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Backloading of carbon permits approved by the European Parliament

by Lazaros Sidiropoulos (Athens)

The European Parliament adopted on July 3 the amended proposal of the European Commission to withhold the auction of 900 million emissions permits in the European Union's emissions trading scheme (ETS) for the period 2013-2015 and reintroduce them later in the period 2019-2020 ("backloading"), in order to reduce an oversupply and effect a raise in the prices in the EU's carbon market. Following the rejection of an earlier version of the plan by the Parliament in April, the Parliament's Environment Committee introduced last month several compromise amendments to the proposal of the Commission. In the finally approved version by the plenary only part of these amendments was adopted, including, among others, the provision that this measure can only be adopted once, while the amendment providing for the possibility to reintroduce the delayed allowances earlier than proposed (2019-2020) was rejected. Although the vote of the Parliament must also be approved by the European Council for the measure to pass, it already led to an immediate raise of the emission prices in the market. The decision of the European Parliament was not well received in Greece, particularly by the energy intensive industry, whose electricity costs will be negatively affected by a respective increase in the emission prices.

Fine imposed on the Greek utility for abuse of dominant position

by Lazaros Sidiropoulos (Athens)

The Greek Regulatory Authority for Energy (RAE) imposed by its Decision no. 307/2013, issued on July 10, a 4.4 million € fine on Public Power Corporation (PPC) for having abused its dominant position in the market, by failing to substantially negotiate with its medium voltage customers and offer an adequate number of alternative tariffs. Following related complaints filed by medium voltage customers, also other decisions of RAE (no. 186/2013, 264/2013, 265/2013) were issued shortly before, requesting from PPC to proceed to negotiations with its customers. In Decision no. 307/2013, PPC's conduct was found to be opposed to the Greek Code of Energy Supply (Ministerial Decision issued in the Official Journal B´832/9.4.2013), the Basic Principles of Pricing (RAE Decision no. 695/2011) as well as to RAE's Decision no. 895/2012, by which RAE had required from PPC to issue at least three different tariff schemes by no later than 1.1.2013. Subsequently, PPC announced on July 11 its intention to take legal action for the annulment and suspension of Decision no. 307/2013.

Croatian oil and gas market opening – The Mining Law

by Mira Todorovic – Symeonides (Athens)

The new Mining Law came into force in Croatia in May 2013 while some of its provisions apply from the adhesion of Croatia into the EU i.e. the 1st of July 2013. The Law together with the law on Exploration and Exploitation of Hydrocarbons, which is still in the parliamentary procedure, provides for the legal framework for the opening of the Croatian oil and gas market to private and foreign investors.

The Mining Law provides for a unified public tender procedure for: a) choosing the winning bidder as regards the exploration of exploitation fields, b) granting the exploration license, c) determining the boundaries of the exploitation fields and d) granting to the same winning bidder the exploitation concession. The concession is granted to any individual or legal entity fulfilling the legal criteria and winning the bid, under the condition that the expected reserves and/or other respective qualifications are confirmed in the exploration phase. Mining activity in Croatia may be performed by an individual or legal entity with residence or seat / branch office in Croatia or a legal entity properly registered for performing mining activity in an EU member state. Tenders shall be announced in the Croatian and EU official journals.

All data gathered during the exploration or exploitation of mineral resources is in the ownership of the Republic of Croatia. Exploitation concessions may not be granted for more than 40 years. If after the expiration of this time limit there are sufficient mineral reserves, a new tender may be organized. Concession agreements may also be concluded for the period up to 40 years increased for 5 years for the recovery of the environment. The law provides for the formation of a unique information system on the mineral resources. The competent Ministry shall also report annually to the European Commission on geographical fields open for exploration and exploitation, and provide lists of active mining operators as well as data on confirmed hydrocarbon reserves.

