

Monthly energy law headlines from the EU & the SEE countries of the Rokas network

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### ELECTRICITY

#### EU/ENTSO-E: Network Code on Electricity Balancing Approved

On 16 March 2017, the Member States approved the last of the eight network codes, the Network Code on Balancing. The Balancing Code sets the rules for competitive and cross border market for electricity balancing with the aim to reduce grid costs and allow participation of renewables and demand response...

#### Greece: RAE's Guidelines for Drafting the Target Model Markets Codes

On 27 January 2017, Greek energy regulatory authority (RAE) issued decision no. 67/2017, published in the Official Journal no. B/774/13.03.2017 on Guidelines to the competent Operators for drafting of Market Codes regulated by the law 4425/2016 for reform of the Greek electricity market in compliance with the regulation for the unified European electricity market...

### OIL & GAS

#### Croatia: New Regulations in the Gas Market

Recently, the Croatian gas sector was introduced with a series of regulatory changes. On 17 February 2017, the Croatian Parliament adopted the Law on Amendments to the Gas Market Act. On 24 February 2017, the Croatian Energy Market Operator adopted the Amendments to the Rules on Gas Market Organisation...

#### Ukraine: Recent Developments on Natural Gas Market

On 10 February 2017, the National Energy and Utilities Regulatory Commission launched a public consultation on amendments, the main objective of which is to bring Ukrainian regulations in line with the best European practices and ensure maximum and efficient use of storage facilities by both the Storage System Operator (SSO) and the customers...

### COMPETITION - STATE AID

#### EU: Commission Invites Comments on Gazprom Commitments

On 13 March 2017, the European Commission invited all interested stakeholders to submit comments on the commitments submitted by Gazprom aimed to enable cross-border gas flows at competitive prices...

### RENEWABLES

#### Greece: RAE's Opinion on RES Auctions

Opinion no. 2/2017 regarding a) the classification of competitive bidding procedures as «technologically neutral» or not, b) the technologies and / or categories of power plants from RES and CHP and c) the methodology and the power allocation procedure for the participation of power plants from RES that are installed in countries within the European Economic Area...

## Energy Markets **what's new...**

### EU: Report on Cyber Security in the Energy Sector

*by Vuk Stankovic, (Belgrade)*

On 7 March 2017, Energy Expert Cyber Security Platform (EECSP) Expert Group published the Report on Cyber Security in Energy Sector. The Report outlines fields where actions are required to improve cyber security and manage risks for energy infrastructure. As the Report has pointed out the energy sector is undergoing substantial changes in infrastructure, in the structure of the markets and in cyber security as well. With evolving cyber threats, the European infrastructure is increasingly vulnerable for disruptive or destructive attacks. The Report has proposed a strategic framework for the energy sector with the target to address the challenges found in the energy sector and in nuclear energy. The aim of the recommendations stipulated in the Report is to provide the set-up and frameworks that allow an efficient, holistic and effective cyber security treatment in the European Union.

### EU: Interreg Europe Opens Third Call for Project Proposals

*by Dafni Siopi, (Thessaloniki)*

On 1 March 2017, Interreg Europe issued the third call for project proposals. Specifically, the call concerns projects dealing with one of four topics: i) research and innovation, ii) SME competitiveness, iii) low-carbon economy, or iv) environment and resource efficiency. The call is targeted at public authorities and non-profits, such as national, regional or local authorities, as well as other organizations in charge of defining and implementing regional policy instruments. By supporting interregional cooperation projects, Interreg Europe helps local, regional and national governments and public authorities across Europe develop and deliver better policy by sharing solutions with each other. The supported projects involve policy organisations from at least three different countries in Europe and last for three to five years. Applications should be submitted online through the Interreg Europe online system (iOLF) until 30 June 2017.

### EU: Public Consultation on Incentive Schemes for Regulating DSOs

*by Andriani Kantilleraki, (Athens)*

On 24 January 2017, the Council of European Energy Regulators (CEER), launched Consultation on Incentives Schemes for regulating DSOs, including for Innovation. The public consultations procedure was brought forth due to the major structural and market developments altering the characteristics of electricity and natural gas distribution activities. In that view, European Energy Regulators are aiming to develop guidelines of good practice for incentive schemes with the goal of regulating distribution system operators efficiently and consequently benefiting energy consumers through e.g. lower network charges. Thus, the consultation document describes European Regulators' initial thoughts on the matter and aims to collect relative feedback from stakeholders. The deadline for responses is set on Friday, 12 May 2017 and following the public consultation period, CEER will evaluate them and publish a conclusion report presenting CEER's GGP.

### EU: Updated Rules on Intergovernmental Agreements with Third Countries

*by Tetyana Vyshnevska, (Kiev)*

In March 2017, the European Parliament and the Council of the European Union have adopted the Decision on establishing an information exchange mechanism with regard to intergovernmental agreements (IGAs) and non-binding instruments between Member States (MSs) and third countries in the field of energy and repealing Decision No. 994/2012/EU. The Decision is based on the respective Proposal from the European Commission (COM(2016)0053) of 16 February 2016 and corresponds with the EU's Energy Union Strategy. The main objective of the Decision is to ensure compliance of IGAs with EU law, and therefore contribute to the security of energy supply and proper functioning of the internal energy market, by imposing an obligation on EU MSs to provide the Commission with draft oil and gas IGAs with non-EU countries, as well as amendments thereto, for a compliance check prior to their conclusion, as opposed to the currently practiced ex-post assessment. The IGAs concerning electricity continue to be subject to the Commission review after their signing, however, ex-ante assessment of such IGAs may be requested by relevant MSs. The Decision covers existing IGAs (in force or provisionally applied) as well as new agreements, and is expected to enter into force on the 20th day following its publication in the Official Journal of the EU.

## Electricity what's new...

### EU/ ENTSO-E: Consultation on Methodologies for Establishment of Common Grid Model

by *Tetyana Vyshnevska, (Kiev)*

On 6 March 2017, ENTSO-E launched a public consultation to gather stakeholders' views on the revised Common Grid Model Methodology and Generation and Load Data Provision Methodology, jointly developed by All Transmission System Operators (TSOs) in accordance with the requirements of Commission Regulation (EU) 2015/1222 establishing a guideline on capacity allocation and congestion management and Commission Regulation (EU) 2016/1719 establishing a guideline on forward capacity allocation. The main objective of these Methodologies is to enable the establishment of the common grid model for purposes of facilitating the coordination and harmonisation of capacity calculation and allocation in the day-ahead, intraday cross-border and long-term cross-zonal markets. The draft Methodologies set out the requirements for delivery of the generation and load data, necessary for the TSOs to establish the common grid model (i.e. the generation units and loads required to provide information to the respective TSOs, the information they are required to provide and the applicable deadlines), as well as the rules on how to establish the common grid model itself. The feedback to the consultation should be provided via an online form by 6 April 2017.

### EnC/Croatia: CROPEX Joins WB 6 Market Integration Initiative

by *Stefan Pavlovic, (Belgrade)*

On 1 March 2017, the Croatian Power Exchange (CROPEX) signed the Western Balkan 6 (WB 6) Memorandum of Understanding on Regional Electricity Market Development (MoU). Even though the MoU was originally signed by the WB6 members of the Energy Community in April 2016, the ministries, transmission system operators (TSO), national regulatory authorities (NRA) and power exchanges of neighbouring EU Member States are invited to participate in this process (Process). It should be noted that CROPEX will also join the Programme Steering Committee on day-ahead market integration. The goal of the Process is linking of national day-ahead markets with at least one neighbouring WB6 country or European Union country by mid-2018. It is worth mentioning that the Italian NRA already joined the Process and that the Italian power exchange (Gestore dei Mercati Energetici SpA) and electricity TSO are also active in the Process.



### EnC: New Signatories Join the Western Balkans 6 Energy Connectivity Initiative

by *Mirjana Mladenović, (Belgrade)*

On 13 March 2017, the Energy Community (EnC) Secretariat informed through its website that three new signatories have joined the Western Balkans 6 (WB6) Energy Connectivity Initiative. Namely, the Romanian Transmission System Operator (TSO) CNTEE Transelectrica SA, the Greek TSO IPTO SA and the Greek Market Operator LAGIE SA have signed the EnC's WB6 Memorandum of Understanding (MoU) on regional electricity market development. The new signatories will join the Programme Steering Committee on day-ahead market integration, whose task is to address all measures and steps needed for going-live of functioning day-ahead markets in and between the signatory countries. As we mentioned in our previous articles, the aim of the MoU is to engage ministries, TSOs, national regulatory authorities and power exchanges of neighbouring EU Member States in the market integration projects under the MoU. It should be also noted that the Italian energy regulator and the Croatian Power Exchange have signed the MoU and that discussions with other EU stakeholders are ongoing.

