fee paid to customers. On this basis, the Commission concluded that AbLaV will improve the short-term reliability and long-term security of supply of the electricity network in Germany in line with EU state aid rules, in particular its 2014 Guidelines on State aid for environmental protection and energy. The Commission concluded that the measure also improves the security of electricity supply whilst maintaining competition in the Single Market.

Greece: Interconnection to Cyclades Islands Project of Common Interest

by *Viktoria Chatzara, (Athens)*

On 23 December 2016 the Minister for Environment and Energy and the Deputy Ministers for Economy and for Development and Economics issued a Joint Decision amending the Joint Ministerial Decision No. ΦΑ/Ε 3.2/57/3/3.1.2011 determining the actions, amount and procedure for the funding of the Public Power Corporation S.A. through the Public Investments Program. According to the new provisions, the above mentioned Joint Ministerial Decision will be regulating the public interests activities which will be funded, their total cost and the amount of the respective funding, the way and the necessary documentation for the payment of the funding, as well as the obligations of the Independent Power Transmission Operator (ADMIE) and the Hellenic Distribution Network Operator (DEDDIE). With respect to the activities falling into the scope of the Interconnection of the Cyclades with the mainland grid, it is noted that the total budget is estimated at the amount of EUR 396.8. With respect to the first phase which took place up to a percentage of 35% within the period of the NSRF 2007-2013, it shall be financed at 49,57%, according to the decision approving the inclusion of the remaining of the project in the NSRF 2014-2020.



COMPETITION - STATE AID **highlights...**

EU: General Court Issues Decisions on the Exploration and Exploitation of Lignite Rights of PPC

by *Viktoria Chatzara, (Athens)*

On 15 December 2016, the General Court of the European Union, following a referral by the Court of Justice of the EU issued two decisions concerning the case of the Greek Public Power Corporation SA (PPC) with respect to the rights of exploration and exploitation of lignite the Hellenic Republic had granted to it. More specifically, PPC was granted exploration and exploitation rights on approximately 91% of the total public deposits of lignite. The European Commission by means of its first decision concluded that PPC had dominant position in both the primary market of lignite supply and the secondary market of wholesale supply of electricity, which due to the exploration and exploitation rights it had, combined with the fact that no exploitation rights on lignite deposits were granted to any competitors, granted PPC the ability to maintain or enhance its dominant position in the secondary market, to the extent that the power plants operating on lignite were the cheapest and, thus, the most used ones in the relevant market. By means of its second decision, the Commission imposed certain measures on the Hellenic Republic, in order for the distortion of the competition which was caused by the above described violation, to be repaired.

By means of its first decision (in case T-169/08 RENV), the General Court dismissed the arguments of PPC concerning the erroneous definition of the relevant markets, ruling that due to the nature of the power plants operating on lignite, the market of lignite supply is differentiated from the market of supply of other fuel. Further arguments concerning the definition of the relevant markets were rejected by the General Court, which referred to this judgment in order to overrule the same arguments in its second decision (in case T-421/09 RENV) as well. The General Court further ruled that, due to the exploration and exploitation rights granted to PPC

there were not equal competitive conditions in the relevant markets. The General Court in both its decisions rejected the arguments of PPC concerning the violation on behalf of the Commission of its duty to justify its decisions. With respect to the decision of the Commission on the violation of competition law due to the lignite exploration and exploitation rights, the General Court found that the Commission did not violate the justified confidence of PPC, nor did it violate beyond the limits imposed by the proportionality principle the right of property of PPC. As per the measures the Commission imposed on the Hellenic Republic by means of its second decision, the General Court ruled that they did not violate the general principle of the contractual liberty, nor the proportionality principle, thus overruling all arguments to the contrary of PPC.



