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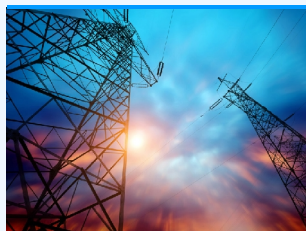
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ENERGY MARKETS

EnC/Ukraine: Secretariat Highlights Recent Developments in Energy Sector of Ukraine / Update on Privatisation of Energy Companies

by Tetyana Vyshnevskva (Kiev)

On 9 March 2016, the Energy Community (EnC) Secretariat issued the third Country Brief: Spotlight on Ukraine, dedicated to the progress made by Ukrainian authorities in transposition of the Third Energy Package into the national legislation and implementation of the energy sector reform. The Brief provides a detailed overview of the secondary legislation adopted by the Government, the Ministry of Energy and Coal Industry of Ukraine and the National Energy and Utilities Regulatory Commission for purposes of the natural gas market reform as well as the Secretariat's comments on the efficacy and compliance of these enactments with the gas acquis as applicable to the EnC Contracting Parties. Having reviewed the adopted legislation, the Secretariat concluded that, notwithstanding the general conformity with provisions of the gas acquis, some of the mandatory requirements were not transposed or were transposed incorrectly, thus further improvement and proper application of the adopted legislation are needed to ensure successful finalisation of the reform. According to the Brief, the Secretariat is currently assessing the draft plan for unbundling of NJSC Naftogaz of Ukraine on its compliance with the provisions of the Third Energy Package. In order to gather views of relevant stakeholders, the Secretariat has held a hearing in Vienna on 14 March 2016.

The Brief describes the operation and design of the future electricity market in Ukraine, elaborates on the legislative and regulatory framework already prepared for this purpose by Ukrainian authorities in cooperation with the Secretariat, as well as activities to be carried out in the coming months. As concerns transposition of Directive 2012/27/EU on energy efficiency and Directive 2010/31/EU on energy performance of buildings, Ukraine hasn't made much progress: relevant draft laws are either still in development or undergoing approval procedures. Draft implementing technical regulations on energy labelling of televisions, household tumble driers, domestic ovens and range hoods have been submitted to the Secretariat for a compliance assessment.



In response to the Secretariat's call for the selection of priority infrastructure projects of 21 January 2016, in accordance with the Regulation (EU) 347/2013 on Guidelines for trans-European energy infrastructure (TEN-E Regulation), Ukraine submitted 6 projects concerning construction, rehabilitation and modernisation of electricity lines (Ukraine-Poland, Ukraine-Slovakia, Ukraine-Romania), development of gas transmission capacity from Hungary to Ukraine, construction of a gas interconnector and an oil pipeline (Ukraine-Poland). The Secretariat is expected to assess the submitted information and compile a list of selected priority infrastructure projects by the end of 2016. The Brief also updates on the status of 3 infringement cases opened by the Secretariat against Ukraine for non-compliance with Directive 1999/32/EC relating to a reduction in the sulphur content of certain liquid fuels, non-compliance of rules on capacity allocation on electricity interconnectors and failure to adopt and implement legislation prohibiting the state aid.

Although not mentioned in the Brief, it's worth noting that the State Property Fund of Ukraine has recently published a presentation of ca. 450 state owned enterprises subject to privatisation in 2016, including 25% to 100% shares of 24 energy producing and supplying companies. On 16 February 2016, Ukrainian Parliament adopted the Law 1005-VIII on Amending Certain Laws of Ukraine Concerning Improvement of the Privatisation Process, seeking to simplify and facilitate sale of state owned enterprises mentioned above. Among other changes, the Law provides for disclosure of end beneficiaries and income sources of legal and natural persons participating in the privatisation process as buyers; prohibits participation of companies in which Ukraine is holding more than 25% of shares as well as legal and natural persons registered in/owned by/citizens of an aggressor country (in particular, the Russian Federation) or subject to a sanctions regime; envisages the possibility to settle disputes arising from a purchase agreement by means of international arbitration. The Law came into force on 6 March 2016.

more news on Energy Markets:

EU: Commission Requests Austria, Belgium and Croatia to Fully Comply with Third Energy Package

by Evridiki Evangelopoulou (Thessaloniki)

On 25 February 2016, the European Commission published its monthly package of infringement decisions. Among various sectors and EU policy areas, these key decisions are referring also to the energy sector. Among others, the Commission sent reasoned opinions to Austria, Belgium and Croatia requesting them to ensure the correct implementation and application of the Electricity Directive (Directive 2009/72/EC) and the Gas Directive (Directive 2009/73/EC), which are part of the Third Energy Package and contain key provisions for a proper functioning of energy markets. Austria has incorrectly transposed several unbundling requirements concerning the independent transmission operator unbundling model and has not fully respected rules concerning the powers of the national regulatory authority. Belgium, on the other hand, did not correctly transpose some of the rules on ownership unbundling, making it nearly impossible for other undertakings than the national gas and electricity incumbent system operators to develop and manage interconnectors to other EU Member States. Belgium also did not correctly transpose certain rules on the powers of the national regulator and consumer provisions. Finally, Croatia's current national framework creates unjustified barriers to the export of domestic gas production, restricts gas imports from other Member States and leads to delayed gas market opening, contrary to the rules on free movement of goods in the TFEU, the Gas Directive and the Gas Regulation (EC) No 715/2009 while the existing price regulation for non-household customers and the regime on access to and capacity allocation of storage do not fully comply with EU internal energy market rules. The above mentioned Member States have two months to inform the European Commission of the measures taken to remedy the situation, following which the Commission may decide to refer the cases to the Court of Justice of the EU.

EU/Greece: Second Phase of REMIT Data Collection in EU and Greece

by Dimitris Nisanakis (Athens)

On 7 April 2016, the obligation for market participants to report wholesale energy supply contracts executed over-the-counter, transportation contracts and additional fundamental data under the EU Regulation on Wholesale Energy Integrity and Transparency (REMIT) begins. This 2nd phase will complement ACER's data collection of wholesale energy market transactions, which first began 7 October 2015. Along with its effort to register reporting parties Registered Reporting Mechanisms (RRMs), ACER has provided a comprehensive set of guidance on transaction and fundamental data reporting. ACER has published several Q&As and FAQs regarding the 2nd phase of data collection under REMIT and will continue to provide all interested parties with additional material.

In this regard, the Greek Operator of Electricity Market (LAGIE), an Organised Market Place (OMP) and a Registered Reporting Mechanism (RRM) for Greece, published on 9 March 2016 an announcement regarding the commencement of the 2nd phase of data collection under REMIT as of 7 April of 2016. LAGIE in order to broaden the services offered to the Participants in the Greek wholesale energy market and in order to provide additional reporting services for Bilateral Contracts is extending the RS-RRM information system. The new Services will be available to DAS (Day Ahead Scheduling) Market Participants for the reporting of their Bilateral Contracts, counterparties of the above DAS Market Participants for the reporting of the among them Bilateral Contracts and Producers of electricity from RES units with installed capacity of over 10MW with an active Purchase Contract with LAGIE. A respective announcement was published on 18 March 2016 also by the Greek energy regulator RAE inviting market participants to register to the respective registry kept by RAE by no later than 7 April 2016.



Albania: National Plan Sets Priorities in Energy

by *Odisea Xhelita (Tirana)*

On 27 January 2016, the Council of Ministers (CM) approved the Decision No. 74/2016, promulgating the National Plan for European Integration (NPEI) for 2016-2020 (Official Journal, 17/2016), among others, analysing the actual situation and settling priorities in the energy field.