### EnC/Serbia: Reasoned Opinion for Serbia's TSO Failure to Participate in SEE CAO

by *Mirjana Mladenović, (Belgrade)*

On 17 March 2017, the Energy Community Secretariat (Secretariat) submitted the Reasoned Opinion in Case ECS-6/11 against Serbia, for non-compliance of the national electricity transmission operator, Elektromreža Srbije (EMS), with its obligation under Energy Community law to participate in a regionally coordinated mechanism for allocation of electricity cross-border capacities, South Eastern Europe Capacity Allocation Office (SEE CAO). The Reasoned Opinion is the second step in a dispute settlement procedure initiated by the Secretariat under Article 90 of the Energy Community Treaty. It states that despite various negotiations, EMS at no point in time complied with the relevant obligations of the Energy Community *acquis communautaire*, and points out that EMS represents the only Contracting Party transmission operator that to date does not participate to any regionally coordinated allocation of cross-border capacities which represents the obligation of the Contracting parties under the Second Energy Package and continues to be the obligation under the Third Energy Package. Serbia is now requested to rectify the identified issues of non-compliance within a time limit of two months.

## EnC: Ukraine's Non-Compliance with Rules on Allocation of Cross-Border Capacity

by Tetyana Vyshnevskya, (Kiev)

On 14 March 2017, the Energy Community (EnC) Secretariat sent a Reasoned Opinion to Ukraine in Case ECS-1/12 concerning its alleged non-compliance with the EnC acquis on allocation of cross-border capacity for electricity. The Reasoned Opinion is the second step in a dispute settlement procedure initiated by the Secretariat in 2013. According to the latter, the rules and procedures applied by the Ukrainian Transmission System Operator (NPC Ukrenergo) for cross-border capacity allocation are different for import and export of electricity, and limit the access to interconnectors for electricity exports, thus violating several provisions and principles of the EnC law. Despite actions taken by the Ukrainian Government and the Regulatory Authority in the course of the electricity market reform, including actions aimed at addressing the issues pointed out by the Secretariat in the Opening Letter, the infringement still persists. Ukrainian authorities have two months to rectify the identified issues.

## EU/Greece: RAE's Decision on Request for Amendments of CID M

by Mira Todorovic Symeonides, (Athens)

On 9 February 2017, the Greek energy regulatory authority (RAE) issued decision no. 122/2017, published in the Official Journal no. B'689/07.03.2017, by which All EU energy Regulatory Authorities, as agreed on 24 January 2017 at the Energy Regulators' Forum, request the amendments of the All TSO's Proposal for Congestion Income Distribution Methodology (CID M) in accordance with article 73 of the Commission (EU) Regulation 2015/1222 of 24 July 2015 on establishing a Guideline on Capacity Allocation and Congestion Management. The agreement of All Regulatory Authorities states that such decision does not, at this stage, need to be adopted by the Agency for Cooperation of Energy Regulators (ACER) but All Regulatory Authorities will each subsequently request the amendments to the CID M. The requested amendments of the Methodology include: to remove the process for specific sharing keys and additional rules on distribute congestion income amongst TSOs; to remove certain elements (sharing keys) for calculation of the share congestion income as irrelevant, such as specific arrangements for socio-economic benefits, capacity allocation constraints and potential future principles related to capacity allocation; and c) to remove certain sharing keys regarding investment costs and ownership share in order to reflect different ownership arrangements for interconnectors and prevent creating investment barriers. Particularly the sharing of congestion income should be according to the investment costs or ownership share of the interconnector if the ownership arrangement is different from default 50%-50% or 100% sharing key regulated in the Methodology.

## Greece: Auction for the Provision of Interruptible Load Service

by Stefania Chatzichristofi, (Athens)

On 21 March 2017, the Greek electricity TSO, ADMIE published an invitation and respective instructions on its webpage, inviting all interested consumers to submit applications which will be included in the Register of Interruptible Load. Following the Ministerial Decision no APEHL 184898 (OJ B 2861/28.12.2015) on interruptibility services, type and content of interruptibility Agreements of 11 December 2015, the duration of the agreement shall be determined by ADMIE. There are two types of services: (a) with a prior notice time of 2 hours, a maximum duration of 48 hours per interruption and a total duration of 144 hours per year; and (b) with a prior notice time of 5 minutes, a maximum duration of 1 hour per interruption and a total duration of 24 hours per year. ADMIE is in charge of the organization of the auctions on which the consumers would provide financial offers for each type of service. In order to participate, the interested consumers should register in a register held by ADMIE. By this call for expression of interest, ADMIE invites all interested consumers to submit applications for a total interruptible load of 500 MW for the period from 01.04.2017 until 30.06.2017.

## Greece: Methodology for Additional Charges to Suppliers for RES Account

by Mira Todorovic Symeonides, (Athens)

On 15 March 2017, the Greek energy regulatory authority (RAE) uploaded on its Internet site its two decisions as well as the results of public consultations in regard to methodology for calculation of the Additional Charges for electricity suppliers for the RES and CHP account (used for payments of RES and CHP support scheme), as proposed by the market operator LAGIE. These Additional Charges were calculated on the basis of the Marginal System Price (MSP) formed at the day-ahead mandatory pool market which resulted on exceeding charges particularly in January and February 2017 due to the increased price of electricity. Subsequently, on 16 February 2017, after a brief public consultation, RAE issued two decisions: a) Decision no. 149/2017 on amendments of the Market Code in regard to Methodology for calculation of income to the RES and CHP account, and b) Decision no. 150/2017 on the prices of regulated parameters for the application of the above Methodology. By the first decision RAE amended article 72 of the Market Code by introduction of the Methodology for calculation of the maximum price parameter (upper limit) in difference between the virtual MSP and MSP. RAE also asked from TSO to prepare a methodology for calculation of the System reserves in order to consider exclusion of the reserve limitation when calculating virtual MSP with the aim to cure exceeding or disproportional charges which might have occurred in the past, starting from 1 October 2016 when these charges were introduced. In the second decision, RAE decides that, for calculation of the Additional Charges to Suppliers from 1 October 2016, the Regulated Hourly Price (as difference between the virtual MSP and MSP in compliance with the Methodology amended by the first decision) may not exceed €15/MWh.

## BiH: Public Consultation on Draft Distribution Grid Code

by *Nebojša Milanović, (Banja Luka)*

On 24 February 2017, Public Joint-Stock Company Elektroprivreda BiH dd - Sarajevo, one of three incumbent public energy company which carries out activities of electricity generation, distribution, supply and trade in BiH, launched a public consultation on the draft Distribution Grid Code. The proposed network rules concern: i) the operation of the distribution network, ii) the administration of the distribution system, iii) criteria, technical and other conditions for access to the network, iv) technical and other conditions for safe operation of the power system to ensure reliable supply of quality electricity, v) methods of operating the electricity system in emergency situations, vi) technical and other conditions for interconnection and joint operation of networks, vii) planning of development and construction of the distribution network. The interested stakeholders are invited to submit their comments to the draft Distribution Grid Code within eight days, i.e. until 1 April 2017.



## Bulgaria: Agreement between IBEX and Nord Pool for Creation of Intraday Electricity Market

by *Apostolos Christakoudis, (Sofia)*

On 1 March 2017, the Independent Bulgarian Energy Exchange EAD (IBEX) and Nord Pool, Europe's leading power market, announced the signing of an agreement for creation of the first competitive and transparent intraday power market in Bulgaria. The two companies have successfully cooperated on the implementation of the Bulgarian day-ahead market in 2016. Through implementation of the new agreement, IBEX is expecting to complete its portfolio, add a substantial value to the company's services and consequently meet the needs and requirements of all market players in Bulgaria. Nord Pool shall assist Bulgaria in the country's pursuit of modern, transparent and secure power trading markets by delivering the intraday platform. The successful launch of a continuous trading market is a necessary precondition for Bulgaria's power market to join XBID, the common European cross-border intraday coupling project. The intraday market implementation is planned for the last quarter of 2017.