EU: Fine imposed on the Serbian Electricity DSO

by Vuk Stankovic, (Belgrade)

On 23 December 2016, the Council of the Commission for Protection of Competition («Commission») issued a Decision on dominant position abuse of EPS Distribution LLC Belgrade («Decision») a sole electricity Distribution System Operator and part of state-owned EPS Group («Serbian DSO»). Accordingly, a pecuniary measure in the amount of approximately 330 million RSD (corresponding to 2.7 million EUR) was imposed to the Serbian DSO, which represents highest antitrust fine imposed by the Serbian regulator thus far.

Back in August 2016, Commission has initiated ex officio procedure against the Serbian DSO based on the information and the documents submitted by the same company and the Energy Regulatory Agency, which showed balance of probabilities that Serbian DSO discriminated commercial electricity suppliers by favouring the affiliated enterprise EPS Snabdevanje acting in the capacity of Public Supplier ("Public Supplier"). Having established the DSO indeed favoured the Public Supplier in signing contracts on access to the electricity distribution system and held dominant position, the Commission found several abuses of dominant position and in particular:



- Unequal business conditions to equivalent transactions concerning access collateral («Guarantee»): Due to the non-transparent policy, the Public Supplier was placed in a beneficial position compared to other suppliers on the market. Serbian DSO performance was resulted in the fact that unlike other suppliers, only Public Supplier was not obliged to deposit Guarantee for accessing the distribution system. Furthermore, pursuant to the Commission Serbian DSO was approved significantly longer deadlines for settlement of obligations. In addition, Serbian DSO used different methods for calculating the amount of Guarantee for different suppliers. Moreover, Guarantees in several occasions, could only be deposited in a single commercial bank, selected by Serbian DSO. On top of that, when entering into agreement on access to the system, Serbian DSO to some suppliers gave a choice between two types of Guarantee and to some not.
- Unequal business conditions to equivalent transactions concerning the terms of the access agreements: Pursuant to the Commission Serbian DSO was approved significantly longer deadlines for settlement of obligations.

One of reason for high pecuniary measure is the fact that anti-competitive behaviour resulted in the suppliers charging increased rates to end consumers, which is step backward for market liberalisation. On the other hand, according to Decision, the Commission has taken into consideration the overall standings of the Serbian DSO during the proceedings. This included, in particular, the amendment of the disputed acts and in particular willingness to mitigate the harmful effects of the dominant position abuse and anti-competitive behaviour.

Renewables what's new...

Greece: Regulations on Model Contracts for RES and CHP Plants

by *Stefania Chatzichristofi, (Athens)*

On 23 December 2016, a new law no. 4447/2016 was published in the Official Gazette 241 A/23.12.2016 under the name «Urban Planning and Sustainable Development» that includes regulations regarding the Operating Aid Contracts for RES and CHP stations as well as issues concerning the Production Licenses of RES and CHP stations. It regulates that starting from 1 January 2017 only the following Operating Aid Contracts for the RES and CHP plants may be concluded i) the wind farms with installed or maximum capacity equal or exceeding 1MW and ii) the wind farms with installed or maximum capacity exceeding 6MW. It was followed by a circular, published on 30 December 2016 (AP APEHL/oik 188535), specifying that this restriction applies only to new plants not to those operating before 30 December 2016. On 12 December 2016 a Ministerial Decision no. APEHL/A/F1/oik.187701 was published in the Official Gazette (4068B/2016) determining the form as well as the content of the Fixed price Operating Aid Contracts for the RES and CHP plants of the interconnected grid.

Greece: Amendments at the Calculation of the Income of the RES Account

by *Stefania Chatzichristofi, (Athens)*

On 20 January 2017, the Greek Energy Regulator (RAE) issued its Decision concerning the immediate need of reassessment -until the end of February 2017- of the methodology for calculation of the income of the sub-account of the Special Account for RES and CHP, as it was amended by RAE's Decision no. 334/2016 of 28 September 2016. It should be noted that this levy was introduced with the aim to overcome the current debt of on the account kept by the Greek TSO, ADMIE for paying of the support provided to RES and CHP producers and shall be paid by the suppliers. More precisely by its announcement, RAE decided to put the hourly maximum limit of the «charge of supplier» at the amount of 40 € / MWh, for the period from 2 January 2017 to 5 March 2017. This amendment follows the concern created in the retail electricity market by the abrupt increase in the amount of «charge of supplier», that has caused to suppliers economic damages as well as problems in the planning of their commercial policy.

