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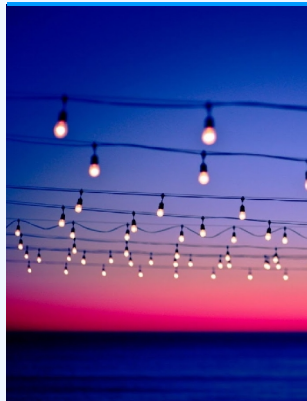
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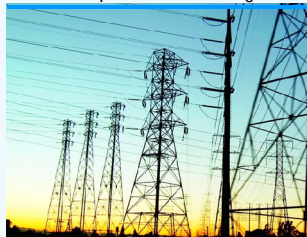


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ENERGY MARKETS

EU: European Parliament Adopts Network Information Security Directive

by *Stefania Chatzichristofi, (Athens)*

On 6 July 2016, the Network and Information Security Directive («NIS Directive») no 2013/0027(COD) regarding measures to ensure a high common level of network, information security across the Union was adopted by the European Parliament and shall enter into force in August 2016. The Directive, that was originally proposed by the European commission in 2013 in response to growing concerns about cyberthreats, is part of the European Union's cyber security strategy aiming at enhancing the security of the network and information systems and further ensure the well functioning of the Internal Market by: i) improving MS national cybersecurity capabilities by designating concrete policy and regulatory measures, establishing competent authorities on the security of network and information systems and setting up Computer Emergency Response Teams (CERTs); ii) requiring from operators of crucial infrastructure domains such as energy and transport to adopt concrete and proportionate measures in order to tackle network and information security incidents and risks as well as report major incidents to the national authorities; iii) improving cooperation between MS and between public and private sector bodies against risks and incidents affecting network and information systems, by an organized and effective network of information exchange and a secure information sharing system for sensitive and confidential data.



The Directive is set to impact on a wide range of organizations including businesses in sectors such as energy and transport. Proposed in an attempt to raise the cybersecurity and resilience of network and information systems in EU MS, this is the first time the EU has legislated specifically on cybersecurity. More precisely, the NIS directive lists not exhaustively, but mainly the following market operators in the field of energy: i) electricity and gas suppliers; ii) electricity and/or gas Distribution System Operators and retailers for final consumers; iii) natural gas Transmission System Operators; storage operators and LNG operators; iv) Transmission System Operators in electricity;

v) oil transmission pipelines and oil storage; vi) electricity and gas market operators; vii) operators of oil and natural gas production; and refining and treatment facilities. With implication for both industry and MS, the Directive establishes security and incident notification requirements for «operators of essential services», such as providers of energy. In order to ensure a high common level of security, market energy operators have to implement various compliance rules. This includes the implementation of appropriate technical and organizational measures in order to manage the risks posed to the security of the networks and information systems which they control and use in their operations. The aim of those measures is to prevent and minimize the impact of incidents affecting the network and information systems and to ensure the continuity of the services underpinned by the relevant networks and information systems. Compliance with the requirements will be controlled by the competent national authorities.

Furthermore, the affected operators may have to undergo a security audit carried out by a qualified independent body or national authority. If an incident occurs which has a significant impact on the security of the core services a company provides, the affected company must notify the competent authority. In case that the competent authorities face a case of a suspected serious criminal nature, they shall inform respectively the law enforcement authorities. It is expected to enter into force in August 2016 and thereafter MS will have twenty one (21) months to adopt the necessary national provisions and six (6) more months to identify operators of essential services.

more news on Energy Markets:

EU: Public Consultation on Network Codes and Guidelines after 2017

by Tetyana Vyshnevskaya, (Kiev)

On 18 July 2016, the European Commission launched a public consultation on the establishment of the annual priority lists for the development of network codes and guidelines for the electricity and gas sector for 2017 and beyond, in accordance with the requirements of both Regulation (EC) No. 715/2009 on conditions for access to the natural gas transmission networks and Regulation (EC) No. 714/2009 on conditions for access to the network for cross-border exchanges in electricity. The stakeholders in the electricity and gas sectors are invited to provide their feedback on the key priorities for the development of harmonized electricity and gas network rules for 2017 (proposed by the Commission in the Public Consultation Paper) as well as to comment regarding the possible scope and need of network codes and guidelines beyond 2017. The consultation will close on 14 October 2016.

EnC: Secretariat takes over Technical Assistance for Eastern Partnership Countries

by Stefan Pavlovic, (Belgrade)

On 24 June 2016, the Energy Community (EnC) Secretariat signed a grant contract with the European Commission for providing technical assistance to Eastern Partnership countries in the framework of the EU4Energy Programme, which is a continuation of the previous regional energy cooperation programme INOGATE. The four-year initiative covers the following six countries: Moldova, Ukraine, Armenia, Georgia, Azerbaijan and Belarus. The Programme will address the improvement of energy legislative and regulatory frameworks, the implementation of policy recommendations and the investment promotion for key energy infrastructure strategic projects. The programme, with a budget of € 6.8 million, will be built on the countries' obligations under the EnC Treaty, the EU Association Agreements (when applicable) and the national priorities. EU4Energy will cover the fields of gas, electricity, energy efficiency and renewable issues. The EnC Secretariat will coordinate the whole programme, while the implementation in three out of six Eastern Partnership countries (Armenia, Azerbaijan and Belarus) will be subcontracted to the Energy Charter Secretariat. Programme offices in Ukraine and Georgia will be set up to manage all the activities.

EnC: Kosovo* and Moldova Rectify Compliance Failure

by Stefan Pavlovic, (Belgrade)

On 18 July 2016, the Energy Community Secretariat decided to abort the procedures in two cases, more precisely the Case ECS-7/16 against Kosovo* and the Case ECS-8/16 against Republic of Moldova and to withdraw the Reasoned Requests submitted to the Ministerial Council for decisions on 13 May 2016. Following Kosovo's* and Moldova's adoption of national measures transposing the Third Energy Package and their notification to the Secretariat, these two Contracting Parties formally rectified the breaches identified in cases ECS-7/16 and ECS-8/16.

Albania: ERE's Organization, Functions and Procedures

by Odisea Xhelita, (Tirana)

On 17 June 2016 Energy Regulatory Entity (ERE) approved the Decision No.96/2016 on the regulation of the organization, functioning and procedures of ERE (ERE's Regulation). ERE is a public institution governed by the Board, a collegial decision-making organ, which is composed from five (5) members appointed by the Parliament. The Board determines the main directions of activity of ERE, meanwhile the Chairman of ERE is the General Manager, responsible for the management of the institution and the meetings of the Board. In cases of approving any subsidiary legislation, on its own initiative or upon proposal, the Chairman after the consultation with the Board's members, appoints a working group who shall draft or review such a legislation. The relevant draft is announced publicly for the interested parties. In any case, ERE publishes on its official website a copy of the approved act. ERE may organize public hearings in cases of: i) Technical Sessions (with the participation of the licensed who have applied for the review of tariffs, prices, amendment, transfer, renewal or removal of a license, the approval of other acts or decisions, when handling disputes, when resolving on other issues under the competence of ERE); and ii) Public Official Sessions (aiming to obtain comments from the interested parties on matters related to tariffs and purchase prices of electric energy and natural gas). Any dispute arising between the licensees and its customers, as well the licensees themselves, may address in front of ERE, typically by using the template request.

Croatia: Public Consultation on Unbundling of Accounts

by Sanja Tolj Par, (Zagreb)

On 15 July 2016, the Croatian Energy Regulatory Agency adopted the Decision No. 86/14 regarding the manner and the procedure of keeping separate accounts for energy undertakings in accordance with the provisions of the Energy Act (as published in the Official Journal, No.120/12 and No.14/14) and the Regulation of Energy Activities Act (as published in the Official Journal, No.120/12). In this regard, the Croatian Energy Regulatory Agency launched a public consultation on the Draft Decision introducing amendments to the Decision of the manner and the procedure of keeping separate accounts for energy undertakings and informed the interested stakeholders about the beginning of this public consultation. Interested parties are invited to submit their comments, opinions and statements on the published draft text of the Decision during a specific period of time. The public consultation will take place from 18 July to 17 August 2016.



E L E C T R I C I T Y

Greece: Draft Code on NOME Auctions

by Mira Todorovic Symeonides, (Athens)

On 15 July 2016, the Greek Energy Regulatory Authority (RAE) launched a public consultation, which will last until 26 August 2016, on the draft Code on Auctions of Term Electricity Products (NOME auctions) prepared by the Electricity Market Operator (LAGIE). The purpose of the NOME auctions is to reduce, by the end of the year 2019, the retail market share of the Greek Power Public Corporation (PPC) to a percentage less than 50%. According to the law "Urgent Regulations for the Implementations of the Agreements on Fiscal Targets, Structural Reforms and Other Provisions" no. 4389/2016 as amended by the law no. 4393/2016, the annual quantities of electricity to be sold on the auctions should gradually increase, compared to the quantities sold by PPC in August 2015, from 8% in 2016 to 13% in 2019. The first auction is planned for the beginning of September 2016. The Ministry of Finance together with the Ministry of Environment and Energy shall, upon receipt of the respective proposal from RAE, regulate the initial electricity price for the auctions, and further LAGIE will organize the auctions.