## Croatia: Derogations for New and Existing Power Generating Modules

by *Sanja Tolj Par, (Zagreb)*

The Croatian Energy Regulatory Agency, at its 4th session of the Governing Council held on 10 February 2017, adopted the Decision on the Adoption of Criteria for granting derogations in accordance with the Commission Regulation (EU) 2016/631 of 14 April 2016 establishing a network code on requirements for grid connection of generators. The Decision was adopted pursuant to Article 61 of the Commission Regulation (EU) 2016/631 which stipulates that regulatory authorities may grant a power-generating facility owner or prospective owner, relevant system operator or relevant transmission system operators derogations from one or more provisions of this Regulation for new and existing power-generating modules in accordance with Articles 61 to 63. Main criteria to be taken into consideration when deciding on a Request for Derogation is whether the consistent adherence to the Regulation could have a negative impact on operational reliability and stability of the power system, and whether producers are not able to meet all of the requirements due to facing difficulties, justified from a technical and economic aspect.

## Serbia: NRA Approves the Tariff Rates for Access to the Electricity TS

by *Stefan Pavlovic, (Belgrade)*

On 14 February 2017, the Council of the Energy Regulatory Agency of the Republic of Serbia (AERS) gave its approval to the Decision of the Transmission System Operator, Elektromreža Srbije JSC (EMS JSC), on setting the electricity transmission system access tariff rates (Decision). The Decision was published in the Official Gazette of the Republic of Serbia No. 10 dated 14 February 2017, and these tariff rates apply as of 1 March 2017. Transmission access charges reflect tariffs established via the Methodology for establishing transmission access charges adopted by the AERS Council on 26 September 2012 (Official Gazette of the Republic of Serbia No. 93 and No. 132/12, dated September 2012 and December 2012 respectively). The access to the electricity transmission system is a service offered by EMS JSC to the energy entities connected to its transmission system, based on which the company generates revenue.

## ELECTRICITY highlights...

### EU/ENTSO-E: Network Code on Electricity Balancing Approved

by Mira Todorovic Symeonides, (Athens)

On 16 March 2017, the Member States (MSs) approved the last of the eight network codes, the Network Code on Balancing. Currently no Code is awaiting validation by EU MSs, three Codes are awaiting validation by the European Parliament and Council and entry into force (Electricity Balancing; Emergency and Restoration; and System Operation Code) while five Codes have already entered into force (Capacity Allocation and Congestion Management; Requirements for Generators; Demand Connection, HVDC on requirements for grid connection of high voltage direct current systems and direct current-connected power park modules; and the Forward Capacity Allocation Code). The Network Codes were envisaged under the Third Energy Package aiming to enable more RES integration as well as integration of the EU energy markets. The codes may be divided into three groups: a) the connection codes, rules to connect more renewables and demand response; b) the operational codes, rules to advance grid coordination and optimisation; and c) the market codes, rules to integrate markets and make them renewables and demand response fitting.

The Balancing Code sets the rules for competitive and cross border market for electricity balancing with the aim to reduce grid costs and allow participation of renewables and demand response. It is considered vital for ensuring security of supply and may positively affect the costs of electricity for end consumers. The reason for developing cross border balancing markets is to utilise the potential for balancing resources to be effectively shared between countries which can further support the security of supply and reduce costs.

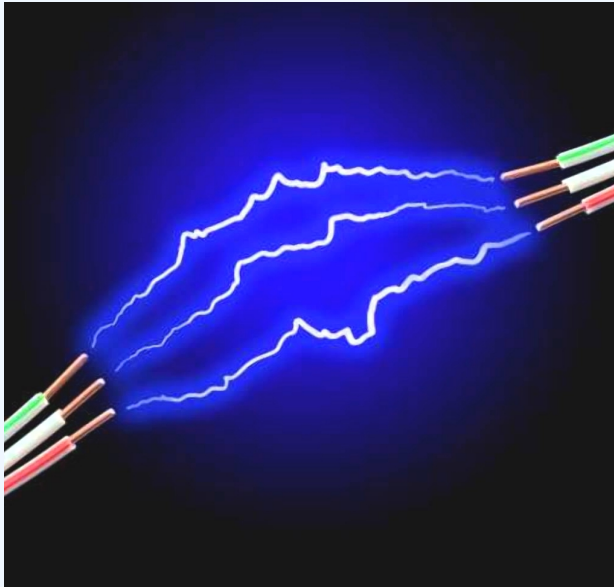
The Code establishes an EU-wide set of technical, operational and market rules for the functioning of electricity balancing markets; such as the rules for the procurement of balancing capacity, the activation of balancing energy and the financial settlement of balance responsible parties. It requires the development of harmonised methodologies for the allocation of cross-zonal transmission capacity for balancing purposes. TSOs, working with DSOs when applicable, should be responsible for organising European balancing markets and support their integration. The Code provides for the following European platforms for exchange of balancing energy: a) from replacement reserves; b) from frequency restoration reserves with manual activation; c) from



frequency restoration reserves with automatic activation; and d) for imbalance netting process. TSOs should be able to delegate all or part of any tasks under the Code to a third party. The MS should also be able to assign tasks and obligations from the Code to a third party, with the exception of the tasks entrusted to TSOs under the Electricity Directive which may not be delegated. The Code further defines the role of balancing service providers and the role of balance responsible parties. Each balancing service provider should, in order to provide balancing energy or capacity, pass the respective qualification process designed by the TSO in cooperation with DSO, when required. The integration of balancing energy markets should facilitate the operation of the intraday market and only the imbalances remaining after the intraday market should be balanced by TSOs with the balancing market. In regard to market integration the Code regulates cross-zonal capacity for balancing services and establishes three methodologies for allocation of capacity for the exchange of balancing capacity and sharing of reserves: the co-optimisation process, the market-based allocation process and the allocation based on an economic efficiency analysis. Possibilities for derogation from these rules have also been envisaged to be granted by a regulatory authority. The Code will apply after its publication with the selected provisions to apply after one year, while in Ireland and in Northern Ireland the Code will apply from 31 December 2019.

## Greece: RAE's Guidelines for Drafting the Target Model Markets Codes

by Mira Todorovic Symeonides, (Athens)



On 27 January 2017, Greek energy regulatory authority (RAE) issued decision no. 67/2017, published in the Official Journal no. B'774/13.03.2017 on Guidelines to the competent Operators for drafting of Market Codes regulated by the law 4425/2016 for reform of the Greek electricity market in compliance with the regulation for the unified European electricity market. The law 4425/2016 passed in September 2016 regulates redesign of the Greek electricity market to be in compliance with the EU Target Model. It introduces significant changes in the wholesale electricity market in Greece, currently functioning as a Day-Ahead compulsory pool market with balancing mechanism and a recently developed limited scope and application Term Products Market (NOME). The Law provides developing of 4 markets while 4 new market codes should be developed for each of them. Milestone for beginning of operation of the first of these markets is 2018. The Law provides only general regulation of the markets, while RAE in the above guidelines concretizes main characteristics of each market, the responsible Market Operator and lists the respective operational procedures.

Thus in regard to the Term Products Market: participation in the Market is optional; term products agreements may also be concluded bilaterally (OTC), without participation in the organised market, but should be notified to the Market Operator; the Market Code should provide for the

maximum quantities of the market transactions (which would be determined by RAE) while the application of the quantities limit would be controlled on the Day Ahead Market; purchase and sale orders should not have reference to specific installation or load zone or border; there may be simple or complex orders including individual market orders or linked orders or orders triggered by time and/or energy quantities' limits (limit orders, stop orders, iceberg orders); RAE may decide to regulate upper and lower price limit for transaction orders; and the products will be settled by physical delivery.

All licensed producers, importers, suppliers, traders, representatives of the eligible consumers and consumes may participate on the Day Ahead Market. Producers shall offer on this market the rest of the capacity of their installations which has not been bind for the transactions in the Term Product Market. Physical delivery of the transactions both of the Term Product Market and Day-Ahead Market should be performed through the Day-Ahead Market; there would be market coupling with the European markets with the implicit allocation of interconnection capacities; purchase will be performed initially in the internal market, as isolated mode, and subsequently finalized through coupling with other European markets; orders should, in case of producers, be placed per installation while in case of other participants it should be placed per load zone or border; orders for sale of RES electricity would be placed by join representative either per portfolio or load zone. RAE may decide to regulate upper and/or lower price limit for transactions on this market as well.

Participation in the Intraday Market is optional; participants would be able to place orders first on the intra-day auctions (sessions) and after that on the continuous intraday trading. Rules regarding the types of orders are similar with the Day Ahead Market.

Balancing market will include capacity market, electricity market and settlement procedures. Participants in these markets will have the obligation to place orders for the total of their available capacity. This market will be in future harmonized with the Balancing Code which has just been approved by the Member States on the EU level but has still not come into force.

