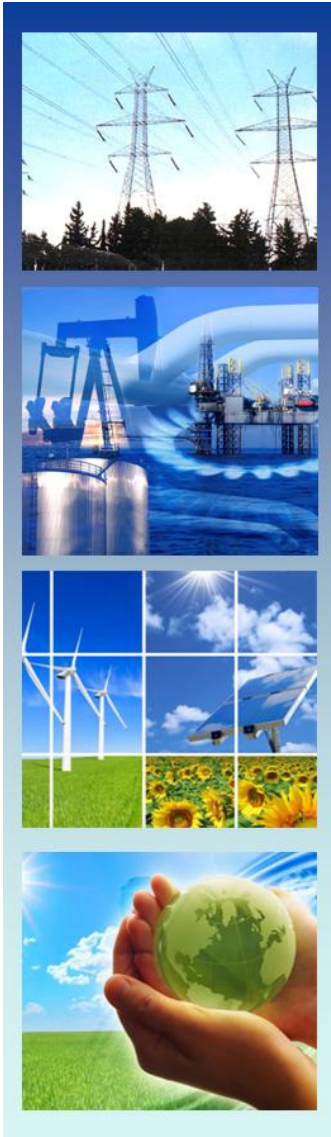


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Restructuring and privatization of PPC

by Lazaros Sidiropoulos (Athens)

On May 15 the restructuring and privatization plan for the Public Power Corporation (PPC) was made public by the Greek Government. Three main steps are envisaged in this direction: a. separation of the operator of the electricity transmission system (ADMIE) from PPC; b. establishment of a new vertical electricity company ("smaller PPC"), to which a substantial part of PPC's production units as well as of its commercial activities will be transferred, aiming to enhance competition in the Greek electricity market; and c. privatization of a part of PPC by offering 17% of the company's capital owned by the Greek state to a strategic investor. A specific timetable has been arranged for each of the aforementioned steps: The unbundling of ADMIE shall be completed by the second quarter of 2014; the new company shall be able to start operation in the first quarter of 2015; and the transfer of PPC's shares shall take place at the latest in the first quarter of 2016.

Proposals for reducing industrial energy costs

by Alkistis Christofilou (Athens) & Lazaros Sidiropoulos (Athens)

The Greek Regulatory Authority for Energy (RAE) addressed to the Greek Government on April 16 the necessity of taking measures aiming to support the Greek industry by means of reducing its energy costs. RAE particularly insisted on the implementation of national state aid measures, pursuant to the revised Emissions Trading System (ETS) Directive (2003/87/EC, amended by Directive 2009/29/EC), compensating the most energy-intensive sectors for increases in electricity costs resulting from the additional cost of electricity producers for greenhouse gas emission allowances passed on in electricity prices. Moreover, in its Opinion No 3/2013 (issued on April 25) concerning the defining of the competitive part of the low voltage tariffs of PPC, RAE ascertained, among others, that the actual costs of PPC resulting from the inclusion of the costs of greenhouse gas emissions in 2013 are expected to be substantially lower than the ones initially estimated by PPC, as a result of the current tendencies in the carbon market, this being eventually indicative also for the possibility of respective reductions in the medium and high voltage tariffs applying to industrial customers.

Ownership Unbundling - EU Commission practice in assessing the presence of a conflict of interest

by Mira Todorovic – Symeonides (Athens)

The aim of the Commission Staff Working Document no. SWD (2013) 177/08.05.2013, although not legally binding, is to illustrate how the rules on ownership unbundling stipulated in the Electricity and Gas Directives have been interpreted and applied by the Commission in the context of the certification procedure of TSOs. As the purpose of the Directives is removal of any conflict of interest between generators, suppliers and TSOs, cases when it is demonstrated that there is no incentive for a shareholder in a TSO to influence its decision by favoring his generation or supply, although the conditions stipulated in the article 9 of these Directives are not fully met, are individually assessed and approved. Following are several examples of the assessed cases: a) the situation when a shareholder participates in TSO in EU and in generation activities in US (Commissions opinion no. 010 up to 012 -2012-UK), b) the ultimate controller of the unbundled gas TSO, an investment fund, also controls a waste disposal company generating electricity in the neighboring Member State (MS); since limited quantities are being generated as a mere by-product for pre-established price there is no risk of discrimination of network users (Commissions opinion no. 018-1012-SE), c) shareholder has a participation in a gas TSO and a share in electricity generation

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activities consisting of certain small size coal-fired generation activities, performed under a regulated framework and benefitted from priority dispatching (Commissions opinion no. 024-2012-ES), d) the financial investor with a controlling participation in the TSO has a non-controlling participation in another MS heat supplier company on the regulated district heat market, generating electricity as a by-product (Commission opinion no. 027-2012-DE), e) the financial investor is the ultimate owner of the gas TSO but also has participation in two solar energy companies located in other MS as the interface between the gas market of one MS and the electricity market of the other MS is limited and “as long as the generation activities concerned ...could benefit by law from priority dispatching and remained small in size” influencing the transmission activities in a discriminatory manner would not be expected (Commission opinion no. 047-2012-IT). In this assessment each case should be valued individually. The burden of proof as to the absence of the conflict of interest and an incentive to exploit it is with TSOs.



Decision of the Hellenic Competition Commission against the Hellenic Gas Transmission System Operator

by Lazaros Sidiropoulos (Athens)

Decision No 555/VII/2012 of the Hellenic Competition Commission (HCC) was published (Official Journal 1081 B/30-4-2013) concerning infringement of Articles 2 of Law 703/77 and 102 of the Treaty on the Functioning of the European Union by the Hellenic Gas Transmission System Operator (DESFA). DESFA was found to have abused its dominant position in the primary market of natural gas transmission from November 2009 until May 2010, when DESFA denied to the complainant ALUMINIUM S.A. access to the AdG pipeline entry point, i.e. to the liquefied natural gas (LNG) terminal in Revithousa, and as a result the complainant was denied the opportunity to source natural gas from an alternative supplier competing with DEPA, which is the main gas provider in Greece. A fine of € 4.299.163 was imposed on DESFA for the above infringement.