Summarising the main legislative achievements, the NPEI states that Albania has made significant progress in aligning its legislation with the *acquis communautaire* in the energy field. As Among others, the Albanian Parliament has approved: i) Law No.43/2015, dated 30 April 2015, On Electricity Power Sector, which came into force on 13 July 2015, transposing Directive 2009/72/EC; ii) Law No.102/2015, dated 23 September 2015, On Gas Sector, which came into force on 30 October 2015, transposing Directives 2009/73/EC and 2004/67/EC, and implementing Regulation (EC) No.715/2009; and iii) Law No.124/2015, dated 12 November 2015, On Energy Efficiency, which came into force on 9 December 2015, transposing Directive 2012/27/EU. The draft law on energy performance of buildings and amendments to renewable energy sources legislation are expected to be submitted soon to the Albanian Parliament. Furthermore the CM aims to create the National Agency for Energy Efficiency and the Efficiency Funds.

The CM has set the following priorities, respectively, for the sectors of electricity, oil & gas, energy efficiency and renewable sources: i): to draft and approve the Electricity Power Market Model and the secondary legislation with a view to further liberalisation of the electricity power market, to finalise the construction of the interconnection line 400kV Albania-Kosovo, to realise the planned investments for 2016 concerning the Electricity Power Distribution Operator (EPDO), to improve the performance of public entities operating in the electricity power sector, by reducing losses of distribution system and increasing receivables; ii) to promote approximation with the *acquis communautaire*, in full compliance with Directive 94/22/EC, to draft a new law stipulating the model of security reserves of crude oil and its products, to draft and approve the secondary legislation in the gas sector ; iii) to draft and approve secondary legislation on energy efficiency in compliance with Directive 2012/27/EU, to approve the drafted regulations on energy efficiency of buildings in compliance with Directive 2010/31/EU, and to update the Buildings Energy Code; iv) to revise the existing tariffs for small HPPs, to set fair "feed-in" tariffs for all renewable sources, to coordinate the administrative procedures through the National Center of Energy Application (NCEA), to promote investments on the transmission system for integrating more generation capacities, to draft and approve secondary legislation on biofuels, to transpose the Directive 2009/28/EC as it concerns producing, transporting and trading biofuels and other renewables for transport, and to appoint the Energy Regulator Authority (ERE) as the responsible institution for the certification system, as it concerns the renewable sources.

Pursuant to point 8 of the Decision No.74/2016, all ministries and other central institutions are in charge to implement the specific tasks set by NPEI 2016-2020.



BiH: Bosnia and Herzegovina Signs the International Energy Charter

by *Nebojsa Milanovic (Banja Luka)*

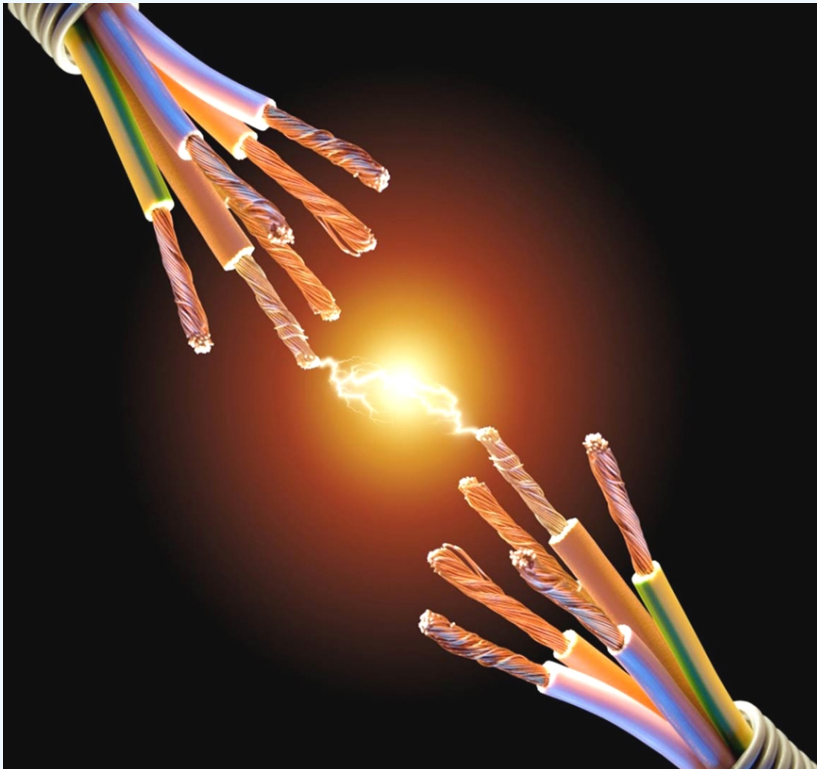
On 1 March 2016, Bosnia and Herzegovina signed the International Energy Charter at a signing ceremony at the Energy Charter Secretariat in Brussels and thus made official the accession of Bosnia and Herzegovina to this important international document in the field of energy. Bosnia and Herzegovina is the seventy second signatory of the International Energy Charter which was adopted in May 2015 at a Ministerial Conference in The Hague. The International Energy Charter is a declaration of political intention aiming at strengthening energy cooperation between the signatory states and which does not bear any legally binding obligation or financial commitment. It reflects some of the most topical energy challenges of the 21st century aiming to promote mutually beneficial energy cooperation among nations for the sake of energy security and sustainability. The International Energy Charter forms part of the consolidated version of the Energy Charter Treaty, which was signed in December 1994 and entered into force in April 1998. Bosnia and Herzegovina was one of the original signatories of the Energy Charter Treaty of 1994, which it formally ratified in 2001.



ELECTRICITY

Serbia: Successful Launch of Serbian and Croatian Power Exchanges

by *Stefan Pavlovic (Belgrade) and Sanja Tolj Par (Zagreb)*



After the launch of the Independent Bulgarian Power Exchange EAD (IBEX) on 19 January 2016, two further new power exchanges went live recently in Southeast Europe, i.e. SEEPEX a.d. Beograd (SEEPEX) in Serbia and Hrvatska Burza Električne Energije d.o.o. (CROPEX) in Croatia. These developments shall enhance electricity trading and bring sufficient liquidity into the market, constituting a significant step towards electricity market integration in the region.

On 10 February 2016, the Croatian Electricity Stock Exchange (CROPEX) and Nord Pool, Europe's leading electricity stock exchange launched the first day-ahead electricity market in Croatia. This is a result of a service agreement between CROPEX and Nord Pool signed in 2015, which regulates implementation and management of a trading system on the Croatian day-ahead electricity market. The new CROPEX day-ahead market has already been

operationally integrated into the EU Multi-Regional Coupling trading system. CROPEX was founded in May 2014 by the Croatian Transmission System Operator and the Croatian Electricity Market Operator. The Croatian Energy Regulatory Agency has appointed CROPEX in December 2015 as the Nominated Electricity Market Operator (NEMO) Stock Exchange for the uniform implementation of linking the day-ahead and intraday electricity market for an initial period of four years.

Moreover, on 17 February 2016, the South Eastern Europe Power Exchange in Serbia - SEEPEX has launched the Serbian Day-Ahead Power Market, with 1.925 MWh being traded on the first day. The launch of the SEEPEX Day-Ahead market is a major step in the creation of a regional power trading solution for South East Europe (SEE) and has been highly anticipated by the electricity market community. The first month of SEEPEX operation went with success. The total traded volume was 44394.3 MWh, with average base price of 23.9 EUR/MWh and average peak price of 27.7 EUR/MWh. SEEPEX has been established as a joint venture of the Serbian transmission system operator PE Elektromreža Srbije (full member of the European Network of Transmission System Operators for Electricity ENTSO-E), and the European Power Exchange EPEX SPOT in order to secure a transparent and reliable mechanism for the establishment of wholesale electricity prices and so as to secure that all concluded transactions will be realised and charged. The operation of SEEPEX relies on the Emissions Trading System (ETS), used by EPEX SPOT for operating its own markets in Central Western Europe. Clearing and settlement are performed by the clearing house European Commodity Clearing AG (ECC). SEEPEX clients benefit from high-standard clearing, cross-commodity margining and the access to the European-wide network of commodity exchanges working with ECC. This also allows for an efficient and fast adherence to existing market coupling initiatives such as the 4M Market Coupling (Hungary, Czech Republic, Slovakia, and Romania) or the Multi-Regional Coupling, already covering 85% of European electricity consumption.

more news on Electricity:

EU: EESC Publishes Opinions on Commission's Consultations

by Stefania Chatzichristofi (Athens)

On 3 March 2016, two opinions of the European Economic and Social Committee (EESC) were published in the Official Journal (2016/C 082/03 and 2016/C 082/04) providing comments on the European Commission's consultation on its Communication regarding the new energy market design (launched on 15 July 2015) as well as on its Communication regarding the new deal for energy consumers (launched on 14 October 2015).

