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ENERGY MARKETS

EU/ACER: Annual Market Monitoring Report on Retail Electricity and Gas Markets

by Mira Todorovic Symeonides, (Athens)

On 9 November, ACER and CEER published the 5th edition of their 3rd Annual Market Monitoring report, particularly: a) the Report on Electricity and gas Retail Markets (that is presented below); b) the Report on Consumer Protection and Empowerment; and c) Key Insights and Recommendations. This year, the Market Monitoring Report was divided into five (5) volumes, two of them (Report on Electricity Wholesale Market and Report on Gas Wholesale Market) were published in September 2016.

The Retail Markets Report assesses the EU internal electricity and gas retail markets in 2015 and particularly the main trends in the electricity and gas demand; developments in retail prices also including data from the Energy Community Contracting Parties; offers available to consumers; level of competition; and regulatory interventions in retail price-setting mechanism. Due to economic recovery in the EU Member States (MS), decreasing wholesale prices and a colder winter in some MSs, both the total electricity and gas consumption and the energy consumption in the households segment increased in 2016 compared to the previous year, for electricity by 2.1% and 4.2 respectively, and for gas by 4.4% and 4.7% respectively. However the total levels of both electricity and gas consumption were in 2015 still bellow the pre-economic crisis levels of 2008. In 2015 both electricity and gas prices fell, compared to the previous year for all consumers except for households for which the prices were increased as on average across the EU by 1.7%. There has been an increase in the diversity of offers available to households in 2015, also showing that countries with a longer history of liberalisation usually have more diverse offers than those in which the markets were liberalised during the last 5-10 years. The Report particularly focuses on the following offers differentiating elements: type of fuel (electricity, gas, and dual-fuel), the type of energy pricing (fixed, variable or spot-based), the energy source (fossil or renewable) and the inclusion of additional services and other factors (contract duration, electronic billing etc).

Dynamic pricing (in which the end prices paid by consumers vary and reflects the marginal network costs and/or generation costs of energy purchased on the wholesale market) is more frequent in regard to supply than to network charges. For gas, dynamic pricing does not exist due to the storability of gas and lower probability of peak prices. The main reasons for low penetration of dynamic pricing for both electricity and gas are found to be in the consumers' limited awareness of the possible benefits of dynamic pricing but also their preference to pricing stability i.e. fixed price contracts.

The competition level in the energy retail markets is assessed by MS and the assessment includes: market structure indicators (market concentration, the number of suppliers, the ability to compare prices), market conduct indicators (average consumer switching activity, average net market entry, the number of offers per supplier in capital cities) and competition performance indicators (consumer satisfaction). The results show the improvements in the level of competition in electricity in Latvia, Malta, Denmark, the Czech Republic and Germany, in gas in Germany, Portugal, Belgium, Ireland and Italy and worsening of the competition level in electricity in Greece, Slovakia and Hungary and in gas in Slovenia, Denmark, Spain and the Czech Republic. One additional indicator of the effectiveness of competition in retail energy markets is the relation between the wholesale price and the energy component of the retail price.

Although the regulated retail prices are viewed as an obstacle to demand-side participation and retail competition, after eight years of full market opening, the price regulation in retail market was widely applied across the EU in 2015. Regulated electricity household prices still exist in twelve (12) countries for electricity and thirteen (13) countries for gas, while for industrial consumers exist in nine (9) countries for electricity and eight (8) countries for gas. Most countries have a dual market structure with coexistence of regulated and non-regulated prices, while in most of these countries regulated prices are available to all house-hold consumers.

more news on Energy Markets:

EU: European Union Energy Day

by Andriani Kantilieraki, (Athens)

On 14 November 2016, the European Commission – Directorate General for Energy, organised the European Union Energy Day: Joint solutions for a sustainable planet, in the framework of COP22 (the supreme decision-making body of the United Nations Framework Convention on Climate Change, dealing with global warming and climate change issues). The main goal of the event was to bring attention to the European accomplishments in the field and to communicate practices meant to boost global cooperation amongst key operators on smart and sustainable energy over the following 14 years, in line with the Paris agreement. The event further included the launching of a "Union for the Mediterranean" platform regarding energy efficiency as well as the signing of an agreement between Fiji and Reunion islands.

EnC: Secretariat Establishes Dispute Resolution and Negotiation Centre

by Stefan Pavlovic, (Belgrade)

On 25 October 2016, the Energy Community Secretariat (hereinafter "Secretariat") established a Dispute Resolution and Negotiation Centre (hereinafter "Centre"). The Centre was created in response to signals that the settlement alternatives currently available for energy disputes no longer respond to the needs of national authorities and stakeholders, in particular small and medium enterprises and consumers. The Centre shall provide dispute settlement services free of charge. Instead of focusing on arbitration or litigation proceedings, the Secretariat suggests that foreign investors in the region should turn to the Centre to engage in negotiations or mediations to reach a swift settlement of their disputes with the host state of their investment. The Centre is attached to the Legal Unit of the Secretariat. The Secretariat, which has already facilitated negotiations in several high-profile investor-state disputes, will be supported by a group of distinguished individuals with experience in the areas covered by the Centre.

EU: CEER Launches a Consultation to Improve GGP on Price Comparison Tools

by Evridiki Evangelopoulou, (Thessaloniki)

On 8 November 2016, the Council of European Energy Regulators (CEER) launched a public consultation on Guidelines of Good practice on Comparison Tools in the new Energy Retail Market Design. On 10 July 2012, CEER published its Guidelines of Good practice (GGP) on Price Comparison Tools (CTs), providing a set of fourteen (14) recommendations on how these tools can operate effectively in the best interest of energy customers. The GGP include various topics, such as independence of the tool, transparency, exhaustiveness, clarity and comprehensibility, correctness and accuracy, user-friendliness, accessibility and customer empowerment. However, the conducted studies on CTs and the analysis of their functioning showed that the level of offered services does not meet the set requirements, which negatively effects on the customers' confidence in their ability to take advantage of using those tools. For this reason, CEER decided to examine whether and in which way the GGP can be improved in order to ensure that they still deal with the issues that energy customers face when they use CTs. Thus, CEER publishes the present consultation in order to motivate all stakeholders to submit their recommendations regarding the following: a) Do the CEER 2012 recommendations need to be updated and if so, how? b) What developments in different fields may contribute to the revision of the GGP. The deadline for responses is set on 16 January 2017.