The first Draft Code on NOME auctions regulates issues such as: the Register of participants, the description of the type of electricity products to be sold on auctions, the different procedural issues regarding the auctions (such as submission and processing of purchase statements); the method of division of term-products, the regulation of the secondary market, the submission of statements regarding the use of monthly term sub-products as well as the procedures of settlement of the transactions.

Further, the Draft Code regulates that eligible for participation on the NOME auctions are only the suppliers who have obtained the license for supply and are duly registered in the Register of Participants in the Day-Ahead Market. Extensive energy consumers, PPC as supplier, electricity traders and eligible customers, all of which are also registered in the Register of the Day-ahead Market, shall be restricted from participation on the NOME auction. LAGIE shall also reject registration of an Eligible Supplier who is not fulfilling its obligations to provide guarantees to LAGIE in regard to his participation in the Day-Ahead Market.

The Eligible Suppliers may further participate in the secondary market of these products either as sellers or as purchasers, while beneficiary uses of the monthly products may participate as sellers.

Moreover, supervision and monitoring will be performed by RAE and LAGIE while the Transmission and Distribution System Operators will be obliged to provide necessary data. LAGIE shall particularly monitor that at least 60 % of the monthly quantities of the electricity purchased on the auctions, in regard to total consumption of all clients of each Eligible Supplier, is sold to households and low and medium voltage consumers with annual consumption up to 13 GWh. In case that an Eligible Supplier breaches this provision for three consecutive months, he will be deleted from the Register of participants on NOME auctions. LAGIE should also monitor that the quantities of electricity purchased on the auctions which are exported from Greece do not exceed 20% of the term annual sub-product notified by a beneficial user. In case that an Eligible Supplier breaches this provision for three consecutive months he will be deleted from the Register of participants on NOME auctions and he will not be able to apply for a new registration before passing of the two subsequent auctions organised after his deletion from the register.

Albania: Extensive Regulatory Work in the Albanian Electricity Market

by *Odisea Xhelita, (Tirana)*

The Albanian authorities have decided to undertake extensive regulatory initiatives on the electric energy sector. The Council of Ministers (CM) has adopted the Terms and Procedures for Appointing the Supplier of Last Resort. On the other side the Energy Regulatory Entity (ERE) has decided to commence the procedures for approving the following regulations: i) on Resolving Disputes and Handling Complaints; ii) on Changing of the Supplier of Electric Energy; iii) on the Template Contract for Selling Electric Energy, and has approved: i) the Procurement Regulation; ii) the Licensing Regulation; and iii) the Upheld of the Existed Prices and Tariffs.

On 15 June 2016 the CM has approved the Decision No.449/2016 (DCM No.449/2016) on the Terms and Procedures for Appointing the Supplier of Last Resort (LSR) under transparent and non-discriminatory procedures. The LSR appointed by ERE, is obliged to supply any customer who remains without a supplier, in cases when: a) the previous supplier, according to the applicable law, is insolvent or under bankruptcy procedures; b) the license of the previous supplier has been suspended or revoked; c) it is objectively impossible for the customer to find a supplier operating in the market. The interested companies may apply in front of ERE within fifteen (15) calendar days from the decision of the Board of Commissioners (BC) on the commencements of the proceedings. The BC of ERE, appoints the applicant who meets the eligible criteria as the LSR.

On 09 June 2016 ERE has approved: i) the Decision No.92/2016 on the Commencements of Procedures for the Approval of the Regulation on Resolving Disputes and Handling Complaints between Customers and the Licensees of the Electric Sector. By virtue of such decision, it has resulted that ERE has realized that the unification of rules for resolving disputes in the electric energy sector and natural gas, creates incentives for all market players. The present regulation determines the relevant procedures between the licensees and the consumers. The interested parties are informed on the commencement of this regulatory initiative; and ii) the Decision No.93/2016 on the commencement of procedures for approving the regulation on changing the supplier of the electric energy, which determines the rights and obligations of the suppliers and consumers in the electricity sector. Moreover, on 17 June 2016 ERE has approved the Decision No.100/2016 on the commencement of procedures for approving the framework contract of sale-purchasing electric energy between the producer, whose shares are fully or partially state owned, and the suppliers who are partially or entirely state owned, and international service suppliers.



ERE on 23 June 2016 has approved the Decision No.103/2016 on the approval of the regulation on the procedures of purchasing electric energy for covering the losses in distribution and transmission network and for sale-purchasing electric energy to ensure the fulfillment of public service obligation (the Procurement Regulation) which will come into effect not later than four (4) months from the date it has come into force. The Procurement Regulation shall apply for: a) the distribution system operator and transmission system operator, to cover losses respectively in the distribution/transmission network; b) the companies operating in the energy sector, for which has been established the public service obligation for sale-purchasing electric energy; c) in cases of purchasing of electric energy due to emergency conditions, including but not limited to failures occurring in distribution/transmission units.

On 29 June 2016 ERE issued the Decision No.109/2016 on the approval of regulation on procedures and deadlines for issuing, amending, transferring, renewing or revoking licenses in the electric energy sector (the Licensing Regulation). ERE is entitled to issue licenses for the following activities and the respective duration: a) production of electric energy, up to 30 years; b) transmission system operation of electric energy, up to 30 years; c) operation of the distribution system of electric energy, up to 30 years; d) supply of electric energy, up to 5 years; e) trading of electric energy, up to 5 years; f) operation of the electric energy market, up to 5 years; g) closed distribution systems of electric energy, up to 5 years. For obtaining a license, may apply in front of ERE, any person meeting the licensing requirements, who is established in the territory of Albania, whether it is domestic or foreign owned.

more news on Electricity:

EU: Consultation on the Definition of Capacity Calculation Regions

by Mira Todorovic Symeonides, (Athens)

On 22 June 2016 the Agency for the Cooperation of Energy Regulators (ACER) launched a consultation on the definition of Capacity Calculation Regions (CCR), which was ended on 20 July 2016. Having received information from the responsible National Regulatory Authorities (NRAs) that they could not reach an unanimous decision on CCR developed by TSOs pursuant to article 15.1 of the Capacity Allocation and Congestion Management (CACM) Guideline (Commission Regulation (EU) 2015/1222 of 24 July 2015), the ACER wished to receive stakeholders viewpoint before making the final decision. The consultation included, among others, the issue of sufficiency of the MoUs signed in March 2016 between the TSOs of the Central Western Europe (CWE) and the Central Eastern Europe (CEE) regions on the development of a common day-ahead flow-based capacity calculation methodology and the merger of the two regions, as well as on whether the CEE region should include the bidding zone borders between Croatia and Slovenia, between Croatia and Hungary, between Romania and Hungary and between German/Luxemburg and Austria.

On 20 July 2016 the Energy Community (EnC) Secretariat submitted its contribution to the Consultation, stating that the adoption of the CACM Regulation was largely discussed in the EnC due to its relevance also to non-EU Parties of the Energy Community. Additionally, all TSOs' proposals for CCRs as well as the Explanatory Document to all TSOs' proposal for CCRs, omit to refer to synchronously interconnection of non-EU bidding zones, i.e. important borders between the EnC Parties and the EU Member States are missing. In regard to other issues, the EnC considered these documents as important steps for development and implementation of an integrated day-ahead capacity calculation process based on a flow-based approach.



EU: Study on Appropriate Generation and System Adequacy

by Mira Todorovic Symeonides, (Athens)

In July 2016, the Commission published the Study on Identification of Appropriate Generation and System Adequacy Standards for the Internal Electricity Market providing analysis of the definition of the principles of adequacy, analysis of methodologies and current practices in the EU and provide recommendations with the focus of ensuring the electricity system's long-term adequacy whilst avoiding possible distortions in the Internal Energy Market. Some of the main conclusions are that there is no common terminology in regard to adequacy concept and there is heterogeneity of assessment methodologies. A high number of Member States (MSs) do not perform adequacy assessments and when they do it is mainly limited to production without inclusion of the grid adequacy calculation. It is usually performed by TSOs but there is no clear mechanism based on the generation adequacy assessment to trigger measures to ensure such adequacy. In general there is sufficient generation adequacy in within the EU and sufficient interconnection capacity, therefore separate assessment in each MS would lead to assessment that the generation capacity is on low level which would further lead to the installation of capacity above socially optimal values. In regard to methods for calculation the adequacy both deterministic and probabilistic are applied. Common probabilistic metrics are Loss of Load Expectancy (LOLE), Loss of Load Probability (LOLP) or Expected Energy Not Supplied (EENS).