## Oil & Gas what's new...

### [EU/ENTSO-G: Consultation on Terms in Transport Contracts and Information on MDA for IC](#)

*by Tetyana Vyshnevska, (Kiev)*

On 7 March 2017, ENTSO-G launched a public consultation in order to identify possible main terms and conditions of transport contracts for bundled capacity products to be further considered for potential alignment in accordance with the requirements of Article 20 of the amended Network Code on Capacity Allocation Mechanisms (NC CAM), expected to become effective in April 2017. The stakeholders are invited to provide their views on the catalogue of the terms and conditions of the transport contracts considered as main by the Transmission System Operators (TSOs). The consultation will run until 7 April 2017. Moreover, on 3 March 2017, ENTSO-G published a press release (PR0124) on the first market demand assessment (MDA) for Incremental Capacity in 2017. According to the press release, the first MDA, which marks the beginning of an incremental capacity process, shall be conducted in 2017 as soon as the respective NC CAM amendment comes into force. Therefore, the first MDA will not be initiated by an annual yearly auction on 6 March 2017. ENTSO-G will inform the stakeholders accordingly as soon as the NC CAM amendment is published in the Official Journal of the European Union.

### [EnC/Serbia: Secretariat Holds a Hearing regarding Certification of Yugorosgaz-Transport](#)

*by Mirjana Mladenović, (Belgrade)*

On 10 March 2017, the Energy Community Secretariat (Secretariat) held a hearing regarding certification of the Serbian Transmission System Operator for gas, Yugorosgaz-Transport. The hearing was attended by representatives of Serbian Energy Regulatory Authority (AERS), the Ministry of Mining and Energy, Yugorosgaz and the President of the Energy Community Regulatory Board. The hearing clarified the open questions in relation with the certification of Yugorosgaz-Transport under the independent system operator (ISO) model of the Third Energy Package. This represents the first certification in accordance with Article 11 of the Gas Directive of a transmission system operator that is controlled by a legal person from a third country. The Secretariat will enact its Opinion on the compatibility of AERS' Preliminary Decision on the certification of the transmission system operator in accordance with the Directive 2009/73/EC and Regulation (EC) 715/2009.

### [Albania: Amendments to Law on Exploration and Production of Hydrocarbons](#)

*by Odisea Xhelita, (Tirana)*

On 2 February 2017, the Albanian Parliament adopted the Law No.6/2017 on Amendments to the Law No.7746/1993 on Hydrocarbons, Exploration and Production, as amended. The Government's objective, is to negotiate the terms of the Petroleum Agreements in the oil industry, the most common type of which used in Albania is a Production Sharing Agreement ("PSA") in a fair, transparent and competitive manner, to protect Albanian natural resources (inland and offshore) which are state owned, by guaranteeing the country' national security, in line with the principles of Directive 94/22/EC of the European Parliament and of the Council "On the conditions for granting and using authorizations for the research, exploration and production of hydrocarbons". Based on these principles, the execution of new PSAs or share transfers in existing Petroleum Agreements can be rejected by the relevant authorities in case there is any indication of Albanian national security infringement. The Law came into force on 7 March 2017 and has been published on the Official Gazette.

### [Albania: Storage and Certification on Natural Gas](#)

*by Odisea Xhelita, (Tirana)*

On 2 March 2017, the Albanian Energy Regulatory Agency (ERE) issued the Decision No.34/2017 on the Criteria for Determining the Access to Storage Natural Gas. It regulates competition issues in regard to other sources and storage prices, and regulate the market role of the storage facilities. The Decision came into force on 2 March 2017, has been uploaded on ERE's website and shall be published on the Official Gazette. On 2 March 2017, ERE approved the Decision No. 35/2017 on the Commencement of Procedures for the Combined Certification of Natural Gas of ALBGAS SHA. The Decision of came into force on 2 March 2017, has been uploaded on ERE's website and shall be published on the Official Gazette.



## Bulgaria: Natural Gas Balancing Trading and Network Access Rules

by Galina Ruseva, (Sofia)

The Bulgarian Energy and Water Regulatory Commission (KEVR) has recently undertaken important measures towards the full liberalisation of the natural gas market, by adopting: a) Rules for Balancing of the Natural Gas Market ("Balancing Rules") and amendments to the Rules for Trading of Natural Gas ("Trading Rules"), by means of Protocol No. 227 of 30 November 2016, and b) amendments to the Rules for Access to the Gas Transmission and/or Gas Distribution Networks and the Natural Gas Storage Facilities (Access Rules"), by means of Protocol No. 244 of 20 December 2016. The main objective of the Balancing Rules is to create a balancing regime during application of interim measures in accordance with the Report on the application of interim measures under Commission Regulation (EU) No. 312/2014 establishing a Network Code on Gas Balancing of Transmission Networks, approved by KEVR Decision No. VM-1 of 29 September 2015. The Balancing Rules provide for creation and operation of virtual trading points, allowing natural gas buyers and sellers to trade natural gas without having to book capacity. They apply to the national balancing zone and the transit balancing zone of the natural gas transmission system of Bulgaria. According to the amended Trading Rules, energy traders may now trade natural gas with the public supplier, end suppliers, other gas traders and end customers at freely negotiated prices. From a regulatory perspective, the trading regime has become more favourable to foreign traders. The amendments to the Access Rules introduced a new procedure for access to the transmission network and capacity booking. In order to request access to the network, one should submit a standard application form to gas Transmission System Operator Bulgartransgaz. Network capacities are provided via the Regional Booking Platform. The Balancing Rules apply as of 1 January 2017, and amendments to the Trading Rules and Access Rules are effective as of 13 and 27 December 2016 respectively.

## Montenegro: Public Discussion of the Draft Plan of Granting Concessions for 2017

by Stefan Pavlovic, (Belgrade)

On 2 March 2017, the Montenegrin Ministry of Economy (Ministry) submitted the draft Plan of Granting Concessions for Detailed Geological Research and Exploitation of Mineral Resources for 2017 (Plan) for public discussion, in accordance with the Law on Concessions (Official gazette of Montenegro, No. 08/09). Among other, the Plan contains the following information: (i) the analysis and evaluation of the current situation in regard to the underlying concessions; (ii) the location in which to carry out the concession activity; (iii) the deadlines for the publication of public calls for granting concessions. The Plan respects the principles of sustainable development and ensures the rational use of mineral resources. All interested parties are invited by the Ministry to join the discussion and to submit their opinions and comments from 2 March 2017 until 9 March 2017.

## Ukraine: NEURC Approves Licensing Conditions for Transportation of Oil and Oil Products

by Tetyana Vyshnevskaya, (Kiev)

On 16 February 2017, the National Energy and Utilities Regulatory Commission (NEURC) issued Resolution No. 202 on Approval of Licensing Conditions for Transportation of Oil and Oil Products by the Main Pipeline. Thereby, NEURC determined an exhaustive list of documents to be provided together with the license application, as well as general, organizational, technological and staffing requirements to licensees carrying out the licensed activity. The Resolution will come into force the day after its official publication. The licensees will be required to bring their operations in compliance with the new rules within a three-month period following the entry into force date.



## OIL & GAS highlights...

### Croatia: New Regulations in the Gas Market

by Sanja Tolj Par, (Zagreb)

Recently, the Croatian gas sector was introduced with a series of regulatory changes. On 17 February 2017, the Croatian Parliament adopted the Law on Amendments to the Gas Market Act (Official Journal, 16/2017). The Amendments were passed primarily to ensure the implementation of the Commission Regulation (EU) No. 312/2014 of 26 March 2014 establishing a network code on gas balancing of transmission networks (OJ L 91, 27.3.2014), Regulation (EU) No. 1227/2011 of the European Parliament and of the Council of 25 October 2011 on wholesale energy market integrity and transparency (OJ L 326, 8.12.2011) and the Commission Regulation (EU) No. 2015/703 of 30 April 2015 establishing a network code on interoperability and data exchange (OJ L 113, 1.5.2015).

Furthermore, the Croatian Government at its session of 28 February 2017 adopted the Decision on the gas price at which the wholesale gas supplier is obliged to sell gas to PSO providers supplying gas to households (Official Journal, 18/2017) pursuant to Article 31, Paragraph 4 of the abovementioned Law on Amendments to the Gas Market Act (Official Journal, 16/2017). This Decision

determines the gas price at which the wholesale gas supplier is obliged to sell gas to PSO providers supplying gas to household customers and those energy companies, legal entities and individuals that supply households with heat generated from gas in accordance with the Thermal Energy Market Act (Official Journal 80/2013, 14/2014, 102/2014 and 95/2015).