Covering potential liability resulting from offshore oil and gas operations in the new directive adopted by the European Parliament

by Mira Todorovic – Symeonides (Athens)

On 21.05.2013 the European Parliament approved the draft of the new Directive on the safety of offshore oil and gas operations. The Draft provides that the applicants should, in the procedure of issuing or transferring a license to carry out offshore oil and gas operations, prove their ability to cover potential liability from their operations; submit major hazard reports including among other description of drilling installations; potential major hazards and special arrangements to protect workers; submit emergency response plans giving a full description of the equipment made to limit risks; provide information relating to their previous safety and environmental performance including in relation to major accidents. They should also evidence their financial ability to remedy all damage caused. MS's licensing authority or the licensee shall appoint the operator. In the latter case, the licensing authority may object to the appointment and request that licensee replaces the operator or assumes its responsibilities arising from this Directive. The operators shall be liable for the compliance of their operations with this Directive, regardless whether the relevant acts or omissions leading or contributing to major accidents were carried out by

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contractors. MS shall be obliged to appoint the national competent authority which will assess and accept the reports on major hazards and other submitted designs, reports and documents; also monitor and inspect the compliance of operators and owners with this Directive and enforce actions.

The Directive introduces compulsory, early and effective public participation. MS should ensure that the public is identified, informed, entitled to express comments and opinions, also that due account of the results of the public participation is taken and the public is informed about the decision and its reasoning. MSs shall have to prepare and implement respective prevention plans and measures within their jurisdiction. MSs with offshore waters without offshore oil and gas operations and landlocked countries with companies registered in their territories would apply only a limited number of provisions.

**Amendments to Greece's legal framework for RES**

by *Lazaros Sidiropoulos (Athens)*

Following a long period of public consultation, a series of amendments to the existing legal framework on Renewable Energy Sources (RES) was finally introduced by the Multi-Bill No 4157/2013 (Official Journal 107 A/09-05-2013), including among others following changes: obligation of all RES investors to provide financial guarantees for their projects; retention fees imposed to all production license holders in case of delayed realisation of the projects; extension of the levy imposed in November 2012 on the turnover of photovoltaic (PV) projects also to PV projects with operation start after 1.1.2013 (ranging from 34 to 42%); possibility for PV projects to withdraw from current licensing procedure by recovering provided guarantees and money paid corresponding to not realized part of works; suspension of new connection and purchase agreements for PV projects until 31.12.2013 etc. In addition to the above, the Greek Government announced in May 10 the new table of feed-in tariffs (FIT) for PV systems, introducing reductions of over 40% for new projects (February and August 2013: €120/MWh for up to 100 kW and €95/MWh for over 100 kW; February and August 2014: €115/MWh for up to 100 kW and €90/MWh for over 100 kW). Nevertheless, following the recent decision of the European Commission to impose preliminary import duties on solar panels from China by June 6, the Government does not exclude an eventual revision of the above newly introduced table of FITS.

Ukraine's law on the Energy Industry amended

by *Alina Karas (Kiev) & Mira Todorovic-Symeonides (Athens)*

The amendments to the Law of Ukraine on Energy Industry came into force on the 1st of April 2013. The Law for the first time regulates that the Green tariffs (feed-in tariffs) apply to energy produced from biogas and by small roof solar installations. The amendments introduced three categories of small hydroelectric power plants and increase the Green tariff for the plans of up to 200 kW and from 200 kW – 1 MW. Similarly the three new categories are introduced for the wind farms, while the Green tariff is increased for the two smaller categories (up to 600 kW and from 600 kW to 1 MW). However, from the January 2015 the Green tariffs shall be reduced to the amounts regulated in the Law. The electricity wholesale market of compulsory one-buyer model, from the 1st of April, enables the Green electricity producers to sell their electricity on the basis of bilateral agreements, directly to consumers.

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ENERGY EFFICIENCY

Registry for ESCOs in Greece finally launched

by Lazaros Sidiropoulos (Athens)

A significant step was made for the enhancement of the Greek energy services market on April 25, as the registry for energy service companies (ESCO's) operating in Greece was finally launched at the website www.ecoregistry.gr. The operation of energy service companies in Greece has been at first envisaged by Law 3855/2010, implementing Directive 2006/32/EC on energy end-use efficiency and energy services, while Ministerial Decision D6/13280/07.06.2011, issued in execution thereof, regulated the particular conditions to be fulfilled by ESCO's and provided for the operation of the corresponding registry, which has been now finally launched.

Law on Efficient use of Energy passed in Serbia (25/2013)

by Mira Todorovic – Symeonides (Athens)

The law establishes the system of energy management in Serbia. The Ministry of Energy, Development and Environmental Protection is responsible for organizing education, examination, certification, licensing and register of energy efficiency managers and consultants. Legal entities consuming energy above certain limits provided by the Government, as well as state and local authorities, under conditions provided by the Law, are obliged to apply energy management, which includes appointment of energy managers and applying of energy efficiency measures. It imposes obligation to investors and owners of certain buildings to perform energy efficiency examination at least every 10 years. It regulates energy efficiency requirements of plants and installations for production, transportation and distribution of electricity and heating as well as transportation and distribution of natural gas. The Law defines and regulates the services of ESCOs. For the implementation of number of the above provisions respective decrees and resolutions should be enacted within the period from 8-18 months from enforcing of the law.

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