The main conclusions and recommendations of the Study are: to establish a single metric to be used in all MSs to allow comparison; to establish EENS as a preferred metric as it proves appropriate for the calculation of the socially optimal levels of reserve; employ common methodology and tools for obtaining comparable results from metric calculations; the proposed model should be based on a sequential simulation model in order to consider outages of generation and transmission, include internal and cross-border transmission bottlenecks, RES variability, operation of hydro power plants with reservoirs and demand response.

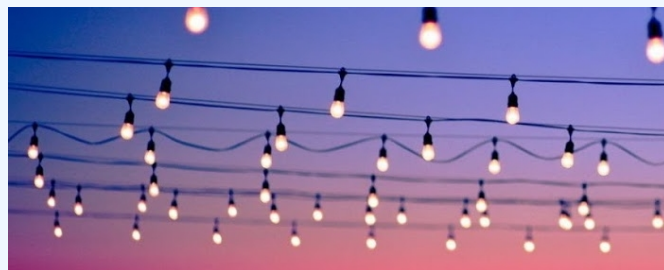


EU: CEER Report on the Barriers for Switching of Suppliers

by Katerina Nikolaidou, (Athens)

On 8 July 2016, the Council of European Energy Regulators (CEER) published a report on commercial barriers to supplier switching in EU retail energy markets. The CEER has classified two groups of commercial barriers to switching. The first refers to barriers are those that influence customer perception about the energy markets which prevent them from switching. The CEER concluded that these barriers are closely related to the incomplete, complex and non-comparable information on prices, contract conditions and market processes. The most important reasons for customers not to switch are the insufficient monetary gain, lack of trust, a complex switching process and customer satisfaction/loyalty. The second group of barriers includes those that are based on commercial contract conditions which have as a result the customer lock-in. Customers need clarity which ensures justified termination fees.

Finally, the CEER proposes that National Regulatory Authorities (NRAs) should try to identify the barriers in their relevant markets and choose the right tools to remove them. The CEER is working on a roadmap to well-functioning retail markets, which could help to eliminate the barriers to switching. Furthermore, CEER suggests NRAs to improve the transparency and compatibility of offers in order to enhance its Guidelines of Good Practice on Price Comparison Tools in relation to which price comparison tools can play a role. Moreover, customers should cooperate with national consumer protection agency and consumer organizations as this could lead to removal some of the barriers through the provision of complete, understandable and comparable information to customers.



EnC: WB6 towards Establishing an Integrated Regional Electricity Market

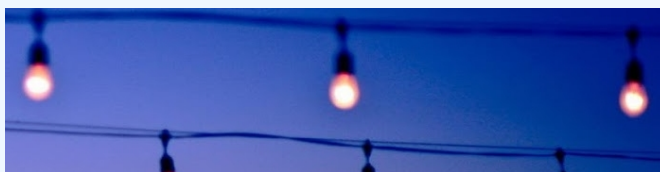
by Mirjana Mladenovic, (Belgrade)

On 28 June 2016, the Energy Community Secretariat published its final Monitoring Report 07/2016 (Monitoring Report) on the developments in establishing a regional electricity market under the Western Balkans 6 Energy Connectivity Initiative (WB6). WB6 covers six Energy Community Contracting Parties, in particular Albania, Bosnia and Herzegovina, former Yugoslav Republic of Macedonia, Montenegro, Kosovo* and Serbia. The Monitoring Report includes six country reports on the progress of implementation of several energy soft measures covering market and institutional reforms at the respective six Contracting Parties. The Monitoring Report concludes that all WB6 countries made a progress in all spheres but that they are still lagging behind in establishing organised market. Also it concludes that the cross-border electricity exchange is below the region's potential. The Energy Community Secretariat concluded, from the submitted reports, that the latest signed Memorandum of Understanding has the success in integration of the regional electricity market.

Greece: Amendments of the TSO Code in Regard to the Flexibility Service

by Mira Todorovic Symeonides, (Athens)

On 8 July 2016, the Greek Energy Regulatory Authority (RAE) launched a public consultation, which lasted until 18 July 2016, in regard to amendments proposed by the Greek Electricity TSO (ADMIE), on the following issues: a) amendments of the TSO Code, b) methodology for determination of the hours of the increased expectancy for Loss of Load and c) a sample form of the application for eligible production units to provide the flexibility service. The flexibility service is regulated by the Transitional Mechanism of Flexibility Compensation introduced by the law no. 4389/2016 as amended by the law no. 4393/2016, and approved by the European Commission on state aid in case C(2016) 1791 final/31.03.2016. The Transitional Mechanism should last from 1 May 2016 until 1 May 2017, unless a permanent mechanism is approved earlier. The meaning of the flexibility service is to compensate certain production units in order to be available to quick increase the production so that the output is increased for at least 8 MW/min for minimum response duration of three (3) hours. The amount of compensation of the eligible producers is regulated to be 45 €/kW of the available capacity with a cap of €15 million per production unit. The maximum total compensation on the basis of this mechanism will be €225 million. The eligible producers are open-cycle and combined-cycle gas turbines, hydro power plants and CHP units for the part they do not receive RES support.



Greece: Increase of the Price Cap of the System Marginal Price

by Mira Todorovic Symeonides, (Athens)

On 6 July 2016, the decision of the Greek regulatory energy authority (RAE) no. 208/2016 on Determination of the Administratively Regulated Maximum Offered Energy Price in Compliance with Article 71 of the Greek Market Code, as of 23 June 2016, was published in the OJ no B' 2068/2016. By this decision RAE increased the price cap of the System Marginal Price (SMP) for which the Load Representatives (suppliers and self-suppliers) may purchase electricity at the mandatory pool, from 150 €/MWh to 300 €/MWh with application from 15 July 2016. The reasoning for such decision includes: undertaken obligation towards the EU Commission within the framework of the approval of the State aid SA.38968 (2015/N) Greece for the Temporary Flexibility Remuneration Mechanism to immediately increase this cap for 100% and to provide for a study (including the study on the Value of Lost Load) on whether it should be further increased; comparison with the respective caps in other Member States which are significantly above the Greek; the need to both protect the Load Representatives against variability of the SMP and to enable producers to retrieve investments through participation in the mandatory pool; the results of the respective public consultation, held in the period from 9 until 16 June 2016; and the fact that during the previous years the SMP reached the current price cap only for a small number of hours during the year, thus its increase should not, due to its exceptional character, lead to the increase of the final consumers electricity prices.

Montenegro: Public Consultation on Changing the Electricity Supplier

by Mirjana Mladenović and Stefan Pavlovic, (Belgrade)

On 23 June 2016, the Energy Regulatory Agency of the Republic of Montenegro (REGAGEN) published the Draft Rules on Changing the Electricity Supplier of End Consumers («Rules») and invited all interested parties and stakeholders to submit their comments. The rules shall regulate the following: (i) the conditions and the procedure of changing the electricity supplier of end consumers; (ii) the rights and obligations of the Transmission or Distribution System Operator in the process of switching the electricity supplier; (iii) the deadlines for the Transmission or Distribution System Operator to conduct actions regarding the change of the electricity supplier. Opinions, remarks, comments and suggestions should have been submitted by an e-mail, until Monday 11 July 2016.

Montenegro: Public Consultation on Certification of the SO

by Stefan Pavlovic, (Belgrade)

On 8 July 2016, the Energy Regulatory Agency of the Republic of Montenegro (REGAGEN) published the Draft Rules on Certification of the System Operator and invited all interested parties to submit comments. The rules regulate the following: (i) the process of the certification of the transmission system operator for electricity or gas; (ii) the content of the request for certification; (iii) the documents that need to be enclosed with the request for certification and (iv) the content of the decision on certification. Opinions, remarks, comments and suggestions should be submitted to REGAGEN until 26 July 2016.

Poland: Public Consultations on Electricity Market Scheme

by Piotr Kloc, (Warsaw)

Following the grim predictions on the development of the Polish electricity market, as per the last annual report of the Polish transmission system operator's (PSE S.A.) issued on 20 May 2016, which estimates that within the 20 year time there will be a significant decrease in production of electricity due to strict CO2 emission standards, as well as, obsolescence of the used power plants, which adversely affects the electricity production incentives; the Ministry of Energy launched on 4 July 2016 the Public Consultations on the Draft of Functional Solutions regarding the Power Market. The Consultations will last until 18 July 2016.

The proposed Draft provides functional guidelines of how to improve the functioning of the electricity market including the issues related to the electricity distributors and investments into the distribution networks. The general purpose of this project is to establish the electricity distributors market and guarantee to domestic producers sufficient capacities of the distribution network. The guidelines further regulate primary and secondary market of electricity energy, the auction systems, power purchase agreements, registry of power market participants and certificate's system for units distributing electricity.



O I L & G A S

Greece: Adopted Law on Off-Shore Oil and Gas Operations Safety

by Mira Todorovic Symeonides, (Athens)

On 25 July 2016 the Greek Parliament voted the Law on Framework for the Safety of Off-Shore Operations of Exploration and Exploitation of Hydrocarbons, Harmonizing the Directive 2013/30/EU, Amending Presidential Decree 148/2009 and Other Provisions. In this regard it also supplements the relevant legislation and particularly the law no. 2289/1995 on Research, Exploration and Exploitation of Hydrocarbons and the energy law no. 4001/2011. The purpose of the new law is to establish legal framework for the safety of off-shore operations, particularly by establishing minimum requirements for preventing major accidents in offshore oil and gas operations and limiting the consequences of such accident.