With regard to the new energy market design, the EESC points out that the solutions set out in the Commission's communication represent less a 'fundamental transformation of Europe's energy system', as declared, than an adaptation of the existing system or an addition to it. According to the EESC, a whole new energy system, with a much larger, more decentralised range of stakeholders, must be designed and developed. Among others, all market participants must have at their disposal enough options that afford flexibility, such as sufficient storage capacity, flexible, consumer-friendly demand options and flexible power generation technologies (e.g. high-efficiency cogeneration). The clear focus on the electricity grid and market does not properly address the main challenge actually facing European energy policy; discussions need to take greater account of heating and transport, as there are likely to be substantially more links between these three areas in future. The EESC also considers important the active involvement of consumers in production and direct local or regional marketing. Businesses, members of the public or any municipal utility companies should be given the possibility to use local and regional energy sources directly without going through an exchange or traders, and/or to market this energy directly without difficulty. Moreover, the EESC points out, that large investments in energy production and storage cannot be re-financed because today's exchange prices do not reflect the real cost structure due to subsidies and over-regulation. The Commission should consider adapting its own subsidy system and the ongoing practice of setting prices at national level should be abolished.

Furthermore, regarding the new deal for energy consumers, the EESC disagrees with the rather narrow meaning of self-consumption and self-production used in the Communication. The benefits of the new prosumer approach described by the Commission show that this is more than merely a complement to the 'centralised generation sources'. This is about the freedom of consumers, i.e. businesses, the public, public utility companies, etc. to choose to also play an active role in the energy system of the future through active generation, self-consumption, storage and self-marketing. Demand response will play a central role. To this end, the technical conditions (smart meters, smart grids) must first of all be established on the consumer side and should be understood and financed as part of grid development. New incentive schemes must be developed that reward efforts to design self-consumption, direct supply, storage of surplus energy and the provision of control power, i.e. active load management for all market participants, in a way which benefits the system. Moreover, consumers should be free not only to choose the distributor but also the energy producer.

EU: MoU on Common Methodology for Capacity Calculation at the CWE and CEE Regions

by Lazaros Sidiropoulos (Athens)

On 4 March 2016, ENTSO-E announced that the sixteen transmission system operators (TSOs) of the Central Western Europe (CWE) and Central Eastern Europe (CEE) capacity calculation regions (CCRs) signed a memorandum of understanding (MoU) on 3 March 2016 on the development of a common CWE and CEE CCR's day-ahead flow-based capacity calculation methodology and the merger of the CEE and CWE CCR. The main objective of the MoU is to develop a common day-ahead flow-based capacity calculation (DA FB CC) methodology and merge the two regions into one in line with the provisions of the Commission Regulation (EU) 2015/1222 of 24 July 2015 establishing a Guideline on Capacity Allocation and Congestion Management" (CACM). The final aim is to facilitate electricity exchanges across 13 member states and thus enhance security of supply and freedom of choice for electricity customers. The common DA FB CC methodology shall be based on the one already operational in the CWE region as well as on the approach under development in the CEE region. The CWE CCR covers France, Germany and the Benelux countries, while the CEE CCR covers Germany, Luxembourg, Austria, Poland, the Czech Republic, Slovakia, Hungary, Romania, Slovenia and Croatia. In the MoU, the CWE and CEE Parties confirm their commitment to the final objective of ultimately merging the CWE and CEE CCRs and express their intention to closely cooperate on the development of the common DA FB CC methodology and its application under a single coordinated process for both CEE and CWE CCRs as a first step towards the merger of the two regions. The CWE and CEE Parties shall submit by Q1 2017 a common DA FB CC methodology to national regulators for approval; to this end, an approach will be followed which consists of two phases, i.e. phase 1: concept definition, validation and approval; and phase 2: concept implementation. The merger of the CWE and CEE CCRs shall be accomplished after the National Regulatory Authorities' approval of the methodology.



EU: ENTSO-E Responds to EU Study on Options for Future Electricity System Operation

by Lazaros Sidiropoulos (Athens)

On 1 March 2016, ENTSO-E published its response to the study "Options for the future Electricity System Operation", which was conducted for DG ENER of the European Commission and was published on the Commission's website in December 2015. The study's aim was to develop a target model for transmission system operations that is implementable in 2020 and able to meet the challenges that can be expected up to at least 2025. To this end, it divided the operation of the power system into "before real-time" and "real-time" activities, and proposed a centralisation of system operation functions, by shifting functions from current national TSO to a regional (centralised) level through the creation of Regional Operation Centres (ROCs), which would assume a dominant decision-making role in this regard. ENTSO-E stresses its disagreement with the proposals of this study and identifies several weaknesses in the respective approach. Among others, it points out that a clear-cut competence split between ROCs and TSOs is unrealistic; the ROC set-up would put secure system operations at risk, make them less transparent and more uncertain, and lead to a general lack of clear responsibility in operational decision-making. What is more, shifting (a part of) the security of supply responsibility from member states to regions or Europe would be a fundamental change in the way that the security and stability of the system are maintained and guaranteed today. This would have very strong legal implications, long transition periods, and, above all, dilution of responsibilities. ENTSO-E comes to the conclusion that, while also ENTSO-E and its members are engaged in regional integration, the network codes and the ongoing roll-out of Regional Security Coordination Service Providers (RSCSPs) can achieve the same objectives faster with lower costs and less risk than the solutions presented in the study.

EU: ENTSO-E Launches Consultation on TERRE Project regarding Replacement Reserves

by Lazaros Sidiropoulos (Athens)

On 7 March 2016, ENTSO-E launched a public consultation on the design of the next phase of the TERRE (Trans European Replacement Reserves Exchange) project. TERRE is a pilot project for cross-border Replacement Reserve (RR) exchanges with the aim to support early implementation of some of the objectives of the future Electricity Balancing Network Code, which is still under discussion. While Operating Reserves are used to correct a system imbalance, Replacement Reserves are used in some systems to restore the required level of Operating Reserves to be prepared for a further system imbalance. The main objective of the project is to establish and operate a platform capable of gathering all the offers for Replacement Reserves from TSO's local balancing markets and to provide an optimised allocation of RR to cover the TSOs imbalance needs. The project shall help gather experience and knowledge which will then contribute to the implementation, at European level, of the target model for cross-border electricity balancing. 8 European TSOs from Great Britain, France, Spain, Portugal, Italy, Switzerland and Greece are participating in the project, whilst 2 European TSOs from Ireland and Northern Ireland are observers. At present, the TERRE project has been progressing through its design phase which is now coming to a close with this public consultation. ENTSO-E published a detailed consultation document aiming to share the results of the TERRE project design phase and seeking stakeholders' views on the different design options. After due consideration and evaluation of all comments, the project partners will formally seek support from their National Regulatory Authorities. The consultation shall run until 1 April 2016.

Ukraine: Draft Laws on Electricity Market and Energy Market Regulator Submitted to Parliament

by Tetyana Vyshnevska (Kiev)

Several bills of high importance for the energy sector of Ukraine have been recently submitted to the Parliament, in particular the draft law no. 2966-д on National Energy and Utilities Regulatory Commission, registered on 19 February 2016, and the draft law no. 4196 on Electricity Market of Ukraine, registered on 10 March 2016. Both bills were drafted in close cooperation with the Energy Community Secretariat with the intention to bring Ukrainian legislation in line with the Third Energy Package, establish an independent energy market regulator and a transparent and competitive electricity market in Ukraine. The enactment of the bills, highly anticipated by the relevant stakeholders, is expected to take place in the near future.