FYR of Macedonia: Amendments to the Energy Law

by Simonida Shosholcheva Giannitsakis, (Skopje)

On 12 October 2016, the Parliament adopted changes in the Law on Energy by a new Law that was published in the Official Gazette no. 189/2016, and that has come into force as of 15th of October 2016. This new Law was passed by the Parliament following the obligations arising from the membership of the country in the Energy Community and the "soft" measures for the electricity market, including the initiative for connecting the countries from the West Balkan. The obligation is to separate the distribution system operator in a separate legal entity and to start operate as such by the beginning of the year 2017. The aim of the changes in the Energy Law are to give precise definition of what Vertically Integrated Company is as well as to regulate and define the legal actions that have to be undertaken in the case of separation of one energy activity from the Vertically Integrated Company, such as transfer of employees, part or all of the assets, rights and obligations. Such changes are necessary taking into consideration that the Company Law has general rules in case of separation in a trade company that are difficult and not effective to be implemented when applied in an energy company.

ELECTRICITY

Albania: Continuing Reform of the Electricity Sector

by Odisea Xhelita, (Tirana)

On 06 October 2016 the Energy Regulatory Entity (ERE) issued the Decision No. 160/2016 on the Exclusion of the Final Customers from the Balancing Liability in Case they are Supplied with Electricity as Beneficiaries of the Universal Service, being part of the Public Service Obligation. This regulatory initiative has been taken in compliance with the Law no 43/2015 on the Electric Energy Sector which authorises ERE to exclude specific categories of final costumers.

On the same date the ERE issued the Decision No. 165/2016 on the Preliminary Certification of the Transmission System Operator (TSO). The preliminary certification of the TSO was approved in compliance with Article 9.6 of Directive 72/2009/EC and Article 54.6 of Law on the Electric Energy Sector, which regulate ownership unbundling of transmission from production and supply activities and particularly the case when control and management of a TSO and other energy activities is performed by the state. In such case, there should be two separate public bodies which exercise control, one over the TSO or the transmission system and the other over the undertaking performing generation or supply.

On 10 October 2016 the ERE issued the Decision No 166/2016 on the Rules of New Connections to the Distribution System. By virtue of such regulation ERE intends to determine the relations between the Distribution System Operator (DSO) and the users of the Distribution System who are seeking to realize any new connection or to modify the existing connections, by determining the procedures, the terms and fees, and also to unification of the quality of works, standards and technical characteristics of new connections to the distribution network.

On 18 October 2016 the ERE issued the Decision No. 167/2016 regarding the Version 1.4 of the Auction Rules of the Coordinated Auction Office for Southeast Europe (SEE CAO). The relevant regulation determines the terms and conditions governing the cross-border capacities allocation through the areas operating all participating transmission system operators, namely: i) HOPS - the Croatian Transmission System Operator l.t.d.; ii) NOS BIH - the Bosnia Hecegovine Transmission System Operator; ii) OST - the Albanian Transmission System Operator; iii) KOSTT - System Operator, KOSTT JSC and Market Transmmisioni; iv) TEIAS - the Turkey Transmission System Operator; v) MEPSO - the Macedonian Transmission System Operator. Such, an amendments compared with Version 1.3, are mainly consisting on improving literarily and making much more clearly the foreseen provisions, while the Competition Authority finds the approved to be in accordance with the law on the competition protection.

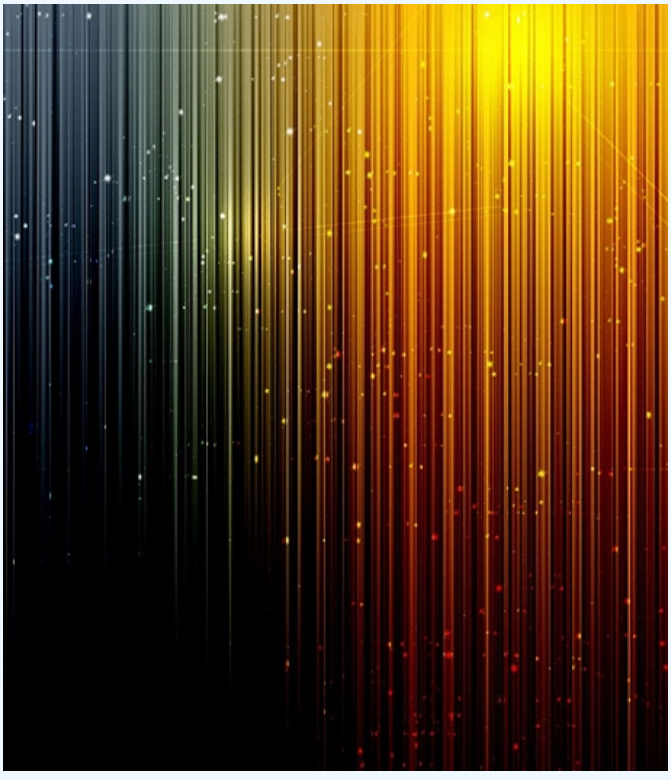
more news on Electricity:

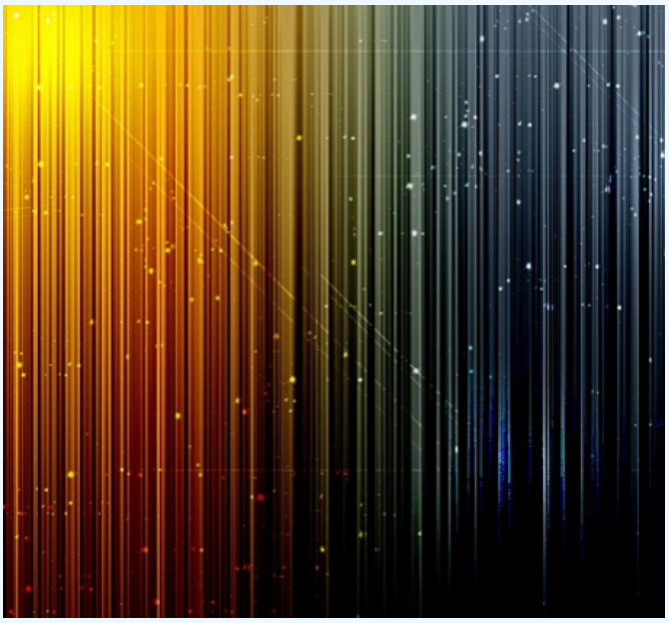
EU: ACER Decides on the Proposal on Capacity Calculation Regions

by Tetyana Vyshnevska, (Kiev)