Particularly the law regulates granting and amending of licenses for carrying out offshore oil and gas operations as well as technical and financial requirements the applicants should meet. The relevant authority should, before issuing the license, take into account the risk, the hazards, cost degradation of the marine environment, the particular stage of offshore oil and gas operations; and the financial capability of the applicant to cover liabilities for potential economic damages. The law establishes procedures on compulsory public participation related to the effects of planned off-



shore oil and gas exploration operations on the environment which, however, shall not apply in relation to areas for which the licenses were issued prior to 18 July 2013. The authority, which will be appointed by a presidential decree to be issued upon proposal of the Ministry of Energy and Environment, will be competent, among other, for assessing and accepting reports on major hazards, assessing design notifications and notifications of well operations or combined operations; overseeing compliance by operators and owners, and advising other authorities. Temporary, these competences will be performed by the Greek Hydrocarbons Operation Company until the respective presidential decree is issued and under condition that the total number of off-shore installations operational in Greece does not exceed 6. The Law regulates, among other, documents which should be submitted in order that the license for carrying out offshore oil and gas operations is issued; obligation of owners and operators to submit report on major hazards for a production and a non-production installation; internal emergency response plans; necessary notifications, independent verification and selection of independent verifier; prevention policy, as well as liabilities and duties of the owner and operator of installations.

Owners and operators of planned production installations as well as operators of planned or under implementation welling operations at the time of effecting of the law should comply with the provisions of this law and regulations to be issued in accordance with it. The Minister of Environment and Energy may provide exceptions in certain cases and upon receiving a grounded request, and decide on prolong the deadline for compliance but not longer than one year after effecting of the law. All other installations, which are already functioning at the time of effecting of the law, should bring their activities into line with the law until 19 July 2018.

more news on Oil & Gas:

EU: CEER Launches Public Consultation Regarding LNG

by Tetyana Vyshnevskya, (Kiev)

On 7 July 2016, the Council of European Energy Regulators (CEER) launched a public consultation C16-PC-81 with the purpose to identify potential barriers in the use of LNG and regarding the access of LNG terminals in European Union. The consultation is a follow-up to the CEER investigation of the role of LNG in the improvement of security of supply, the results of which were presented in: i) the CEER's Concept Paper on Security of Gas Supply of 15 July 2015, ii) the Response to the European Commission Consultation on an EU Strategy for LNG and Gas Storage of 29 September 2015 and iii) the Analysis on the role of LNG to improve security of supply of 3 February 2016. Within the scope of this consultation, CEER is seeking feedback from LNG market players, LNG operators and other relevant stakeholders with the in-depth knowledge of the LNG market by means of a questionnaire that should be filled in and submitted by 29 July 2016. The consultation shall be followed by a workshop scheduled for September 2016. The feedback received during the consultation shall form a basis for further elaboration and lead to the drafting of an interim report that shall be presented at the October 2016 Madrid Forum.

Albania: Preliminary Report of Gas Master Plan

by Odisea Xhelita, (Tirana)

On 15 April 2016, the Ministry of Energy published on its official website an announcement for interested parties to participate in the discussion of the preliminary report on the Environmental Strategic Assessment (ESA) of Gas Master Plan (GMP) in Albania, aiming to avoid any negative environmental impact and to improve positive impacts, in compliance with the EU Directives. During the preliminary stage an environmental framework should be constructed aiming to avoid any negative impact after the construction and operation plant. It should be noticed that the gas production in Albania has fallen from 1 billion cubic meters in 1982, to 0.01 billion cubic meters in the latest years. Albania has an isolated distribution network which is not connected to the international network of gas transmission. The existing gas transmission system is outdated, reduced and it is functional only in the southern part of the country, which covers partly the supply of oil refineries. The gasification of Albania and the connection with the regional network depends on the TAP's construction. The purpose of drafting the GMP is the: i) identification of potential scenarios for gas supply; ii) policies of prices, tariffs and gas regulatory structures; iii) promotion of natural gas in Albania; iv) strengthening/improving the legal background and institutional framework of the natural gas sector; v) development of knowledge in the field of gas; & vi) development of priorities, including pre-feasibility analysis of potential projects and investments strategies, especially from the private sector. The following stages for SEA on GMP are expected to be: i) the draft of the final report should be submitted on August 2016; ii) the public discussion on the draft final report is expected to take place from 01 September 2016 until 31 October 2016; iii) the final report should be submitted on 15 December 2016.





Bulgaria: New Prices for the Gas Interruptible Transmission Service

by Gergana Hadjipanteleeva, (Sofia)

On 21 June 2016 Bulgartransgaz EAD, in its capacity of the Bulgarian gas Transmission System Operator, applied for approval of prices for the services «interruptible transmission in right direction» and «reverse transfer on a commercial basis» before the Energy and Water Regulatory Commission (EWRC). EWRC by its Decision LJ - 20 dated on 30 June 2016, approved discounts from the current prices established for transmission of natural gas in the national gas transmission network; respectively 20 % for «interruptible transmission in right direction» and 50% for reverse transmission on a commercial basis. According to the said decision, as of 1 July 2016 for existing connection points in the gas transmission network for transit transmission with gas networks of neighbouring operators the process shall be as follows: - BGN 15.78 VAT excluded per 1000 m3 transmitted natural gas for interruptible transmission in right direction; and - BGN 9.87 VAT excluded per 1000 m3 transmitted natural gas for interruptible transmission in reversed direction.

In the meantime, on 24 June 2016 the execution of the Interconnection Agreement between the gas Transmission System Operators of Bulgaria and Greece (Bulgartransgaz EAD and DESFA S.A.) was announced. The document provides a possibility for reverse virtual natural gas transmission on the Bulgarian-Greek border for the users on the territory of Bulgaria and is concluded for an initial test period of three (3) months (from 1 July to 1 October 2016). The transmission will be carried out at the interconnection point (IP) Kulata-Sidirokastro.

Romania: Amendment of the Law No. 123/2012 on Electricity and Natural Gas

by Corina Bădiceanu, (Bucharest)

On 30 June 2016, an Urgency Enactment No. 28/2016 regarding amendments of the Law No. 123/2012 on electricity and natural gas was published in the Official Gazette. Among the amendments brought by the provisions of the Urgency Enactment No. 28/2016, the most important ones refer to the quantities of natural gas that represent the minimal stock that must be stored by each natural gas provider. The quantities will be established annually, in a transparent and non-discriminating way, by a decision that will be issued by the president of the Romanian Energy Regulatory Authority (ANRE). In this way, the relevant level of internal consumption shall be securely and regularly assured. In case that these measures are not urgently implemented and the natural gas providers do not store the minimal stock, an increase of the dependency on import gas, is expected, as well as an increase of the prices paid by final consumers.

EnC/Ukraine: Report on Ukraine's Progress in Gas Market Reform

by Tetyana Vyshnevskya, (Kiev)

On 20 June 2016, the Energy Community Secretariat published a Report on Monitoring the Gas Market Reform Implementation Plan of Ukraine («the Report»). The Gas Market Reform Implementation Plan («the Plan») was approved by the Cabinet of Ministers of Ukraine on 25 March 2015 by means of its Order of No. 375-r with the view to bring Ukrainian legislation in line with the Third Energy Package. The Report presents an overview of the progress achieved by Ukrainian authorities in the implementation of the Plan, in particular as regards the adoption of necessary legislation, the regulation of gas prices for household consumers and district heating companies, the heat and gas metering as well as the unbundling of the state-owned gas incumbent NJSC Naftogaz of Ukraine and the gas distribution companies. According to the Report, alongside with the overall good progress in implementation of the gas market reform, there is little, if any, headway in adoption of the draft law on the energy market regulator and also, significant delays in the Naftogaz unbundling process are noticed.



RENEWABLES

EU: G20 Energy Ministerial Meeting Decides on RES and Energy Efficiency Issues

by *Stefania Chatzichristofi, (Athens)*

On 29 and 30 June 2016, the second ever Energy Ministerial Meeting under the Group of 20 (G20) Chinese Presidency took place in Beijing, China. The G20 that is an international forum for the governments and central bank governors from 20 major economies, includes the European Union (EU), which is represented by the European Commission and the European Central Bank, and 19 countries, namely: Argentina, Australia, Brazil, Canada, China, France, Germany, India, Indonesia, Italy, Japan, Mexico, Russia, Saudi Arabia, South Africa, South Korea, Turkey, United Kingdom and the United States of America. It is of high importance due to the fact that the G20 countries hold the majority of the current RES capacity globally as well as the major share of potential for RES, making them significant players in combating climate change. Following the first energy Summit that took place in Antalya, Turkey on 2015, the G20 Energy Ministers by their G20 2016 meeting reaffirmed the significance of cooperation among all countries on the energy sector in order to face the common challenges as well as create a low carbon energy future by using energy sources.

