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EU: Consultation on New Market Design for Electricity and Gas

by Mira Todorovic Symeonides (Athens)

On 15 July 2015, the EU Commission launched a public consultation regarding the redesign of the electricity market in order to help deliver the EU 2030 climate and energy targets and enable the EU to become the world leader in renewable energy. The consultation comprises three general topics followed by three sets of questions: a) new electricity market b) regional cooperation in an integrated electricity system and c) security of supply. The first topic particularly focuses on the development of cross-border short term (intraday and balancing) markets improved by introducing market coupling, necessary for cross border flows and long-term markets to enable investments. Such markets should be designed for promoting investments in renewables, improving interconnections and enabling demand response. The wholesale and the retail markets should be better linked and regulatory barriers removed. The questions relate to the pricing, the necessity for introducing of legal measures for connecting of balancing markets, for implementation of intraday platform and coordination across Member States regarding renewables schemes as well on the obstacles for the full integration of renewable energy generators into market, investments into renewables and tackling the kick-start of demand-response.

The second set on regional cooperation particularly deals with the coordination of national policymakers, the improvement of interconnections, the cooperation between System Operators and the reinforcement of the ACER and ENTSO-E powers. The questions for the Consultation focus on the enhancing of the role of the Regional Security Coordination Initiatives with decision making powers, the role of ACER and ENTSO, the role of distribution system operators and whether there should be a European approach to distribution tariffs. There is also an inquiry about regulating the power exchanges on the EU level. The third set relates to the security of supply and particularly to the market coupling, the role of the capacity mechanisms (which should only address real market failure and not support uneconomic or unsustainable generation), the methods to determine system adequacy and the framework for opening capacity mechanisms across borders. The questions particularly deal with the need to regulate and harmonise system adequacy and develop reference models for capacity mechanisms. The possible legislative follow-up to the Consultation may include amendments to the Electricity Directive and Regulation, the ACER Regulation, the Infrastructure Regulation, the Electricity Security of Supply Directive, the Energy Efficiency Directive and the Renewables Directive. The consultation will last until 8 October 2015.

EU: Commission Launches a New Deal for Energy Consumers

by Stefania Chatzichristofi (Athens)

On 15 July 2015, the European Commission issued a Communication (COM[2015] 339 final) to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions on delivering a New Deal for Energy Consumers (the New Deal). The New Deal develops the following three pillars'

strategy: a) Empowering consumers to act, consisting of three sub-groups of actions: regarding information improvement, choice of action and full protection for consumers; b) Making smart homes and networks a reality and c) Special attention to data management and protection. The first pillar particularly addresses the issue of saving money and energy through better information (e.g. frequent access of consumers to comprehensible information on consumption and costs of energy, familiarisation with efficient use of energy and energy savings, transparent and directly comparable offers that shall increase the trust and the engagement and shall lead to full protection of consumers especially against unfair commercial practices), giving consumers a wide choice of action (e.g. introducing measures to encourage switching of suppliers, enabling consumers access to price signals that reward flexible consumption), reducing energy bills through self-generation and consumption, increasing consumer participation through intermediation and collective schemes, and protection of the vulnerable consumers.

The second pillar aims at integrating the installation and efficient and interoperable appliance of smart technologies either for individual or for massive use in order to allow to consumers a more simple management of consumption according to energy prices data and involvement in demand response. Moreover, the document accompanying the Communication, under the name «Best practices on Renewable Energy Self-consumption» published on 15 July 2015 (SWD (2015) 141 final), highlights the emerging model of self-consumption that creates opportunities for energy consumers, especially the Small and Medium-sized Enterprises (SMEs) to control their energy bills and participate actively in the integration of renewable electricity into the market. The best practices mainly refer to the control of costs, the avoidance of net metering schemes when self-consumption schemes are available, and the avoidance of retroactive changes to support schemes for existing self-consumption projects. The third pillar refers to the need for integration of data management into the energy market and the need for consumers or any third party to have direct and transparent access to this information that can include billing information, consumers consumption etc. The Communication points out that specific action needs to be taken by Member States as well as cooperation of business, national regulatory authorities and consumers organisations while there is also a need for certain revisions of existing European legislation, such as revision of the energy efficiency labelling Directive which would help consumers in making informed choice to reduce their energy bills.

EU: CEER Publishes Conclusions Paper on the Future Role of Distribution System Operators

by Mira Todorovic Symeonides (Athens)

On 13 July 2015, the Council of European Energy Regulators (CEER) published a Conclusions Paper on the Future Role of Distribution System Operators (DSOs) in electricity and gas presenting the conclusions from the relevant public consultation which was launched in December 2014 and lasted until 28 February 2015. The Consultation consisted of three chapters: a) the role of the DSOs and the need for regulatory oversight; b) the DSO-TSO relationship and c) economic signals and contractual arrangements. Regarding the first chapter, the general conclusion is that the differences among the Member States (MS) in number, size and activity profile of the DSOs, their technical characteristics and the operational issues they face (such as the quantity of variable RES electricity generation connecting to distribution networks) are so significant that there may not be a single model for DSOs in EU. In this view CEER concluded the following four principles for DSOs: a) they must run their business in a way which reflects the reasonable expectations of network users and other stakeholders; b) they must act as neutral market facilitators when undertaking core functions; c) they must act in the public interest

taking account of the costs and benefits; and d) consumers' data should be safeguarded by the DSOs. There should be distinction in regulating the DSOs core and non-core (such as energy efficiency advice, flexibility and storage, engagements with end-consumers) businesses. The more the DSOs are involved in non-core businesses, the greater need exists for regulatory control and unbundling, but also the more the market is developed the less the DSOs are likely to be involved in non-core new activities.

It is crucial that the relationship between the DSOs and TSOs is changed, particularly in the electricity sector and in regard to smart technologies and the development of networks. There should be more coordinated planning and decision making, transparency and communication between the DSOs and the TSOs. In regard to the third chapter, the Consultation Paper particularly addresses the issue of the network tariffs changes and the contractual relationship of the DSOs with the end-consumers.

Bulgaria: Energy Security Council to the Government to Coordinate the National Policy in the Energy Sector

by Lyubomir Talev (Sofia)

A new Energy Security Council to the Council of Ministers will coordinate the national policy in the energy sector and will set the Bulgarian priorities with regard to the European Energy Union. The decision has been taken on the government's session which took place on 1 July 2015. The role of the Council is to observe the implementation of the integrated energy policy for providing the consumers with accessible energy, for modernisation and completion of the national energy infrastructure and reforms in the energy sector. The Council will be responsible for the effective coordination between different departments having competences in the area of the country's energy security. It will follow up the energy politics and the foreign policy priorities related thereto, including the country's participation in the trans-border energy projects in Southeastern Europe. The Council will coordinate Bulgaria's positions in the energy area and will support international obligations such as the presidency of the South-East European Cooperation Process (SEECP), the Bulgarian presidency of the EU Council etc. The Deputy Prime Minister for the EU funds and economic policy has been appointed to chair the Energy Security Council. His deputies will be the Minister of Energetics and the Minister of Foreign Affairs. The sessions of the Council will be held once monthly at closed doors. An opportunity for extraordinary meetings under a proposal from the Chairman or the Deputy Chairmen is being provided.



EU: Commission Launches Public Consultation on Risk Readiness in Electricity Supply

by Stefania Chatzichristofi (Athens)

On 15 July 2015, the European Commission launched a Public Consultation on the security of electricity supply thus opening a debate with the intention to propose in 2016 a new legislation on the security of electricity supply, as part of its initiative to reform the EU electricity markets' regulatory framework. The questionnaire is addressed to all energy stakeholders, energy consumers as well as EU and Member State authorities. The consultation poses specific queries on the role of Member States in dealing with risks that are connected to the security of

electricity supply and further on the way that the Member States should be prepared and improve their cooperation. The objectives of the consultation are divided into three sets of questions: a) Identifying and managing the risk of security of electricity supply (requesting the MS to propose measures which should be taken to prevent risks; answer whether they should be on MS or EU level; identify types of necessary cooperation between the MS as well as roles and responsibilities of all stakeholders; provide opinion on usefulness to establish a common template for risk preparedness plans); b) Addressing crisis situations (inquiring about what should be the minimum requirements for the emergency plans; identify categories of protected customers; set out conditions for suspension of market activities) and c) Roles and responsibilities (including questions on the role and responsibilities of national governments and regulators, TSOs, DSOs, European Commission, other stakeholders and on strengthening of cross-border cooperation). The consultation period is open until 8 October 2015.