Greece: RAE's Urgent Measure Limiting Suppliers' RES Obligation

by *Mira Todorovic Symeonides, (Athens)*

On 20 January 2017, the Regulatory Energy Agency (RAE) adopted urgent measures in order to temporarily regulate the liquidity of the electricity market. Particularly, it has concluded that the obligations of the electricity load representatives to pay the additional charges for RES and High Efficiency CHP, as established and calculated in compliance with the Methodology for calculation of income of the RES and High Efficiency CHP account (RAE Decision No. 334/2016 published in the OJ B' 3169/2016), have been formed at a disproportionately high level during the first fortnight of January 2017, which further overburdens the load representatives and consequently destabilises the functioning of the electricity market. Subsequently, RAE postponed the obligation of the load representatives to pay the amounts of these charges exceeding €40/MWh for January and February 2017, and decided to review the above Methodology until 28 February 2017 and, if necessary, propose respective amendments.

Montenegro: Amendments to RES Tariffs

by *Mirjana Mladenovic, (Belgrade)*

On session held on 29 December 2016, the Government of Montenegro adopted the Regulation on Amendments to the Regulation on Compensation to Encourage Electricity Generation from Renewable Sources and High Efficiency Cogeneration (Official Journal 3/2017) ("Regulation"). The Regulation provides for the method of determining compensation of incentives for electricity production from renewable energy sources and high efficiency cogeneration, and distribution of the funds collected from this compensation, as well as the detailed method of determining the price at which the Montenegrin market operator sales electricity from privileged producers the suppliers and consumers/autoproducers. Also, the Regulation determines the way the amount of compensation of the installed capacity higher than 50 MW and voltage levels over 35 kV for the end customer will be calculated. Further, the application of the Regulation will allow the distribution of the surplus or deficit of collected funds arising from the procedure of purchase and sale of electricity from privileged producers. This Regulation came into force on 21 January 2017.

Romania: Order no. 119/2016 on the Quota of Green Certificates for 2017

by *Corina Bădiceanu, (Bucharest)*

On 30 December 2016, the Order no. 119/2016 on the setting of the estimated mandatory quota of the acquisition of green certificates was published in the Official Gazette no. 1069/30.12.2016. The Order no. 119/2016, which is issued by the Romanian Authority Regularising the Electricity Domain (ANRE), sets the estimated mandatory quota of acquisition of green certificates for 2017 at a value of 0,320 green certificates/MWh afferent to a final gross consumption of electricity exempted from the payment of green certificates of 6.700 GWh. The provisions of the aforementioned Order will be fulfilled by the National Electricity and Natural Gas Market Operator – OPCOM S.A., by the producers of electricity from renewable sources (RES) and also by the economic operators. The organizational entities belonging to ANRE shall monitor the compliance with the provisions of the said Order.

RENEWABLES highlights ...

EU: Study on Impact Assessment of a new RES Directive for 2030 Targets

by *Stefania Chatzichristofi, (Athens)*

In January 2017, the European Commission –DG Energy published a study on the impact assessment for a new Directive mainstreaming deployment of renewable energy (RES) and ensuring that the EU meets its 2030 RES targets. This study provided input to the Impact Assessment supporting the legislative proposal for a recast of the RES Directive, which is part of the Commission's «Clean Energy for All Europeans» package, referred to as the «Winter Package».

The study assesses various options for (i) EU-wide measures and policies aimed at mainstreaming renewable energy in Europe across all energy sectors including heating and cooling and transport (it also considers administrative barriers and access to and costs of finance), and (ii) ensuring that the EU achieves its renewable target of at least 27% in 2030. More precisely, the report is divided into three parts: the task 1 that refers to the European mechanism for achieving the goal set for 2030, i.e the 27%; the task 2 that comprises the European measures and policies for mainstreaming renewable energy and iii) the annexes.