More precisely, in this two day meeting, the discussion topics included issues of RES, potential and challenges regarding global energy development and energy technology and innovation. Sustainable energy issues on the Chinese Presidency's agenda include advancing the implementation of the G20 Principles of Energy Collaboration and strengthening cooperation on energy access, RES and energy efficiency. In the communiqué published after the summit, the main principal points for consideration were highlighted. Among others, in the communiqué agreed on the meeting, the Energy Ministers are committed: i) to ensure universal and sustainable access to energy for all; ii) enhance energy access not only for people in Sub-Saharan Africa but also for the Asian-Pacific region where the electricity is not a standard for all; iii) promote energy safety. Furthermore, G20 recognises the role of nuclear power in reducing greenhouse gas emissions for countries which choose it, nevertheless emphasis should be given on ensuring high standards of safety and nuclear security.



The communiqué affirms the significant role of RES in achieving the goals set at the Paris climate conference that took place in December 2015, thus a G20 Action Plan on RES was issued. The G20 Members are encouraged to create development strategies and Action Plans to boost RES investment and consumption. In the G20 Action Plan for RES the G20 Ministers highlighted the great progress already achieved on the issue of renewable energy and the opportunities for even greater action. The G20 Energy Ministers adopted a flexible non-binding G20 voluntary Action Plan on Renewable Energy in order to unlock the RES potential globally, and deal with the new initiatives in the RES sector from 2016 and beyond. The main key actions are oriented to: i) increasing the share of RES by 2030; ii) continuing the implementation of the voluntary actions regarding RES deployment and especially the G20 Toolkit adopted on the first G20 Energy Ministerial meeting; iii) enabling the RES energy investment and iv) strengthening the international collaboration on the subject.

Moreover, a G20 Energy Efficiency Leading Programme (EELP) was launched by G20 Energy Ministers by mainly agreeing to lead the global effort regarding the promotion of energy efficiency through a

long term, comprehensive flexible and adequately resourced voluntary collaboration. This international collaboration mainly focuses on the following key areas: i) vehicles (the transport sector); ii) devices connected to the network; iii) enhanced finance for supporting the energy efficiency deployment; iv) building sector; v) industrial buildings and energy management systems; vi) electricity generation; vii) super-efficient equipment and appliance deployment initiative; viii) sharing best practices; ix) district energy systems; x) the establishment of a Framework for sharing energy efficiency knowledge and best practices; xi) evaluation of the impact of energy efficiency policies with the different data and metrics used for different sector. In the EELP, for each key area there is a small presentation of the general perspective of each domain, the achievements already undertaken and the planned work for 2016 and beyond.

To end with, the aforementioned meeting is a preparation for a sectoral ministerial meeting of Hangzhou G20 summit in September 2016. The next G20 Energy Ministers summit shall take place in Germany in 2017.

more news on Renewables:

Greece: Levy for Production Capacities not Connected to the Grid

by Stefania Chatzichristofi, (Athens)

On 1 July 2016, the Ministry of Environment and Energy issued Decision No. 180321/01.07.2016, determining the parties liable of paying the levy for conservation of production licenses for unused RES and CHP production capacities (production capacities not connected to the grid) as well as calculating each of their levy for the year 2015, all in accordance with the article 27 of law no.4342/2015 (OJ A' 143/09.11.2015). The purpose of this levy is to encourage production license holders to finalise and put into operation their RES and CHP projects. The Decision contains a final table of the license holders obliged to pay the levy and the calculated amounts of this levy. These producers were entitled to apply until 18 February 2016 to the Ministry for corrections of the data provided in a provisional table. Now, the final table is publicly available on the website of the Ministry of Environment & Energy. According to the provisions of the law, the levy shall be paid to a special account kept by the Electricity Market operator (LAGIE) used to finance, among others, RES support schemes. The levy, pursuant to the aforementioned Ministerial Decision should be paid until 21 July 2016. In case of failure to timely pay this levy, the respective production licenses shall be automatically terminated. Further to that, the Greek energy regulator (RAE) will publish on its website a table with the terminated licenses. These license-holders shall not be allowed to resubmit an application for a production license for the same production unit, plant and technology, within one year from publication of the above table.

Greece: Public Consultation on the Use of Energy Storage in RES Plants

by Sofia Athanasaki, (Athens)

On 14 July 2016, the Greek Energy Regulatory Authority (RAE) launched a public consultation regarding the potential of using storage systems in RES plants with a scope to maximize the energy contribution of RES (mainly by wind and solar power) in the energy mix power of non-interconnected islands (NII) and increase connection of RES producers to the NII grid. The public consultation is launched after receiving requests for amendments of the issued RES production licenses. It should be whether the already issued RES production licenses for wind may be amended or new issued in order to allow for installation of electricity storage systems, thus allowing the participation of the RES producers in the day-ahead market with hourly program statements in accordance with paragraph 6 of Article 63 of the Code of NII.

It should be noted in relation to installation of storage systems to the existing RES plants that it is not allowed to change other elements of the production license, and in particular to change the production technology, pricing methodology or maximum production capacity. Moreover, the storage systems should be installed in the existing location of the power plant. Interested parties and stakeholders are invited to submit their views, opinions and comments to the public consultation until Friday 29 July 2016. After the expiration of this public consultation, RAE will publish the list of participants and the content of the letters and their activities.

Bulgaria: New Prices for Electricity from RES

by Gergana Hadjipanteleeva, (Sofia)

On 30 June 2016, the Energy and Water Regulatory Commission (EWRC) issued its Decision U - 20 and determined new preferential prices for purchase of electricity from RES as from 1 July 2016. EWRC considered as groundless the majority of the objections submitted by the interested parties; professional organizations and participants on the Bulgarian market. Subject of determination are preferential prices for electricity produced by Photovoltaic power plants, according to their capacity: Photovoltaic power plants with total installed capacity up to 5 kWp - BGN 255 per MWh, VAT excluded; and Photovoltaic power plants with total installed capacity of over 5 kWp to 30 kWp - BGN 213.92 per MWh, VAT excluded. Further, an update of preferential prices for electricity produced from biomass is provided. Most of the preferential prices depending on the different producing process and source are significantly decreased. As an exception, negligible increase is provided for some producers, e.g. power plants producing electricity via indirect use of biomass from plant and animal substances.

Poland: Approval of Two RES Acts

by Piotr Kloc, (Warsaw)

On 22 June 2016, and after six months of works in the Parliament, the Wind Turbines Investments Act was signed by the President. The Act came into force on 7 July 2016. The regulation determines the conditions and proceedings referring to the location, investment and use of the wind turbines, as well as the zoning conditions within the area of wind turbines. This issue was not previously regulated by Polish law nor harmonised by European law. According to the Act, new wind turbines shall not be located within the distance of ten (10) times the high of such a turbine from the building's areas or nature reserves. Typical wind turbines are 150 to 180 meters high, so they cannot be located in a scope of approximately two kilometers from the nearest buildings or nature reserves. What is more, the wind turbines which have already been approved to be installed on a site closer to buildings than regulated by the new law shall not be developed. The Act adversely affects the wind RES market. There are barely more areas which meet the requirements to set a new plant. The new generations of wind turbines are even higher than described, which makes this requirement even more difficult to fulfill. The Act was widely criticized by the RES developers. According to the Act, every wind turbine will require a permit for exploitation issued by Office of Technical Inspection. The permit will be issued for a two years' period. Each proceeding will cost for the entrepreneur 1% of the overall wind turbine investment.

On 27 June 2016, the President signed a RES Amendments Act which came into force on 1 July 2016. The main purpose of this act was to postpone the implementation of auction system for energy trading which was supposed to replace the so called «green certificates». The auction system is divided into two groups: i) of projects declaring to produce with power up to 1 MW and ii) of projects of power system exceeding 1 MW. Additionally, the auctions should take place with regard to the technology used by producers: installations with efficiency higher than 3504 MWh per year, installations that produce energy from biodegradable materials (such as municipal wastes), installations in which CO2 emissions are less than 100 kg per MWh - with efficiency higher than 3504 MWh per year, installations which generate energy only from agricultural biogas, members of an energy cooperative or associations and the ones not qualified in any of those groups.