On 24 February 2017, the Croatian Energy Market Operator Ltd.(MO) adopted the Amendments to the Rules on Gas Market Organisation (Class: 011-03/14-01/03) pursuant to Article 83 of the Gas Market Act (Official Journal, 28/2013, 14/2014 and 16/2017) and the respective Decision of the Croatian Energy Regulatory Agency (HERA). Amendments abolished the provision of balancing energy on an annual basis. Until the expiration of existing annual contracts between balancing energy bidders and the MO, the bidders are required to deliver daily offers to the MO in a minimum of two blocks of positive balancing energy and two blocks of negative balancing energy.

On 24 February 2017, the Croatian Transmission System Operator (Plinacro Ltd.) adopted the Amendments to the Network Rules of the Gas Transmission System (Class: PL-17/0675) pursuant to Article 84 of the Gas Market Act (Official Journal, 28/2013, 14/2014 and 16/2017) and the respective Decision of HERA. The Amendments were adopted to ensure the implementation of the Commission Regulation (EU) No. 312/2014.

On 27 February 2017, the Operator of the Gas Storage System, Underground Gas Storage Ltd., adopted the Amendments to the Rules of Use of the Gas Storage System pursuant to Article 86, Paragraph 3 of the Gas Market Act (Official Journal, 28/2013, 14/2014 and 16/2017) and the respective prior Decision of HERA. The Amendments relate to changes in the booking procedure of gas storage system capacities.



## Ukraine: Recent Developments on Natural Gas Market

by *Tetyana Vyshnevska, (Kiev)*

On 21 February 2017, the Cabinet of Ministers of Ukraine issued Resolution No. 95 on Ensuring Efficient Operation of Gas Distribution Networks or Their Components. Thereby, the Government is introducing the paid lease of gas distribution networks or their components owned by the State (hereinafter: GDNCs), used by gas Distribution System Operators (DSOs) free of charge since 2012. The Resolution provides for the following: i) the Ministry of Energy and Coal Industry is entrusted with administration of the GDNCs owned by the State; ii) approval of a Standard Contract on the Lease of GDNCs as well as a Model Contract on the Operation of GDNCs; iii) the Ministry is required to conclude contracts with current DSOs on the operation of GDNCs by 10 March 2017 (with the effective date of 1 April 2017), and terminate previous arrangements; iv) an inventory of all GDNCs on the books of the DSOs should be finished by 1 December 2017 while pasportization of all GDNCs should be completed by 31 December 2018. The Resolution came into force on 28 February 2017, however, the Standard Contract on the Lease of GDNCs will become applicable after the coming into force of the law on lifting the prohibition of the GDNCs' lease.

Moreover, on 10 February 2017, the National Energy and Utilities Regulatory Commission (NEURC) launched a public consultation on amendments to the Gas Storage Code, Model Gas Storage (Injection, Withdrawal) Contract and the Methodology for calculation of tariffs for gas storage (injection, withdrawal) in gas storage facilities with the regulated access regime. The main objective of the amendments is to bring Ukrainian regulations in line with the best European practices and ensure maximum and efficient use of storage facilities by both the Storage System Operator (SSO) and the customers. The amendments shall allow the SSO to use the technical capacities of storage facilities efficiently and receive the planned tariff revenue, and the customers will be able to request storage services in accordance with their operational model. Inter alia, the amendments to the Gas Storage Code include the following: a) the SSO is obliged to keep separate records of gas stored under different customs regimes in accordance with the requirements of the Customs Code of Ukraine. In theory, this will allow the SSO to store gas under the customs warehousing

regime, which means administration of the transfer of title under such a regime and storage of gas without having to pay VAT; b) if the financial collateral for the allocated yearly or monthly capacity has not entered the bank account of the SSO during 5 banking days of the respective month, the SSO shall cancel the allocation and offer the capacity to other customers (as of now the SSO can suspend the service in such a case and will be able to offer the capacity for reallocation only 14 days after the suspension); c) SSO may allocate 90% of technical capacities of the storage facilities while 10% should remain free during month periods. The stabilization (neutral) period shall last no longer than 30 days, during which the access to the capacity shall be limited by the SSO and the access fee shall not be charged. As regards the Methodology, the main amendments thereto provide for the following: a) gas storage/injection/withdrawal tariffs will be calculated based on the planned cost of such services instead of the planned revenue from storage services; b) the planned cost of the SSO services will amount to the planned cost of the storage, injection and withdrawal services; c) the coefficient applied to tariffs for individual monthly services will range between 1.1 and 2.5 (up to 1.5 now), and for day-ahead services – 1.2 to 3.0 (up to 2.0 now); d) any discounts for intermittent services, present in the current Methodology (0.1 to 0.8), will be abolished. The consultation closed on 13 March 2017.

In addition, on 16 February 2017, NEURC issued Resolution No. 201 on Approval of Licensing Conditions for Conducting Business Activity on the Natural Gas Market, and thereby approved a set of licensing conditions for natural gas transportation, storage (injection, withdrawal), distribution and supply, which shall be met by the licensees as well as companies applying for a license. By means of this Resolution NEURC also invalidated corresponding regulations of the NERC, that is, Resolutions No. 8, 9 and 12 of 13 January 2010 and Resolution No. 9 of 12 January 2015. The Resolution No. 201 will become effective on the day following the day of its official publication. The licensees shall bring their operations in compliance with the new rules and submit to NEURC all the required documents within a three-month period following the entry into force date.

## Infrastructure **what's new...**

### Albania: Conditions for Construction of Direct Lines and New Interconnections

*by Odisea Xhelita, (Tirana)*

On 11 January 2017, the Council of Ministers (CM) adopted the Decision No.16/2017 on the Conditions and Procedures for the Construction of New Interconnectors. The Decision provides that the CM shall approve the construction of any new interconnection with the neighbouring states, having a voltage equal to or higher than 110 kV, whether by the Transmission System Operator (TSO), or any private investors. The Decision came into force on 25 January 2017 and has been published on the Official Gazette.

On 25 January 2017, CM adopted the Decision No.52/2017 on the Conditions and Procedures for the Construction of Direct Lines. It provides that the Ministry in charge for the energy sector shall approve the construction of direct lines, which are considered to be a power line connecting a separate producer with a domestic/foreigner client, who are not connected with the network, or a producer with a supply company, for the purposes of its premises, its affiliates or customers. The Decision came into force on 2 February 2017 and has been published on the Official Gazette.



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

### EU/Romania: Amendments to the Green Certificates Support System

by *Andriani Kantilieraki, (Athens)*

On 17 March 2017, the European Commission's decision authorising state aid in the case of SA.46894 concerning amendments to the Romanian green certificates support system for promoting electricity from RES, was published in the Official Journal of the European Union. The scheme was initially approved in 2011, modified pursuant to the amendments which were notified by the Romanian Authorities in 2015, and the decision not to raise objections was issued by the European Commission on 16 December 2016. The Green Certificates scheme sets out the basic principles under which green certificates are granted by the State to beneficiaries in accordance with national Law 220/2008. The amendments notified by the Romanian Authorities mostly concerned modifications of the calculation of the green certificate acquisition quota, increase of the validity of the certificates and transaction restrictions. Several concerns were raised by third parties but the Commission concluded that the amendments constitute aid within the meaning of Article 107 TFEU, were notified in the legally set timeframe and that the notified scheme falls within the scope of the Guidelines on State aid for environmental protection and energy 2014-2020, thus being compatible with the internal market. However the Commission noted that some of the proposed measures such as the prolongation of the period of postponement are likely to have negative effects and reduce the revenues of the beneficiaries and highlighted the fact that support for the energy intensive consumers is not covered by the notification and therefore is outside the scope of the decision.



### EU/Denmark: RES Financing Scheme Approved

by *Andriani Kantilieraki, (Athens)*

On 17 March 2017, the European Commission's decision in the state aid case SA.46882 regarding amendments to the financing scheme of renewable energy in Denmark was published in the Official Journal of the European Union. From time to time the Commission has approved several aid measures in Denmark on the basis of the Guidelines on State aid for environmental protection and energy 2014 – 2020. However Denmark recently notified its intention to phase out the current PSO levy, which constitutes the Public Service Operation tariff imposed on customers of transmission and distribution of electricity services as a means of financing the costs of aid measures. The goal of the reform is to transfer pre-existing and future RES support schemes to state budget financing. The measure was assessed as compatible but the Commission set out remarks considering the measure's possible discriminatory effects on imported electricity from renewable energy sources. In an effort to conform with Articles 30 and 110 TFEU the Danish authorities committed to making investments into energy infrastructure that benefit cross-border electricity flows simultaneously increasing cross border capacity.