Serbia: Public Consultation on a Text of Rules regarding Publication of Key Market Data

by Stefan Pavlovic (Belgrade)

On 5 February 2016, the public enterprise "Electric Network of Serbia" launched a public consultation on a Text of Rules regarding publication of key market data. These Rules shall regulate the timely disclosure of key market data regarding consumption, transmission, production and balancing market as well as their availability to all participants in the electricity market as a precondition for non-discriminatory and transparent functioning of the electricity market. The Rules shall also regulate the rights and obligations of the electricity transmission system operator, the electricity distribution system operator, the closed electricity distribution system operator, electricity producers and consumers in connection with the publication of market data and other issues necessary for their publication. The consultation was open for submitting remarks until 26 February 2016.

Croatia: Certification of Croatian Electricity Transmission System Operator

by Sanja Tolj Par (Zagreb)

The Croatian Energy Regulatory Agency adopted at the meeting of the Governing Council on 22 February 2016 a Resolution on issuing an independent transmission operator (ITO) certificate to the company Croatian Transmission System Operator Ltd. In accordance with the legal procedure, the Agency informed the European Commission on the issuance of the certificate stipulating four conditions and the deadline for completion of each of them, which is a procedural option provided in the Electricity Market Act (Official Journal, 22/13, 95/15 and 102/15). Failure to fulfill any of the conditions will result in the revocation of the certificate by the Agency. The ITO certification model presents one of the most challenging components of the implementation of the Third Energy Package, primarily due to the requirement for continuous monitoring of the operator by the regulator on its compliance with the accounting, organisational and functional unbundling standards of a vertically integrated entity. The issuance of the Certificate is a result of a three-year effort of all parties concerned, namely the Croatian Energy Regulatory Agency, the Croatian Transmission System operator Ltd. and HEP Ltd.



O I L & G A S

EnC: Study on Cross-Border Gas Market Integration

by Lazaros Sidiropoulos (Athens)

On 8 March 2016, the Energy Community (EnC) Secretariat published a study on Cross-Border Gas Market Integration. The study provides an analysis of the potential geographic scope of gas market integration with the objective to assist the establishment of well-functioning regional wholesale natural gas markets in SEE/CEE and their integration in the EU internal natural gas market. Specific objective of the study is to propose a market model for SEE/CEE gas market integration in line with the requirements of the 3rd Package, the relevant network codes and the ACER Gas Target Model as well as to prepare an action plan for its implementation.



The study starts with assessing the current state of development of the Contracting Parties' natural gas markets from an infrastructure as well as market functioning perspective by introducing national market factsheets based on information provided by the Secretariat and the national regulatory authorities. The assessment reveals that, at the moment, the gas markets of Contracting Parties are characterised by big differences regarding their development state and market design, where some countries currently even have no gas market at all. For the majority of countries, gas does not play an important role in the total energy consumption and gas demand is rather low. Ukraine is by far the largest gas market within the considered countries whereas Kosovo and Montenegro do not have existing gas markets at the moment. Notwithstanding the substantial differences of national markets, the results show a huge improvement potential.

Based on the information gathered as above stated, the study then assesses four regional gas market integration scenarios (Ukraine West, Serbia North, Adriatic integration, Ukraine South) based on defined feasibility criteria, followed by a direct market access analysis in which the improvement to direct market access for involved Contracting Parties is defined. The increase of direct market access of multiple supply sources is seen as a strong motivation of market integration and the major precondition to efficient and competitive markets. The results show significant potential for the Contracting Parties to directly access new sources in the pre-selected market integration scenarios.

In a next step the study presents the results of a cost-benefit analysis (CBA) which was prepared for these four market integration options taking into consideration the potential for welfare creation and for improved market functioning as a result of market integration. The results show that market integration will significantly improve market health of Contracting Parties. Increased wholesale and retail market efficiency, improved storage market efficiency, efficiency gains from joint trading access and balancing operations, lowered balancing costs, etc. are some of the positive effects identified in this regard. Based on a differentiated analysis of topological preconditions, harmonisation prerequisites and potential barriers of the market integration tools provided in the ACER Gas Target Model, the study then provides concrete proposals regarding the market integration tools to be applied per Contracting Party. In a final step, a rough market integration action plan is defined giving a general overview of the next steps towards realisation of discussed market integration.

In general, the study concludes that gas market integration in the Energy Community: is feasible for the considered integration options; is beneficial because it is expected to create welfare benefits and contribute to the development of functioning markets; can be implemented on existing infrastructure; does not require much more effort than what would be necessary to fully transpose EU regulations anyway; and should be brought on the way as soon as possible to realise identified benefits.



more news on Oil & Gas:

EU: The CJEU Upholds Restrictive Measures against the National Iran Oil Company

by *Viktoria Chatzara (Athens)*

On 1 March 2016, the Court of Justice of the European Union (CJEU) issued its decision on an appeal brought by the National Iran Oil Company (NIOC) against a decision of the General Court (case C- 440/14P) dismissing an action for annulment of the NIOC against the Council Decision No 2012/635/CFSP and the Council Implementing Regulation No 945/2012. On the basis of these legislative texts, NIOC was included in the lists of natural persons and entities, whose assets were to be frozen, as they were included in the persons and entities providing support to the Government of Iran allowing it to pursue proliferation-sensitive nuclear activities and the development of nuclear weapon delivery systems. The CJEU addressed and dismissed all the grounds of appeal, on which NIOC relied, stating that there was no violation of the substantive and procedural legal requirements for the issuance of the contested Decision and Regulation.



EU: Commission Requests Greece, the Netherlands and Portugal to Transpose the Offshore Safety Directive

by *Paraskevi Charalampidi (Athens)*

On 25 February 2016, the European Commission, in its monthly package of infringement decisions, requested from Greece, the Netherlands and Portugal to transpose the Offshore Safety Directive (Directive 2013/30) and put in place a set of rules into national law in aim to prevent accidents in an offshore oil and gas installation. Pursuant to the Directive, the EU countries must ensure that the companies to which they give licenses are well financed, have the necessary technical expertise and prepare a Major Hazard Report for their offshore installation before exploration or production begins, as well as to ensure that the information on how companies keep their installations safe are made available to citizens. The European Commission sent reasoned opinions to the above countries because the Member States had not transposed the Directive into the national law by 19 July 2015 as they should. The Member States should now transpose the Directive within two months otherwise the European Commission may decide to refer them to the Court of Justice of the EU and ask for financial penalties.

EnC: Secretariat Issues Second CESEC Report on Gas Market Integration

by *Stefan Pavlovic (Belgrade)*

On 1 March 2016, the Secretariat issued its monitoring report regarding the Action Plan of the Central and South-Eastern European Gas Connectivity (CESEC) initiative. The present monitoring report is the second in a series of bimonthly reports on the progress made by the Energy Community Contracting Parties participating in CESEC, i.e. Albania, Serbia, FYRoM, Moldova and Ukraine. Having in mind that Moldova joined the initiative at a later stage this report includes the review of market integration measures implemented by this country for the first time. The Energy Community Secretariat was invited to monitor the progress of the implementation of the Action Plan regularly. Monitoring focuses on the implementation of following action points: ensuring transparent and non-discriminatory third party access; ensuring free flow of gas and provision of competitive framework; infrastructure related measures; measures required for market integration; TSO unbundling; and NRA independence. Regarding infrastructure projects, the Report focuses on the Gas Interconnection Bulgaria-Serbia (IBS), as one of only two CESEC priority projects where a Contracting Party is involved. This pipeline shall improve diversification of routes and sources and interconnectivity of natural gas markets in South East Europe.

