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the highlight...

ENERGY EFFICIENCY

Greece: Draft Law on Energy Communities

On 7 June 2017, the Greek Ministry of Environment and Energy launched a public consultation on the draft Law on energy communities, with duration until 26 June 2017. The Draft Law defines energy communities as civil law partnership with exclusive aim to promote social economy, solidarity and innovation in energy, respond to energy needs, promote energy sustainability in production, storage, self-consumption, distribution and supply of energy, and to increase energy efficiency in final consumption on local and regional level. This Draft law has raised sizable attention in Greece, primary of the energy market stakeholders but also of interested individuals. Thus, the response to the consultations is considerable.

Energy Markets what's new...

EnC: Secretariat Signs MoU with EBRD

by Stefan Pavlovic, (Belgrade)

On 9 June 2017, the Energy Community Secretariat ("Secretariat") and the European Bank for Reconstruction and Development ("EBRD") signed in Vienna a Memorandum of Understanding ("MoU"). The aim of this MoU is to strengthen the cooperation between EBRD and the Secretariat in the field of sustainable development, with a primary focus on sustainable energy policy development in the south-eastern Europe (Western Balkans) and the Black Sea region (Moldova, Ukraine and Georgia). Bearing in mind the existing long-standing cooperation between the Secretariat and EBRD, it is important to note that the MoU represents a significant step towards expanding the scope of cooperation to new areas (combating climate change) and enlargement of the geographical scope (to the Black Sea region).

Montenegro: Public Debate on Resolving Disputes through Arbitration

by Aleksandar Mladenovic, (Belgrade)

On 6 June 2017, the Montenegrin NRA launched a public debate on the draft rules for resolving disputes, between the energy subjects and energy subjects and their customers through arbitration. The arbitration is conducted by the NRA arbitration Council whose members are appointed from the list of arbitrators prepared by the NRA. Further, the draft rules contain provisions for appointment of the arbitrators and their mandate has been set to four years with the possibility of reappointment. Moreover, the plan of the proceedings is prepared by the arbitration Council at the beginning of the process with the maximum duration of the procedure set to six months. The decisions of the arbitration Council, are considered binding for the parties. Under the draft rules, the NRA shall also be required to establish and hold the register of arbitration proceedings. All interested parties were invited to take part in the public debate and submit their comments and suggestions by 21 June 2017.



Electricity what's new...

SEE CAO: Public Consultation on Set of Rules

by Mirjana Mladenovic, (Belgrade)

On 13 June 2017, the Coordinated Auction Office in South East Europe (SEE CAO) launched public consultation on set of rules in order to transpose the provisions of the Commission Regulation 8EU 2016/1719 of 26 September 2016. These rules are related to the implementation of the Harmonized Allocation Rules in the region of South East Europe for Auction process 2018. The set rules include the following draft documents: (i) Specific Annex for the Bidding Zone borders serviced by SEE CAO to the Harmonized Allocation Rules for long term transmission rights; (ii) Rules for explicit Daily Capacity Allocation on Bidding Zone borders serviced by SEE CAO version 1.0; (iii) Participation Agreement; (iv) Financial terms for participation in processes organized by the Allocation Platform in accordance with the Participation Agreement; (v) Nomination Rules; (vi) Information System Rules (Documents). All interested persons were invited to send their remarks, comments and suggestions on the draft Documents through supplied form found along with Documents on the following website <http://www.seecao.com/news/see-cao-announces-public-consultations-see-cao-har-set-rules>, until 28 June 2017.

Albania: Decision on the Template Agreement for the Participation in the Market

by Odisea Xhelita, (Tirana)

On 11 May 2017, the Albanian Energy Regulatory Entity, ERE adopted the Decision no.63/2017 approving the template agreement for the participation in the electricity market, which is about to be concluded between the sole holder of the transmission license, the TSO- Market Operator, OST-OT and the other market participants ("the Template Agreement"). The purpose of this Template Agreement is to determine the rights and obligations of both contractual parties and the modalities of resolution and termination. The market participant is obliged to notify OST - OT on all net power exchanges between individual parties or between the parties responsible for balancing, while the contract concluded between the market participants shall become effective after the confirmation receipt of OST-OT. On the other hand, OST - OT shall make available to each market participant any information on the market operation, excluding the confidential or commercially sensitive information.



BiH: ERS Publishes Rules on Electricity Supply and Trading

by Nebojsa Milanovic, (Banja Luka)

On 3 June 2017, Mixed Holding "Power Utility of the Republic of Srpska" Parent Joint-stock Company of Bosnia and Herzegovina, published Rules on electricity supply and trading on a daily, monthly and annual basis. The Rules provide the definition of supply and trading in electricity, the procedure of supply and trading of electricity on weekly, monthly and annual basis, the ways of reporting regarding supply and trading of electricity as well as rules related to supervision on implementation of the Rules. The Rules are applicable only to qualified buyers of electricity. Further, the Rules define ways of trading of electricity, namely through tender procedure, or direct negotiation or through direct application or tender procedure with participation of qualified buyers of electricity.