EU Transparency Requirement for petrol, oil and mine extraction companies

by Antigoni Papadaki (Athens)

The Directive 2013/34/EU, which was published in the Official Journal of the European Union on 29th of June creates the obligation for large extractive and logging companies to report every financial year the amounts paid to the national, regional or local authorities of the country, in which they operate. The report must enclose the following information regarding the payments made to each government: (a) the total amount of payments, (b) the total amount per type of payment and (c) where those payments have been attributed to a specific project. The extractive and logging companies have the above mentioned obligation only if the amount of payment is exceeding 100.000€, referring either to a single payment or to a series of related payments. The companies are not allowed to split or aggregate the payments, in order to avoid the obligation of disclosing the relevant information. The Commission is appointed to review and report on the effectiveness of the Directive within three years of the implementation of the Directive. The Commission will then also consider whether to extend the aforementioned reporting obligations to additional industry sectors as well as to decide whether the reports on payments to governments should be audited and enclose additional information. All Member States have to comply with the Directive by July 20, 2015.

Serbian government launches the RES National Action Plan with main strategic goals to be achieved until 2020

by Vuk Stankovic (Belgrade)

Meeting the requirements stipulated in Energy Community Treaty, the Serbian Government adopted in June 2013 the new National Action Plan for Using the Renewable Energy Sources (the Plan) prepared in line with Decision 2009/548/EC of the Ministerial Council of the Energy Community. The Plan predominantly deals with two issues: a) harmonization of the laws with EU directives and b) setting up goals to be achieved until 2020. As regards the first

issue, the following regulations are envisaged to be introduced in the forthcoming period: a new Law on Renewable Energy Sources; Rulebook on guaranties of origin for electricity generated from renewable energy sources; Recommendation on conditions for acquiring the status of privileged producer of thermal energy; Recommendations on incentives for the production of thermal energy from renewable energy sources.

As regards the goals to be achieved, binding target for Serbia was defined to be 27 % of renewable energy sources (hereinafter: RES) in overall energy consumption in 2020. Pursuant to the Plan, the ambitiously launched goal shall be realized through RES participation in three sectors as follows: a) participation of RES in electricity generation is set to reach up to 12,1%; b) participation of RES in the heating and cooling sector through thermal energy generation and combined thermal and electricity generation is set to reach up to 12,3%; and c) participation of RES in public transportation through production and usage of biofuels is set to reach up to 10%. Furthermore, according to the official estimates presented in the Plan, current 29,5% RES participation in electricity generation and consumption is set to increase up to 36,6% until 2020, while current 21,1% in heating and cooling sector shall be increased up to 30%. Bearing in mind that biofuels were not used in the Republic of Serbia so far, aforementioned requirements regarding public transportation are presented as one of the main challenges. However, pursuant to the Plan, Serbia has not developed capacities for biofuels production in order to achieve the goal of 10% RES participation in public transportation, and therefore it would be required to import the shortfall of respective fuels up to required level until 2018. Further to the above requirements, one section of the Plan is dedicated to increasing the use of RES in buildings and housing. The share of renewable energy in the building sector is set to reach up to 35%, while the current level is between 23% and 28%.

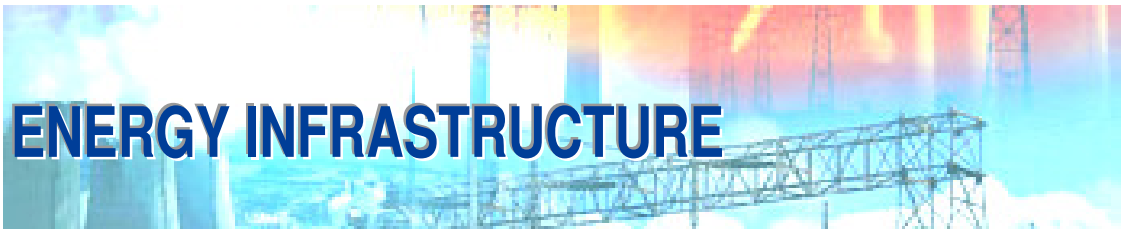
Calculation of Local Content for Renewable Energy Plants adopted by the Parliament of Ukraine

by Alina Karas (Kiev) and Mira Todorovic Symeonides (Athens)

From the 1st of July 2013 new amendments to the Law of Ukraine "On Energy Industry" regarding calculation of the share of domestic components in the construction of renewable energy plants (the Local Content) entered into force. The Local Content requirement is a precondition for a renewable energy project to be eligible for the applicable feed-in tariff in Ukraine. Although introduced in 2009 it remained inactive until October 2012, when the relevant regulations, setting out rules for determination of the Local Content for renewable energy projects, were enacted and changed several times.