EU/Greece: Launch of LNG Poseidon Med II Programme

by *Paraskevi Charalampidi (Athens)*

On 17 February 2016, an event was held at the European Parliament in Brussels as part of the opening of the second part of Poseidon Med programme after the successful completion of the first part of LNG development programme Poseidon Med. The event aimed to bridge the two parts of the programme, emphasising the main findings of the first part and planning on the next steps for the use of Liquefied Natural Gas (LNG) as main marine fuel in the eastern Mediterranean region. Poseidon Med II shall involve 26 parties from three EU member states (Greece, Italy and Cyprus) with the scope to prepare the legislative framework and define the requirements for the distribution of LNG at five major ports (Piraeus, Patras, Igoumenitsa, Herakleion and Limassol). The Greek gas TSO DESFA shall act as the technical coordinator of the project with the mission to ensure the technical efficiency, the quality and the environmental integrity of the project. For this reason the terminal station in Revithousa in Greece offers the most reliable and effective solution for the development of an international bunkering hub. As the purpose of Poseidon Med II is the reduction of gaseous pollutants in energy and transportation, the programme is being financed by 50% from EU funds.

Greece: DEPA and Gazprom Export Agree on Non-Payment of Take-or-Pay Clause for 2015

by *Stefania Chatzichristofi (Athens)*

On 1 March 2016, and following the previous relative announcement of 22 January 2016 referring to the year 2014, the Greek Public Gas Corporation (DEPA) issued a press release announcing that an agreement was reached with the company Gazprom Export regarding the non payment for the quantities of natural gas that were not absorbed within the year 2015 by the Greek market as per application of the respective take-or-pay (ToP) clause included in the long term supply agreement regulating the commercial relations between the two parties. After numerous negotiations, Gazprom agreed to fully waive its claim for the sum due for the year 2015, amounting approximately to 5 million Dollars, attributed to the activation of the ToP clause because of the absorption of reduced amounts of gas due to the reduced demand of natural gas in the Greek market. As a result of this agreement between DEPA and Gazprom Export DEPA's clients shall not be charged retroactively with the said amount for 2015.

RENEWABLES

Greece: Public Consultation on New Support Scheme for RES and CHP

by Mira Todorovic Symeonides (Athens)

On 26 February 2016, the Ministry of Environment and Energy launched a public consultation on the new support scheme for RES and CHP operations (operating aid) which lasted until 14 March 2016. The scope of the new scheme is to comply with the EU Guidelines on State aid for environmental protection and energy 2014-2020 (2014/C 200/01), to introduce gradual integration and participation of RES and CHP in the electricity market with minimum cost for the consumers as well as to create safe investment environment which will enable timely fulfillment of undertaken obligations regarding the share of RES in the total energy and electricity consumption.

The new scheme is based on the feed-in-premium (FiP), added to the wholesale price of electricity, which will be modified in competition procedures to be organised for the establishment of specific capacity. In competition procedures the winning bidder will be the participant who offers to receive the lowest FiP. The FiP shall have the form of sliding premium which will take into consideration the total amount received by each plant in order to avoid excessive remuneration. In addition, the producers will, during the initial period whose duration will depend on the maturity of the market, receive management premium. The Ministry of Environment and Energy will assess the amounts and the duration of the management premium on an annual basis. The duration of the support scheme with guaranteed FiP as of the day the plant is put into operation will remain the same (20 years for all and 25 years for rooftop PVs up to 10 kW). Any investment aid previously received will be deducted from the operating aid.

During a transitional period new RES plants will participate in the wholesale market (day-ahead market) and would be subject to balancing charges or reduction of price in case of divergence from the planned quantities. RES operators in charge for representing RES producers in the wholesale market and a RES operator of last resort will be established to facilitate participation of the producers in the wholesale market.

The new scheme will apply to all new plants which sign PPA after 1 January 2016, while plants with new technologies, RES other than wind with capacity up to 500kW and wind plants with capacity up to 3MW may during the transitional period opt for FiT or FiP. This option will be available also for plants for which the PPA was signed before 31 December 2015 if they start operations until 31 December 2017 (in case of wind and small HPPs the deadline is 31 March 2018). The new scheme will not apply to RES on the Non-Interconnected Islands for a period which depends on the local conditions.

Until the competition procedures are established, the reference price will be calculated on the basis of the Weighted Cost of Electricity Production (WCEP), which will take into consideration reasonable capital return, installation and operation costs, taxes etc. and will be established for each technology of RES separately. The WCEP will be revised annually by ministerial decision. The WCEP will also be used for the new FiTs and as maximum reference premium for competition procedures. The reference price for PV above 500kW will be defined from the beginning only through competition procedures. It is planned that 5% of the new PV plants scheduled to become operational in 2015 and 2016 (approximately 25 MW) will be realised through two competition procedures in 2016. The reference price for each RES technology will be determined in a ministerial decision which will be issued within the first six months of each year for the following year (2 years in case of wind and small HPPs). Exceptionally, the reference price for 2016 will be regulated by the law which will introduce this scheme and will be applicable for the plants which start operations before the end of 2017, or 2018 in case of wind and small HPPs.



more news on Renewables:

EU: Meeting of the European Electricity Regulatory Forum

by Mira Todorovic Symeonides (Athens)

The 30th European Electricity Regulatory Forum was held in Florence on 3 and 4 March 2016. The Forum was established in 1998, by the European Commission in cooperation with regulators and other stakeholders, with the aim to discuss creation and development of the EU internal electricity market and policies. The Forum takes place once or twice a year in Florence and its participants include national regulatory authorities, Member State governments, the European Commission, TSOs, electricity traders, consumers, network users, and power exchanges. At this 30th forum the participants debated the Commissions' forthcoming proposals for a redesign of the EU electricity market. The issued Conclusions provide, among others, in regard to balancing markets, that further steps are needed beyond the Balancing Guidelines particularly in regard to coordinated sizing and cross-border sharing of reserve capacities; in regard to intraday and day ahead markets, that the Commission should identify aspects of national markets which would benefit from consistency across the EU (e.g. on within-zone gate closure time); that closer cooperation between the regional TSOs is needed for market integration and secure system operation and that the Commission should develop an ambitious proposal within the market design initiatives which would enlarge the scope of functions and optimise the geographical coverage of regional centres. Finally, the Forum called for active participation and speedy progress in implementation of the CACM (Capacity Allocation and Congestion Management) Regulation and the XBID (Cross border intraday initiative) projects.

EU: Study on the Regimes for Granting Right to Use Hydropower in Europe

by Mira Todorovic Symeonides (Athens)

In January 2016, the Florence School of Regulation issued the study "For a Harmonisation of Hydropower Regimes in the European Single Market" which reveals a considerable variety in rights to use hydropower in the 14 studied European countries (namely Austria, Bulgaria, Finland, France, German, UK, Greece, Italy, Norway, Poland, Portugal, Spain, Sweden and Switzerland) and draws a number of policy conclusions, for which the author believes should be taken into consideration by policy-makers at the EU level.

The hydropower regimes were analysed in the following 3 aspects: a) authority granting the right as well as the type and duration of authorisation; b) procedure of granting; and c) conditions and limitations during the operation. In some countries the rights are granted by a single national authority while in others by regional or even local authorities; the latter may provide differences even on national level. Duration of the rights goes from 12 up to 80 years while in some countries there is no time limit for using this right. An environmental impact assessment is mandatory for all power plants in some countries while in others only for the biggest or only for environmentally sensitive areas. Some countries introduced competitive process for granting or renewal of authorisation which provides opportunities for new entrants. For now, the European Commission followed a case-by-case approach while each of several DG acted independently in its own infringement cases. The conclusion of the study is that some of the current discrepancies among Member States, if not justified from the economic point of view, introduce competition distortion which can further influence both investment conditions and the use of power plants. Thus, the Commission should perform a complete and thorough analysis and make economic recommendations for designing and granting the rights to use hydropower which should be followed by the EU level harmonised regulatory regime.