First it analyzes how RES investments can be increased and consequently the installed capacity could be enlarged. In this respect, the study deals with the market players, the financing methods as well as the funding instruments involved. Moreover, the first task of the report refers to the options for measures that could be encompassed by a gap filler mechanism for its possible inclusion in the new Renewable Energy Directive (RED II) for the decade 2020-2030, the main criteria, issues and considerations. This gap filler mechanism is proposed as a potential instrument that will be set by the European Commission in order to speed up the deployment of RES so that the gap between actual RES deployment and the RES deployment required in order to achieve the 2030 targets shall be reduced. Different assumptions are presented in the study in order to show the distributional effects of such a mechanism per Member State as well as in terms of funding.

After that, an analysis of the risks and returns of RES projects is made; the bottlenecks of the RES projects by a financial perspective are presented as well as the categories of risks and some potential proposals. Further, the second part provides for: i) assessment of EU measures and policies for increased uptake of RES in the field of transport and an analysis whether these measures could also be applied as a gap filler; ii) assessment of the policies in the RES heating and cooling sector. Moreover, as an increasing share of RES results in a change of flexibility demand, the study provides for different ways that this could be done as well as ways that the role of consumers and citizens could be more active. Then, there is a chapter analyzing the various forms of on-site generation and consumption of electricity that need to be reviewed under the scenario of integration of renewable energy. Finally, the enhancement of regional cooperation is expected to lead to the achievement of the 2030 binding target. In this respect, the study presents examples of measures that could promote cooperation among EU Member States.

Ukraine: FiT Reduction and Other Amendments

by *Tetyana Vyshnevska, (Kiev)*

On 22 December 2016, the Ukrainian Parliament adopted the Law No. 1804-VIII amending the Law of Ukraine on Electric Power Industry as regards Coefficients of "Green" Tariff for Electricity Produced from Alternative Energy Sources. Thereby, the amendments were introduced in Article 17-1 of the said Law in the form of reduction of feed-in-tariffs (FiTs) for ground-mounted solar power plants (SPPs) with the installed capacity exceeding 10 MW. The FiT coefficients were reduced as follows: from 8,64 to 4,80 for SPPs commissioned until 31 March 2013; from 6,30 to 3,50 for SPPs commissioned during 1 April 2013 – 31 December 2014; and from 5,67 to 3,15 for SPPs commissioned during 1 January 2015 – 30 June 2015. It should be noted that FiTs for ground-mounted SPPs were increased by virtue of the Law No. 514-VIII of 4 June 2015, with the exception of FiTs for ground-mounted SPPs with the installed capacity exceeding 10 MW and commissioned until 1 July 2015, which were to be retained at the previous level until 1 January 2017. Therefore, the Law No. 1804-VIII de facto extends this exception until 1 January 2030. The FiT reduction was also reflected in the Resolutions of the National Energy and Utilities Regulatory Commission (NEURC) No. 2380 and No. 2381 of 29 December 2016, which approved "green" tariffs for RES installations and respective SPPs in particular. The Law No. 1804-VIII and Resolutions No. 2380, 2381 came into force on 1 January 2017.

Moreover, on 29 December 2016, NEURC issued Resolution No. 2382 Establishing "Green" Tariffs for

Electric Energy for Private Households, which approved FiTs for rooftop and/or facade based SPPs as well as wind power plants of private households with the installed capacity up to 30 kW, (to be) commissioned between 1 April 2013 and 1 January 2030, and invalidated its Resolution No. 1678 of 29 September 2016 with the same title. Noteworthy, the new FiTs approved by NEURC are 6,5% lower than FiTs approved by Resolution No. 1678. The effective date of Resolution No. 2382 is 12 January 2017.