BiH: Procedure on Ancillary Services Published

by Aleksandar Mladenovic, (Belgrade)

On 9 June 2017, the Bosnian ISO (NOSBiH) published the Procedure on ancillary services. Under these provisions, the ancillary services for balancing the electro energetic system of the country have been split into primary, secondary and tertiary regulation in line with the characteristics of such services described in the NOSBiH Network code. In addition to the activities and rights and obligations of the parties involved in the procurement and process of engagement and calculation of ancillary services, the provisions on covering of losses in the transport system and elimination of unwanted discrepancies of the country energy system have been drawn up.

Greece: Remedial Structural Measures for the Access of PPC on Lignite

by Stefania Chatzichristofi, (Athens)

On 19 May 2017, the Decision no. 57 dated on 9 May 2017 of the Ministerial Council of Finance (KYSOIP) was published in the Official Gazette (FEK 72A/19.05.2017) regarding the proposal of remedial structural measures for the access of the Greek Public Power Corporation (PPC) to lignite. This proposal of the Hellenic Republic to the Directorate General for Competition of the European Commission (DG COMP) shall be in compliance with recent Judgments of the European Court of Justice (2016) 733 and (2016) 748 in relation to Commission's Decisions C(2008) 824 and C(2009) 6244 on lignite. More precisely, the said structural measures shall be designed as follows. First, the measures shall consist of the divestment of PPC's lignite-fired generation capacity to existing or new alternative suppliers and other investors. Further, PPC shall not have any participation or link, including preferential supply of electricity, with any divested entity. The purchaser shall be independent from PPC and its affiliated entities; shall have the financial resources, proven expertise and incentive to maintain and develop the divested generation capacity as a viable and active competitive force being competitive to PPC and other competitors; shall not create competition concerns nor give rise to a risk that the implementation of the structural measures will be delayed. Moreover, the divestment shall represent around 40% of PPC's lignite generation capacity. The exact percentage shall be defined further to technical discussions with the European Commission, according to the aforementioned Judgments and Decisions on lignite. The divestment shall have equivalent economic characteristics to PPC's lignite generation capacity, and particularly in terms of efficiency and lifetime, reflecting commissioning and decommissioning of lignite-fired generation capacity. Also, the measures will be designed and implemented following the applicable competition procedural rules. They shall be finalised through the official submission of the agreed binding commitment offer by the Hellenic Republic to the DG COMP as key deliverable by November 2017 and shall be implemented by June 2018.

Greece: RAE Issues Manual on Electricity Theft

by Evridiki Evangelopoulou, (Thessaloniki)

On 30 May 2017, RAE's Decision no. 236/2017 on the issuance of its manual regarding the electricity theft was published in the Official Gazette (1871B/ 30.05.2017).. The Handbook regulates all the details of autopsy, the way in which the amount of stolen energy is estimated, the determination of the time of theft on the basis of objective historical consumption data etc. Among others, it is anticipated that unannounced audits will be conducted either in the context of relevant stimuli and reports either in the context of targeted controls with or without pre-existing stimulus and without warning to the consumer.

Greece: Organisation of the Balancing Markets

by Mira Todorovic Symeonides, (Athens)

On 13 June 2016, the Greek electricity Transmission System Operator (ADMIE) issued an invitation to all economic entities with experience in the field of software and technical infrastructure necessary for development of Balancing Markets, to submit until 19 June 2017 applications for participation. Subsequently, ADMIE plans to schedule meetings on which these entities will present their experience and products. Afterwards, the necessary procurement procedures shall be organised. The aim of the above procedures is to implement, in respect to the Balancing Markets, RAE's Decision no. 67/2017 (OJ B' 744/13.03.2017) on the Guidelines to the competent Operators for drafting of Market Codes, and the relevant provisions of the Law 4425/2016 which regulates the redesign of the Greek electricity market to be in compliance with the EU Target Model. The Balancing Markets, consisting of the Balancing Capacity Market, Balancing Energy Market, and Clearing Procedures, will be operated by ADMIE who should, until June 2018, develop and implement necessary infrastructure for operation of the Balancing Markets.



Romania: Order no. 38/2017 Published

by Corina Badiceanu, (Bucharest)

On 6 June 2017, the Order no. 38/2017 amending the Framework Contract for the sale/purchase of electricity traded on the centralised market for universal services, as approved by the Decision of the President of the Romanian Energy Regulatory Authority (ANRE) no. 2667/2014 was published in the Official Gazette under the no. 414/06.06.2017. According to the provisions of this Order, the financial guarantee for good execution can be issued by a bank agreed by the buyer, as opposed to the previous wording of the aforementioned Order that expressly stated that the financial guarantee for good execution can be issued by a Romanian bank agreed by the buyer. The provisions of the Order no. 38/2017 will be fulfilled by the producers of electricity, the providers, the final providers and the National Electricity and Natural Gas Market Operator – OPCOM S.A, while the special entities belonging to ANRE will monitor the compliance with the aforementioned provisions.