### EU/Greece: Commission Approves RES Support Scheme

by *Stefania Chatzichristofi, (Athens)*

On 17 March 2017, the Commission's Decision on the approval of the new Greek support scheme for renewable electricity being in line with EU state aid rules was published in the Official Journal of the EU (SA44666). The Commission found that the scheme that includes state support either through a feed-in tariff or through a price premium is in line with the State aid rules and shall help Greece to reduce its CO2 emissions, without unduly distorting competition as well as that shall help the country achieve its 2020 goal of producing 18% of its energy needs from RES. Support with a feed-in tariff will be limited to small installations and installations on the non-interconnected (NII) islands. Installations with a capacity above 500 KW will, over a period of 20 to 25 years, receive a premium on top of the market price of electricity. Starting from 1 January 2017, the state aid to larger installations is granted through competitive tenders and Greece has already organized a pilot tender for PV installations. The Commission also concluded that the scheme was likely to increase the proportion of green electricity and reduce pollution, while limiting distortions of competition due to the state support. In order to avoid any discrimination against foreign RES producers resulting from the financing mechanism, as of 2017 Greece will partially open up the RES support scheme to foreign producers.

## EU/Czech Republic: Commission Not to Raise Objections to RES Support Scheme

by Viktoria Chatzara, (Athens)

On 4 March 2017, the Commission's decision in case SA.40171 concerning a Czech support scheme for producers of electricity from renewable energy sources (RES) was published in the Official Journal of the EU. The aid under the notified measure consisted in feed-in tariffs (mandatory purchase prices) or feed-in premiums (green bonuses), according to the choice of the RES producer, and was granted by the Czech Ministry of Industry and Trade. The beneficiaries of said scheme are operators of installations producing renewable electricity and commissioned in the period between 01.01.2006-31.12.2012 and located exclusively within the Czech Republic, including small hydropower plants (with up to 10 MW of installed capacity), photovoltaic power plants, wind power plants, biomass/biogas power plants and geothermal power plants. For the period 01.01.2006-31.12.2012, the TSO and the regional DSOs had a legal obligation to purchase all RES electricity produced by beneficiaries connected to their networks, against purchase prices and green bonuses determined by the Energy Regulatory Office (ERO) by means of its annual price decisions, while the extra costs incurred due to this obligation were passed on to the final consumers through a surcharge (special levy) imposed on the electricity transmission and distribution tariffs. To be noted that in the period 2011-2015 only part of the extra costs was passed on to the end users, while the remaining part was reimbursed to the TSO and the DSOs from the State budget through a grant by the Ministry of Industry and Trade. Since 01.01.2013, renewable electricity sold at feed-in tariffs was purchased by mandatory purchasers (electricity trading companies) which were compensated for the difference between these prices and the market price by the Czech Electricity and Gas Market Operator (OTE), whereas renewable electricity sold under the feed-in premium (green bonuses) was placed in the market with the premiums paid by OTE. As of 01.01.2016, the aid was financed through a combination of a connection fee and resources from the State budget. Further to the above, a number of tax exemptions were applicable on RES producers falling into the scope of the notified scheme. The Commission resulted that the notified support scheme constitutes state aid, and assessed it under the 2001 Community Guidelines on State aid for environmental protection (2001 EAG) and the 2008 Community Guidelines on State aid for environmental protection (2008 EAG). Following said assessment, the Commission concluded that the notified RES support scheme is compatible with the internal market.

## EU/Czech Republic: Support Scheme for Small HPP Compatible with Internal Market

by Viktoria Chatzara, (Athens)

On 3 March 2017, the Commission's decision in case SA.43182 concerning the support scheme of the Czech Republic for the promotion of electricity production from small hydro power plants with installed capacity of up to 10 MW, was published in the Official Journal of the EU. The notified measure provides for support in the form of feed-in tariffs (mandatory purchase prices) and feed-in premiums (green bonuses), depending on the choice of the beneficiaries as per each year; however, in the case of beneficiaries with installed capacity of 500 kW or more, the Czech Republic has committed to ensure that the aid will only take the form of green bonuses. According to the feed-in tariff regime, the hydro power producers will be selling electricity to mandatory purchasers against an established purchase price, whereas the Czech Electricity and Gas Market Operator (OTE) will be paying the difference between the feed-in tariff and the market hourly electricity price. With respect to the feed-in premium regime, hydro power producers will be selling directly on the market to electricity traders against the prevailing market price, while also receiving support in the form of green bonuses from OTE. The above described scheme covers operators of new or fully refurbished small hydro power plants, provided they are located within the territory of the Czech Republic and they are commissioned in the period 01.01.2016-31.12.2020. Taking into consideration all the characteristics of the notified scheme, the Commission concluded that it constituted state aid, which should be assessed in the light of the 2014-2020 Guidelines on state aid for environmental protection and energy (EEAG). Following this assessment, the Commission ruled that the notified support scheme is in compliance with the internal market.

## EU/Germany: Amendments of the RES Law Approved

by Mira Todorovic Symeonides, (Athens)

On 3 March 2017, the decision of the Commission in case SA.45461, confirming that the amendments to the German renewable energy scheme are in compliance with the EU state aid rules, was published in the Official Journal C/68/2017. The new scheme for the RES support shall be based on the competitive bidding processes, which will be organised as auctions for different RES technologies, while alternative auctions designs will be tested through pilot projects for the future. From 2017 auctions are planned to be organised to select offshore wind installations, onshore wind installations above 750 kW, solar installations above 750 kW and biomass and biogas installations above 150 kW. Other technologies (hydropower, geothermal and installations using sewage gas) will be supported through the feed-in tariff (for installations up to 100 kW) and market premiums defined in the RES law scheme (for installations above 100 kW). The new scheme aims to address the issues of grid instability and integration, resulting from the rapid development of RES combined with the closure of nuclear plants.

## EU/Germany: Modification of Law on Energy-Intensive Undertakings

by *Viktoria Chatzara, (Athens)*

On 3 March 2017, the Commission's decision on case SA.44679 concerning certain amendments Germany notified in connection with the energy-intensive undertakings that are entitled to reduced renewable surcharges (EEG surcharges), was published in the Official Journal of the EU. To be noted that the Commission evaluated and issued its decision on this case along with other modifications of the support scheme for the promotion of production of electricity from renewable energy sources that were notified by Germany (case SA.45461). According to the amended provisions, undertakings active in certain sectors (List 1 of Annex 4 of German EEG law) and having electro-intensity between 14-17% shall be eligible for an 80% reduction on the EEG surcharges, whereas under the previous provisions the minimum eligibility threshold was 17%. The electro-intensity of an undertaking is defined by reference (among others) to the electricity consumption, for the calculation of which Germany had stated that efficiency benchmarks would be developed. However, Germany ultimately decided that such benchmarks would not be developed, on the basis that the development of energy efficiency benchmarks for all sectors proved to be too complex; as a result the consumption will continue being measured based on the arithmetic mean over the last three years for which data on electricity consumption is available, as, according to Germany, the use of existing EU Emission Trading System emission benchmarks or efficiency benchmarks established under the aid guidelines for the compensation of indirect CO2 costs would not be appropriate. According to the submitted information, the scheme is intended to be in force until the end of 2020. With respect to the financing of the support, it still derives from the EEG surcharge, as well as from penalties introduced in order to sanction certain obligations of auction applicants. According to the Commission, the notified scheme constitutes state aid, which should be assessed under the provisions of the 2014-2020 Guidelines on state aid for environmental protection and energy (EEAG). Taking into account that the choice of the beneficiaries of this scheme is made on the basis of objective, non-discriminatory and transparent criteria and that the proposed method for the calculation of electro-intensity is in compliance with the EEAG, the Commission concluded that the notified amendments with respect to electro-intensive undertakings are in line with the EEAG and, thus, the state aid measure is compatible with the internal market.

## EU/Czech Republic: Validation of RES Support Scheme for Biogas Project

by *Tetyana Vyshnevskya, (Kiev)*

On 3 March 2017, a set of European Commission's decisions on Authorisation for State aid pursuant to Articles 107 and 108 of the TFEU - Cases where the Commission raises no objections - was published in the Official Journal of the European Union. Inter alia, the publication provides information on the Commission's Decision of 22 August 2016 in the Case SA.43451 on the authorisation of an operating support scheme for a renewable energy project of heat production by small-scale biogas installations (with the capacity of up to 0.5 MW) in the Czech Republic, in the form of a fixed premium (the total budget will amount to ca €19 million). Having assessed the support scheme under the 2014 Guidelines on state aid for environmental protection and energy, the Commission found it compatible with EU state aid rules. The implementation of the project in question is expected to help the Czech Republic achieve its 2020 renewable energy objectives as well as the targets for restricting the landfilling of biodegradable waste under the Council Directive 1999/31/EC on the landfill of waste.