Greece: Allocation of Funds of the Emissions Trading Scheme to RES Producers and Others

by Lazaros Sidiropoulos (Athens)

On 27 February 2016, Law 4369/2016 was published in the Official Journal A' 33/2016 including, among others, a provision (Article 50) which regulates the allocation of the funds to be collected through the Greek greenhouse gas emission allowance trading scheme for the period 2016-2020. Pursuant to this provision, a ministerial decision shall be issued annually and shall allocate the funds collected in three different ways: i) at least 60% of the funds shall be allocated to the special account held by the market operators for the mainland (LAGIE) and for the non-interconnected islands (DEDDIE) for financing RES producers based on the power purchase agreements concluded with them; ii) another percentage, which shall be specified in the ministerial decision, shall be allocated to energy-intensive industrial electricity consumers based on the Joint Ministerial Decision AP/APEHL/oik.21906, which was published on 9 December 2014, establishing a national scheme for the compensation of specific energy-intensive industrial sectors for increased energy costs resulting from greenhouse gas emissions rights payable by power producers, as per Article 10a (6) of Directive 2009/29/EC, which entitles Member States to adopt financial measures in favour of sectors exposed to a significant risk of carbon leakage; and iii) another percentage, which shall also be specified in the ministerial decision, shall be used for the realisation of projects and fulfillment of purposes as defined in Directive 2003/87/EC of 13 October 2003 establishing a scheme for greenhouse gas emission allowance trading within the Community, including energy efficiency projects for the benefit of low income consumers, projects for the use of RES in transport, projects of environmental protection etc.

Romania: ANRE Sets the Mandatory Quota of Acquisition of Green Certificates for 2015

by Corina Bădiceanu (Bucharest)

On 29 February 2016, an Order of the Romanian Regulatory Authority for Energy (ANRE) on the setting of the final mandatory quota of acquisition of green certificates for 2015 was published in the Official Gazette under the no. 5/2016. The present Order sets a different final mandatory quota than the one initially provided by the Government Decision no. 1110/2014. While the Government Decision no. 1110/2014 provided a quota of 11.9%, meaning 0.274 green certificates/MWh, the newly in force Order no. 5/2016 establishes a quota of 0.278 green certificates/MWh. The provisions of this Order shall be fulfilled by the National Electricity and Natural Gas Market Operator – OPCOM S.A., by the producers of electricity from renewable sources and also by the economic operators. The organisational entities belonging to ANRE shall monitor compliance with the provisions of the aforementioned Order.



Croatia: Producers no Longer Required to Obtain Preliminary Decision on Acquiring the Status of Privileged Electricity Producer

by Sanja Tolj Par (Zagreb)

With the entry into force of the Act on Renewable Energy Sources and High Efficiency Cogeneration (Official Journal, 100/15) on 1 January 2016, the provision of the Electricity Market Act (Official Journal, 22/13, 95/15 and 102/15) according to which electricity undertakings or any other legal or natural person were required, prior to acquiring the status of privileged electricity producer to obtain a preliminary decision on acquiring the status of privileged electricity producer from the Croatian Energy Regulatory Agency was abrogated. Considering that the Act on Renewable Energy Sources and High Efficiency Cogeneration does not foresee the issuing of preliminary decisions on acquiring the status of privileged electricity producer, the Croatian Energy Regulatory Agency will reject all such requests submitted after 1 January 2016.

Serbia: Agreement between Serbia and Germany on Eco-loans

by Stefan Pavlovic (Belgrade)

On 08 February 2016, an Agreement between the Government of the Republic of Serbia and the Government of the Federal Republic of Germany on financial cooperation for the project "Fostering investment in energy efficiency and renewable energy through the banking sector (eco-loans) was published in the Official Gazette of the Republic of Serbia no. 2/2016. The agreement provides the granting of loans in a total amount of 106.5 million euros, with favorable interest rate, by the German Credit Bank for Reconstruction (KfW), which has rich experience in the field of such projects, to several commercial banks, jointly selected by the Government of Serbia and the Government of Germany. The agreement also foresees the possibility of granting additional loans and shall serve as legal basis for managing any such additional loan.

Montenegro: Notification to Parties Interested to Invest in RES Projects

by Stefan Pavlovic (Belgrade)

On 10 March 2016, the Ministry of Economy – Department for Energy of Montenegro issued a Notice to persons who are interested to invest in projects that enable the use of energy from renewable sources in which it informed all interested parties that the reception of requests or initiatives for initiating the procedure for awarding concessions for the construction of facilities that use renewable sources is suspended until the end of this year. The targets of using renewable energy sources are determined by the Action Plan for the use of energy from renewable sources that was issued by the Government of Montenegro, based on energy needs, economic opportunities and the obligations which Montenegro assumed by ratifying international agreements. Implementation of the Action Plan is monitored by the Ministry of Economy, which is obliged to submit reports to Government of Montenegro and the Energy Community every two years. Given the above, the Ministry of Economy shall submit the next respective report by the end of this year. If the report shows that Montenegro has achieved its national target set in the Action Plan, the Government may cease to promote the construction of new facilities for the production of energy from renewable energy sources, until the conditions are met in order to relaunch promotion of this type of construction.

COMPETITION - STATE AID

EU: Commission Finds the Agreement between Greece and TAP Compatible with State Aid Rules

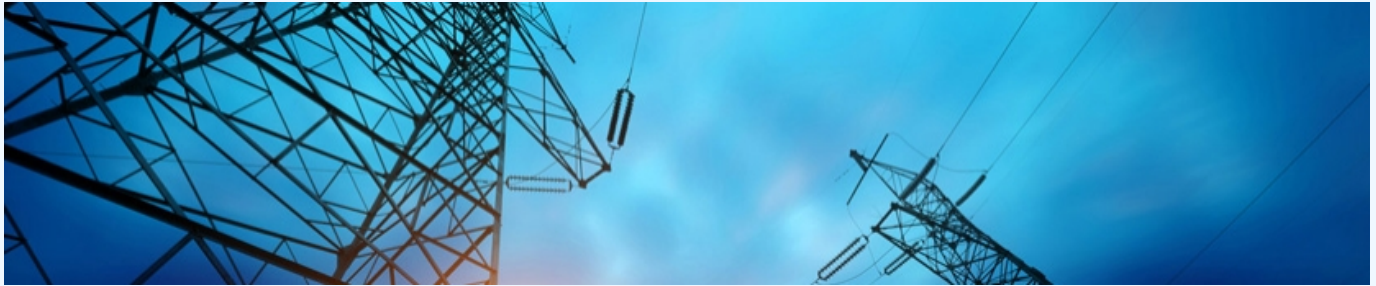
by *Viktoria Chatzara (Athens)*

On 3 March 2016, the European Commission issued its decision, according to which, the Host Government Agreement between Greece and the Trans Adriatic Pipeline (TAP) was found to be compatible with the EU state aid rules and, particularly, with the 2014 Guidelines on state aid for energy and environmental protection. TAP is the extension in EU of the Southern Gas Corridor, which aims to contribute to the Energy Union by also investing 2.3 billion Euros in Greece, funded entirely by private investment. More specifically, TAP AG is a joint venture company, having as shareholders BP (20%), SOCAR (20%), Snam (20%), Fluxys (19%), Enagas (16%) and Axpo (5%). On 18 November 2015, the Commission adopted a list of 195 key energy infrastructure projects (Projects of Common Interest – PCIs), including TAP, which are considered to help deliver EU's energy and climate aims and contribute to the building of the Energy Union. According to the Commission's decision, PCIs will have several benefits, including, indicatively, accelerated permit granted procedures, improved, faster and better streamlines environmental assessment, improved regulatory treatment, the possibility of receiving financial assistance, etc.