On 17 November 2016, the Agency for the Cooperation of Energy Regulators (ACER) issued its Decision No. 06/2016 on the Electricity Transmission System Operators (TSOs) Proposal for the Determination of Capacity Calculation Regions (hereafter: "Decision"). By means of this Decision and five (5) annexes thereto, ACER approved the proposal for eleven (11) Capacity Calculation Regions (hereafter: "CCRs Proposal"), submitted by electricity TSOs to respective National Regulatory Authorities (NRAs), with further necessary amendments. ACER adopted the Decision in accordance with the requirements of the Commission Regulation (EU) No. 2015/1222 of 24 July 2015 establishing a guideline on capacity allocation and congestion management (hereafter: "CACM Regulation") following the NRAs' inability to agree on certain aspects of the CCRs Proposal and approve it within a six-month timeframe (i.e. by 17 May 2016) as stipulated by the CACM Regulation.

In particular, the Decision addresses the issues of inclusion of a German-Austrian bidding zone border in the CCRs Proposal as well as the merger of the Central West Europe CCR and the Central East Europe CCR into one CCR, in order to ensure the achievement of the objectives of the CACM Regulation and the compliance with the requirements of Regulation (EC) No. 714/2009 of the European Parliament and of the Council of 13 July 2009 on conditions of access to the network for cross-border exchanges in electricity. The Decision is binding upon the TSOs operating in the approved CCRs.





EU: ACER Issues Recommendation for Electricity Exchanges

by Tetyana Vyshnevska, (Kiev)

On 14 November 2016, the Agency for the Cooperation of Energy Regulators (ACER) published its Recommendation No. 02/2016 of 11 November 2016 on the Common Capacity Calculation as well as Redispatching and Countertrading Cost Sharing Methodologies. The main objective of the Recommendation that was requested by the European Commission in its letter of 31 August 2016, is to assist Transmission System Operators (TSOs) and National Regulatory Authorities (NRAs) in the preparation and approval of efficient, transparent and non-discriminatory common methodologies for capacity calculation, activation of remedial actions (redispatching and countertrading) and sharing of their costs in line with the requirements of the Commission Regulation (EU) No. 2015/1222 of 24 July 2015 on establishing a guideline on capacity allocation and congestion management, as well as Regulation (EC) No. 714/2009 of the European Parliament and of the Council of 13 July 2009 on conditions for access to the network for cross-border exchanges in electricity.

Current capacity calculation methodologies allow requests for internal electricity exchanges to get unlimited and prioritized access to the scarce network capacity to the prejudice of requests for cross-zonal exchanges, and to use the cross-zonal capacities as an adjustment variable to meet the operational security limits, while the existing methodologies to activate remedial actions and share corresponding costs fail to properly incentivize the TSOs to maximize cross-zonal capacities. The Recommendation provides a set of general principles, which are short-term solutions to prevent/minimize undue discrimination between internal and cross-zonal electricity exchanges in addressing congestion problems. The TSOs and NRAs are expected to apply the principles set out in the Recommendation when developing, approving, implementing and monitoring the said methodologies.

EU: ENTSO-E Publishes Guidance for the Requirements of Generators Grid Connection

by Tetyana Vyshnevska, (Kiev)

On 17 November 2016, the European Network of Transmission System Operators for Electricity (ENTSO-E) published eighteen (18) non-binding implementation guidance documents (IGDs) related to the implementation of the Commission Regulation (EU) No. 2016/631 of 14 April 2016 on establishing a network code on requirements for grid connection of generators (hereinafter: "RfG"). By means of these IGDs, ENTSO-E intends to provide an explanation to its members and other system Operators concerning technical issues, conditions and interdependencies that need to be taken into account when complying with the requirements of the RfG at national level as well as to facilitate the national implementation processes. The IGDs were prepared pursuant to the requirements of the RfG, with the account of the feedback received from interested stakeholders during relevant workshops, a survey and a consultation held by the ENTSO-E in September 2015 and throughout 2016.

ENTSO-E is expected to draft IGDs for other connection network codes as well, that is for the Commission Regulation (EU) No. 2016/1447 of 26 August 2016 on establishing a network code on requirements for grid connection of high voltage direct current systems and direct current-connected power park modules, and Commission Regulation (EU) No. 2016/1388 of 17 August 2016 on establishing a Network Code on Demand Connection, which both entered into force on 7 September 2016, therefore, the IGDs regarding these codes shall be provided by 7 March 2017 (and every two years thereafter).

EU: ENTSO-E Reports on the Emergency and Restoration Code

by Mira Todorovic Symeonides, (Athens)

On 24 October 2016, the Electricity Cross-border Committee of the EU Commission issued positive opinion on the Emergency and Restoration Code, which should be further approved by the Council or the EU and the European Parliament. The Code sets rules on dealing in the emergency, black out and restoration states. The Code particularly regulates the management by TSOs of emergency, blackout and restoration states; the coordination of system operations across the Union in the emergency, blackout and restoration states; the simulations and tests to guarantee a reliable, efficient and fast restoration of the interconnected transmission systems to the normal state from the emergency or blackout states; and the tools and facilities needed to guarantee a reliable, efficient and fast restoration of the interconnected transmission system to the normal state from the emergency or blackout states.

In order to ensure the security of the unified electricity markets in the EU, harmonisation of the rules and procedures across EU as well as requirements concerning technical and organisational measures are considered necessary in order to prevent deterioration in a national system and spreading out of disturbance and black out state to other systems in the EU. Thus, each TSO should establish defence plan and restoration plan. The harmonisation of these plans between the TSOs should ensure the overall efficiency of these plans across Europe. The TSOs should ensure the continuity of energy transactions through emergency and restoration, but will be allowed to temporarily, as a last resort, suspend specific market activities. TSOs from different MSs should support other TSOs in emergency, blackout or restoration, at request. The Code also regulates the need that in MSs in which public communication systems are used, TSOs, DSOs, Significant Grid Users (SGU) and Restoration Service Providers should obtain a telecommunication priority status.