EU: ACER Recommends Adoption of Network Code on Electricity Balancing with Amendments

by Lazaros Sidiropoulos (Athens)

On 24 July 2015, ACER announced that it published its Recommendation No 03/2015 of 20 July 2015 on the Network Code on Electricity Balancing (NC EB). The NC EB describes the principles and rules by which a harmonised and coordinated European Balancing Market can be developed. It aims to ensure gradual integration, coordination and harmonisation of the balancing regimes in order to facilitate electricity trade within the EU in compliance with the Electricity Regulation (EC) 714/2009 and Directive 2009/72/EC. Taking into account the very different balancing market designs that exist today and the lack of consensus on the common balancing market, the NC EB foresees a process for progressive development of the European Balancing Market. The NC EB was initially submitted to ACER on 23 December 2013 by ENTSO-E accompanied by a Supporting Document. Yet on 21 March 2014 ACER provided its opinion expressing several concerns regarding mainly the deadlines for the implementation of the integrated electricity balancing market, as well as the lack of harmonisation and standardisation that would be needed to achieve this objective and invited ENTSO-E to resubmit an amended NC EB to ACER in which these concerns would be addressed. A revised version was submitted by ENTSO-E on 16 September.

In its Recommendation No 03/2015 ACER acknowledges that this revised version is significantly improved in line with the comments included in ACER's Opinion; however, it considers that a variety of aspects still needs further improvement. Thus, ACER recommends to the European Commission to adopt the NC EB, but significant amendments should be introduced before the adoption. In this regard, ACER's recommendation includes two annexes, the first providing an explanation of the proposed amendments and the second providing the NC EB, as amended by ACER. The proposed amendments vary in substance and can be broadly grouped into three categories: (a) improvements with regard to the clarity, readability and enforceability of the Code; b) amendments aiming to ensure the consistency of the NC EB with the Commission Regulation (EU) 2015/1222 of 24 July 2015 establishing a guideline on capacity allocation and congestion management (CACM); and (c) introduction of new or different elements to the NC EB aiming to ensure the efficient integration and functioning of the electricity balancing market. ACER proposes the adoption of the NC EB as soon as possible as it is urgently needed to support the ongoing balancing market integration and related pilot projects.

EU: Member States Adopt Network Code on Requirements for Grid Connection Applicable to all Generators

by Mira Todorovic Symeonides (Athens)

On 26 June 2015, the Network Code on Requirements for Generators (NC RfG) was adopted by Member States (MS) in Comitology. It will now be reviewed by the European Parliament and the Council who will check its compliance with the EU principles and the 3rd Energy Package. It is expected that the Code will be adopted as binding Regulation by the end of 2015, after which there will be a 3 years period for its implementation. The NC RfG is expected to encourage development of market of generating technologies across Europe, allow for increase in RES integration into the grid, harmonise rules for grid connection for power generating modules within the EU, facilitate the EU wide trade in electricity, ensure system security, increase competition and allow more efficient use of the network and resources. Out of ten Network Codes developed by ENTSO-E, the NC RfG is the second (the first being the Network Code on Capacity Allocation and Congestion Management) to be approved by MS, while other eight have been recommended for adoption and are expected to be adopted in comitology until the end of 2015.

The NC RfG regulates the requirements for grid connection of power generating facilities including synchronous power generating modules, power park modules and offshore power park modules to the interconnection system. It defines the obligations of the system operators to make appropriate use of the power generating facilities' capabilities in a transparent and non-discriminatory manner. The requirements of the NC RfG shall apply to new generating facilities which are considered significant and shall not apply to existing generating modules or those already in an advance stage of planning. However, a relevant regulatory authority or MS may decide that it applies to the existing facilities based on the evolution of system requirements and a full cost-benefit analysis or in case of substantial modernisation of these facilities. The Code distinguishes requirements for type A, B, C and D power generating modules: for A the requirements are set at the basic level necessary to ensure capabilities of generation with limited automated response and minimal system operator control; for B a wider range of automated dynamic response with greater resilience to operational events and a higher level of system operator control and information are required; for C a refined, stable and highly controllable real-time dynamic response to provide principle ancillary services to ensure security of supply is set; and the requirements applicable for D are specified to higher voltage connected generation with an impact on control and operation of the entire system. The NC RfG further regulates the optional notification procedure for connection of new power generating modules and cost benefit analysis. Reference is also made to compliance monitoring which includes compliance testing and compliance simulation. Within 6 months from the entry into force of the NC RfG, ENTSO-E will prepare and thereafter every two years provide non-binding written guidance to its members concerning the elements of the NC RfG which require national decisions. The MS regulatory authorities may, at the request of power generators' owner or system operator, grant derogations from one or more provisions of the NC RfG as long as the criteria for granting derogation are published and notified to the European Commission within nine months of the entry into force of the NC RfG, while these criteria may be further amended annually due to change in circumstances. The Commission may request amendments to the derogation criteria if not in compliance with the RfG. Any such request for derogation of a generating facility owner or system operator should contain detailed reasoning and cost-benefit analyses and demonstrate that it would not have adverse effect on cross-border trade. The MS regulatory authorities shall ensure that all relevant clauses in contracts and general terms and conditions regarding grid connection of new power generating modules and the existing ones,

when appropriate in accordance with the Regulation, are within 3 years amended in compliance with the NC RfG. The same applies to the national network codes.

EU: ACER Publishes Opinion and Recommendation on the Network Code on Emergency and Restoration

by Lazaros Sidiropoulos (Athens)

On 29 June 2015, ACER announced that it published its Opinion (No 04/2015 of 23 June 2015) and Recommendation (No 02/2015 of 23 June 2015) on the Network Code on Emergency and Restoration (NC ER). The NC ER had been submitted to ACER on 31 March 2015 by ENTSO-E accompanied by a Supporting Document including several Appendices, e.g. the 'Current practices in Europe on Emergency and Restoration', the study 'Technical Background for the LFDD requirements' and the 'Response to the public consultations'. ENTSO-E has drafted the NC ER to set out common requirements and principles to manage emergency, blackout and restoration system states applicable to TSOs, DSOs, closed distribution networks, significant grid users and service providers. These principles are essential for the TSOs to manage their responsibilities of secured operation of the interconnected Transmission Systems with a high level of coordination, reliability, quality and stability. In particular, this Code provides harmonised requirements for the establishment by each TSO of a System Defence Plan and of a Restoration Plan, thus ensuring the overall efficiency of these plans at the European level. The Code's aim is to ensure a satisfactory level of operational security of the interconnected Transmission Systems in real time, to support the efficient functioning of the European Internal Electricity Market (IEM), and to allow the integration of renewable energy sources.

ACER acknowledges that the NC ER is in line with the Framework Guidelines on Electricity System Operation of 2 December 2011, and therefore it recommends its adoption by the European Commission. Nevertheless, it points out several issues which could be improved, such as in the level of harmonisation of market interactions provisions, roles for regional security coordination bodies, treatment of Energy Storage, consistency and coherency with the interrelated Network Codes, national scrutiny and clarity in drafting of certain provisions in the NC ER and its Supporting Document. Considering that these issues do not affect the compliance of the NC ER with the Framework Guidelines, ACER proposes that a respective revision of these points should be considered by the European Commission when adopting this Code.