The Local Content requirement shall not apply to hydroelectric power plants and households using solar power. The amendments of the Law affect the share of the Local Content depending on the project's commissioning date. The Local Content for facilities producing electricity from the energy of wind, solar and biomass commissioned before the 1st of July 2013 should be no less than 15%, after the 1st of July 2013 – no less than 30% and after the 1st of July 2014 – no less than 50%. The Local Content for electricity facilities producing electricity from biogas which started their operations after the 1st of January 2014 should be no less than 30% and for facilities commissioned after the 1st of January 2015 – no less than 50%.

The Law provides for the first time the formula for calculation of the Local Content in an attempt to clarify this issue, which has raised numerous questions in practice. For example in case of wind farms: the Local Content for blades production should be 15%, for tower production 15%, for nacelle installation 30%, for construction work 20%, while all together should be equal or more than the legal requirement with regard to the total costs.



EU Regulation on guidelines for trans-European energy infrastructure

by Mira Todorovic Symeonides (Athens)

The Regulation identifies and defines the projects of common interest; establishes rules regarding permit granting for these projects; provides rules for cross-border allocation of costs and their incentives and eligibility for EU co-financing. It was adopted by the European Parliament and the Council in April 2013 and applies from the 1st of July 2013, except for the provisions regarding EU co-financing which shall apply under the financial scheme of the Connecting Europe Facility, when adopted.

Priority was given to 12 trans-European energy infrastructure corridors and areas including the NSI East Electricity (interconnections and internal lines to complete the internal market and integrate generation from RES in CE and SE countries) and NSI East Gas (gas infrastructures for regional connections between and in the Baltic Sea, Adriatic and Aegean Seas, the Eastern Mediterranean and Black Seas). The EU list of projects of common interest shall further be adopted, from the lists of regional projects determined by the 12 Regional Groups, every 2 years, starting from the adoption of the first list on the 30 September 2013.

The projects of common interest should have a priority status with regard to the permit granting processes in Member States (MS). In this regard the Commission plans to issue non-binding guidance to support MS in defining adequate legislative and other measures to speed up the environmental assessment and other respective procedures, whose durations should be limited to the total of 3.5 years. By the 16 November 2013 MS must have designated one national authority responsible to facilitate permit granting procedures for these projects.

Harmonisation of the Greek environmental legislation with the Directive on industrial emissions

by Mira Todorovic Symeonides (Athens)

The Joint Ministerial Decision of the Ministry of Environment, Energy and Climate Change and the Ministry of Development, Competition, Infrastructure, Transport and Networks on harmonisation of the Greek law with directive 2010/75/EU on industrial emissions was issued in June this year. It provides for the rules on integrated pollution prevention and control of pollution, resulting from industrial activities, prevention and, when not applicable, reduction of emissions into air, water and land as well as waste generation prevention, this way repealing existing national legislation, which has implemented seven directives regulating these issues.

The Joint Ministerial Decision imposes additional requirements with regard to prevention and licensing procedures, monitoring, information exchange and quality standards and techniques, applying to the activities listed in its annex, which include, among others, energy activities (combustion of fuels in installations with certain thermal

input, refining of mineral oil and gas, production of coke, gasification or liquefaction of coal and other fuels in installations above certain thermal input) and waste management. Large combustion plants, incineration plants, installations and activities using organic solvents and installations producing titanium dioxide are also regulated. The above provisions shall after certain deadlines scheduled in the Decision also apply to plants which have already obtained operational permit and those that have already started their operations.

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