COMPETITION - STATE AID

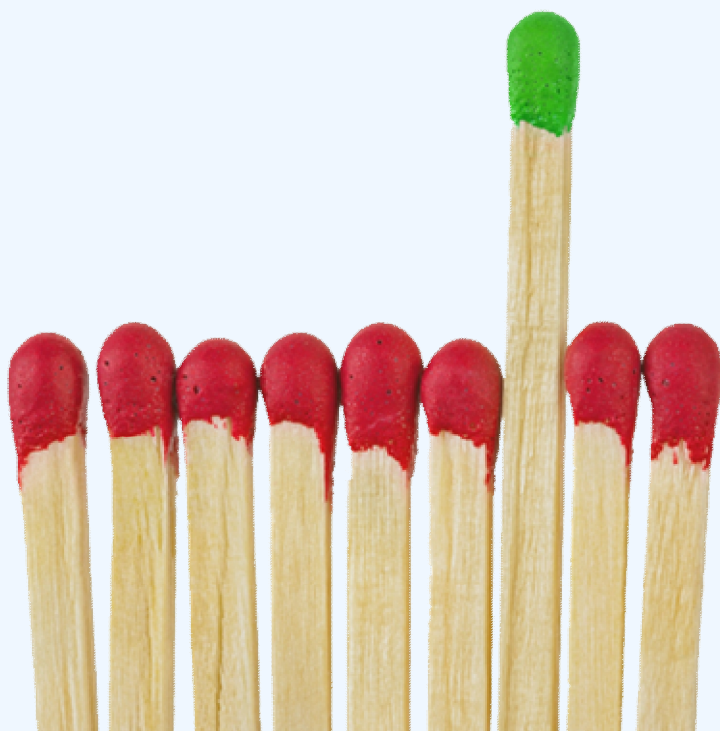
EU/ACER: Position Paper on the Regulatory Oversight Performing Monopoly Functions

by Viktoria Chatzara, (Athens)

On 6 July 2016 the Agency for the Cooperation of Energy Regulators (ACER) published its Position Paper on the regulatory oversight of (new) entities performing monopoly or near-monopoly functions at EU-wide or regional level, in the context of the implementation of the Third Energy Package. According to the provisions of the Third Energy Package, new entities are established, which shall perform monopoly or near-monopoly functions both at an EU-wide or at a regional level; such regional approach in its turn may either be used as a stepping stone towards a paneuropean integration model or as a permanent or more long-term model of functioning. In any case, the Third Energy Package does not provide for specific rules and guidelines concerning the supervision of such entities, resulting in a regulatory gap, which ACER's proposals wish to remedy, taking always into account the principles of proportionality and subsidiary and on the basis of the complementarity of regulatory action at national and EU level. The approach ACER's Position Paper follows is based on the principles set out by the Third Energy Package, which provide for the requirement of the NRAs to cooperate with each other and with ACER and for ACER's supportive and coordinating role with the aim of the Energy Union's implementation.

More specifically, with respect to entities performing monopoly or near-monopoly functions at an EU-wide level, ACER proposes that their supervision is granted to the Agency itself, taking into account (when defining the exact form of such supervision) the risks to the integration and well-functioning of the Internal Energy Market, posed by the governance of such entities, the functions they perform and the way in which they perform them. Moreover, these entities should be obliged to provide all the necessary information to ACER, whereas the Agency should have the power to issue enforceable, binding decisions, where appropriate and proportionate. As far as the entities functioning at a regional level are concerned, in the event that the regional approach is only envisaged as a short-term step towards complete integration, their regulatory oversight should follow the model described for EU-wide functioning entities. Where the regional approach is intended to be used as permanent or long-term way of functioning, the implementation of the Third Energy Package should be monitored by the involved NRAs in the region, which shall also cooperate with each other in order to supervise the above mentioned entities. As it provided that ACER

can support the NRAs, the entities must be obliged to provide information to both the NRAs concerned and ACER, whereas the NRAs must also have a respective obligation to inform ACER. It is also proposed that ACER has the competence to alert the NRAs of any instances of incorrect or inconsistent implementation, to issue opinions or recommendations if such situations persist and to refer any persevering issue to the Commission. With respect to the regional approach it should be also noted that according to ACER, although regions may differ in size and evolve over time depending on the activity concerned each time, regional implementation must be designed in such a way so as not to pose any risks to future convergence and to minimize the risk of any distortions being created. Since the implementation of ACER's approach requires also legislative amendments, it remains to be seen whether the proposed actions will be accepted by the Commission.



more news on Competition - State Aid:

EU: Commission Approves Italian State Aid Scheme including Support for RES

by Viktoria Chatzara, (Athens)

On 28 April 2016, the European Commission published a decision finding an Italian state aid scheme concerning support for the production of electricity from renewables (RES), compatible with the EU state aid rules and with the Guidelines on state aid for Environmental Protection and Energy 2014-2020 (EEAG). The notified measure concerned three categories of beneficiaries: i) new large generators (with installed capacity greater than 5 MW), ii) new middle size generators (with installed capacity 500kW-5MW, including the repowering of generators of any size), and iii) smaller generators (with installed capacity no larger than 500kW), except for electricity generated by photovoltaic plants. The first and second category of beneficiaries shall receive support in the form of a variable premium on top of the electricity market price, whereas the third category will have direct access to the aid upon request and will be remunerated with a feed-in tariff. The proposed scheme is notified until 31 December 2016 and it shall be financed by means of a levy on electricity consumption proportional to the electricity use. According to the Commission, the described Italian scheme falls within the scope of EEAG and aims at an objective of common interest, as it will help Italy achieve its long-term climate change and energy sustainability targets. The Commission also ruled that the state aid is necessary for the financial viability of the projects at hand, and that it complies with the principle of proportionality, without having undue distortive effect on competition and trade between Member States.

EU: T-47/15 - Germany v Commission

by Katerina Nikolaidou, (Athens)

On 10 May 2016, the General Court delivered its judgment in Case T-47/15. In this case, Germany brought an action for annulment of Commission Decision 2015/1585 concerning the German aid scheme of the support of renewable energy sources (hereinafter: The 2012 EEG). The 2012 EEG granted feed-in tariffs and market premiums to the producers of RES electricity and mine gas and therefore guaranteed them a price higher than the market price. Furthermore, an 'EEG surcharge' for the suppliers which enabled them to pass it on the final customers was provided for by the 2012 EEG. However, some energy-intensive industries (EIUs) were exempted from this charge, in order to be protected according to their international competitiveness. In its judgment, the General Court noted that the reduction in the EEG surcharge of EIUs gave them an economic advantage within the meaning of Article 107 par. 1 TFEU, which would not have received under normal market conditions. Subsequently, the Court considering the condition of the existence of State resources in connection with the mechanism established by the 2012 EEG, recalled that Article 107 par. 1 TFEU prohibition covers aid granted by public or private bodies established or appointed by the State. Even though TSOs were companies of private law, they were under the strict authority of the State regarding the EEG charge. Finally, the fact that the German State has no access to funds generated from the EEG surcharge in the sense that these funds do not appear in the state budget does not prevent their classification as state resources. Moreover, it is stressed that the State had a dominant influence on the use of resources, as it was able to determine in advance how these resources could be used in their entirety. The GC concluded that the Commission was correct in finding that the EEG 2012 involves state resources within the meaning of Art. 107(1) TFEU and dismissed the action.



EU: Approval of the Greek Temporary Flexibility Remuneration Mechanism

by Mira Todorovic Symeonides, (Athens)

On 1 July 2016 the Commission's decision on Greek State aid SA.38968 (2015/N) on Transitory Electricity flexibility remuneration mechanism (FRM) published in the OJ of the EU with no C/241/2016, concludes not to raise objections to providing of the state aid. The Decision was passed on 31 March 2016 and communicated to the Member State on 19 May 2016. The Decision provides a detailed background of this measure, dating from the 2005's decentralised capacity assurance mechanism (permanent CAM), which was based on the bilateral trading of capacity certificates issued by dispatchable power plants and held by Load Representatives (suppliers and self-suppliers) who were obliged to hold sufficient amount of these certificates to cover their load at peak time. In practice, Greece until December 2014, applied a transitory CAM consisting of direct remuneration of capacity availability of plants.

The Decision provides for the detailed analysis of the relevant segments of the Greek electricity markets and grounds for the approval, some of which are referred to below. The Hellenic Republic has undertaken the obligation to implement significant reforms in its electricity market in order to implement the EU target model for electricity within a period of 25-30 months (particularly to establish market coupling and flow based allocation of interconnection capacities, a market for procurement of ancillary services, real time balance and an intra-day market), but also in order to introduce other reforms such as to gradually increase the price cap of the System Marginal Price (of its compulsory market pool) which is currently 150 €/MWh and to increase the price cap for ancillary services (currently at 10 €/MWh). According to the Decision, these reforms could reduce the system needs for flexibility. The beneficiaries of the FRM will be individual plants, located in the Hellenic Republic, capable of increasing electricity generation ramping at a rate greater than 8 MW/min with three hours' notice while remaining available to follow ramping instructions continuously for a minimum of three hours. In practice, these would be 10 Combined Cycle Gas Turbines (CCGT) plants, 1 Combined Heat and Power (CHP) plant (only for the capacity remuneration above the FIT), 3 Open Cycle Gas Turbines (OCGT) plants and Hydro Power Plants (HPPs). Remuneration for flexibility consist of a capacity premium, a fixed payment based on available capacity to provide ramping services, set administratively by the Regulatory Energy Agency (RAE), at a level of € 45/kW/year, and should not exceed €15 million per eligible power generation installation and total of €225 million. The measure will be financed by a special levy set by RAE and paid by the Load Representatives while the TSO shall be responsible for calculating the payments and invoicing.