EU: ENTSO-E Publishes 2015 Edition of the Scenario Outlook & Adequacy Forecast up to 2025

by Lazaros Sidiropoulos (Athens)

On 30 June 2015, ENTSO-E released the 2015 edition of the Scenario Outlook & Adequacy Forecast (SO&AF) providing a detailed forecast on how system adequacy, i.e. balance between supply and demand, is expected to evolve in Europe up to 2025. ENTSO-e is mandated by Article 8(3)(b) of Regulation (EC) N° 714/2009 "on conditions for access to the network for cross-border exchanges in electricity" to deliver a European generation adequacy outlook every two years along with the Ten Year Network Development Plan package. However, ENTSO-E has decided to publish the SO&AF report every year, because of the importance and increased relevance of the forecasts provided therein, which are considered to serve as valuable tools for stakeholders and decision makers on which to base their investments and policy decisions. Based on national generation adequacy outlooks prepared by each individual transmission system operator (TSO), two bottom-up generation scenarios have been defined to help assess the range of uncertainty and evaluate the risk for the security of

supply over the coming years. Scenario A ('conservative') considers additional investments in generation or decommissioning with high certainty of happening, while Scenario B ('Best Estimate') takes into account the generation capacity evolution described in Scenario A as well as future power plants whose commissioning can be considered as reasonably credible by TSOs.

In its findings, the SO&AF 2015 foresees a 0.8% annual increase of demand for electricity from 2016-2025 due to expected electrification of heating and transport, and economic recovery. In terms of generation capacity, while fossil fuel-based capacity is estimated to decrease after 2016 to lower values than in previous reports, gas-fired power stations are forecast to replace coal power stations. In the case of nuclear power, capacity at ENTSO-E level will be maintained at around 120 GW until 2020, while from 2020 until 2025, a decrease of 12% is foreseen in Scenario B. New generation capacity will actually be provided by renewable energy sources (RES) additions over the upcoming years; while hydro power plants generation capacity is expected to remain stable until 2025, wind and solar are forecast to increase respectively by 80% and 60%. Biomass and other RES technologies will have a more marginal role. By 2025, 22 countries are expected to have a RES capacity penetration level higher than 50% in their systems; in eight countries (DE, DK, GB, GR, IE, NI, NL and PT) demand could at times be totally covered by renewable generation. Finally, the number of countries relying on imports to maintain adequacy shall increase between 2016 and 2025, showing the increasing role of cross-border exchanges in maintaining adequacy in the Pan-European system.

[EU: CAO and CASC.EU Announce Merger to Establish the Joint Allocation Office \(JAO\) in September 2015](#)

by Dimitris Nisanakis (Athens)

On 30 June 2015, a press release was published announcing the forthcoming establishment of the Joint Allocation Office (JAO) on 1 September 2015. On 24 June 2015, the General Assemblies of Central Allocation Office (CAO) and the Capacity Allocating Service Company EU (CASC.EU), the two regional allocation offices for cross-border electricity transmission capacities, approved the merger agreement to create JAO. The CAO, which is located in Germany, is a joint venture consisting of nine transmission system operators (TSOs) and since November 2010 is responsible for the entire organisation of the auction process and capacity calculation coordination in the Central Eastern Europe region. CASC.EU is also a joint venture consisting of 14 TSOs throughout Central Western, Central South and Swiss regions, which was established on 19 May 2010 and is located in Luxembourg.

The JAO will be a joint service company of twenty TSOs from seventeen countries. It will mainly perform the yearly, monthly and daily auctions of transmission rights on 27 borders in Europe and act as a fall-back for the European Market Coupling. After the establishment, on 1 September 2015, JAO will initially perform auctions for the 2016 annual transmission rights. All operations will be fully transferred to Luxembourg in the first quarter of 2016. This merger shall substantially increase the efficiency and transparency of the electricity market in Europe by becoming the single point of contact for market participants, creating a liquid and almost Europe-wide platform for transmission rights allocation. As harmonisation of Auction Rules is an ongoing process, the JAO will adapt its service accordingly as soon as the Harmonised Auction Rules have been approved by all National Regulatory Agencies in charge. The JAO is open for other TSOs who can join by becoming shareholders of the JAO or just by using its services.

Energy Community: Secretariat Launches Public Consultation on Draft Policy Guidelines on the Promotion of Organised Electricity Markets

by Viktoria Chatzara (Athens)

On 15 July 2015, the Energy Community Secretariat launched a public consultation ending on 11 September 2015, in order to collect stakeholders' views with respect to the draft Policy Guidelines on the Promotion of Organised Electricity Markets in the Contracting Parties, in order for them to be taken into account for the final drafting of the Guidelines. The central aim of these Guidelines is to facilitate the establishment of organised electricity market structures in the Contracting Parties, particularly by providing guidance on the harmonised development of the institutions, processes and compatible legislative and regulatory measures needed. The implementation of such measures should also create competitive spot markets at a national level in the Contracting Parties. Indicatively, the draft Policy Guidelines include measures to facilitate the adoption of the EU Regulation on Capacity Allocation and Congestion Management (CACM) in the Energy Community Contracting Parties, to create a legal and regulatory framework that incentivises the operation of an organised market, to abolish discriminatory barriers, to develop a price deregulation strategy and implement it, to introduce a market-based balancing regime, to analyse and reform relevant legal acts, and others.

With respect to the establishment of organised electricity markets the draft Guidelines aim to achieve that it is an essential prerequisite for the implementation of the above mentioned CACM Regulation, which establishes a single mechanism for the cross-border trade of electricity for the day-ahead and intraday timeframes. The CACM Regulation is expected to be the single most important market reform measure in the Energy Community; however, since a significant part of its provisions aims at coupling the Member States of the EU, the lack of organised market structures in the Contracting Parties may constitute an obstacle for its timely implementation. It is accepted that the creation of a single regulatory space for trade in electricity requires the adoption of the CACM Regulation in the Energy Community and its implementation by the Contracting Parties, the lift of any legal and factual barriers to electricity market integration and liberalisation, and the permission of the establishment of coupling need by the underlying markets. The draft Policy Guidelines for which the stakeholders' views are requested refer especially to the latter two dimensions of the integration, on the basis of the assumption that they are prerequisites for the efficient implementation of the CACM Regulation.

Ukraine: Draft Electricity Market Law Published for Public Consultation

by Tetyana Vyshnevskya (Kiev)

On 3 July 2015, the Ministry of Energy and Coal Industry of Ukraine (the Ministry) presented the draft law of Ukraine on Electricity Market (the Draft). The Draft, prepared with the active participation of the Energy Community Secretariat, determines the organisational structure and operating principles of the electricity market of Ukraine to ensure safe and reliable electricity supply with minimised expenses and due account of consumer interests. The Draft envisages a few changes to the structure and operation of the electricity market foreseen by the Law of Ukraine on Operating Principles of the Electricity Market of Ukraine, including, inter alia: a) introduction of an Intra-day electricity market as a market segment (to be implemented by 31 December 2018); b) introduction of traders as market participants (starting 1 July 2017); c) substitution of the Cost Imbalance Administration Fund with the Guaranteed Buyer mechanism for purposes of compensation of the difference between the cost of electricity purchased by the Guaranteed Buyer from RES developers as per FIT and the cost of that electricity sold at the day-ahead market prices. According to the Draft, any market participant (most probably an electricity supplier) may be entitled by the Government to act as a Guaranteed Buyer. It is expected

that electricity producers from RES shall be accountable for imbalances from 1 January 2018. If the Draft is adopted, the Law is expected to come into effect on 1 October 2015, and the wholesale electricity market to be implemented by 1 July 2017. The Ministry published the Draft at its official website on 8 July 2015 and expects to receive comments and propositions by 8 August 2015.