According to its recent decision of 3 March 2016, the Commission resolved that TAP is going, primarily, to contribute to the further diversification of the European energy supply sources and routes, taking into account that it will be bringing gas from the Caspian sea (and potentially the Middle East region) to the EU and, as such, strengthen the security of energy supply in the EU. Moreover, in order for the pipeline to be constructed, significant upfront investment will be required, which will generate revenue for the Greek state, for several years before any income for the private investors will be created. The Commission, in its decision, deemed it highly unlikely for the project to be carried out without the state aid provided in the Host Government Agreement. With respect to the specific form of the aid the Agreement provides, it is in the form of a specific tax regime that will result in TAP paying less than it would without the special regime, the exact amount, however, depending on whether the general tax rates increase or decrease. Furthermore, the Commission has reached the conclusion that the creation of the TAP will enhance the competition in the relevant market in the EU, since it will be bringing extra volumes of gas in the market and, bearing in mind that it will make available a new supply route. It should be noted, however, that the Commission's decision (which has not been published in the Official Journal of the EU), does not pave the way for the construction of TAP, since the further prerequisites set in the Host Government Agreement, still need to be fulfilled.



ENERGY INFRASTRUCTURE



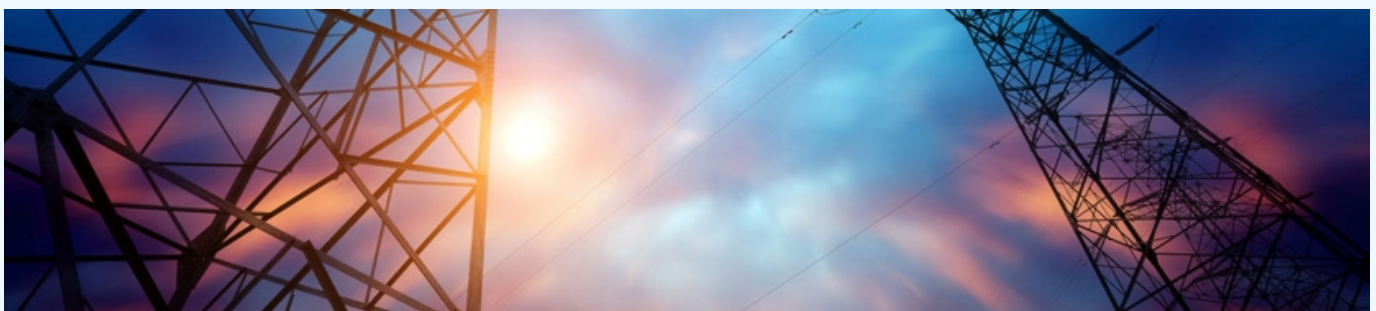
EU: CEER Report on Investment Conditions in European Countries

by Tetyana Vyshnevskva (Kiev)

On 14 March 2016, the Council of European Energy Regulators (CEER) published a Report on Investment Conditions in European Countries in 2015. The Report provides a detailed analysis of the regulatory framework and investment conditions of energy markets of 22 EU Members States (Austria, Belgium, Czech Republic, Denmark, Estonia, Finland, France, Germany, Great Britain, Greece, Hungary, Italy, Ireland, Latvia, Lithuania, Luxembourg, Netherlands, Poland, Portugal, Slovenia, Spain, Sweden) and Norway, with the main focus on the calculation of the rate of return, the composition, valuation and adjustment of the regulatory asset base, and asset depreciation. A separate chapter is dedicated to issues of non-implementation or delayed implementation of energy infrastructure projects of common interest (PCIs).

According to the findings of the Report, the majority of national regulatory authorities use incentive-based methods (revenue caps) in regulation of electricity and gas network operators (transmission system operators [TSOs] and distribution system operators [DSOs]). The typical regulatory period is between 3 and 5 years. The rate of income tax payable by TSOs and DSOs highly depends on the country's tax system. The lifetime of a typical network asset ranges from 30 to 50 years and the majority of NRAs use the individual depreciation ratio for each type of asset. That being said, the two most common approaches towards depreciation are the 'straight line' depreciation (spreads the cost evenly over the life of an asset) and 'accelerated' depreciation (allows the company to deduct a much higher share in the first years after purchase). According to the findings of the Report, the gas sector seems to carry more risk compared to the electricity sector. The rates of return differ between the countries and should be considered in conjunction with the conditions of national capital and energy markets as well as the regulatory practice in place.

As regards PCIs, consideration of the received feedback revealed that implementation of about 5% of PCIs in the electricity sector and 4% of PCIs in the gas sector is hindered/delayed due to: risks related to permitting issues (in half of PCIs), insufficient market demand and financing, public acceptance issues, imperfect internal market, cross border complexity and timing. Some of the indicated issues may be tackled by means of adopting the necessary legal framework and implementing new regulatory measures. According to the Report, only one PCI promoter (from the Czech Republic) requested additional incentives for a PCI, in accordance with Article 13 of the Regulation No. 347/2013 on guidelines for trans-European energy infrastructure, which resulted in adoption of the rate of return for the PCI concerned. The CEER's Report is published on an annual basis and may serve as a helpful information source for those making investment decisions or otherwise interested in regulation and remuneration of investments in energy infrastructure.



more news on Energy Infrastructure:

EU: Commission Launches Investment Portal for Project Promoters and Investors

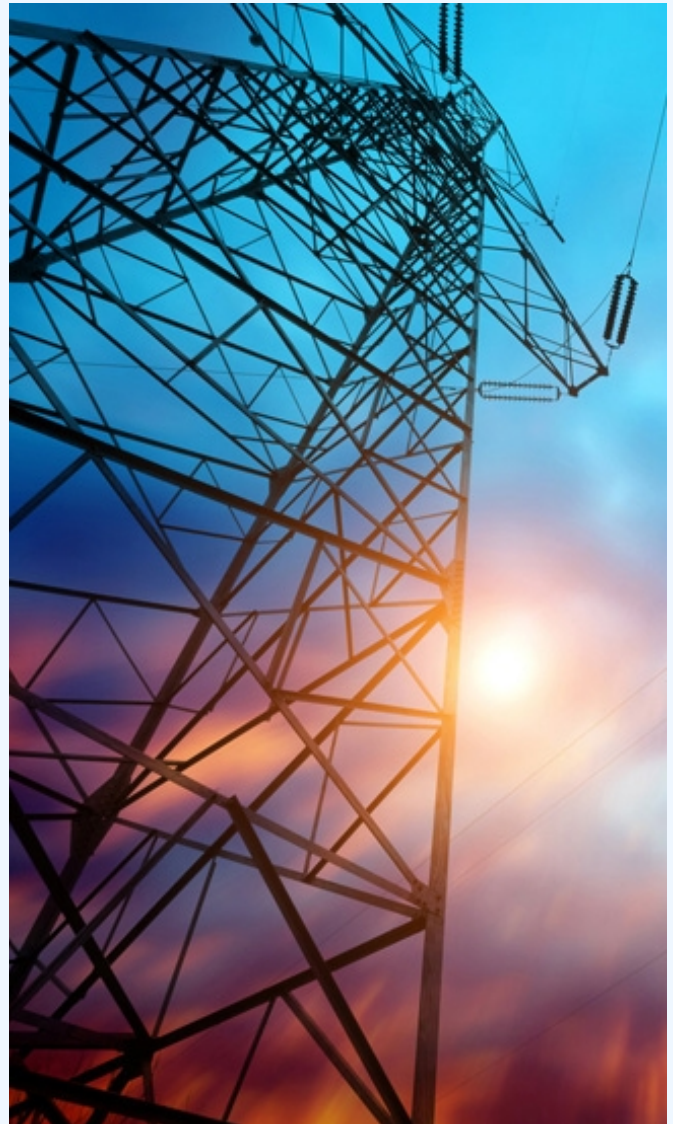
by Sofia Athanasaki (Athens)

On 11 March 2016, the European Commission announced the launch of a new-web investment portal, the European Investment Project Portal (EIPP), enabling EU-based project promoters to reach potential investors worldwide and be helped to bring their plans to fruition, among others, in areas concerning renewable energy, energy efficiency and infrastructure, energy R&D and fuel extraction and refining. It is part of the Investment Plan for Europe initiative to mobilise investment, promote economic growth and create more jobs across the EU. The submission and publication of a project by a project promoter via the EIPP shall boost the visibility of the project to a large network of international investors. Simultaneously, the portal shall also serve as a useful tool for investors looking for investment opportunities offering to them a broad choice of viable projects presented in a structured and harmonised format. In order for a project to be published on the portal, it must have a total cost of at least €10 million, be expected to start within three years of its submission to the EIPP, be promoted by a public or private legal entity established in an EU country, and be compatible with all relevant EU and national laws. The portal is currently in a pre-launch phase and is expected to go live in the Spring of 2016.