Serbia: AERS Adopts Reports on Regulation of Electricity Prices

by Stefan Pavlovic, (Belgrade)

On 31 May 2017, the Council of the Energy Regulatory Agency of the Republic of Serbia ("AERS") on its 370 session adopted three reports, as follows: (i) Report on the need to regulate the price of electricity for the guaranteed supply for 2017; (ii) Report on the need to regulate the price of the leasing power reserve for system services of secondary and tertiary regulation for 2017 and (iii) Report on the necessity of maintenance of the reserve electricity supply for 2017. Please note that mentioned reports are available on AERS website. It should be noted that the Energy Law stipulates that AERS shall analyse and publish once a year a report on the need for further regulation of the stated prices based on: (i) the achieved level of competitiveness on the domestic electricity market, (ii) the achieved level of protection of energy vulnerable customer and (iii) the development of the regional electricity market and assessment of the available cross-border capacities. The Agency also evaluates the necessity of maintaining a reserve supply once a year. Based on this year's analysis and assessments, AERS concluded that (i) there are no conditions for the termination of the regulation of electricity prices for guaranteed supply and the price of the leasing power reserve for system services of secondary and tertiary regulation, and (ii) that it is still necessary to maintain the function of reserve electricity supply.

Ukraine: Electricity Market Law Enters Into Force

by Tetyana Vyshnevskya, (Kiev)

On 11 June 2017, the Law of Ukraine no. 2019-VIII on Electricity Market, adopted by the Parliament on 13 April 2017, came into force. The Law transposes the Third Energy Package in Ukraine (to wit: Directive 2009/72/EC, Directive 2005/89/EC and Regulation (EC) no. 714/2009) and determines the legal, economic and organizational conditions for the establishment and operation of a liquid and competitive electricity market in Ukraine. The Law changes the structure and functioning of the electricity market by introducing, inter alia, a new market segment (intraday market), a new market participant (electricity trader) and public service obligations, as well as by providing for the unbundling of the Transmission System Operators and Distribution System Operators. Although the Law has come into legal force upon its official publication, certain provisions thereof will become effective in 6 to 36 months. Proper implementation of the Law greatly depends on the adoption and implementation of a multitude of secondary legislation, which is being drafted in cooperation with the Energy Community Secretariat. The new electricity market is expected to become fully operational by 1 July 2019.

Ukraine: Issues regarding Cross-Border Capacity Allocation Rules

by Tetyana Vyshnevskya, (Kiev)

On 31 May 2017, the Ukrainian electricity Transmission System Operator (TSO), NPC Ukrenergo, announced the launch of an electronic auction platform for the allocation of cross-border capacity at annual, monthly and even daily auctions, reportedly in compliance with both national legislation and the EU acquis. In order to participate in said e-auctions, the electricity supply companies will have to register to the platform and access it via the respective user accounts at the official website of the TSO. The automation of the auction processes is expected to eliminate any third party influence and thus ensure a level playing field for the auction participants. Noteworthy, on 24 May 2017, the Energy Community (EnC) Secretariat sent an Opening letter to Ukraine in Case ECS-08/15, initiated upon a complaint concerning the cross-border capacity allocation for transit, performed by the TSO. Upon preliminary assessment of the complaint and the current Allocation Rules, approved by the National Energy and Utilities Regulatory Commission, the Secretariat concluded that Ukrainian legislation and its practical implementation is violating the EnC acquis on allocation of cross-border capacity for transit. Ukrainian authorities are expected to rectify the breach by 24 July 2017 or to justify their position.



Oil & Gas what's new...

EU: ACER Reports on Contractual Congestion in the Gas Transmission Network

by Tetyana Vyshnevskaya, (Kiev)

On 31 May 2017, the Agency for the Cooperation of Energy Regulators (ACER) published its fourth annual Implementation Monitoring Report on Contractual Congestion at Interconnection Points, in accordance with the Commission Guidelines on Congestion Management Procedures (Commission Decision 2012/490/EU of 24 August 2012). The main objective of the Report is to identify and analyse contractual congestion (i.e. when the level of firm capacity demand exceeds the technical capacity) taking place at interconnection points (IPs) between entry-exit zones in the European Union in 2016. According to the Report: a) contractual congestion occurred in roughly 9% of the IP sides within the scope of the Guidelines; b) it resulted from the use of auction premia (unsuccessful requests) and non-offer of firm products with the duration of at least one month; and c) 10 out of 23 identified contractually congested IP sides require implementation of the Firm Day Ahead Use-It-or-Lose-It mechanism. The Report includes ACER's recommendations for ENTSOG, National Regulatory Authorities and Transmission System Operators as regards data availability, consistency and transparency, as well as policy recommendations for the European Commission.