Romania: EU Companies' Right to Participate in the Romanian Electricity Markets Confirmed

by Corina Badiceanu (Bucharest)

On 25 June 2015, an Order of ANRE (the Romanian Energy Regulatory Authority) regarding the approval of a procedure for the confirmation of the right of foreign legal persons registered in an EU member state to participate in the Romanian electricity markets was published in the Official Gazette under the no. 91/2015. This procedure provides the conditions under which ANRE confirms to a foreign legal person (having its headquarters in an EU member state other than Romania) the right to participate in the Romanian electricity markets, the conditions that must be maintained by such foreign person during exercising of its right to participate in the Romanian electricity markets and the conditions related to the termination of such right. According to the provisions of this Order, a legal entity registered in an EU member state must cumulatively meet two conditions prior to the confirmation of the right to participate in the Romanian electricity markets: the right to undertake electricity supply/trading activities in the EU member state where it is registered (based on an available license/ other similar document granted by the energy regulatory authority or, if applicable, by another public authority in the respective EU member state) and the confirmation of the fact that the legal entity can develop activities of providing the electricity or of trading with electricity on the Romanian electricity markets by respecting the provisions of this procedure; such confirmation being requested by ANRE.

Serbia: EPS Group Concludes the First Phase of its Reorganisation Program

by Vuk Stankovic (Belgrade)

On 1 July 2015, the Serbian Public Power Utility Group (EPS Group) underwent two significant status changes, all in line with the Public Enterprise EPS (PE EPS) Reorganisation Program, confirmed by the Government Decision number 023-15149/2014 of 27 November 2014. The Holding Company PE EPS completed a merger by absorption, in which seven electricity and heat generation subsidiaries were absorbed by PE EPS. The second status change was a merger by incorporation; five distribution companies were merged forming together the new Distribution Company (DSO EPS Distribution) which will be a consolidated distribution company and distribution system operator. These status changes aim to optimise the work process within the EPS Group which now comprises three legal entities (DSO EPS Distribution, EPS Supply, and their holding Company PE EPS) instead of fourteen legal entities previously operating within EPS group. Pursuant to the PE EPS officials, such optimisation shall bring forward significant savings and labour optimisation. Furthermore, unification of the planning and procurement system should lead to more viable financial consolidation of EPS Group, which should be confirmed by the Government of Serbia, the World Bank, the International Monetary Fund and the EBRD. According to the PE EPS, corporatisation of the PE EPS from public enterprise into a joint stock company, as second phase of the Reorganisation Program, will be finalised by 1 July 2016.



EU: Commission launches Consultation on LNG and Gas Storage Strategy

by Athina Siafarika (Athens)

On 8 July 2015, the European Commission launched a consultation in order to identify the challenges and opportunities for Liquefied Natural Gas (LNG) and gas storage in the EU. The need for an EU strategy for LNG and gas storage has already been highlighted by the European Commission as an important component of its Energy Union plans as already made public. Gas storage plays a significant role in terms of security of supply. At present, security of gas supply can be challenged in view of geopolitical turbulence, since, for example, northern European countries heavily rely on Russian gas. Another pillar of security of supply in this regard, could be LNG sourcing from new suppliers, thus allowing for diversification of energy sources and more competition in the relevant market.

In this context, the Commission has published a consultation document in which 23 questions are addressed to the parties interested in participating in the consultation. These questions cover several issues, including: assessment of the current situation in EU countries in terms of infrastructure development challenges and any further EU action needed to improve the use of LNG gas and existing LNG infrastructure; assessment of existing regulatory, commercial and financial barriers to the optimal use and access to LNG and proposals for further EU policy initiatives necessary to adequately tackle the outstanding issues; forecast on the evolution of the worldwide LNG markets over the next decade and the expected effects on EU gas markets; forecast on technological developments anticipated over the medium term in the field of LNG and particularly in relation to their impact on the development of the market for LNG in transport; consideration of eventual sustainability issues specific to LNG; assessment of internal market constraints and challenges for gas storage; proposal of EU policy action and other initiatives necessary in terms of infrastructure development in relation to gas storage; assessment of the most critical regulatory barriers to the optimal use of gas storage in a regional setting and proposal of eventual need for regulation on EU-level. The consultation will be open until 30 September 2015.

Croatia: Hydrocarbons Offshore and Onshore Exploration and Exploitation

by Sanja Tolj Par (Zagreb)

After awarding 10 offshore oil and gas exploration licences for drilling in the Croatian Adriatic in January 2015, the Croatian Government concluded on 19 June 2015 the Strategic Environmental Assessment (SEA) for the exploration and exploitation of hydrocarbons in the Adriatic. Following the public consultation process, the completion of cross-border consultations, analysis of received opinions and the necessary amendments, the SEA was finalised on 19 June 2015. The Ministry of Economy has examined over 2,800 objections and explained in a way that is evident which were accepted and incorporated in the SEA and the Framework Plan and Programme. The received opinions and cross-border consultations were mainly related to the areas of tourism, fishery, biodiversity, noise impacts, cumulative impacts, ballast waters, impact of hydrocarbons on marine organisms, accidents, unexploded ordnances, use of drilling fluids and to the measures proposed for the protection of protected areas and the ecological network, as well as monitoring. The SEA and the Framework Plan and

Programme were supplemented with new data related to above mentioned environmental components and impacts, and the protection measures and monitoring indicators by environmental components were amended accordingly.

All received opinions as well as cross-border consultations resulted in the harmonisation of the Framework Plan and Programme with the results of the SEA. The final Draft of the Framework Plan and Programme was adopted on 16 June 2015, while the Report on the Evaluation of the Strategic Environmental Impact Study for the Framework Plan and Programme of the Offshore Exploration and Exploitation of Hydrocarbons was adopted on 18 June 2015. With the completion of the SEA procedure, the Government has completed the prerequisites necessary in order to start the negotiating procedures with the accepted bidders for 10 exploration areas in the Croatian Adriatic, namely Marathon Oil, OMV, ENI, MEDOILGAS and INA. Additionally, the Government on the session of 3 June 2015 proposed the Act on Safety in Offshore Exploration and Exploitation of Oil and Gas. The Act relates to the prevention of major accidents in the exploration and exploitation of hydrocarbons which is fully compliant with the Directive 2013/30/EU on safety of offshore oil and gas operation. It is expected to be adopted by the Croatian Parliament by the end of July.

On 3 June 2015, the Croatian Government adopted the decisions on the issuance of licences for exploration and exploitation of oil and gas for six exploration areas in the continental part of Croatia. Three companies will share six licences to explore for oil and gas in Croatia's northern Drava river basin and in the east of the country. The tender comprised six blocks whose sizes vary between 2,100 and 2,600 square kilometres. Four licences were awarded to Vermilion Zagreb Exploration, a local unit of Canada-based energy group Vermilion (Drava 4 and Sava 8, 9 and 10), one licence was awarded to INA (Drava 2), and one to Nigeria-based Oando PLC (Drava 3). The licensing is a prerequisite for the opening of the negotiation process. Only after the adoption of the Strategic Environmental Assessment the signing of the production sharing agreements with the investors will ensue, which is now expected by the end of 2015 since the decisions were expected in March. First exploration drillings are expected in early 2017.

[Croatia: Decree on the Criteria for Obtaining the Status of Protected Customer in Conditions of Crisis Situations in Gas Supply](#)

by Sanja Tolj Par (Zagreb)

The Croatian Government, at its session on 11 June 2015, adopted the Decree on the Criteria for Obtaining the Status of Protected Customer in Conditions of Crisis Situations in Gas Supply (Official Journal 65/2015) pursuant to Article 39, Paragraph 2 of the Energy Act (Official Journal, 120/2012 and 14/2014) and the Article 30, Paragraph 2 of the Government of the Republic of Croatia Act (Official Journal, 150/2011 and 119/2014) and transposing the Regulation (EU) 994/2010 concerning measures to safeguard security of gas supply. This Decree, pursuant to Regulation (EU) 994/2010, determines the national government body for the implementation of measures set out in Regulation (EU) 994/2010; regulates the criteria for obtaining the status of a protected customer; defines the scope of protected customers in conditions of crisis situations and stipulates the manner in which standards of gas supply are met. The Decree sets out the criteria for obtaining the status of protected customer and protection measures with the aim of providing reliable supply to protected customers. It defines the customers connected to gas supply who are not from the household category, stipulates the obligations of system operators to determine which end users have the status of protected customers and keep records on them and their needs for gas. It also sets out the obligations of gas suppliers to ensure uninterrupted supply of gas to protected customers. Protected customers who have the right to be supplied with a certain amount of gas in crisis situations are end users who belong to one of the following categories: i) households; ii) small and medium enterprises connected to the distribution system and iii) social services. Protected customers are also

district heating plants to the extent of the heat supplied to aforementioned categories, provided that the plants do not have the option of switching to other fuels and are connected to the gas distribution or transmission system.