## EU/Germany: Network Reserves Scheme Approved

by *Andriani Kantilleraki (Athens)*

On 3 March 2017, the European Commission's decision on state aid case SA. 42955 concerning the approval of the German Network Reserve scheme, was published in the Official Journal of the European Union. The German authorities notified the Commission their plans for establishing a Network Reserve, a measure which constitutes a partial revision of the existing German Energy Act. The main goal of this reform is coping with the energy transition and ensuring continued security of electricity supply by allowing transmission system operators to contract generation capacities and to use those to manage grid congestions by means of re-dispatch, thus ensuring balance between production and demand within the grid, especially in Southern Germany. The Commission held that the Network Reserve scheme constitutes a capacity mechanism which does not unduly distort competition in the Single Market and approved it as a temporary measure until June 2020.



## EU/Belgium: Support to Long-Term Operation of Nuclear reactors

by *Andriani Kantilieraki (Athens)*

On 17 March 2017, the European Commission issued a press release regarding the acceptance of Belgian support to long-term operation of nuclear power reactors. The Belgian authorities had notified the Commission about measures which would result to the prolongation of the operational lifetime of nuclear reactors Tihange 1, Doel 1 and Doel 2. The companies who own the reactors had committed to investing €1.3 billion in exchange for authorisation to run the plants for another 10 years. Under state aid rules aiming at preserving competition in the Single Market, the Commission held that the proposed measures do not lead to undue distortion of the Belgian energy market as measures were taken to ensure that Engie – Electrabel, the major player in Belgian energy markets and the sole owner of reactors Doel 1 and Doel 2, will receive limited and proportionate economic advantage and sell a share of the annual production from the reactors on regulated energy markets.

## Enc/Serbia: Reasoned Opinion to Comply with State Aid Legislation

by *Vuk Stankovic, Belgrade*

On 28 February 2017, the Secretariat sent a Reasoned Opinion to the Republic of Serbia for non-compliance with the State aid acquis to follow up on its Opening Letter of 14 July 2016. The Opening Letter refers to dispute settlement case related to state guarantees by the Republic of Serbia for loans from international financial institutions to the incumbent electricity company Elektroprivreda Srbije (EPS) for the Kolubara B coal-fired power plant project and the transfer of property and land from the Republic of Serbia to EPS for the same project. Pursuant to the Reasoned Opinion, the Republic of Serbia is obligated to rectify and follow up the issues of non-compliance with Energy Community law identified therein, within a deadline of two months. Depending on the content of such reply, the Secretariat may submit the case to the Ministerial Council for a decision on the non-compliance.

## EnC/Serbia: Secretariat Requests Compliance with Competition Legislation

by *Mirjana Mladenović, (Belgrade)*

On 16 March 2017, the Energy Community Secretariat (Secretariat) submitted a Reasoned Opinion to the Republic of Serbia for non-compliance with the competition acquis, to follow-up on its Opening Letter of 12 January 2017 by which the preliminary proceedings in a dispute settlement case ECS 18/16 were initiated. Notably, the Secretariat did not receive any response from the Serbian government to the Opening Letter. The Reasoned Opinion states that provisions of the 2012 natural gas supply agreement between Serbia and Russia, which stipulated that the delivered gas was intended solely for the Serbian market, are against the Energy Community's regulations. The Republic of Serbia is requested to rectify the issues of non-compliance with Energy Community law, identified in the Reasoned Opinion, within a time limit of two (2) months. Depending on the reply from the Republic of Serbia, the Secretariat may submit the case to the Ministerial Council for a decision on the non-compliance of the Republic of Serbia with Energy Community law. The Ministerial Council does not often punish countries for failing to comply with regulations; however, the imposition of sanctions will result in losing the right to vote and to the reimbursement of expenses of the country's participation in the Energy Community's activities, while the EU may suspend the financing of energy projects.



## COMPETITION - STATE AID **highlight...**

### EU: Commission Invites Comments on Gazprom Commitments

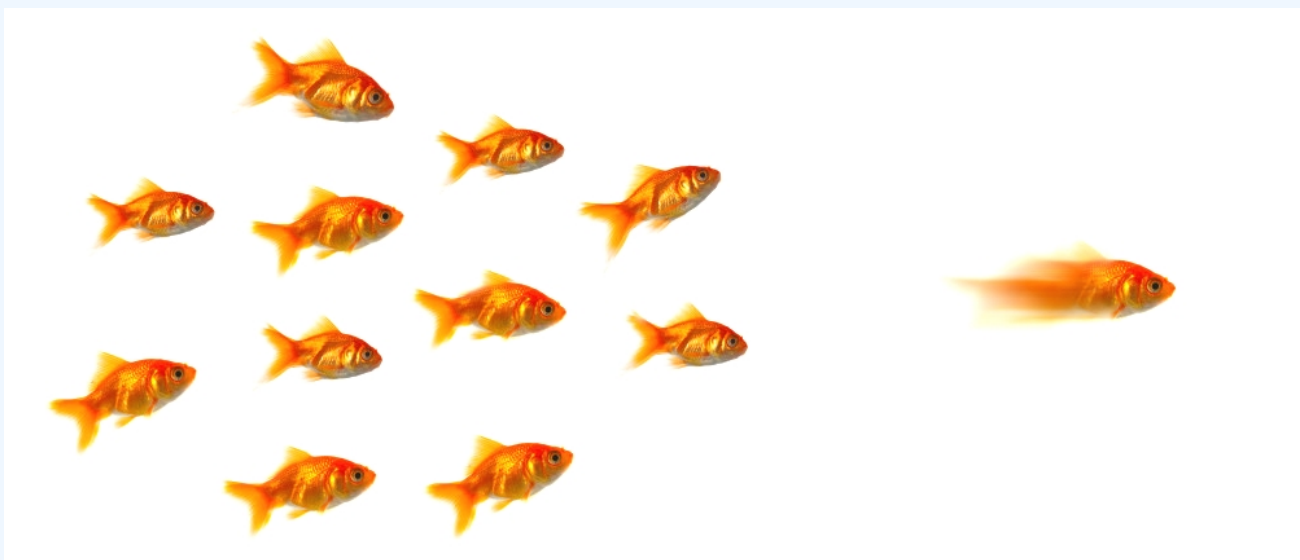
by *Stefania Chatzichristofi, (Athens)*

On 13 March 2017, the European Commission invited all interested stakeholders to submit comments on the commitments submitted by Gazprom in order to alleviate the Commission's competition concerns regarding gas markets in Central and Eastern Europe. The commitments are aimed to enable cross-border gas flows at competitive prices. In April 2015, the European Commission released a Statement of Objections (SO) expressing its concerns in relation to Gazprom's anti-competitive behaviour. More precisely, the alleged anti-competitive activity is illustrated through territorial restriction clauses in the contracts Gazprom concluded with wholesalers and some industrial customers, the ability of Gazprom to proceed with excessive pricing policies in the gas markets concerned and the fact that Gazprom leveraged its dominant market position on the gas supply market to obtain advantages relating to access or control of gas infrastructure.

In the Commitments, Gazprom has proposed to remove from their contracts (and not reintroduce in the future) all contractual clauses hindering the cross-border flow of gas. In this relevance, Gazprom has also committed to undertake active steps with the aim of enabling the better integration of Central and Eastern European gas markets, such as the facilitation of market interconnections with Bulgaria, the creation of opportunities for more gas flows to the Baltic Sea and Bulgaria even before the necessary

connecting gas infrastructure becomes available. More specifically, with respect to market interconnections in Bulgaria, the provisions in Gazprom's supply and transport contracts on the monitoring and metering of gas have contributed in Bulgaria's market isolation from neighbouring EU gas markets. Secondly and most importantly, Gazprom has offered to amend the respective contractual price revision clauses or introduce new once in order to ensure competitive gas prices in the affected markets. Thus, it should introduce competitive benchmarks, including Western European hub prices into its price review clauses. Moreover, Gazprom has committed to increase the frequency and speed of price revisions.

The European Commission has publicly invited all interested parties to express their views on the Gazprom-proposed Commitments within seven weeks from their publication in the Official Journal of the EU. The Commission will take into account all comments it receives in order to adopt a final view as to whether the commitments Gazprom submitted effectively address its concerns regarding Gazprom's anti-competitive behaviour. If this is the case, the Commission may adopt a decision making the commitments legally binding on Gazprom under Article 9 of the EU's antitrust Regulation 1/2003.