Albania: Preliminary Certification of ALBGAZ SH.A.

by Odisea Xhelita, (Tirana)

On 26 May 2017, the Albanian Energy Regulatory Entity, ERE, adopted the Decision no.82/2017 approving the preliminary certification of the Company of Combined Natural Gas Operator, ALBGAZ SHA in accordance with the Decision of the Ministerial Council no.D/2011/02/MC-ENC, the EnC Treaty as well as the Directive of the EU Commission no.73/2009, . ERE shall ask for the opinion of the EnC Secretariat, regarding the said Decision, meanwhile within three (3) months ALBAGAZ SHA is obliged to appoint the Compliance Officer who should be approved by ERE, and no later than twelve (12) months, ALBAGAZ SHA is obliged to submit to ERE its Compliance Report.



Greece: Amendment in the Law Regarding DESFA

by Stefania Chatzichristofi, (Athens)

On 19 June 2017, the Greek Ministry of Environment and Energy submitted an Amendment of the Law no. 4001/2011, Article 63A regarding the eligible participants in the new tender procedure of the sale of 66% shares of the Greek gas TSO, (DESFA), which was included in the Draft Law of the Ministry of Justice, entitled "Ratification and Adaptation of the Greek legislation to the Convention of Warsaw of 16 May 2005 of the Council of Europe concerning laundering, detection of seizure and confiscation of proceeds from criminal activities and terrorist financing". More precisely, the eligible participants for the privatization of DESFA shall be either: a) certified TSOs or members of the European Network of gas Transmission System Operators (ENTSOG) or legal entities exclusively controlled by the said TSOs or legal entities solely controlled by a legal entity having the exclusive control of such TSO; b) consortia, provided that at least one member of the consortium falls under paragraph a) as well as that it exercises at least a joint control of this consortium. In this way, by this amendment the concern of some potential participants that the participation of subsidiaries or SPVs created specifically for this purpose would not be allowed, is now resolved.

Ukraine: NEURC Approves Pricing Procedure for Oil Transportation by Main Pipelines

by Tetyana Vyshnevskaya, (Kiev)

On 25 May 2017, the National Energy and Utilities Regulatory Commission (NEURC) issued Resolutions no. 690 on Approval of the Procedure for Pricing of Oil and Oil Products Transportation by Main Pipelines, and Resolution no. 691, which will make void the currently existing regulation, i.e. the Methodology for Calculation of Tariffs for Rendered Services of Oil Transportation through the Territory of Ukraine by Main Oil Pipelines, Oil Transfer and Loading, approved by the National Electricity Regulatory Commission's Resolution no. 993 of 30 July 1999, and relevant amendments thereto. The latter enables the redistribution of expenses of internal transportation routes to transit routes (thus respective tariffs do not reflect the actual costs) and does not allow of the cost/tariff adjustment. Therefore, the main objective of the Resolution no. 690 is to establish cost-reflective pricing of oil (oil products) transportation within the country, where expenses for oil (oil products) transit are separated from expenses for oil (oil products) transportation for customers. Both Resolutions no. 690 and no. 691 will become effective on the day following the official publication of Resolution no. 690.

Infrastructure what's new...

EU: ACER Proposes Improvements to the Energy Infrastructure Package

by Dafni Siopi, (Thessaloniki)

On 31 May 2017, the Agency for the Cooperation of Energy Regulators, (ACER) proposed potential improvements to the Energy Infrastructure Package. The document focuses on improving the Cost-Benefit Analysis (CBA) methodology, the development and usage of scenarios, the streamlining monitoring activities and information requirements for the selection of Projects of Common Interest (PCIs) in the European Union as well as on the updates of the Unit Investment Cost report. This Position Paper develops the proposals in instances where ACER clearly considers that legislative changes could be adopted, in order to improve the planning and implementation of electricity and gas transmission infrastructure. ACER noted that most of its proposals could be implemented under the current legislative framework through its better enforcement, but other proposals could be considered in the context of the envisaged EIP review.

EU/ENTSO-G: CEE 2017 Regional Investment Plan Published

by Theodoros Theodorou, (Athens)



On 19 May 2017, the gas Transmission System Operators (TSO's) of the Central East Europe (CEE) released their 2017 Gas Regional Investment Plan (GRIP) in compliance with the Article 12(1) of the Regulation (EC) 715/2009. More precisely, this investment plan provides specific details and information concerning gas market dynamics in the fields of gas supply, market integration and security of the supply on regional level. The study and analysis is mainly based on data collected from the Ten-Year Network Development Plan which was recently published by ENTSO-G. Moreover, the study of this plan is expected to give to the respective stakeholders a useful and enhanced overview of the central Europe gas market framework and produce further proposals and ideas regarding to the further development of the gas investment plan.