Ukraine: NERC Reviews Tariffs for Oil and Gas Transmission through Main Pipelines

by Tetyana Vyshnevskaya (Kiev)

On 25 June 2015, the National Energy and Utilities Regulatory Commission (the NEURC) issued Resolution no. 1836 on Setting Tariffs for Oil Transmission through the Main Pipelines of the PJSC Ukrtransnafta for Consumers of Ukraine. Thereby, the NEURC reviewed the tariffs set for oil processing plants and complexes during the period from 2007 until 2012. According to the Resolution no. 1836, tariffs for oil transmission through the main pipelines of the PJSC Ukrtransnafta are increased by 3.8 to 9 times and amount to UAH 52.8 to UAH 181.7 per 1 net ton (without VAT) depending on the oil transmission route. In addition, on 30 June 2015, the NEURC issued Resolution no. 1888 on Setting the General Tariff for Transportation of Natural Gas, Tariffs for Transportation of Natural Gas through Main and Distribution Pipelines, Supply of Natural Gas. According to the Resolution no. 1888, the weighted average tariff for the natural gas transmission through main pipelines of the PJSC Ukrtransgas is decreased by 6.35%, the tariff for natural gas transmission through distribution pipelines was increased by 7.19%, the general tariff for transmission of natural gas was increased by 1.11% and the tariff for natural gas supply was decreased by 8.08%. Both Resolutions no. 1836 and no. 1888 came into force on 1 July 2015.

Ukraine: Parliament Votes for Transparency of Extractive Industries

by Tetyana Vyshnevskaya (Kiev)

On 16 June 2015, the Parliament of Ukraine adopted the Law no. 521-VIII on Amending Certain Legislative Acts of Ukraine As Regards Ensuring Transparency in Extractive Industries. The Law introduces amendments in the Code of Ukraine on Underground Resources and the Law of Ukraine on Oil and Gas in order to implement international reporting standards, standards of the Extractive Industries Transparency Initiative (EITI), and to improve the management of natural resources in Ukraine. Pursuant to the Law, the Government is responsible for publication and dissemination of information about state and local taxes, levies and other payments pertaining to extractive industries as well as the context information about extractive industries. Respective executive and local authorities are required to publish and provide information on the status of geological survey, use and protection of underground resources. Users of oil and gas bearing underground resources are obliged to provide and publish information about payable taxes, levies, other payments, as well as their production (economic) activity, in accordance with the approved procedure. The Law came into effect on 12 July 2015. The Cabinet of Ministers of Ukraine is expected to approve the procedure for reporting in accordance with international standards until mid September 2015.

Greece: EU Commission Exempts Contracts Concerning Exploration for Oil and Gas from the Scope of Directive 2004/17/EC

by Viktoria Chatzara (Athens)

On 10 July 2015, Commission's Implementing Decision (EU) 2015/1120 of 8 July 2015 exempting exploration for oil and gas in Greece from the application of Directive 2004/17/EC, was published in the Official Journal of the European Union. The scope of the above mentioned Directive covers the coordination of procurement procedures in the water, energy, transport and postal services sector and, thus, includes the award of contracts for the pursuit of exploration for oil and gas. It is however provided that activities, falling into this scope, may be exempted from the application of the Directive's provisions, following specific requests to the Commission. On 2

February 2015, Hellenic Petroleum SA, a public undertaking active in the oil and gas market, submitted such a request to the Commission concerning the activity of exploration for oil and gas. More specifically, the consortium of Hellenic Petroleum SA, Edison International SpA and Petrocelltic Resources Plc, was awarded exploration rights from the Greek State for the field of the Western Patraikos Gulf.

According to the Commission's Implementing Decision, in order for an exemption to be approved, the activity to which it refers shall be exposed to competition on markets to which access is not restricted, whereas the market share of the main players in the relevant market and the degree of the market's concentration are also points taken into account. With respect to this particular case, the Commission primarily acknowledged that Greece had transposed and implemented Directive 94/22/EC on the conditions for granting and using authorisations for the prospecting, exploration and production of hydrocarbons, thus opening the relevant market for the exploration for oil and gas to competition. As far as the market share of the main competitors is concerned, it is noted that, pursuant to standard Commission practice, capital expenditure, proven reserves and expected production are the three factors taken into account. The use of the first criterion (capital expenditure) has been considered unsuitable, due to the diversity of capital expenditure required depending on the geographical field. As per the other two factors, Commission took into account that within the relevant market, which is considered to be worldwide, the proven reserves of oil and natural gas in Greece are minimal, whereas, even if the estimates for the production are confirmed, the relevant share of Greece in the relevant market would remain negligible. Taking all the above into account, as well as the information provided, which referred to the time period between January and May 2015, along with the structure of the relevant market of exploration for oil and gas, the Commission concluded that the requested exemption from the application of the provisions of Directive 2004/17/EC could be awarded. Nevertheless it should be noted that, according to the provisions of the Directive, such exempting Commission Implementing Decisions may be revised in the event that significant changes in the legal or factual background are proven.



Poland: Amendments to the Acts Regulating Land and Construction Provides for New Barriers for Investments in Small and Medium RES

by Izabela Jurek (Warsaw)

The Polish parliament resumed works on the Bill amending the Law on Spatial Planning and Land Development and the Construction Law (the Bill). The Bill was submitted to the Parliament in October 2014 by the parliamentary committees and on 17 June 2015 it received the Government's position, which supported the draft by proposing only minor amendments. The draft particularly affects investments in small and medium-sized renewable energy sources.

According to the current regulations, renewable energy sources investments are realised in two ways. In municipalities with local zoning plans, investments are carried out on the basis of the local zoning plans, while in municipalities that do not have local plans investments are based on decisions on land development conditions. The Bill provides that the implementation of all renewable energy sources investments except for micro-

installations will only be possible on the basis of local zoning plan. The renewable energy sources investment in order to be executed must be included in the urban planning, i.e. the relevant study and the local plan. The study must contain basic information about the type and capacity of the planned investment (entire plant), and plan power of each device. The Bill provides that the implementation of investments in renewable energy sources exceeding 40 kW, in the absence of a local zoning plan, will only be possible after the adoption of such a plan by the municipality. It will not be possible to implement such investments above 40 kW based on the decisions on land development conditions, as was the case previously. The new regulations are to take effect from 1 January 2016. From that moment, proceedings on issuing decisions on land development conditions for renewable energy sources above 40 kW will not be initiated, and the proceedings already initiated will be cancelled. The decisions on land development conditions issued under the current zoning rules will be valid for a period of 3 years. During this period it will still be possible to initiate proceedings for the issuance of a building permit on the basis of those decisions (but only on the basis of the decisions issued by the end of 2015).

The planned Bill will prevent the realisation of small renewable energy sources projects in most parts of Poland, i.e. everywhere where local plans are not available (the plans are adopted more often in large cities, where there are rather no plans of renewable energy sources investments and less often in small rural communities where renewable energy investments are more often localised and more desirable). Therefore, it constitutes a substantial barrier for the development of small and medium- energy projects (up to 1 MW), which in the act on renewable energy sources have been treated more favorably than large installations. Plants up to 1 MW benefit from a separate auctions systems. The Bill causes that these preferences would not be feasible because of the created barrier. In July 2015 the private Foundation ClientEarth issued a legal analysis regarding the Bill stating that its provisions are contradictory to the constitutional principles of equality and proportionality and the Directive on the promotion of the use of energy from renewable sources. The Bill will be further discussed in a lower chamber of the parliament this week.