Greece/Bulgaria: Extension of Deadline for Expression of Interest for the IGB Pipeline

by Evridiki Evangelopoulou (Thessaloniki)

On 25 February 2016, the Greek energy regulator RAE issued its Decision No. 2/2016 on the extension of the deadline for submission of expressions of interest in the market test for the Interconnector Greece Bulgaria (IGB) Project until 31 March 2016, instead of initially 29 February 2016. The IGB Pipeline shall connect Komotini (Greece) to Stara Zagora (Bulgaria) allowing the transport of 3 bNcm/y of natural gas in the forward flow direction from Komotini to Stara Zagora, which may be increased up to approximately 5bNcm/y. It will be also able to operate in a reverse flow mode (Bulgaria to Greece). The extension of the deadline, during which interested parties may submit non binding offers for booking capacity on the IGB Pipeline was requested on 12 February 2016 by the Bulgarian company ICGB AD (50% held by the Bulgarian Energy Holding EAD and 50% by the Greek company IGI Poseidon s.a, whose shareholders with equal shares are the Greek public gas company DEPA s.a. and the Italian Edison S.p.A.), which is in charge of developing, constructing and operating the IGB project. The reasons for the request were the low interest from interested parties until now and the need for more preparation time for raising awareness in this regard. As announced by DEPA on its website on 29 February 2016, the extension of the deadline was also approved by respective Decision of the Bulgarian Energy Regulatory Commission and Water of 26 February 2016. Aside from the deadline extension, the other terms and conditions contained in the Expression of Interest documents remain in effect.



Greece: Gazprom, DEPA and Edison SpA Sign MoU on Natural Gas Deliveries

by Dafni Siopi (Thessaloniki)

On 24 February 2016, Gazprom, DEPA and Edison SpA signed a Memorandum of Understanding on natural gas deliveries across the Black Sea from Russia via third countries to Greece and from Greece to Italy, in order to establish a southern route to deliver Russian natural gas to Europe. The agreement reflects the interest of the parties in the aforementioned natural gas supply route. In working towards that goal, the parties were committed to take advantage of the work done by Edison and DEPA within the ITGI Poseidon project to the fullest extent possible. The expansion of the intra-European gas transmission capacities is expected to be an essential component for enhancing the safety of gas supply, including from Russia, to consumers all over Europe in line with the EU policy for diversification of energy supply sources and supply routes.

ENERGY EFFICIENCY

EU: Analysis of Building Renovation Strategies of EU Member States in the Frame of the Energy Efficiency Directive

by *Dafni Siopi (Thessaloniki)*



On 9 March 2016, the European Commission published a Synthesis Report on the assessment of Member States' building renovation strategies drafted by the Joint Research Centre (JRC), the European Commission's in-house science service. JRC carried out an analysis of the building renovation strategies submitted by the EU Member States in the frame of Directive 2012/27/EU of the European Parliament and of the Council of 25 October 2012 on energy efficiency (Energy Efficiency Directive – EED). Article 4 of Energy Efficiency Directive requires EU Member States "to establish a long-term strategy beyond 2020 for mobilising investment in the renovation of residential and commercial buildings with a view to improving the energy performance of the building stock". In order to increase the rate and depth of building renovations, the Member States were asked

to develop a renovation strategy and submit them together with their National Energy Efficiency Action Plans (NEEAPs) by 30 April 2014. One year after this deadline, 31 strategies have been submitted to the European Commission. The aim of the JRC's analysis was to summarise the efforts undertaken by Member States, in order to provide an overview of the policies and measures chosen and of the overall strengths and weakness, and to identify best practices.

The analysis resulted into a generally positive outlook. In total, 74% of the national strategies address the requirements of the Directive satisfactorily and 10 of them are considered exemplary (Czech Republic, France, Greece, Hungary, Ireland, Lithuania, Romania, Slovenia, Spain, and the United Kingdom). In addition, some of the non-compliant strategies were submitted by Member States traditionally strong in terms of energy efficiency measures and achievements, leading to the assumption that reporting failed to correctly depict the status of the building energy renovation in those countries (i.e. Austria, Germany and Sweden) and their future plans.

Each strategy has been evaluated against five elements, namely: (a) an overview of the national building stock based, as appropriate, on statistical sampling; (b) identification of cost-effective approaches to renovations relevant to the building type and climatic zone; (c) policies and measures to stimulate cost-effective deep renovations of buildings, including staged deep renovations; (d) a forward-looking perspective to guide investment decisions of individuals, the construction industry and financial institutions; and (e) an evidence-based estimate of expected energy savings and wider benefits. The overall result of the analysis was very positive, taking into consideration that these were the first renovation strategy documents submitted by the Member States. The quality and the actual implementation of the strategies are expected to improve further in the future, also due to the JRC analysis, which provides a benchmark for all Member States. The strategies will be revised by Member States in 2017, and every 3 years thereafter.

more news on Energy Efficiency:

EU: Commission Requests Spain to Comply with the Energy Performance of Buildings Directive

by *Stefania Chatzichristofi (Athens)*

On 25 February 2016, in its monthly package of infringement key decisions, the European Commission announced that it send a reasoned opinion to Spain requesting full compliance with all the requirements of the Energy Performance of Buildings Directive. This Directive No. 2010/31/EU of the European Parliament and of the Council of 19 May 2010 on the energy performance of buildings requires from Member States to establish minimum energy performance requirements for new and existing buildings, ensure the certification of buildings' energy performance, as well as to ensure that all new buildings are «nearly zero-energy» from 2021 onwards (2019 for public buildings). In this context, following an examination of Spain's national legislation transposing the Directive, the Commission expressed concerns regarding the definition of the Nearly Zero-Energy Buildings standards and their application, as well as the exemptions from the requirements of the Directive introduced by the national legislation that exceed the standards set by the Directive. Consequently, the European Commission set a period of two months for Spain to take measures to remedy the situation. Otherwise, the European Commission could refer the case to the Court of Justice of the EU.

Serbia: Decree on Financing Improvements of Efficient Use of Energy for 2016

by *Stefan Pavlovic (Belgrade)*

On 19 February 2016, the Government of the Republic of Serbia issued a Decree on the Establishment of the Programme Financing Activities and Measures for Improving the Efficient Use of Energy in the Year 2016, which was published in the Official Gazette of Republic of Serbia no. 2/2016. The main objective of the Programme is to provide financial support to measures and mechanisms of improvement of energy efficiency provided by the Law on Efficient Use of Energy, the Second Action Plan for Energy Efficiency of the Republic of Serbia (Official Gazette no. 98/13), other strategic documents in the field of energy, the Agreement with UNDP and other regulations governing the field of energy efficiency. Improving energy efficiency both in the production sector as well as in energy consumption is recognised as one of the key elements of the energy policy of the Republic of Serbia, since it contributes to the security of energy supply and the reduction of energy consumption in the private and commercial sector, increasing the competitiveness of industry and increasing the standard of living. It also contributes to reducing dependence from imports and reducing the negative effects of the energy sector on the environment, in particular regarding emissions of greenhouse gases.



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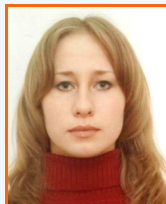
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