Bulgaria: Non-binding Demand Assessment Indications at Interconnection Points

by Apostolos Christakoudis, (Sofia)

On 9 June 2017, the Bulgarian gas TSO published a request for non-binding demand assessment indications for incremental capacity at interconnection points with Greece and Turkey and at the future interconnection point with the Bulgaria-Serbia interconnection project. The Bulgarian gas TSO – Bulgartransgaz EAD is a project promoter of a project of common interest (PCI) entitled "Rehabilitation, modernization and expansion of the existing gas transmission gas". This project is determined to be a PCI in the meaning of Regulation (EC) 347/2013 with delegated regulation (EC) N 1391/2013. The realization of the project is expected to create incremental capacity of the gas transmission system of Bulgartransgaz EAD at the existing cross-border interconnection with Greece and Turkey and the future interconnection point of the gas transmission system with the project Interconnection Bulgaria – Serbia (IBS). As regards the shift of the project into a more mature stage of its development, the project promoter launched a process involving the preparation of the documentation required for the submission of an investment request to the NRA – the Energy and Water Regulatory Commission. The opportunity for the potential users to submit a non-binding demand indication is within the period from 9 June 2017 to 3 July 2017. The potential users must submit a standard form, available on the website of the TSO.

Greece: DESFA Published Business Rules on the IA with BULGARTRANSAGAZ

by Mirjana Mladenovic, (Belgrade)

On 31 June 2017, the Hellenic gas Transmission System Operator S.A. (DESFA) published on its website the business rules which are the part of the second version of the Interconnection Agreement (IA) between DESFA and the Bulgarian network Operator, Bulgartransgaz. These business rules represent the result of the held public consultation process. Namely, they regulate the following: (i) Capacity (which is expressed in kWh/Day); (ii) Processed / confirmed Natural Gas quantity (which is expressed in kWh); (iii) Matching process (where Bulgartransgaz represents the Initiating Transmission System Operator and DESFA represents the Matching Transmission System Operator); (iv) Network Users update (all parties shall exchange their network user identification code); (v) Rules for the allocation of the transmitted gas quantities (in respect of the allocation of gas quantities, the allocation procedure ensuring consistency between the allocated quantities at both sides of the IP is established); (vi) Operation Balancing Account (namely, the Parties undertake to put effort so as to maintain total balance position as close as possible to zero).

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

EU: Commission Clears Support to Energy Intensive Users in Latvia

by *Viktoria Chatzara, (Athens)*

On 23 May 2017, the European Commission issued its Decision on the case SA.42854 concerning support granted by Latvia to energy intensive users (EIU). In 2007 Latvia had introduced a mechanism, which was approved by the Commission, with the aim of supporting the production of electricity from renewable energy sources (RES) and combined heat and power (CHP) installations by imposing a mandatory procurement component (MPC) on all electricity consumers, which was calculated on the basis of their consumption. Taking into account that the MPC's level resulted in increasing costs on EIUs, Latvia decided to introduce a measure intending to compensate EIUs for 85% of the RES component of the levy they had paid within the previous year. According to the notified measure, in order for an undertaking to qualify as beneficiary, it shall: (a) prove electro-intensity of at least 20% in average during the last 3 years, (b) adopt an energy management system in compliance with internationally accepted standards, (c) have a minimum consumption per connection site of 0.5 GWh in the previous calendar year, (d) cover in the previous calendar year one of the NACE codes listed in the applicable provisions at least for 30% of its turnover, (e) not be in financial difficulty, and (f) not have any unrecovered illegal aid or outstanding debts. Any undertakings qualifying as eligible beneficiaries, shall submit a request along with the necessary documentation with the Ministry of Economics (which is the granting authority), which will then isolate the amount of the MPC/RES paid within the previous year and grant the 85% reduction as compensation for the current calendar year. The measure is expected to last until 2021 and total approximately €95 million, covered by the national budget. The European Commission assessed the measure under the 2014-2020 Guidelines on State aid for environmental protection and energy and concluded that it is compatible with the internal market.

EU: Italy's Reductions of Surcharges on EIUs Compatible with the Internal Market

by *Viktoria Chatzara, (Athens)*

On 15 June 2017, the European Commission's Decision on case SA.38635 concerning the reductions of the renewable and cogeneration surcharges Italy had granted to energy intensive users (EIUs) was published in the Official Journal of the EU. According to the applicable national provisions, the general system charges are set by the Authority for electricity, gas and water system (AEEGSI) and the amount collected is transferred in accounts managed by the state-controlled Fund for Electricity and Environmental Services (CSEA), whereas the 98% of them is awarded to the public entity Energy Services Operator (GSE). Among the general system charges, the A components, to which the reductions for EIUs refer, include (indicatively) the A3 component, which is dedicated to the financing of support for the production of renewable (RES) energy and assimilated resources and cogeneration of power and heat (CHP). The charges are paid by the end consumers to their electricity suppliers, which subsequently transfer them to the electricity distributors. Before 2008, the general system charges depended on the voltage level to which the user was connected and they composed of a fixed component (charge per connection point) and a variable part (charge per unit of electricity consumed), whereas non-household users were entitled to reduced general system charges or exemptions when certain consumption thresholds were met. Between 2008 and 2013 different consumption blocks were provided with respect to the reductions granted. Following the 2013 reform, the system concerning the general system charges and the granted reductions was reformed. Additional reductions were granted to EIUs fulfilling the criteria established by the new provisions, whereas the previous system of reductions was not totally abolished but adapted.