Greece: Public Consultation on Capacity Allocation and Congestion Management

by Dafni Siopi, (Thessaloniki)

On 8 November 2016, the Greek Energy Regulatory Authority (RAE) launched a public consultation in accordance with Article 12 of the Commission Regulation (EU) No 2015/1222 of 24 July 2015 establishing a Guideline on Capacity Allocation and Congestion Management (hereafter referred to as CACM). According to CACM, the Nominated Electricity Market Operators (NEMOs) shall hold a public consultation on the following proposals for terms and conditions or methodologies, that have been prepared in cooperation with the relevant Transmission System Operators, in accordance with Article 9 of CACM: 1) a common proposal for the price coupling algorithm and for the continuous trading matching algorithm (Algorithm proposal), incorporating a common set of requirements for the price coupling algorithm (DA Algorithm) and the continuous trading matching algorithm (ID Algorithm), in accordance with Art. 37 (4) of CACM; 2) a joint proposal concerning products that can be taken into account in the single day-ahead and single intraday couplings, in accordance with Art. 40 (3) and Art. 53 (4) of CACM; 3) a proposal for a back-up methodology to comply with the obligations set out in Article 39 and 52 of CACM, in accordance with Art. 36 (3) of CACM and 4) a proposal on the harmonized maximum and minimum clearing prices to be applied in all bidding zones which participate in the single day-ahead and single intraday couplings, in accordance with Art. 41(1) and Art. 54 (1) of CACM. The stakeholders and market participants are invited to fill in the consultation survey, containing both general and specific consultation questions on all methodologies.

EU: ENTSO-E Consultations on ID and DA Scheduled Exchanges Calculation Methodology

by Mira Todorovic Symeonides, (Athens)

On 4 October 2016, ENTSO-E and all TSOs launched two online public consultations, that lasted until 6 November 2016, regarding: i) a methodology for calculating scheduled exchanges resulting from single intraday (ID) coupling in accordance with Article 56 and ii) a methodology for calculating scheduled exchanges resulting from single day-ahead (DA) coupling in accordance with Article 43, both articles of the Commission Regulation no. 2015/1222 of 24 July 2015 on establishing a Guideline on Capacity Allocation and Congestion Management (CACM). After collecting the comments from the participants, all TSOs shall prepare the final version of the two documents and submit them until 14 December 2016 to all National Regulatory Authorities (NRA) for review.

Greece: Public Consultation on the Annual Term Product of 2017 Auctions

by Mira Todorovic Symeonides, (Athens)

On 3 November 2016, the Regulatory Energy Agency (RAE) launched a public consultation, which lasted until 11 November 2016, requiring comments and opinions on the proposal of the Electricity Market Operator (LAGIE) submitted to RAE in compliance with article 138 of the Law 4389/2016 (OJ A' 94/27.05.2016), on 17 October 2019, on determining of the annual quantities of the term products which shall be subject of auctions in 2017, their distribution among participants and the program for performing of the auctions. It should be noted that the first auctions for the sale of electricity by the Public Power Corporation (PPC), a vertically integrated Greek power producer and supplier to the alternative electricity suppliers, with the scope to reduce the PPC share in the electricity retail market, were held in October 2016.

LAGIE proposes the total quantity of electricity to be sold at the term product auctions in 2017, be 675 MWh/h divided into four (4) term products, one in each quarter of the year: 135 MWh/h with the initially proposed auction date to be 15 November 2016, 150 MWh/h on 14 February 2017, 200 MWh/h on 16 May 2017 and 200 MWh/h on 11 July 2017. It should be noted that the total quantity of 675 MWh/h is determined for the year 2017 in order to reduce PPC's share in the supply market for the additional proportion of 12%. Since only one month has passed from the first auction, while the proposed deadline in November has already passed, there is a possibility that the first auction for the year 2017 will be organized late in December 2016 or in January 2017. After the public consultation, RAE should issue a decision regulating the issues necessary for the organization of these auctions.

Greece: Sale of 24% of the PPC Shares in IPTO Approved

by Maria Marda, (Athens)

On 31 of October 2016, the Board of Directors of the Public Power Corporation S.A. –HELLAS (PPC) approved the Chinese based company State Grid International Development Ltd (SGID) as the Strategic Investor for the sale of 24% of the PPC's shareholding in the capital of Independent Power Transmission Operator (ADMIE). The tender was declared to be an objective and transparent procedure, while the consideration was characterized as fair and reasonable, according to the Fairness Opinion submitted by the International Investment Bank of Barclays. On 24 November 2016 the General Meeting of the PPC's shareholders voted in favor of the SGID. The signing of the SPA is expected in December 2016. The selection of the Strategic Investor and sale of 24% of ADMIE's shares consist one of several procedures currently undergoing in regard to unbundling of ADMIE from the PPC. The other procedures include sale of 25% of ADMIE to the company DES ADMIE owed by the Greek State and 51% of ADMIE to a company to be held by the PPC shareholders.

FYR of Macedonia: TSO Publishes Rules for Allocation of Cross-border Transmission Capacities

by Simonida Shosholcheva Giannitsakis, (Skopje)

On 25 October 2016, the Transmission System Operator (TSO) MEPSO adopted the Act called Rules for allocation of cross-border transmission capacities. The Rules are published in the Official Gazette no.195/2016 and they are applicable as of 21st of October 2016. The scope of the Rules is the allocation of transmission capacities. Up to now, the allocation of cross-border transmission capacities was regulated in separate Rules for Annual, Monthly, Weekly, and Intra-Day allocations. The Rules adopted in October are defining the general rules for allocation in line with the existing cross-border transmission capacities cooperation agreements with the neighbouring countries.

FYR of Macedonia: Regulation Amending the Rules of the Electricity Market

by Simonida Shosholcheva Giannitsakis, (Skopie)

On 13 October 2016 the Regulatory Commission for Energy of the Republic of Macedonia adopted the Regulation on amendments to the Rules of the Electricity Market (published in the Official Gazette of the Republic of Macedonia no. 190/ 17.10.2016). The amendments primarily refer to the balancing market and ancillary services. The Rules define the "Energy Balancing Market" as a market in which TSO buys or sells balancing energy in order to: 1) balance production, exchange and consumption of electricity in real time; 2) provide a stable and reliable operation of the electricity system; and 3) provide required reserves for secondary and tertiary regulation. The TSO is responsible for organizing and managing the energy balancing market. It is also responsible for registration of market participants to energy balancing. In the article 7, 8, 9 of the Regulation provides for the procedure of registration of market participants to energy balancing, conditions which have to be fulfilled by the participants, necessary data in the application, deadlines, signing an agreement of manners and conditions of participation in energy balancing, registration of the participants in the register of market participants to balance energy and etc.