EU: Commission Approves State Aid of Denmark for Biogas

by Katerina Nikolaidou, (Athens)

On 9 July 2016 the Commission published its Decision (SA. 36659/2013) according to the aid scheme regarding aid for all forms of biogas use in Denmark. The purpose of the aid was to decrease the operating cost of biogas plants in Denmark. The aid scheme provided for the following three types of support including biogas used for process purposes, for other energy purposes and for biogas used in transport. According to Environmental and Energy Aid Guidelines (EEAG), in order to allow Member States to achieve their targets in line with EU 2020 objectives, state aid granted for the support of renewable energy is presumed to be the appropriate instrument and to only have limited distortive effects. The use of biogas as a source to produce energy for energy purposes falls within the definition of energy from renewable sources. Due to the higher costs of as an input fuel in processes as compared to natural gas, the beneficiaries would not be likely to choose biogas without state intervention. The aid is necessary and has an incentive effect. Moreover, Denmark has demonstrated that the costs of producing biogas, even in existing, plants are higher than the market price of fossil fuel or natural gas. The aid for biogas used in transport will be limited to sustainable biofuels fulfilling the sustainability criteria set out in the Directive 2009/28/EC on the promotion of the use of energy from renewable sources. There is currently an investment aid scheme in place under which investment aid can be granted to companies who want to replace fossil fuel with renewable energy in their production processes. Undertakings receiving support under the notified measure for biogas used for process purposes or for other energy purposes may currently not benefit from aid under the investment aid scheme. In the case that such cumulation were allowed in the future, the Commission notes that the investment aid scheme only covers investment costs while the support of biogas used for process purposes or for other energy purposes only covers operating costs. Furthermore, biogas producers may benefit indirectly from support under the notified scheme for biogas sold as a transport fuel and at the same time receive investment aid under the investment aid scheme. To the extent a beneficiary receives aid under both schemes for the same eligible costs Denmark will verify that the total aid does not lead to overcompensation and that the aid intensities set out in the GBER. The Commission concluded has concluded that the aid is compatible with the internal market pursuant to Article 107 par. 3 c TFEU and decided not to raise objections to the aid.

EU: Compatible Aid for Lignite Plants Shutdown in Germany

by Katerina Nikolaidou, (Athens)

On 27 May 2016 the European Commission issued a decision in the case SA. 42536 confirming that the German measure providing public financing of €1.6 billion for the shutdown and the subsequent closure of eight lignite power plant is compatible with the Article 107 par. 3 (c) TFEU. Under the proposed measure, initially the costs of the closures shall be borne by the companies themselves. Furthermore, the Commission assessed and compared the compensation to be received by eight companies and the loss of earnings they will have during the next four years operating without these plants. Furthermore, the Commission concluded that the measure promotes environmental objectives of the EU as it helps Germany to achieve a significant reduction of CO₂ emissions. On this basis, the Commission concluded that the impact of the measure on the electricity market is expected to be limited and that any distortion of competition created by the aid is justified by the environmental benefits.

EnC: Dispute Settlement against Serbia for Non-Compliance with the State Aid Acquis

by Mirjana Mladenovic, (Belgrade)

On 14 July 2016, the Energy Community Secretariat (Secretariat) issued an Opening Letter to the Republic of Serbia in the Case ECS-11/14, for its failure to comply with the EU state aid acquis. The Serbian Commission for State Aid Control did not, in the opinion of the Secretariat, assess whether the four state guarantees granted by the State of Serbia to by international financial institutions which provided loans to Elektroprivreda Srbije (EPS) in regard to the Kolubara B power plant project are in compliance with the state aid rules. The single compatibility assessment undertaken by the Commission for State Aid Control was assessed not to be in line with the Energy Community State aid acquis. Therefore, the Secretariat decided to issue an Opening letter by which it commenced a preliminary procedure, the purpose of which is to give the Republic of Serbia the opportunity to react to the allegation of non-compliance with Energy Community law within three months and to enable the Secretariat to establish the full background of the case.



ENERGY INFRASTRUCTURE

EU: ENTSO-E European Framework for Energy Infrastructure Development

by *Katerina Nikolaidou, (Athens)*

On 1 July 2016 ENTSO-E launched the public consultation, which will last until 15 August 2016, on the 18 non-binding implementation guidance documents regarding the three connection network codes. The current status of the three ENTSO-E developed connection network codes is as follows: a) Requirements of generators (RfG) already entered into force on 17 May 2016 while b) Demand Connection (DCC) and c) High Voltage Direct Current (HVDC) are expected to be enforced by the end of summer 2016. The Member States (MSs) have the obligation to implement these codes no later than three years after their entry into force. Within this timeframe the MSs have 2 years in order to define the national specifications for the so-called non-exhaustive requirements. In this context, ENTSO-E has drafted a set of 18 non-binding implementation guidance documents for the consultation. These guidance documents are addressed to the transmission system operators and other system operators concerning the elements of the codes requiring national decisions. They shall explain the technical issues, conditions and interdependencies which need to be considered when complying with the requirements of this Regulation at national level. The Consultation refers to system operators as well as to manufacturers, power generating module operators, demand facilities and distribution networks.

On 23 June 2016 ENTSO-E launched the public consultation, which will last until 3 September 2016, on the 2016 edition of the 10-year network development plan (TYNDP). TYNDP builds on the 2014 edition and offers a view on what grid is needed where to achieve Europe's climate objectives by 2030. Storage and energy efficiency will play an increasing role as the studies show that an extension of the current grid is needed to allow the shift of large quantities of renewable to the main consumption centres. The TYNDP 2016 report foresees up to €150 billion of investments in grid infrastructure supporting 200 projects in transmission and storage. Finally, it explores the possibility of a power system where 80% of the emissions will be cut by 2030.

On 23 June 2016, the Agency for the Co-operation of Energy Regulators (ACER) published a position paper on improving the effectiveness of the EU framework for energy infrastructure development. The reform of energy package as well as Regulation 347/2013 on Guidelines for trans-European energy infrastructure (EIP) has as its purpose to facilitate the development of the European Energy Networks. The EIP promotes the identification and assessment of the necessary network developments and the implementation of projects. ACER's paper stresses its position for a more coherent and efficient infrastructure development according to the provision of a comprehensive understanding of infrastructure needs efficient network development, efficient monitoring and co-ordination between decision makers on the financing framework. ACER points out that TYNDPs should identify in a transparent manner the infrastructure needs and give Regional Groups the opportunity to prioritize them. This procedure would lead to a selection of projects of common interest (PCIs).

On 30 June 2016 the Commission opens a call for proposals under the Connecting Europe Facility (CEF) in order to finance the most important EU Energy infrastructure projects with the amount of €800 million in order to give priority to projects of common interest and those which boost competition and contribute to the sustainable development and protection of the environment. The first call for proposals under CEF Energy was organised in 2014 and €647 million was allocated to 34 proposals for grants for studies or works. Under the 2015 CEF calls, €366 million was allocated and 35 proposals were selected to receive grants. These projects will also contribute towards the completion of an EU internal energy market. The list of 'projects of common interest' includes 195 key energy infrastructure projects. It should be mentioned that each project should deliver significant benefits for at least two Member States. The deadline of the applications' call is 8 November 2016. EU financing for energy infrastructure under the CEF is €5.35 billion for the 2014-2020 period.

Furthermore, the European Union would invest €263 million in key European energy infrastructure projects, of which the most amount will support the building of gas infrastructure in the Baltic Sea region. A total of nine projects have been selected under the EU's Connecting Europe Facility (CEF) funding support programme. In the electricity sector, the list includes among others the construction of a new 100 km electricity line between Dobrudja and Burgas in Bulgaria with the amount of €29.9 million. Of the 9 proposals selected for funding, 5 are in the gas sector (EU support worth €210 million) and 4 are in the electricity sector (EU support worth €53 million) and among those 3 relate to construction works (€236 million) and 6 to studies (€27 million).

more news on Energy Infrastructure:

EU: ACER Publishes its Annual Report for Projects of Common Interest (PCIs)

by Evridiki Evangelopoulou, (Thessaloniki)

On 5 July 2016, the Agency of Cooperation of Energy Regulators (ACER) published its second consolidated annual report regarding the progress of Projects of Common Interest (PCIs) in the sector of electricity and gas for the year 2015. The report includes the results of the monitoring of the progress on the second EU list of PCIs adopted in November 2015, for the 12-month period from January 2015 to January 2016. The main findings of the said report include the following:

a. In general terms, the progress in implementing the PCIs is considered limited. The vast majority of the PCIs are delayed compared to their initially planned schedule. For about a quarter of the electricity and gas PCIs, no progress was reported during the last year mainly due to the permit granting difficulties.

b. In both electricity and gas, most of the promoters report that the projects will be given for use within the coming seven (7) years, primarily between 2018 and 2022 for the gas sector and between 2017 and 2023 for the electricity sector. Nevertheless, this aim seems highly unrealistic given that the pace of asset construction would need to be considerably higher than the one of the previous year. Moreover, according to the project promoters, €82 billion in total should be invested for gas and electricity PCIs between now and 2022, that also seems difficult to occur.

c. Project promoters indicate a limited interest in regulatory incentives or public financial support. The Agency states that the fact that most project promoters appear reluctant on whether to apply for incentives and further, the small number of promoters who have decided to apply indicate that the provision of incentives is not a major driving force.