Furthermore, on 16 January 2017, the electricity Transmission System Operator (NPC Ukrenergo) launched a public consultation on the draft Order of the Ministry of Energy and Coal Industry of Ukraine introducing amendments to certain normative acts, namely, the Guidelines on rules for technical exploitation of power stations and networks (ГКД 34.20.507-2003), Guidelines on the procedure and requirements for connection of wind power stations to electric grid (ГКД 341.003.001.001-2000) and Guidelines on rules for designing wind power stations (ГКД 341.003.001.002-2000). The proposed amendments are meant to allow for a temporary excess of the nominal capacity of wind power plants (up to 5%) at the time of maximum wind load, as requested by the Ukrainian Wind Energy Association (UWEA) by its letter No. 18-12/2016 of 8 December 2016. The interested stakeholders may provide their comments and suggestions by 1 February 2017.



EU: Study on Supporting Investments into RES

by Dr. Stavroula Antoniou, (Athens)

In January 2017 the European Commission published the study on EU, regional and national level policy options for supporting investments into renewable energy sources for electricity (RES) in the context of deep market integration after 2020. The current EU - level framework for supporting new RES capacity runs until 2020 and is characterised by two main elements: The Renewable Energy Directive 2009/28/EC, which sets binding national targets for renewable energy, and leaves the Member State (MSs) with discretion in designing and managing RES support schemes within the boundaries of the EU State Aid rules; and the Energy and Environment State Aid Guidelines, which significantly limit — from a State Aid and internal market perspective — the design options for national RES support schemes. In general and except for small scale installations, (i) RES support levels must be set through competitive bidding processes; (ii) RES producers are increasingly exposed to market prices and must directly market the electricity they generate; and (iii) RES producers must take on standard balancing responsibilities, unless a liquid Intra day market does not exist.



Although the support measures have been successful at accelerating RES capacity deployment, their efficiency has been called into question. The scaling - up of RES deployment has brought dramatic cost reductions for some technologies, in particular for onshore wind and solar photovoltaics (PV). At the same time, some MSs have been slow at adjusting their support levels, which has resulted in higher than necessary costs, and in some cases even abrupt changes to their RES support systems. Furthermore, the increase in the amount of variable RES generation has not been matched with appropriate investments in the transmission grid and measures to enhance the flexibility of the power system. According to the Study, various scenarios were modelled to analyse the financial implications for RES of possible market developments through to 2050, taking into consideration: What are the likely paths of EU electricity market developments through 2050, and how are RES - e shares likely to evolve under those scenarios? Assuming an energy - only market (EOM) as the only source of revenue, what are the likely market revenues for each type of RES in each MS, assuming no financial support from public funds? What policy options can be employed to mitigate the investment challenge, focusing on key aspects, such as: (1) the cost of capital, as a function of risk premiums due to different market and support designs; and (2) the certainty and magnitude of the different revenue streams for different technologies, as well as windfall profits?

The investment challenge the required amount of annual capital investments in new RES capacity in the EU will, according to the Study, be around € 25 billion (2015 prices) per year between 2020 and 2030 in the baseline scenario. This annual investment challenge is forecast to double by 2035 (from the 2020 forecast level), and triple by 2045, reaching a high of €90 billion per year. For the scenarios a significant ramp up in RES -e capacity investment will be needed after 2035 in order to meet EU decarbonisation objectives by 2050. A range of policy options was analysed that could be employed to mitigate the scale of the investment challenge. The quantitative analysis focused on the cost of capital and risks associated with different revenue streams under each policy option.

Energy Efficiency **what's new...**

EU: Study on Low-cost EE Measures' Benefit to Low-income Households

by Mira Todorovic Symeonides, (Athens)

On 12 January 2017, the European Commission published a study which examines how low-cost energy efficiency measures can help low-income households and which EU funding programmes are available to fund these measures. The Study shows, after the review of 24 schemes of low-cost energy efficiency measures applicable in the EU countries, that one way of dealing with energy poverty is to promote the use of energy efficiency, but also that these measures can work as a supplement to other energy efficiency schemes and may provide employment opportunities.