Ukraine: Court Resolves Disputes against NEURC in Favour of RES Developers

by Tetyana Vyshnevskya (Kiev)

On 23 June 2015, the Kyiv Circuit Administrative Court (the Court) issued decisions in administrative disputes no. 826/3745/15 and no. 826/4306/15. The said disputes were initiated by 6 RES developers, electricity producers from wind energy, against the National Energy and Utilities Regulatory Commission (the NEURC) in relation to NEURC's Resolution no. 157 of 31 January 2015 on Suspension of Clause 1 of the NEURC Resolution of 31 January 2015 no. 105 and on the Establishment of Green Tariffs for Electric Energy within the Frame of Temporary Emergency Measures at the Electricity Market, and the Resolution no. 493 of 27 February 2015 on Suspension of Clause 1 of the NEURC Resolution of 27 February 2015 no. 492 and Setting Up of "Green" Tariffs for Electric Energy within the Scope of Temporary Emergency Measures at the Electricity Market (the Resolutions), which reduced feed-in tariffs (FiT) for wind energy projects by 10% and 50% accordingly. The claimants requested cancellation of the Resolutions and compensation for the difference between the payments actually made to them by the SE Energorynok for the provided RES electricity (as per reduced FiT) and the payments due to the claimants before the FiT reduction. According to the decisions, the Court found that NEURC's Resolutions no. 157 and no. 493 were adopted without proper grounds, contrary to the law, and should be repealed. The NEURC was also required to consider amending of the Algorithm of the Wholesale Electricity Market in order for the SE Energorynok to provide relevant compensations to the claimants. The Court's decisions in the mentioned disputes send a positive signal to RES developers in Ukraine affected by the Resolutions, although their revision by the appellate/cassation instance remains possible.

Bulgaria: Amendments to the Bulgarian Energy Act

by Daniela Dzabarova Anagnostopoulou (Sofia)

The Bill for amendment and supplementation of the Energy Act was adopted on 22 July 2015 by the Bulgarian Parliament. Among others, the adopted amendments to the Energy Act (EA) refer to the following issues: A new fund under the name "Security of the electro energy system" is established in the form of a corporate legal entity with headquarters in Sofia (Article 36b from the EA). The aim of the fund is to manage the amounts for the cover of the costs of the public provider –NEK, resulting from its mandatory obligation under Article 93a (e.g. to purchase electricity under long term Power Purchase Agreements). The fund will be managed by the Board of Directors (BoD) and the members of the BoD will be elected as follows: the Chairman by the Minister of Energy, one member by the Minister of Finance, one member by the Minister of Environment and Water and two members by the producers of the electricity.

Furthermore, an obligation is imposed under Article 36e on all producers of electricity to provide mandatory monthly instalments to the Fund, amounting to 5% of their monthly revenues from sold electricity, VAT exclusive. Electricity traders, which import electricity in Bulgaria, are also required to contribute to the Fund by instalments amounting to 5% of their monthly revenues from imported electricity, VAT exclusive. Finally, according to the new Article 98, all Power Purchase Agreements for purchase in regulated prices concluded between the producers and the suppliers of last resort or the public provider are public and the parties have mandatory obligation to submit them to the Energy and Water Regulatory commission ("EWRC) within 14 days upon conclusion. On its side, the EWRC shall publish the agreements on its official website within 7 days.



EU: Commission Orders Recovery of State Aid from EDF

by Viktoria Chatzara (Athens)

On 22 July 2015, the European Commission announced that following an in-depth investigation opened in 2013, it concluded that Électricité de France (EDF) has been granted state aid incompatible with the relevant provisions of the EU Law of an amount equal to €1.37 billion in the form of tax breaks, and that France has been ordered to recover the illegal state aid. It is the second time that the Commission has reviewed the tax treatment of EDF by France with respect, specifically, to facts dating back to 1997. Following its first investigation of the subject, the Commission had concluded in 2003 that certain aspects of the tax treatment to EDF constituted illegal state aid. However, that first Decision was annulled by the General Court of the European Union, on the grounds that the Commission had not examined whether the state aid in question was in compliance with the principle of the private investor, i.e. whether a private investor would have invested a similar amount under the same circumstances. The Court of Justice of the European Union upheld the decision of the General Court, thus compelling the EU Commission to reopen its investigation in 2013.

As far as the facts of the case are concerned, EDF is the main electricity provider in France, operating in other markets as well and having the French State as a majority shareholder (it holds a percentage of approx. 85% of

the capital). Between 1987 and 1996, when it was still a publicly owned industrial and commercial entity with special status and not a public limited company, it had been awarded the high-voltage transmission network in France as a concession and it made accounting provisions with view to renewing it. In 1997, when EDF's balance sheet was restructured, the competent French tax authorities reclassified some of the above special provisions, in order to appear as capital injection without levying any corporate tax. In its present Decision, the EU Commission examined whether the corporate tax loss incurred by France was economically justified according to the private investor principle and it resulted that it was not, as at the time in question the profitability that could be expected from such investment was low. Moreover, the provided state aid in the form of the above tax breaks conferred a significant competitive advantage on EDF against its competitors, without furthering any objective of common interest. As such, the Commission concluded once more that the above tax measures constituted state aid, which could not be justified in accordance with any applicable EU provisions, and which shall be recovered by France. Nevertheless, taking into consideration the high amount of the state aid which has to be recovered, it should be expected that the annulment of Commission's latest Decision will be once more pursued before the competent EU Courts.

Romania: European Commission's Investigation of Certain Tariffs in Hydroelectricity Supply Contracts

by Corina Badiceanu (Bucharest)

On 12 June 2015, the European Commission published the conclusions of an investigation concerning Hidroelectrica SA and the conditions under which this company concluded contracts by applying preferential tariffs. According to the conclusions of the investigation, none of the targeted supply of electricity contracts concluded by Hidroelectrica (Romanian public company and main electricity producer) with certain electricity traders and industrial producers engaged a state aid, as provided by the article 107 of the Treaty on the Functioning of the European Union. More precisely, the contracts concluded with ArcelorMittal and Alro, as well as with Alpiq RomEnergie, Alpiq RomIndustries, EFT, Electrica, Electromagnetica, Energy Holding and Euro-Pec fully respected the market's standard price. However, the prices applicable to the contracts concluded with Luxten-Lighting, Electrocarbon and Elsid were lower than the market's standard price. The investigation could not determine whether the decision to give preferential conditions to the said three companies can be imputed or not to the Romanian authorities.

Poland: Commission Approves State Aid for Polish Gas Pipelines

by Izabela Jurek (Warsaw)

On 17 July 2015, the European Commission concluded that Poland's plans to grant aid amounting to PLN 3.1315 billion (approx. 758 million euro) for the nine gas pipeline projects are compatible with EU state aid rules. These measures will help eliminate bottlenecks and increase the capacity of gas interconnections. The projects are planned to be realised in the period 2016 – 2022. The total costs of realisation of the nine gas infrastructure projects are estimated at PLN 4.9094 billion (approx. 1.1916 billion euro). The financial aid from public funds in the amount of 3.1315 billion zł (approx. 758 million euro) will cover 64% of the total investment cost. These funds will come from the European Regional Development Fund under the Operational Programme Infrastructure and Environment 2014-2020. The remaining part of the investment will be financed by the transmission system operator Gaz-System S.A. The funds from the European Regional Development Fund are considered as state resources (i.e. state aid), as Member States are free to decide on their specific use, therefore, the European Commission's consent was required. Five of the nine gas infrastructure projects will connect European sources

of gas supply from the Baltic Sea, the Adriatic and the Black Sea with the rest of Europe through Poland (within the priority corridor " North-south gas interconnections"). They will then increase the diversification of gas supplies in Poland. The remaining projects will help increase the overall level of security of supply in Poland by removing bottlenecks and providing additional capacity in existing gas network.