Finally, by its report and the above mentioned findings, ACER hopes to contribute to the European Commission's report on the evaluation of both the implementation of the PCIs, and the effectiveness of Regulation (EU) No 347/2013.

EU: Gas Interconnection Agreements among Bulgaria, Greece, Romania and Ukraine

by Tetyana Vyshnevskaya, (Kiev)

During June-July 2016, gas Transmission System Operators (TSOs) of Bulgaria, Greece, Romania and Ukraine signed three Interconnection Agreements (IAs) with the view to allow bidirectional gas flow among these countries. The IAs were concluded within the scope of the Central and South Eastern Europe Gas Connectivity (CESEC) initiative, launched in July 2015 by fifteen EU and Energy Community countries, aiming at the diversification and increasing of the security of gas supply, as well as the creation of the interconnected and competitive energy market in the region. The IAs are expected to facilitate the opening of the Trans-Balkan gas corridor between Greece, Turkey, FYR of Macedonia and Ukraine, gas transportation and trade in line with the requirements of the EU acquis. The Bulgaria-Greece IA was signed on 24 June 2016 and came into force on 1 July 2016. The Bulgaria-Romania and Romania-Ukraine IAs were signed on 19 July 2016 with effective date on 1 October 2016. Noteworthy, IAs between Ukrainian gas TSO (PJSC Ukrtransgaz) and its Polish and Slovakian counterparts are expected to be signed on 1 October 2016.

Greece: Updates on the Greek Gas Market

by Stefania Chatzichristofi, (Athens)

On 9 June 2016 an Agreement of Cooperation between the Yafa-Poseidon SA and Noble Energy International Ltd was signed in order to facilitate the research for the East-Med pipeline. Through this agreement, the two parties will provide assistance regarding finalisation of the activities before drafting the study for the implementation of the East-Med pipeline and in the same time shall assess the viability of the project that is considered to be as one of the potential choices of export of significant part of natural gas deposits in the region. The Eastern Mediterranean (EastMed) pipeline project is a European Project of Common Interest and the ongoing development of the activities is supported by EU, through the co-financing program «Connecting Europe» (Connecting Europe Facility - CEF). It is an offshore/onshore natural gas pipeline that will directly connect the East Mediterranean gas resources to the European gas system, designed to transport gas from the recently discovered off-shore gas reserves in the Levantine Basin (Cyprus and Israel) and the potential reserves of Greece to the Greek and Italian gas systems.

In addition, on 10 June 2016 a Ministerial Decision by the Minister of Environment and Energy No.174371 was issued (OJ no B 1739 /15.06.2016) granting a prolongation of more three years of the installation license to the Greek gas network operator DESFA for the construction of a provisional Regulating Terminal Gas for the supply of ALOUMINION SA plant in Agios Nikolaos Municipality of Distomo-Arachova-Antikyra of Vioitia. The initial installation licence of DESFA for the said construction was issued by previous MD No. D3/A/oik.6599/20.03.2012.



Ukraine: Public Consultations on Procedures for Grid Connection

by Tetyana Vyshnevskaya, (Kiev)

On 29 June 2016, the National Energy and Utilities Regulatory Commission (NEURC) launched public consultations on the draft Concept of Simplified and Transparent Procedure for Connection of Electric Installations (Objects) to Electric Grids (hereafter: «the Concept»). The Concept was prepared by the NEURC in cooperation with the Ministry of Energy and Coal Industry of Ukraine and leading energy experts with the intention to fight corruption and address the issues that are often raised by market participants regarding the grid connection. These issues include, inter alia, the connection costs, as well as the number and duration of connection related procedures. The Concept envisages amending the existing legislation and/or the draft law on electricity market (No. 4493 of 21 April 2016). The consultations lasted until 11 July 2016.

ENERGY EFFICIENCY

EU: Published Report on Regional Interests in Energy Technologies

by Tetyana Vyshnevskaya, (Kiev)

In June 2016, the Joint Research Centre of the European Commission issued a Report on Mapping the Regional Energy Interests for S3P-Energy (i.e. Smart Specialisation Platform on Energy). The main objective of this study is the identification of national and regional interests in energy technologies under the framework of the S3P based on the national and regional research and innovation strategies for smart specialisation (without individual analysis of every single strategy). The Report includes information about countries and regions of 28 EU Member States as well as some non-EU countries, namely: Albania, Bosnia and Herzegovina, Moldova, Montenegro, Norway, Serbia, Ukraine and Turkey.

The study identified the regions and countries with common energy technology priorities based on a set of technologies included in the European Strategic Energy Technology Plan («SET-Plan») with a view to facilitate decarbonisation of the European energy sector, notably: smart grids; electric vehicles; bioenergy; solar; geothermal; wind; hydropower; ocean energy;



combined heat and power/heating & cooling; carbon capture utilisation and storage; hydrogen/fuel cells; nuclear; storage; oil/gas; energy efficiency; renewable & energy generic. Based on the available information, it was determined that only seven countries have both national and regional strategies related to energy technologies, and in most cases the national strategies do not support regional implementation. According to the Report, energy efficiency (which may include various materials, methods and



technologies), smart grids, electric vehicles, bioenergy and wind energy technologies are considered of the highest priority, with the respective 23%, 15%, 13% and 9% share of interest shown in the national and regional strategies. The wind energy technologies are prone to a certain level of geographical aggregation in the Atlantic coastal regions due to the off-shore wind potential. Furthermore, the Report points out the lack of interest in carbon capture utilisation or storage, which may be explained by the low level of maturity of these technologies. Moreover, no correlation was found between the economic indicators (like GDP, the cost of energy) and the number of energy technologies a region is interested in. That being said, Member States with the highest combined energy price (average price of gas and electricity) seem to focus on development of solar, geothermal and hydropower technologies. According to the findings of the Report, the selection of certain energy technologies is more related to the availability of resources or the supply chain in the region than to the cost of the energy.

The study discovered weak descriptions and lack of homogeneity in the terminology used in the strategies as well as overlaps amongst technologies, therefore, it was determined that a more detailed analysis is required in order to ascertain why countries/regions select certain energy technologies. The findings of the study are expected to: i) help determine which regions already have clear priorities in energy technologies, ii) pinpoint similarities as well as differences and gaps, iii) facilitate the cooperation between the regions in implementation of common energy solutions (in terms of infrastructure, public-private partnership and energy policy), and finally iv) help policy makers define action plans and maximize the impact of available resources.

more news on Energy Efficiency:



EnC: Western Balkan 6 (WB6) Agree on the Sustainability Charter

by Stefan Pavlovic, (Belgrade)

On 4 July 2016, the six Contracting Parties from South-eastern Europe agreed on the Sustainability Charter at the Western Balkan 6 (WB6) Summit in Paris. Indicating the need to improve the health situation and prosperity in the region, WB6 countries agreed to common efforts regarding the energy savings and RES. All WB6 Contracting Parties agreed to implement specific measures by a set deadline to improve energy efficiency governance and implement smart support measures. They also discussed and agreed on the greenhouse gas emissions monitoring and reporting systems in line with EU legislation. The EU plans to allocate 50 million Euros from its Instrument for Pre-accession Assistance (IPA) for reforms in policies regarding energy efficiency and RES in WB6.

Ukraine: Draft Laws on Energy Efficiency Approved by the Government

by Tetyana Vyshnevska, (Kiev)

On 6 July 2016, the draft law on energy efficiency of buildings was approved by the Cabinet of Ministers of Ukraine (CMU) and further on 11 July 2016 it was registered in the Parliament (No. 4941). One of the main objectives of the bill is to introduce specific regulation and bring Ukrainian legislation in compliance with the requirements of Directive 2010/31/EU on the energy performance of buildings. The bill is under consideration by the committees of the Parliament. In addition, on 13 July 2016 the CMU issued the Order No. 489-r on Approval of the Concept for Introduction of Mechanisms for Stable Financing of Energy Efficiency Measures (Establishment of the Energy Efficiency Fund). According to the approved Concept, the main purpose of the future Fund is to finance energy efficiency measures in the housing stock, including at the expense of the State budget, funds obtained from donors and international financial institutions, as well as to ensure regulated, meter-equipped and economical energy consumption. The Fund is expected to become operational during the period 2016-2017.

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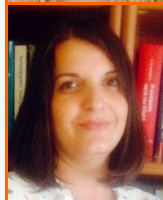
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