Furthermore, between July 2013 and January 2018 additional reductions were introduced, amounting to approximately €600 million. The undertakings to which the above reductions applied were active mainly in sectors mentioned in the 2014-2020 Guidelines for State aid for environmental protection and energy, operating mostly in the manufacturing of metal products sector or in other sectors, such as textile, printing and reproduction of recorded media, food industry and manufacturing of other non-metallic mineral products. Taking into account all the circumstances of the case, the Commission determined that the reductions provided by Italy constituted state aid measure, illegally granted as it had not been notified. Nevertheless, following a thorough assessment of the measure, the Commission decided to clear the case, concluding that the above described state aid scheme was compatible with the internal market.



EU: Croatian Support to RES producers is Cleared by the Commission

by Viktoria Chatzara, (Athens)

On 19 May 2017, the European Commission's decision on state aid case SA.38406 concerning Croatia's program for the support of electricity production from renewable energy sources (RES) for 2014-2015, was published in the Official Journal of the European Union. RES installations including solar photovoltaic installations (integrated into building structures and non-integrated), hydropower plants, wind farms, geothermal plants, biomass power stations, biogas and bio-liquid fuelled plants, were eligible for support under the conditions set in the applicable provisions. Pursuant to the scheme, the aid would be granted in two forms of feed-in tariff: (a) an incentive price based on the reference cost of producing electricity (RTP), and (b) the reference price (RC) corresponding to the so-called "Blue" tariff model set by the Croatian Energy Regulator (HERA). The RTP applies to small installations up to (and including) 5 MW, except for integrated solar photovoltaic installations, with respect to which the RTP applies to installations up to (and including) 300 kW, and covers 100% of the eligible costs. With respect to solar non-integrated, wind farms, and bio-liquid fuelled plants, as well as with respect to the remaining installations with capacity from 5 MW to 125 MW, the RC aid is granted, which corresponds to less than 100% of the eligible costs. The aid is granted by the Croatian Energy Market Operator (HROTE), which is entirely controlled by the Croatian State and subject to the supervision of HERA. HROTE verifies the eligibility criteria, concludes the power purchase agreements with RES producers and collects the necessary funds for the RES financing. Said funds are collected on one part by means of a "mandatory purchasing fee" paid by all suppliers to HROTE in proportion to their share in the total supply of electricity in Croatia, and on the remaining part by means of an "incentive fee" charged to all electricity users and collected through their electricity bills. The Commission concluded that the above described measure constitutes state aid, however, after assessing the measure under the 2014-2020 Guidelines on State aid for environmental protection and energy decided not to raise objections to the support scheme, deeming it compatible with the internal market.

EU: Commission Finds Compatible Latvian Support Scheme to RES and CHP Producers

by Viktoria Chatzara, (Athens)

On 16 May 2017, the European Commission published its Decision in case SA.43140 regarding the aid granted from 1 July 2007 to 31 December 2012 by Latvia to producers of electricity from renewable energy sources (RES) and high-efficiency combined heat and power (CHP) plants with the aim of promoting RES and high-efficiency cogeneration and also assisting Latvia in reaching its targets for cogeneration. Said support was granted before Latvia's accession to the European Union, it was, however, continued under amendments after that time as well; hence the Commission's decision only refers to the aforementioned time period, whereas no beneficiary was accepted to the scheme after 31 December 2012. According to the applicable provisions, the aid is granted as a fixed payment for the electricity sold to the grid under a mandatory procurement mechanism or as fixed payments for the installed electricity capacity. The latter option is available only to large CHP plants, having installed capacity greater than 20MW, which are fuelled either by natural gas or by renewable sources. With respect to other RES producers, the aid is granted to electricity generated from onshore wind turbines, biomass and biogas plants, small hydro power plants, natural-gas-fired high-efficiency CHP plants, as well as high-efficiency CHP plants using renewable energy as fuel. The electricity produced by RES generators is bought by the state-owned public trader (JSC) at a price determined according to the applicable national provisions, which is higher than the market price. The relevant expenses are covered by all final electricity users through a levy on electricity consumption; it is provided that said levy will be replaced from 1 January 2018 and one part will be collected with charges proportional to consumption, whereas the remaining part will be collected as a fixed fee depending on the grid collection voltage level. The European Commission, taking into account the information provided by Latvia and complaining parties, concluded that the measure at hand constitutes state aid in the sense of the relevant EU law provisions. Nevertheless, after assessing it under the 2001 Community Guidelines on State aid for environmental protection and the 2008 Community Guidelines on State aid for environmental protection, decided not to raise any objections, as the measure was found to be compatible with the internal market.