According to the European Commission, the projects would not be feasible without public funding. Financial analysis quoted by the Commission showed that the expected income of Gaz-System S.A. from the use of new gas infrastructure would be insufficient to cover the costs of investments in nine projects in over 25 years. The nine gas pipelines to be carried out with the support of those measures, include the following sections: Zdzeszowice – Kędzierzyn Koźle – Tworóg, Pogórska Wola – Tworzeń IP/15/5403, Tworóg – Tworzeń, Leśniewice – Łódź, Rembelszczyzna – Mory – Wola Karczewska, Wronów – Rembelszczyzna, Wronów – Kozienice, Szczecin – Gdańsk, Etap V Goleniów – Płoty, Lewin Brzeski – Nysa. The non-confidential version of the decision will be made available under the case number SA.39050 in the state aid register on the Directorate General for Competition website once any confidentiality issues have been resolved.



EU/Energy Community: MoU on Gas Infrastructure in South East Europe

by Mira Todorovic Symeonides (Athens)

On 10 July 2015, 15 EU Member States (MS) and most of the Energy Community Contracting Parties signed in Dubrovnik a Memorandum of Understanding (MoU) on a joint approach to address the natural gas diversification and security of supply challenges as part of the Central and South-Eastern European Gas Connectivity (CESEC) initiative. The aim of the MoU is to accelerate the building of the missing gas infrastructure links, address the remaining technical and regulatory issues necessary for promoting the security of supply and creation of a connected and competitive gas market. The infrastructure projects selected on the basis of the MoU would primarily be financed by the market participants and supported by the EBRD and EIB, while public financing and EU financial support should apply to kick-starting projects that would contribute to diversification or security of supply in the region, but have not proven to be viable under the market conditions. The MoU points out that most countries in the CESEC region have limited gas sources diversity which may principally be improved from: a) reverse flows via existing pipelines; b) new indigenous on-and offshore resources; c) LNG; and d) the Southern Gas Corridor sources.

The High Level Group on CESEC was formed on 9 December 2014 by the representatives of Austria, Bulgaria, Croatia, Greece, Hungary, Italy, Romania and Slovenia as well as the EU Commission. The main objectives of the Group were defined to be: to ensure that interconnector projects already underway are finalised; to identify and commit to a limited number of priority infrastructure projects; to determine regulatory, permitting, technical and financial issues impeding the development of these infrastructure projects; and to prepare an Action Plan identifying measures to address these issues. The Group is chaired by the European Commission and is composed by the representatives of the above listed MS, while the representatives of the Energy Community Contracting Parties would participate upon ad hoc invitations.

An Annex to the MoU is the Action Plan of the High Level Group which lists the following CESEC priority projects: Trans-Adriatic Pipeline (TAP); Interconnector Greece-Bulgaria (IGB); Interconnector Bulgaria-Serbia; phased Bulgarian system reinforcement of the existing and planned interconnectors with Greece, Serbia and Romania; phased Romanian system reinforcement of the existing and planned bidirectional interconnectors with Bulgaria, Hungary, Moldova and Ukraine; LNG terminal in Croatia; and LNG evacuation system towards Hungary. There are three additional and conditional (to fulfillment of certain pre-conditions) CESEC projects: Connection of off-shore Romanian gas to the Romanian grid; Interconnection Croatia-Serbia; and new Greek LNG terminal in Revythoussa.

[EU: Member States Select 20 Energy Projects to Fund under the first CEF Energy 2015 Call for Proposals shortly after the Second Call for Proposals is Launched](#)

by Athina Siafarika (Athens)

On 30 June 2015, the Commission launched a call for proposals under the Connecting Europe Facility (CEF) with an indicative budget of €550. CEF is an EU funding programme for infrastructure also used to finance key energy infrastructure projects in Europe. The legal basis for funding programme is the Connecting Europe Facility [Regulation \(No. 1316/2013\)](#), while the conditions under which projects are eligible for financial aid are laid down in the [Regulation](#) on guidelines for trans-European energy infrastructure (TEN-E Regulation [No. 347/2013](#)). Eligible for a grant are only projects which have been included in the list of 'projects of common interest' (PCI). 248 energy infrastructure projects have been included in the first list of PCI which was adopted by the European Commission in October 2013. The total EU financing under CEF for 2014-2020 is €5.35 billion. The first tranche of money (€647 million) has already been allocated to 34 projects under the first call of proposals under CEF Energy in 2014. The latest call for proposals, which was announced on 30 June 2015, is the second for 2015. The deadline to submit applications is on 30 September 2015 and the decision on the selection of proposals to be funded shall fall at the end of this year.

On 14 July 2015, only a few weeks after the announcement of the second call for proposals for 2015, the decision on the selected proposals to receive funding under the first call for proposals for 2015 was announced. 20 cross-border energy infrastructure projects, mainly in Central Eastern and Southern Eastern Europe, and the Baltics were selected to receive funding amounting to €150 million in total. 11 of the 20 projects are in the gas sector worth a total of €80 million and 9 projects are in the electricity sector worth a total of €70 million. Among others, the list of selected projects under the first CEF Energy 2015 call for proposals includes the financing of a study on the offshore gas pipeline from Cyprus to Greece mainland via Crete ('Eastern Mediterranean Natural Gas Pipeline'), an engineering study for the SCADA system of the 'Trans Anatolia Natural Gas Pipeline' (TANAP) and the crossings under Dardanelle Strait and the Evros river, the construction of an electricity line between Maritsa East 1 and Burgas in Bulgaria, a study for the Chiren underground storage expansion project in Bulgaria and the construction of the interconnection gas pipeline between Poland and the Czech Republic. Proposals that were not selected under the first call for proposals for 2015 may apply for funding again under the second call, which was launched on 30 June, as presented above.

[EU: ENTSO-E Launches Consultation on Six Regional Investment Plans and on the List of Project Candidates for the TYNDP 2016](#)

by Athina Siafarika (Athens)

On 25 June 2015, ENTSO-E published six draft Regional Investment Plans, covering all Europe, and invited all stakeholders to give their opinion and suggestions until 10 September 2015. The six regional development plans (RgIPs) were prepared as part of the Ten-Year Network Development Plan (TYNDP) 2016 package; they are looking at power system development issues from a regional perspective accounting for the regional

particularities. One of the six RGIPs which were presented for consultation was the Regional Investment Plan for Continental South East (CSE) region. The CSE region comprises the following countries: Bosnia-Herzegovina, Bulgaria, Croatia, Greece, Hungary, Italy, FYR of Macedonia, Montenegro, Romania, Serbia and Slovenia. According to the draft RgIP for CSE, due to the sparsity of the network, the transfer capacities among CSE countries are rather limited. The volume of electricity market exchanges during the last years is rather moderate compared to the rest of Europe. This is due to the small size of the power systems comprising the area and also its peripheral location within Europe. Concerning the generation mix, thermal production has the largest share with a significant portion of lignite units as well as significant hydro capacity. Development of RES today is limited with the exception of Greece, Romania and Bulgaria.

As a general conclusion, the main drivers of grid development in the CSE region are briefly summarised to be the following: increase of transfer capacities and market integration facilitation; massive RES integration, and evacuation of future conventional generation mostly in the West part of the Region. In this context, on top of the projects included in TYNDP 2014, the following new candidate transmission projects are proposed in the RGIP to be assessed in the next TYNDP 2016: BG-GR border: a new 400 kV overhead line Maritsa East 1 (BG) – Nea Santa (GR); HR-RS border: a new 400 kV overhead line Sombor (RS) – Ernestinovo (HR); BG-RS border: a new double 400 kV overhead line; RO-RS border: upgrading existing single to double 400 kV overhead line; HR-BA border: upgrading of existing 220kV lines between substation Dakovo (HR) and substation Tuzla/Gradacac (BA) to 400kV lines; 2 internal RS projects: One project will close the 400 kV ring around region of Belgrade; and one project will upgrade network in Central Serbia from 220 kV to 400 kV voltage level.

A relevant list of the candidate storage and transmission infrastructure projects for inclusion in the TYNDP 2016 was also presented separately by ENTSO-E on the same date (25 June 2015) and ENTSO-E invited all stakeholders to also express their views on this list of project candidates and on the basic assumptions for their assessment, especially the reference capacities, in the context of the same public consultation. The final list of TYNDP 2016 projects will be issued in the autumn.