Other amendments to the Rules refer to ancillary services and provision of the ancillary services as: 1) primary control; 2) secondary control; 3) tertiary regulation; 4) voltage regulation, and 5) restore EEC of potential-free status (black start). TSO is responsible to procure ancillary services, to prepare plan for procurement of ancillary services for each calendar year, to perform the procedure for the procurement of ancillary services. There are amendments in regard to calculation of activated balance energy in secondary and third regulation and opportunity for submitting complain to the calculation.

Montenegro: Recent Developments Concerning Montenegrin Power Exchange

by Stefan Pavlovic, (Belgrade)

On 28 October 2016, the Government of Montenegro (hereinafter "Government") reviewed the plan of the Montenegrin Electricity Market Operator (hereinafter "COTEE") for the next year (hereinafter "Plan"). The Plan states that the COTEE is authorised to conclude a contract with the Montenegrin Power Transmission System Operator (hereinafter "CGES") and Montenegrin Electric Power Company Elektroprivreda (hereinafter "EPCG") on the establishment of a limited liability company (hereinafter "Company"). The Company is expected to establish a power exchange that would further allow retail competition in the supply of electricity to end customers. On 3 November 2016, the Plan was approved by the Government Conclusion No. 08-2773. At this point, EPCG is the only active supplier of electricity on the Montenegrin market, while Uniprom Nikšić is the other market participant having the role of a buyer and a supplier of electricity to its company Aluminium Plant Podgorica (KAP).

On 31 October 2016, the Energy Regulatory Agency of the Republic of Montenegro (REGAGEN) issued Decision No. 16/3153-2 on appointment of a reference energy exchange. The Energy Exchange in Budapest - Hungarian Power Exchange (hereinafter "HUPX") - is appointed as the reference exchange. Therefore, data regarding futures needed to calculate the price of electricity for households and small customers which do not belong to the household category, for the regulatory period 2017- 2019, shall be obtained from HUPX.

Serbia: Energy Ministry Launches a Tender for Selection of Reserve Electricity Supplier

by Mirjana Mladenović, (Belgrade)

On 24 October 2016, the Ministry of Mining and Energy ("Ministry") has enacted its Decision on organization of the public tender for selection of reserve electricity supplier. On 25 October 2016, the Ministry has published the invitation for participation in this public tender in accordance with Article 193, Paragraph 2 of the Law on Energy (Official Gazette of RS, No. 145/14). The Ministry invited all interested domestic legal entities and entrepreneurs to submit applications for the selection of reserve electricity supplier, in accordance with the tender documentation. The deadline for submission of the applications is ten (10) days from the date of publication of the invitation on the website of the Ministry (www.mre.gov.rs), i.e. until 4 November 2016. The criterion for selection of the best offer is the lowest offered price. The reserve electricity supplier shall be selected for a period of two years. All applications submitted at the latest on 4 November 2016 at 11 am shall be considered as timely, regardless of the manner in which they have been sent.

Ukraine: Public Consultations on Electricity Revenue Metering

by Tetyana Vyshnevska, (Kiev)

On 31 October 2016, the electricity Transmission System Operator PJSC Ukrenergo launched public consultations on the Electricity Revenue Metering Code. The Code is intended to establish the procedures for collection of data on the amount of produced, fed into the grid, distributed, consumed, imported and exported electricity with the purpose of using such data for settling the accounts between market participants. The stakeholders are able to provide their comments and suggestions without any time limit. Moreover, on 25 October 2016, the National Energy and Utilities Regulatory Commission (NEURC) launched a public consultation on its draft Resolution approving the procedure for revenue metering of electricity produced from alternative energy sources (except for blast-furnace and coking gases, and as regards hydro energy – only micro, mini and small hydropower plants).

By means of this Resolution NEURC aims, among others: i) to establish a data collection mechanism that would take into account the amount of electricity consumed by a RES facility for its own use during the sale of green electricity produced by the relevant RES producer on the Wholesale Electricity Market of Ukraine and corresponding settlements; ii) to prevent the resale of non-green electricity as per feed-in tariff by RES producers; iii) to promote efficient energy use at RES facilities and iii) to ease the burden of electricity prices for consumers. The consultation shall remain open until 28 November 2016.

Ukraine: NEURC Approves Quality Standards for Electricity Supply

by Tetyana Vyshnevska, (Kiev)

On 18 October 2016, the National Energy and Utilities Regulatory Commission (NEURC) issued Resolution No. 1841 on Approval of the Procedure for Ensuring Compliance with Quality Standards of Electricity Supply. The Resolution determines a set of general and guaranteed quality standards to be met by electricity supply/distribution companies, and the responsibilities of the latter as regards protection of customers' rights in case of violation of the determined quality standards of electricity supply or grid connection. The Resolution is undergoing the state registration procedure in the Ministry of Justice of Ukraine and is expected to come into force after its official publication.

OIL & GAS

EU: Study on Quo Vadis Gas Market Regulatory Framework

by Katerina Nikolaidou, (Athens)

On 23 August 2016, the tender procedure was initiated by the European Commission regarding the Study on Gas Market design for Europe – Quo vadis EU gas market regulatory framework. This research project aims at assessing the current regulatory framework of the EU gas sector from the point of view of maximizing overall EU welfare and identifying possible recommendations for amending the existing regulatory framework. Within this framework the European Commission asked the participants to prepare a discussion paper in order to present an ideal EU gas market regulatory framework taking also into account the current global gas trade environment. The participants propose that in order to deliver gas at minimum social cost and enhance the market integration and gas supply security, appropriate measures should be adopted. As for the assessment of the current regulatory framework the participants stress that it managed to implement new congestion management procedures in order to minimize the market power of dominant market operators, develop the liquid trading hubs through the creation of entry –exit zones and the introduction of virtual trading points as well as regulate the national gas prices. Thus, the current legal framework has positive impact to EU gas customers but it still a lot of work remains to be done.