## Renewables what's new...

### EU: Study on RES Development

by Theodoros Theodorou, (Athens)

On 22 February 2017, European Commission issued a study on technical assistance in realization of the 2016 report on Renewable Energy, in preparation of the European Renewable energy Package for the period 2020-2030. The Study provides specific information and analysis of the deployment and utilization of different RES technologies. Specifically, a major increase of the average RES share is observed since 2013-2014, which is estimated to continue developing in the next years. Nevertheless, non-economic barriers are stated by EU Member States regarding each member's adapting procedures that may delay or even prevent any further deployment of RES. In order to overcome any obstacles leading to a negative impact, this Study recommends certain actions and measures.

### EU: 11 MSs Achieve Their 2020 RES Targets

by Theodoros Theodorou, (Athens)

On 14 March 2017, the European statistical office (Eurostat) published a research on the share of energy from renewable sources (RES) in the European gross final energy consumption, showing a significant increase in its percentage. According to this research, 11 out of 28 EU Member States have already reached their targets in 2015, while the rest are well on track to achieve theirs. More precisely, the EU has set a target of 20% share of RES in gross final energy consumption until 2020 and 27% until 2030. These statistics reveal that RES have played a substantial role in Europe's energy strategy over the years and their development seems to be the future of the European and global energy production.



### Greece: RAE Issues Decision on RES Production Electricity Licenses

by Stefania Chatzichristofi, (Athens)

On 2 March 2017, the Greek Energy Regulatory Authority (RAE) issued decision regarding the duration of licenses for production of electricity from RES that have been granted prior to the entry into force of the Law no. 3468/2006 «Production of Electricity from RES and CHP» (OJ 129/27.06.2006). The general principles applied to those licenses are: i) that have been granted for a period of fifteen (15) years and ii) that may be extended up to ten (10) additional years, following the respective request by the part of the licensee. The extension request should be submitted to RAE the latest two months before the expiry date of such production license.

### Romania: ANRE Sets Mandatory Quota for Acquisition of Green Certificates for 2016

by Corina Bădiceanu, (Bucharest)

On 27 February 2017, the Order No. 11/2017 of the Romanian Energy Regulatory Authority (ANRE) on the setting of the mandatory quota for acquisition of green certificates for 2016 was published in the Official Gazette No. 147/2017. The present Order establishes a mandatory quota for acquisition of green certificates for 2016 at 0,306 green certificates/MWh, corresponding to a final consumption of electricity exempted from the payment of green certificates in the amount of 6.845,56 GWh. The requirements 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 organizational entities belonging to ANRE shall monitor the compliance with the provisions of the aforementioned Order.

## RENEWABLES highlight...

### Greece: RAE's Opinion on RES Auctions

by *Stefania Chatzichristofi, (Athens)*

On 23 February 2017, the Greek energy regulatory authority (RAE) published its Opinion no. 2/2017 regarding a) the classification of competitive bidding procedures as «technologically neutral» or not, b) the technologies and / or categories of power plants from RES and CHP that would be included in the competitive bidding process, and c) the methodology and the power allocation procedure for the participation of power plants from RES that are installed in countries within the European Economic Area provided that they have active energy transnational trade with them.

First of all, RAE supports the option of a competitive procedure scheme per technology and not technology neutral. In this respect, RAE supports that wind and PV projects should be the subject of different auction procedures. RAE proposes exclusion from such auctions of other technologies of RES projects in the non-interconnected islands. Therefore, the following should be included in the tendering procedures: i) mature licensed

wind projects of installed capacity more than 3 MW; ii) mature licensed PV projects per category (for instance exempted (capacity less than or equal to 1MW) and non-exempted (capacity exceeding 1MW); iii) projects that are not matured licensed, only in order to meet the power margins resulting from the completion of upgrades and / or system extensions, including Network in saturated areas and the increase in demand or a change in the power system. Furthermore, RAE also proposes a combined scheme of compensation for hybrid stations.

Moreover, Greece should give the opportunity to RES producers whose stations are located in other European Economic Area (EEA) Member States to participate in the auction procedures provided Greece has active cross border energy trade with them. A respective methodology which would regulate capacity allocation should be further prepared and published in order to prevent their discrimination.



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

### EnC/Albania: Reasoned Opinion for Non-compliance with the EE Directive

by *Mirjana Mladenović, (Belgrade)*

On 15 March 2017, the Energy Community Secretariat (Secretariat) submitted the Reasoned Opinion as the next step in the dispute settlement case regarding implementation of the energy efficiency rules in Albania. The dispute settlement case no ENC 10/2013 was launched for non-compliance with the EU Directive 2006/32/EC on energy efficiency. The Reasoned Opinion requests the increase of implementation of the Direct to a reasonable level and the adoption of the Energy Efficiency Action Plans. The Republic of Albania is requested to rectify the issues of non-compliance identified in the Reasoned Opinion within a time limit of two (2) months.



### EnC/BiH: Reasoned Opinion for Non-Compliance with Energy Efficiency Rules

by *Nebojša Milanović, (Banja Luka)*

On 15 March 2017, the Energy Community Secretariat sent a Reasoned Opinion to Bosnia and Herzegovina (BiH), as the next step in a dispute settlement case ECS 01/14 launched for non-compliance with rules related to energy efficiency. In the Reasoned Opinion, the Secretariat states that BiH continues to breach Energy Community law by not adopting a sufficient level of transposition and implementation of the provisions of Directive 2006/32/EC on energy end-use efficiency and energy services. Furthermore, the Secretariat calls BiH to rectify the infringement within a two-month period.

### EU/Greece: ECJ Judgment in Case C-160/16 about Energy Efficiency

by *Evriddiki Evangelopoulou, (Thessaloniki)*

On 2 March 2017, the European Court of Justice issued the Judgment No. ECLI:EU:C:2017:161 in Case C-160/16 Commission v Greece regarding infringement of the energy policy by the latter. In its application to the Court, the Commission asked to declare that the Hellenic Republic, by failing to communicate the report on the cost-optimal levels of the energy performance of buildings, failed to fulfill its obligations under Article 5, paragraph 2 of Directive 2010/31. The Court proceeded to hear the case and, as a result, found Greece guilty of failing to fulfil its obligations.

### Croatia: Programme for Energy Renovation of Public Buildings by 2020

by *Sanja Tolj Par, (Zagreb)*

The Croatian Government, at its session held on 2 March 2017, adopted the Decision on Adoption of the Programme for Energy Renovation of Public buildings for the period 2016-2020 (Official Journal, 22/2017), pursuant to Article 31, Paragraph 2 of the Government of the Republic of Croatia Act (Official Journal, 150/2011, 119/2014 and 93/2016) and Article 28, Paragraph 4 of the Energy Efficiency Act (Official Journal, 127/2014). Implementation of the Programme is co-financed by the European Regional Development Fund and is primarily focused on energy refurbishment of public buildings owned by Croatia which are used by central government bodies. The Decision authorizes the heads of central government bodies, which use the buildings owned by Croatia, to sign energy performance contracts in accordance with the Programme.

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

### EU: Commission Reviews the Regulation on Shale Gas

*by Stefania Chatzichristofi, (Athens)*

On 15 December 2016, the European Commission published the report regarding the issue of shale gas and how effective the EU regulation is considered on this issue. Following the 2014/70/EU Commission Recommendation of 22 January 2014 on minimum principles for the exploration and production of hydrocarbons (such as shale gas) using high-volume hydraulic fracturing (OJ L39, 8.02.2014) Member States (MSs) were invited to follow these principles to address environmental risks posed by the technique used in shale gas operations. The report mainly focuses that the Recommendation has been applied unevenly. Over the past two and a half years, only a limited number of shale gas exploration wells have been drilled, in a small number of MSs. The EU Commission shall from now on focus on encouraging the application of EU environmental legislation and improving the monitoring developments in the MSs as well as creating a public database on unconventional oil and gas projects.




### EU: Progress Report on Circular Economy Package

*by Tetyana Vyshnevska, (Kiev)*

On 26 January 2017, the European Commission published a Fact Sheet on the progress made in the implementation of the Circular Economy Package, adopted in late 2015. The Fact Sheet presents an overview of the achieved results (tabled legislative proposals on waste, fertilizers and online sales of goods; adoption of the Ecodesign Working Plan for 2016-2019, the Construction & Demolition Waste Management Protocol; and establishment of a three-pillar Circular Economy Finance Support Platform to name a few) as well as certain priorities for the future, which include a strategy for plastics, a monitoring framework for the circular economy and a proposal on water re-use. The progress report is accompanied by the Commission's Communication on the role of waste-to-energy in the circular economy and a proposal to amend Directive 2011/65/EU on the restriction of the use of certain hazardous substances in electrical and electronic equipment.



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