[EU: Commission Proposes a Regulation on Energy Efficiency Labelling](#)

by Stefania Chatzichristofi (Athens)

On 15 July 2015, the European Commission proposed a regulation to the European Parliament and the Council that sets a framework concerning energy efficiency labelling and repeals the Directive 2010/30/EU. Energy labelling allows customers to obtain an integrated view over European energy related products, helps them save money and energy, enhances the competitiveness of companies and ensures the free movement of products. The choice for a Regulation points out the need of a uniform European application of the proposed legislation and directly applicable requirements for all, as well as less administrative procedures for Member States. The proposed revision follows the announcement by the European Commission on 25 February 2015 of the Energy Union Strategy and is integrated into the scope of placing energy customers in the core of energy market as well as creating a more sustainable European energy system through transparent and fully informed choices of consumers. The proposal of Regulation comes after an ex-post evaluation of the current legislation that has led

to the conclusions that most of the energy labelling measures are effective, without posing barriers to the free movement of products, most of the consumers recognise the energy label, and the system so far helps industries to be innovative etc. Nevertheless, the introduction of A+ and higher classes by the Energy Labelling Directive of 2010 has led to a certain decrease of motivation from the part of energy consumers to purchase more efficient products. Moreover, the proposal of Regulation is accompanied by an impact assessment (SWD[2015]139 final) which examines numerous topics of the Energy Labelling Directive as well as the Eco-design Directive and ascertains decreased effectiveness of the energy labelling system as well as non-strict application of measures that leads to non-compliance.

The proposal of Regulation has a scope to create a clearer indication of the energy efficiency products that are currently classified in different scales and further to ensure compliance from the part of producers and retailers. The proposals are summarised as follows: a) making clear the obligations of the various parties, b) return to the single energy labelling from 'A to G' for energy efficiency products that seems to be the best understood by the customers so far and b) creation of an online database of new products placed in the European market, so that the Member States can have more transparent and easier access to data and further oversight of the market. The European Commission shall send to the European Parliament and the Council the proposal in order to end up with an agreement within the period of a year. The existing labels shall be reviewed by the Commission in a period of five years from the entry into force of the Regulation.

EU: Commission Launches Consultation on the Evaluation of the Energy Performance of Buildings Directive

by Dimitris Nisanakis (Athens)

On 3 July 2015, the European Commission launched a public consultation on the evaluation of EU's Energy Performance of Buildings Directive (2010/31/EU). The Energy Performance of Buildings Directive requires Member States to set energy performance standards for buildings, to issue energy performance certificates for buildings and to ensure that, by the end of 2020, all new buildings are "nearly zero energy" buildings. The Directive introduced a benchmarking system, the aim of which was to create an incentive for making the energy performance requirements set by national or regional building codes more ambitious, and to ensure that these requirements are reviewed regularly. Member states were required to have most of the measures set out under the Directive in force by January 2013. Under the terms of the Directive, the Commission is required to carry out an evaluation by 1 January 2017, which shall reflect the experience gained and progress made since the adoption of the Directive. Before the evaluation, the Commission plans to bring forward an assessment which will examine how, improved energy efficiency in new and existing buildings will be critical to managing energy demand over the period of 2020-2050, and how, investment in energy efficiency and use of renewable energy in buildings will become strategically important for the EU. Addressing these issues is all the more important given the contribution made by buildings both to achieving EU objectives for energy and climate policy and growth, and to improving living standards and reducing energy bills for EU citizens. This consultation is intended to provide an important source of information for the assessment, and will help to ensure that the analysis robust and comprehensive. It shall also serve as a framework for potential further consultation on specific topics such as district energy, retail, building automation and monitoring, building regulations and financing. In this context, interested parties are invited to provide their views with regard to a great number of questions covering a wide range of issues, such as: the overall assessment of the implementation of the Directive so far; the facilitation of enforcement and compliance; the energy performance certificates and stimulation of energy efficient renovation of the building stock; smart finance for smart buildings; financing energy efficiency in buildings and creation of market; ensuring new highly efficient buildings using a higher share of renewable energy etc. The consultation shall remain open until 31 October 2015.

Croatia: New Croatian Regulatory Acts on Energy Efficiency

by Sanja Tolj Par (Zagreb)

The Croatian Energy Efficiency Market has seen a series of regulation changes lately. The Ministry of Economy adopted two Ordinances transposing the Directive 2012/27/EU on energy efficiency: On 29 June 2015, it adopted the Ordinance on the System for Monitoring, Measurement and Verification of Energy Savings (Official Journal, 71/2015), pursuant to Article 22, Paragraph 1, of the Energy Efficiency Act (Official Journal, 127/2014). This Ordinance stipulates the methodology for monitoring, measurement and verification of energy savings in accordance with the Energy Efficiency Act and Directive 2012/27/EU. The purpose of the Ordinance is to establish a system for monitoring and evaluating the success of the implementation of energy efficiency policies, the methodology for monitoring and calculation of the energy consumption at national and sectoral levels, the method of calculating energy savings which are a result of the implementation of energy efficiency measures or a result of the application of energy services, the process of verification of energy savings, as well as the methodology for drafting Action and Annual Plans. Furthermore, on 24 June 2015, the Ministry of Economy adopted the Ordinance on Energy Efficiency requirements of Energy-related Products in Public Procurement Procedures (Official Journal, 70/2015) pursuant to Article 31, Paragraph 2, of the Energy Efficiency Act (Official Journal, 127/2014), which stipulates the performance requirements for products and services that the central government is required to apply in public procurement procedures.

On 1 July 2015, the Ministry of Construction and Spatial Planning adopted two ordinances pursuant to Article 47 of the Construction Act (Official Journal, 153/2013) and transposing the Directive 2010/31/EU on energy efficiency of buildings: The Ordinance on Control of Energy Certificates of Buildings and Reports of Regular Inspection of Heating and Cooling Systems in Buildings (Official Journal, 71/2015) regulates the terms and conditions of the implementation of independent control of energy certificates and reports on regular inspection of heating and cooling systems or air conditioning in buildings, as well as obligations of investors, owners and users of buildings concerning conducting inspections. Furthermore, the Ordinance on Persons Authorised for Energy Certification, Energy Audits and Regular Inspection of Heating and Cooling Systems in Buildings (Official Journal, 71/2015) was also adopted aiming to establish a comprehensive system of authorisation of persons carrying out energy certifications, energy audits and regular inspections of heating and cooling systems of buildings.

Greece: Draft Energy Efficiency Law Published for Public Consultation

by Dimitris Nisanakis (Athens)

On 26 June 2015, the Greek Ministry of Reconstruction of Production, Environment and Energy published anew for public consultation a draft law for the transposition of the Energy Efficiency Directive 2012/27/EU. The Directive aims at the promotion of energy efficiency throughout EU Member States by taking certain measures and meeting certain energy targets from 1 January 2014 to December 2020. A first draft law for the transposition of this Directive into Greek law was already published for public consultation on 16 September 2014 but was never finally submitted to the Greek Parliament for voting thereafter. With this second public consultation the Greek Government makes another attempt to set forth the procedure of transposition of the Energy Efficiency Directive, after having been referred by the Commission to the EU Court of Justice on 18 June 2015 for failing to meet the deadline for transposition set by the Directive. The draft law sets the main guidelines, regulations and measures in order to achieve the main goals which are set by the Energy Efficiency Directive. More specifically, this draft includes measures for achieving the primary goal set by the Directive which requires the energy efficiency to reach 20% in all EU Member States by 2020 and regulations in order to overcome the obstacles that

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exist in the Greek energy market regarding the distribution and usage of energy. It also includes measures such as the use of energy efficiency obligation schemes and other targeted measures to drive energy efficiency improvements in households, buildings, industry and transport. The draft also dictates certain punitive measures for those who fail to comply with its requirements and prerequisites.

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