EU: Guidance for Sub-Metering of Thermal Energy in Buildings

by Tetyana Vyshnevskya, (Kiev)

In January 2017, the European Commission published the updated detailed Guidelines on good practice in cost-effective cost allocation and billing of individual consumption of heating, cooling and domestic hot water in multi-apartment and multi-purpose buildings. The main objective of the Guidelines is to support correct and effective implementation of Articles 9-11 of Directive 2012/27/EU on energy efficiency by Member State authorities and building owners as regards thermal energy supplied from collective systems. The revised version of the Guidelines was prepared with due account of the feedback received during multiple workshops held in the second half of 2016.

EnC: Western Balkan 6 Monitoring Report on Sustainability

by Tetyana Vyshnevskya, (Kiev)

On 21 December 2016, the Energy Community (EnC) Secretariat published the first Sustainability Charter Monitoring Report within the framework of the Western Balkan 6 (WB6) Initiative. The Report provides an assessment of the current state and the progress achieved by Albania, Bosnia and Herzegovina, Kosovo*, FYR of Macedonia, Montenegro and Serbia in implementation of their commitments (as regards implementation of the EnC energy acquis, revision of national greenhouse gas emissions monitoring and reporting systems etc.) under the WB6 Initiative, including the Sustainability Charter signed in July 2016. Sustainability Charter progress reports will be delivered every three (3) months and their findings will be discussed at Ministerial level during the next WB6 Summit in Italy in July 2017.

EnC/Albania: Implementation of the Energy Performance of Buildings Directive

by Odisea Xhelita, (Tirana)

On 07 December 2016 the Law No.116/2016 on Energy Performance of Buildings adopted by the Assembly of Republic of Albania on 10 November 2016, which partially introduces the Directive 2010/31/EU of the European Parliament and Council dated 19 May 2010 "on the Energy Performance of Buildings", come into force. Previously, on 14 October 2016, the Ministerial Council (MC) of the Energy Community issued the Decision D/2016/09MC-EnC on the failure the Republic of Albania to comply with the Energy Community Treaty in Case ECS-10/16, regarding the obligation to transpose the Energy Performance of Buildings Directive. Pursuant Article 2 of the Decision D/2016/09MC-EnC, the MC urge Albania to "take all appropriate measures to rectify the breaches identified in Article 1 and ensure compliance with Energy Community law, in cooperation with the Secretariat, by December 2016.

Greece: Amendments to the Legal Entities Performing Energy Audit to Buildings

by Stefania Chatzichristofi, (Athens)

On 19 December 2016, an amendment to the Law no. 4409/2016 (Official Gazette 136 A/2016) was passed regarding the Energy building and heating and air conditioning systems Auditors. More precisely, the amendment refers only to the legal entities allowed to perform the said audits and broadens the opportunity of the Energy Auditor not only to legal entities whose member or partner is an Energy Auditor but also to the legal entities that occupy employees that are Energy Auditors. Following this amendment, the aforementioned legal entities are allowed to be subscribed in the respective Register of Energy Auditors.

Bulgaria: Amendments in the Energy Efficiency Law

by Galina Ruseva, (Sofia)

On 21 December 2016, the Bulgarian Parliament adopted amendments to the Law on Energy Efficiency. The amendments provide for obligations for all the buildings into exploitation to undergo a certification for energy efficiency, thus widening the scope of the buildings for which it was obligatory. The amendments are intended to transpose into the Bulgarian legislation the requirements of Directive no. 2012/27/EC on energy efficiency and fully implement the obligations for Bulgaria under Directive no. 2010/31/ EC on the energy characteristics of buildings. The amendments to the law allow the application of alternative measures for the achievement of the national plan for energy efficiency until the year 2020.