EU/Greece: Judgment Regarding PPC's Complaints on State Aid

by Mira Todorovic Symeonides, (Athens)

On 31 May 2017, the European Court issued a judgment in Case C-228/16 P, initiated by the appeal of the Greek Public Power Corporation (PPC) as of 22 April 2016 vs. European Commission, by which the PPC requested the annulment of the order of the General Court of the EU of 9 February 2016 (Case T-639/14) by which the General Court held that there was no longer any need to give a decision on its action for annulment of European Commission letter COMP/E3/ON/AB/ARK *2014/61460 of 12 June 2014, rejecting PPC's complaints concerning State Aid. The complaint concerning State Aid relates to the dispute between PPC and its customer Alouminion SA on tariff of electricity supplied by PPC, which was first determined in the year 2012 by the Greek Energy Regulatory Authority (RAE) as an interim tariff while PPC argued that such tariff is at a price lower than the market price, thus constituting unlawful State Aid. In 2013, the arbitration tribunal instituted by PPC and Alouminion set the tariff with retroactive effect at a level even lower than the previous RAE's decision. Subsequently in the years 2012 and 2013, PPC initiated two complaint procedures before the EU Commission claiming unlawful State Aid. The Decision in Case C-228/2016 sets aside the order of the General Court of the EU in Case T-639/14 and refers the case back to the General Court of the EU.

Renewables what's new...

Bulgaria: Public Hearings on RES Issues

by Galina Ruseva, (Sofia)

On 13 June 2017, in the building of the Energy and Water Regulatory Commission (EWRC), a public discussion was held on a draft decision on setting preferential prices for the electricity produced from renewable energy sources (RES) as well as an update of preferential prices for electricity produced from biomass. On 20 June 2017, EWRC also held a public discussion on the draft Ordinance on the issuance, transfer and revocation of certificates of origin of electricity produced in high-efficiency combined production of electric and heat energy. By the approval and the application of the draft Ordinance a clearer regulation will be achieved, as well as optimization of the procedure related to the issuance of certificates of origin, their usage for proving of the origin of the energy and also synchronization of the Bulgarian legislation with the EU legislation. Amongst the main purposes of the new Ordinance is the synchronization of the sub-delegated legislation with the recent legislative changes in the Energy Act as well as drafting the provisions more precise, where necessary as a result of the analysis of the practice from the application of the current Ordinance. The amendments provide changes in the scope of the EWRC competencies where, save for the issuance and revocation of certificates, the Commission will also administer their transferring. In compliance with the changes in the Energy Act, reflecting the requirements of Appendix X from the Directive no.2012/27/EU the possibility the certificates of origin of energy to be issued, transferred and revoked electronically is now granted.



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

EU: Commission Launches New Mobility Package

by Stefania Chatzichristofi, (Athens)

On 31 May 2017, the European Commission launched a series of proposals (referred to as "Europe on the Move") in an aim to help the mobility and transport sector to be competitive towards the transition to clean energy and digitalisation. Europe on the Move contains among others a package of initiatives that shall encourage fairer road charging and reduce CO₂ emissions and air pollution and in this way

it contributes to the EU Paris agreement commitments. Certain initiatives have either direct or indirect implications in the field of energy and especially as regards to the renewables and energy efficiency. More precisely, in Europe on the Move package there are proposals concerning cleaner fuels, standards for cars emissions as well as the deployment of electric vehicles, all of them in an attempt to ensure that Europe has secure, cheap and climate-friendly energy.



EU: New Energy Labels for Household Appliances

by Maria Cheimona, (Athens)

On 13 June 2017, the European Parliament approved the introduction of new energy labels for household appliances. The A+, A++ and A+++ labels will be replaced by simpler A-G energy ratings. The majority (approximately 80%) of the consumers look at energy labels when buying an appliance, so this system will lead to an immediate comparison of appliances via the products' QR codes. The requirements regarding the labels will be the same for imports and EU-manufactured products. However, concerns have arisen because the labels will coexist about a decade and consumers will have to wait up to the year 2030 to see the new labels on space and water heaters. More specifically, some products such as TVs' and lamps'

labels will be introduced by early 2020, and other like air-conditioners and oven between 2021 and 2025. In any case, the new label system is of high significance as it can help the reduction of carbon emissions, could save 200 billion kWh of energy per year, and could highly benefit household savings (approximately €490 per year) and extra revenue of €55 billion for European businesses.

Ukraine: Parliament Adopts the Law on Energy Efficiency Fund

by Tetyana Vyshnevskya, (Kiev)

On 8 June 2017, the draft law no. 5598 of 26 December 2016 on Energy Efficiency Fund (EEF) was adopted by the Parliament. The draft law provides for establishment of a non-profit public entity with the purpose to promote investments in energy efficiency initiatives in Ukraine, including in the residential sector. Among others, the draft law determines the structure of the EEF, the conditions for its functioning and funding, as well as the list of and requirements for energy efficiency measures to be funded by the EEF, and the provisions on the liability of the EEF and its officials. If signed by the President, the law shall become effective on the day following the day of its official publication, except for the provisions dependent on coming into force of the Law of Ukraine on Energy Efficiency of Buildings.