Furthermore, the participants propose a cost benefit analysis of the current regulatory framework. They assume that the implementation of regulation is a lengthy process and causes also uncertainty to market operators. The regulatory intervention should provide stability to market participants and national governments. From this point of view, they point out that there are three main areas of interest described as following: i)attracting more and more diverse supplies of gas to the market; ii) optimizing the trade off between stimulating investment in infrastructure and controlling costs and; iii) facilitating trade by increasing the integration of European submarkets. Nevertheless, they propose to measure the implications of the existing Gas Target Model (hereinafter: GTM) regulatory arrangements against a gas industry' competitive ideal, where: (1) local regulators (perhaps regionally) decide, in possession of recommendations from local gas distributors, what "security of supply" means in their own particular environments; (2) independent new suppliers have the ability to connect with those local markets with specific links through the existing market zones; and (3) the cost of competitive entry by LNG or unconventional gas tracks through the network. By creating a baseline of a functioning market based on the ideal arrangements, rooted in the well-investigated cost of both LNG imports and new unconventional gas and known pipeline development costs, we can compute the welfare implications of the more limited set of competitive choices consistent with the existing GTM (or with the GTM assuming its eventual full implementation by the Member States).

Procedures for crisis events need to be well coordinated ex-ante. Whether the measures discussed actually provide flexible capacity also is crucial whether the commercial opportunities still prevail during crisis situations. This requires clear policy commitments within each country and also clear rules on how Member States and neighbouring pipeline and network operators will interact during crises. Their vision to the gas target model entails market rules that facilitate competitive pressures in gas upstream and wholesale markets and market rules that facilitate liquid forward and short-term trading of gas in Europe. Especially, regarding the increasingly important question of the approach to recovering fixed costs in underutilised gas systems regional harmonisation of gas network tariffs plays a crucial role. Mechanisms to re-allocate costs and revenues among gas

pipeline operators or Member States may also be required to accompany a more integrated approach to setting transmission tariffs and balancing zones as well as Improved interaction between electricity and gas as (competing) mediums for the transport of energy (especially renewable energies).

Most of the current entry-exit transmission tariffs in the EU are designed for full cost recovery (i.e., recovering not just going-forward costs, but also sunk costs of past investments) The result of full cost recovery is that transmission tariffs between entry-exit systems may be higher than efficient, reducing flows (and thus, market integration) below efficient levels. Generally, the two main objectives of transmission tariffs are to: (1) recover sunk network costs; and (2) signal the need for new investment through long-run marginal cost (LRMC) pricing. Since gas demand in Europe has stopped growing in most markets, recovery of sunk network costs is currently the main objective of tariff setting. Possible solutions to these problems include recovering the TSOs' RAB costs either at: (1) EU domestic exit points only; or (2) at EU external entry points, with the possibility to discriminate between cheap vs. expensive sources of gas. Either of these two approaches would require re-designing tariff structures, as well as an inter-TSO compensation mechanism.

The participants note that the current tariff design of charging full-cost based tariffs for entry and exit at the border between market zones is a major obstacle against gas-to-gas competition. The so-called “pancaking” of transportation costs distorts competition among gas supply options since gas, which has to cross several market zones, can be charged with tremendously higher transport costs than others disincentivising market entry of such gas. The “pancaking” effect can be reduced when market zones are merged and/or in an extreme approach, fixed-cost-representing intra-EU cross-border tariffs are reduced close to zero plus a scarcity fee revealed in an auction. The discussion paper at hand focuses on the latter. The current system of entry and exit tariffs charging full costs plus congestion fees for gas transits at the Intra-EU-interconnector points (IP) restricts competition in the EU-internal gas market. Instead, charges should be limited to short-term marginal costs plus congestion fees. They also propose that the role of regulators would be to exclude discriminatory or anti-competitive provisions in any of the agreements set between project promoters and shippers. The authority to carry out this regulatory check is given to national regulators as they are generally closer to the market and local conditions that affect the project.

The participants state that a well-functioning wholesale gas market means contestable competition (market entry, size, concentration), and for the EU gas market this means both physical interconnection and good access to infrastructure. This should therefore mean appropriate (lowest possible) gas prices, price differentials and adequate security of supply. Three key regulatory steps will need to be taken to maximise EU welfare a clear process for assessing and enforcing changes in commercial trading boundaries, with an appropriate CBA framework and objectives; development of the roles and responsibilities of potential regional operators and an accompanying monitoring framework; and consistent principles for ensuring inter-TSO compensation arrangements, tariff setting and network planning.

more news on Oil & Gas:

EU: ENTSO-G Finalised CNOTs for Data Exchange in the Network Codes

by Katerina Nikolaidou, (Athens)

On 17 November 2016, ENTSOG published the development of the Common Network Operation Tools (CNOTs) for data exchange in the gas network codes referring to capacity allocation mechanisms, congestion management process and interoperability for a harmonized implementation of the transmission of information between TSOs. The scope of the CNOT is to create European standards as to the form of all data that Gas TSOs exchanges, the capacity booking platforms and the transmission network users in order to facilitate the free allocation of gas stream within the EU. The TSOs should implement this specific form of the data exchanges with each other and they could also use as alternative tools as the "common solution" and the "optional data exchange solution". After the date of publication of the CNOT the TSOs should implement the new data forms. The lead-time for implementing new or changed data exchange versions is set to twelve months after the date of publication for the defined common solutions. Business Requirement Specification documents for Nominations and Matching, as well as all the corresponding document for Capacity Allocation Management and Congestion Management Procedures are available on ENTSOG's website.