Serbia: Third Action Plan for the Energy Efficiency

by Stefan Pavlovic, (Belgrade)

On 29 December 2016, the Government of the Republic of Serbia adopted the Third Action Plan for the Energy Efficiency of the Republic of Serbia for the period until 2018 (Action Plan). The Action Plan contains report on results of final energy savings accomplished until now, while it simultaneously sets goals for energy savings in 2018 and, for the first time, sets measures for energy efficiency in sectors of generation and distribution of energy. The Action Plan shall also be submitted to the Energy Community Secretariat. The decision was published in the Official Gazette of the Republic of Serbia on 06 January 2017.



ENERGY EFFICIENCY highlight...

EU: Study on Smart Cities and Communities

by *Andriani Kantilieraki, (Athens)*

On 13 January 2017, the European Commission published an EU funded study on Smart Cities and Communities solutions. The study was commissioned by the Directorate – General for Energy and focuses on the ways and mechanisms in which cities may become friendlier to the environment through the sustainable use of energy resources. For such purposes, Smart Cities and Communities (SCC) are regarded as systems of people who use flows of energy, materials and financing in an intelligent way in order to promote a sustainable economic development, which will lead to the reduction of environmental impacts as well as offer a higher quality of life to the citizens. The main features of the study are targeted on the effectiveness of projects that have been adopted worldwide and highlight the need to implement solutions by calling upon different agents within the society such as political institutions, investors, industry players and citizens.

The study is structured based on the assessment of the main features impacting the roll-out opportunities of integrated smart city solutions and their promotion as such. To that end, during the conduction of the study certain elements had to be considered. Such elements amount to the examination of 300 initiatives undertaken throughout the world (in more detail: 200 European and 100 in the rest of the world), the analysis of 80 best practice examples of SCC solutions and among others the identification of 10 examples of SCC integrated solutions which failed. One of the most interesting parts of the study is also related to suggestions regarding the creation of new Smart Cities and Communities as well as the promotion of collaboration between the EU and Chinese companies for the provision of innovative solutions since China has been noted to have an increasing number of SCC.

The main purpose of the study is to gather information and provide insight on different aspects of SCC solutions' business models and deployment including governance of SCC integrated solutions, funding and financing opportunities, procurement models, ways of involving citizens and communities and factors affecting the roll out of SCC solutions both on a limited and on a larger scale. The results of the study are expected to facilitate the knowledge base of the European Innovation Partnership for Smart Cities and Communities (EIP – SCC) which was initiated in the year 2012 in order to support the development of technologies for the creation of SCC in urban areas thus contributing to the tackling of issues such as congestion, air pollution and high energy costs with the view of achieving better mobility networks, cleaner urban environment and energy efficiency with commitments from over 3000 partners across thirty-one (31) countries. The partnership is currently working on the improvement of the citizens' quality of life within several priority areas such as energy, transport, mobility, sustainable districts and integrated infrastructure and processes.



Environment **what's new...**

EnC/Ukraine: Non-Compliance with Environmental Impact Assessment Directive

by Tetyana Vyshnevskya, (Kiev)

On 12 January 2017, the Energy Community (EnC) Secretariat sent a Reasoned Opinion to Ukraine in Case ECS-13/16 concerning Ukraine's alleged failure to properly transpose the provisions of the Council Directive 85/337/EEC of 27 June 1985 on the assessment of the effects of certain public and private projects on the environment (the Environmental Impact Assessment Directive) into the national legislation. The Reasoned Opinion is a follow-up to the Opening Letter sent by the Secretariat on 6 September 2016, and Ukrainian authorities are expected to react to the allegations of non-compliance with the EnC law within two (2) months, otherwise the Secretariat may bring this matter before the Ministerial Council in accordance with Article 29 of the Rules of Procedure for Dispute Settlement. Noteworthy, on 4 October 2016, the Ukrainian Parliament did adopt the Law on Strategic Environmental Assessment (draft law No. 3259 of 8 October 2015), but it was vetoed by the President on 31 October 2016 and further rejected by the Parliament at the reconsideration on 17 January 2017.



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