ENERGY EFFICIENCY highlight...

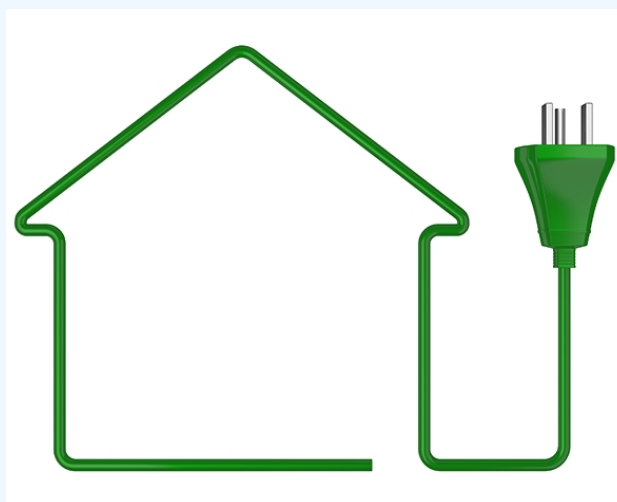
Greece: Draft Law on Energy Communities

by Mira Todorovic Symeonides, (Athens)

On 7 June 2017, the Greek Ministry of Environment and Energy launched a public consultation on the draft Law on energy communities, with duration until 26 June 2017. The Draft Law defines energy communities as civil law partnership with exclusive aim to promote social economy, solidarity and innovation in energy, respond to energy needs, promote energy sustainability in production, storage, self-consumption, distribution and supply of energy, and to increase energy efficiency in final consumption on local and regional level. Generally they are regulated as non-profit organizations with one exception. They will be entitled to distribute profit if they have at least fifteen (15) members, 50% of which are individuals.

Individuals, public and private law legal entities and/or local authorities (municipalities) of the seat of an energy community or its plant, may be members of such energy community. The minimum number of members is as follows: a) five public and/or private law legal entities, and/or individuals; or b) three local authorities; or c) three members if at least two are local authorities. At least 75% of the members should be legally connected to the place of such energy community's seat (e.g. have a real estate on its territory).

The scope of business of energy communities may be: production, storage, self-consumption, sale of electricity or heating/cooling from RES or High-efficiency CHP; management of raw material for production of electricity or heating/cooling from biomass, or bio-waste, or biofuel; procurement for the members of energy communities of appliances and installations with increased energy efficiency as well as electric vehicles, vehicles using natural gas, biofuel or liquefied gas; distribution of electricity or heating/cooling on the local level; supply of electricity and natural gas on local level; demand management of final consumption of electricity; development and management of fueling stations for electric vehicles, fueling stations for CNG, LNG, liquefied gas or biofuel, management of their transportation on the local level; and management of desalination of water by using of RES.



The Draft Law provides for financial incentives of energy communities such as: guaranteed tax rate for five years; exemption, under certain conditions, from payment of part of the RES tax which is paid to local authorities; exemption from payment of the annual tax for maintaining of RES and High-efficiency CHP license; priority in processing of the application for connection to the grid and approval of the environmental conditions for the RES and High-efficiency CHP production units; payment of the reduced guarantee for 50%; and reduced minimum capital to 10% of the capital required for obtaining of an energy supply license. The following incentives may be introduced with respective Ministerial Decisions: exemption from auctions on RES Feed-in-Premiums (FiPs) or participation under special regime and conditions; and reduced charges for fees of the Representative of Last Resort.

This Draft law has raised sizable attention in Greece, primary of the energy market stakeholders but also of interested individuals. Thus, the response to the consultations is considerable. It should be noted that energy communities are also for the first time included in the Winter Package Proposal of the European Commission, and particularly in the Directive on the promotion of the use of energy from RES and the Directive on common rules for the internal market in electricity.

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


Ukraine: Environmental Impact Assessment Law Enacted

by Tetyana Vyshnevskya, (Kiev)

On 23 May 2017, the Ukrainian Parliament passed the Law no. 2059-VIII on Environmental Impact Assessment (EIA). The Law aims to prevent environmental damage, ensure environmental safety and protection, as well as the rational use and recreation of natural resources when doing business which may significantly affect the environment. It was drafted with due account of Ukraine's commitments under the UNECE Conventions on Access to Information, Public Participation in Decision-making and Access to Justice in Environmental Matters (Aarhus Convention) and on Environmental Impact Assessment in a Transboundary Context (Espoo Convention), as well as the EU-Ukraine Association Agreement and the Energy Community Treaty, which is particularly important in view of the infringement case recently opened against Ukraine by the EnC Secretariat (Case ECS-13/16). The Law lists the types of business activities requiring the EIA and provides particularities of the procedures/documents necessary to obtain a permit for such business activities, as well as details of the transboundary EIA and the liability for violation of relevant laws. Although the Law has come into force on 18 June 2017, it shall become applicable in six months, i.e. on 18 December 2017.



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