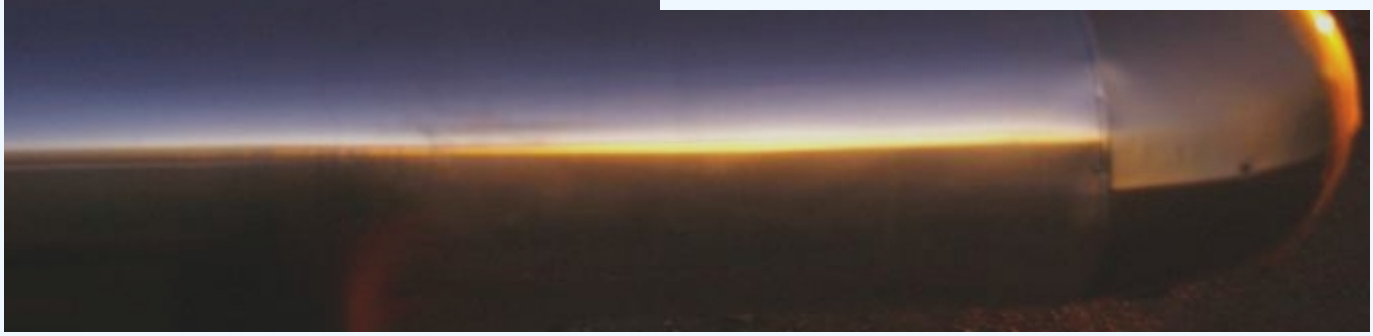
EnC: Different Compliance Issues and Conclusions of the 43rd PHLG Meeting

by Mirjana Mladenović, (Belgrade)

On 12 October 2016, the Ministry of Mining and Energy ("Ministry") submitted the Report on the Need for Implementation of the Activities for the Purpose of Reorganization of JP "Srbijagas" Novi Sad ("Report") to the Energy Community ("EnC") Secretariat. By ratifying the Treaty Establishing the Energy Community ("Treaty") in 2006, the Republic of Serbia undertook the obligation to implement the Second and Third Energy Packages. The restructuring of JP "Srbijagas" is one of the benchmarks for the opening of Chapter 15 – Energy. Namely, in order to fulfil international obligations and to remove obstacles to opening of Chapter 15, it is necessary that the company JP "Srbijagas" Novi Sad, along with its subsidiaries "Transportgas Srbija" d.o.o. Novi Sad and "Distribucijagas Srbija" d.o.o. Novi Sad, implements activities listed in the Report in accordance with the established deadlines.

On 13 October 2016, Bosnia and Herzegovina (BiH) has submitted the Agreement on Removal of a Serious and Persistent Breach under the Treaty in the gas sector to the EnC Secretariat. Namely, BiH breached the Treaty by failing to transpose the EnC gas acquis in its territory. In order to terminate the Ministerial Council decision on measures under Article 92 of the Treaty, and to ensure the credibility of BiH's membership in EnC, BiH's Ministers have agreed to endorse the draft Energy Law and the Action Plan thereto which determines the actions that have to be taken and the deadlines for their performance.

On 13 October 2016, the 43rd Permanent High Level Group ("PHLG") meeting was held in Sarajevo, BiH. The meeting was dedicated to the following issues: (i) Ministerial Council "A" points; (ii) Energy infrastructure; (iii) Environment; (iv) Implementation of the Treaty and (v) Accession of Georgia. Among other, PHLG discussed the two requests submitted by the EnC Secretariat under Article 92 of the Treaty. It took note of the Secretariat's report on the follow-up in both cases against Serbia and BiH. At the meeting, the Republic of Serbia proposed to reconsider the implementation deadlines in the European Commission's proposal to amend the Sulphur in Fuels Directive. Upon discussion, PHLG reconfirmed its endorsement of the proposal. Also, upon the initiative of the Republic of Serbia, the European Commission declared its willingness to modify the adaptations made to the Strategic Environmental Assessment Directive to the effect that the deadline for transposition of the Directive should be 1 January 2018 and 31 March 2018 for implementation, as technical amendments.



EU: ACER Report on the Implementation of the Gas Balancing Network Code

by Mira Todorovic Symeonides, (Athens)

On 7 January 2016, the Agency for the Cooperation of Energy Regulators (ACER) issued its first report on the implementation of the Gas Balancing Network code. Apart from the issue of legal compliance, the Report analyses also the efficiency of the various options the Member States (MSs) chosen in order to achieve a market based approach to balancing. The main conclusions of the Report are that some legal interpretations of the Code do not take into account its objectives and intentions, that lead to inconsistent use of terminology in the MSs and subsequent inconsistent national implementation; MSs which chosen to implement the option of interim and/or transitory measures showed significant delays in implementation of all aspects of the Code; Most MSs have some degree of incompliance or inconsistent implementation. The Report provides certain recommendations such as increasing of the Code's implementation monitoring; and improving of knowledge and communication regarding the best practices in the Code's implementation on the EU level. In addition, the EU Commission should consider initiating enforcement procedures against MSs which fail to implement the Code.

The Code provided three options in regard to its entry into application: a) October 2015, which was adopted by nine (9) MSs, out of which the UK, France, Denmark and BELUX are assessed to achieve the compliance above 85% and none MS has compliance assessed below 50%; b) October 2016 which was applied by five(5) MSs, none of which achieved the compliance above 85% but also none of them has compliance below 50%; and c) the third option was to defer the implementation of the Code until the market is sufficiently liquid, but not later than April 2019, and to introduce interim measures to trigger liquidity. The third option was adopted by nine (9) MSs, none of them has compliance above 85% while six (6) have compliance below 50%. The Code also provides for four (4) options regarding the types of interim measures and four (4) possible types of traded products, whose implementation was also assessed in the Report.

Greece: Methodology of the Gas Auction Starting Price Calculation

by Katerina Nikolaidou, (Athens)

On 10 November 2016, the Greek Energy Regulatory Authority issued its Decision no. 423/ 2016 which amended its previous Decision no. 592/2014 regarding the methodology of the gas auction starting price calculation. Within the framework of the gas auctions announced by DEPA SA (No. 589/2014 decision of the Competition Commission, as announced by the 21 July 2014 Press release of the Competition Commission), the Energy Regulatory Authority monitors and certifies the starting price of the auction (quarterly and annually) of natural gas volumes based on approved price methodology. By its no. 592/2014 decision RAE on "Testing and certification of how the auction starting price modulation company DEPA SA", adopted this methodology for calculating the auction starting price, and proceeded a recommendation to DEPA SA for its implementation. Recently, the Competition European Commission accepted a proposal of DEPA SA to modify individual commitments adopted by previous Commission decisions. In this context, DEPA submitted to RAE revised proposal for the calculation of the starting price of gas quantities auction regarding changes in the status of auctions under the revised commitments of DEPA against the Competition Commission, unfavourable by DEPA results from the detailed report of the auction for the year 2016 to date, and the evolution of the regulatory framework relating to pricing using the ESFA (Case 339/2016 and 352/2016 RAE).

The amount of natural gas supplied by DEPA to Virtual Points, each year, is calculated as defined in the No. 551 / VII / 2012 and 631/2016 of Competition Commission Decisions as a particular percentage of the total amount of gas supplied by the DEPA of customers, excluding DEPA's sales abroad, in the previous calendar year. This rate is defined as 16% for the year 2017, 17% for 2018, 18% for the year 2019 and 20% for the year 2020. The auctioned quantity will be available from DEPA through annual and quarterly auctions to the Virtual Points with starting price 2/10 comprising the following (a) the weighted average procurement costs of the gas imported from DEPA under long-term supply contracts, taking into account ex-ante any requests of suppliers, or its to suppliers for the revision of gas supply prices (b) the cost of using the ESFA infrastructure for the disposal of gas supplies from DEPA in the Virtual Points as they result from charges of ESFA Distributor for long term capacity commitment (c) the related management costs of DEPA.

Albania: Introduction of Excise Tax for LNG for Vehicles

by Odisea Xhelita, (Tirana)

On 11 November 2016 the Council of Ministers (CM) has submitted for voting to the Parliament of the Republic Albania the draft Law on Amendments and Supplementing to the Law No.61/2012 on Excises Tax which introduces the excise tax on LNG when used for motor vehicles in the amount of 13 ALL/l. According to the explanatory notes, the taxation level of minimum 13 ALL per Liter was proposed in order to initiate the approximation process with the Council Directive 2003/96/EC, but the intention is not to cause additional burden the households. The draft law is currently reviewed by the parliamentary committees. Thus, at the meeting dated 23 November 2016, the Parliamentary Committee on Productive Activities, Trade and Environment gave its consent to the amendments. However, at the meeting dated 21 November 2016, the Parliamentary Committee for European Integration, raised objections requesting that compliance of the draft with the Stabilization and Association Agreement (SAA) should be controlled.

Bulgaria: Government Announces Tender for Oil & Gas Permit

by Apostolos Christakoudis, (Sofia)

On 2 November 2016, the Bulgarian Government decided to launch a call for tenders to grant a new oil and gas exploration licence in Bloc 1-25 Vratsa West, in North-western Bulgaria. The bloc has an area of 4,886 sq. km. The call was launched to respond to the interest expressed by investors. The submitted tenders will be evaluated and ranked based on the proposed work programmes, funds for environmental protection, signing bonuses, educational programmes and tenderers' operational and financial capacities. The decision announcing the main terms and conditions of the call for tenders (hereafter: "Decision") will be published first in the Bulgarian State Gazette and then in the Official Journal of the European Union. The tender will be held with the following key parameters: the permit will be issued for a term of five years, with the option of two renewals for two years each. The documents for the procedure will be on sale for a period of 120 days as of the date of promulgation of the Decision in the Official Journal of the EU. The applicants will be able to submit applications for participation until the 140th day after the promulgation of the Decision, and their tenders - until the 155th day.

BiH: Rules for Allocation of Cross-border Transmission Capacities

by Nebojsa Milanovic, (Banja Luka)

On 16 November 2016, the State Electricity Regulatory Commission (DERK) adopted Decision No. 04-28-9-330-2/16 on approval of the following rules for allocation of cross-border transmission capacities for neighbouring counties of Bosnia and Herzegovina: Serbia, Montenegro and Croatia: a) Rules for annual and monthly auctions for allocation of transmission capacities on the border between regulation areas of the Public Utility Elektromreža Srbije (EMS) and the Independent System Operator in Bosnia and Herzegovina (ISO BIH) in 2017; b) Rules for daily auctions for allocation of transmission capacities on the border between regulation areas of EMS and ISO BIH in 2017; c) Rules for intraday allocation of transmission capacities on the border between regulation areas of ISO BIH and EMS in 2017; d) Rules for intraday allocation of transmission capacities on the border between regulation areas of ISO BIH and the Montenegrin Electric Transmission System (CGES) in 2017; and e) Rules for intraday allocation of transmission capacities on the border between regulation areas of the Croatian Transmission System Operator (HOPS) and ISO BIH in 2017. The Decision came into force on the day of its issuance.

Bulgaria: Public Consultation on the Rules for Access to the Gas Network

by Apostolos Christakoudis, (Sofia)

On 16 November 2016, the Bulgarian Energy and Water Regulatory Commission held public discussion of the draft rules amending the Rules for providing access to transmission and/or distribution networks and access to natural gas storage facilities (hereinafter: "Draft Amendments"). The amendment procedure was initiated by the natural gas Transmission and Storage Operator Bulgartransgaz EAD. The main objective of the Draft Amendments, according to Bulgartransgaz EAD, is achieving compliance with the requirements and full implementation of the Commission Regulation (EU) No. 984/2013 of 14 October 2013 establishing a Network Code on Capacity Allocation Mechanisms in Gas Transmission Systems and supplementing Regulation (EC) No. 715/2009 of the European Parliament and the Council of 13 July 2009. In connection with the discussion, the Legal Directorate and the Natural Gas Directorate of the Commission have issued a report, addressed to the Chairman of the Commission Mr. Ivan Ivanov, with the following proposals: i) to adopt the Draft Amendments; ii)) to schedule a public discussion of the Draft Amendments and iii) to publish the Draft Amendments, along with this report and a comparative table, on the website of the Commission and on the Portal for public consultation. The public consultation on the Draft Amendments was launched on 10 November 2016 and will last until 10 December 2016.

Bulgaria: Public Consultations on the Interconnection Agreement for IP Ruse – Giurgiu

by Galina Ruseva, (Sofia)

On 11 November 2016, the Bulgarian gas TSO together with the Romanian gas TSO launched public consultation on the Business Rules and Communication Procedures in case of Exceptional Events to the Draft Interconnection Agreement for IP Ruse – Giurgiu. The public consultation aims to collect the opinions from all potential network users regarding the transmission of natural gas through the IP Ruse-Giurgiu in both directions. Furthermore, SNTGN TRANSGAZ SA and BULGARTRANSGAZ SA submitted for public consultation the business rules (nomination, re-nomination, matching and allocation procedures), the communication procedures in case of exceptional events as well as other network user relevant provisions. SNTGN TRANSGAZ SA and BULGARTRANSGAZ EAD invite all potential network users to submit their comments on the above-mentioned procedures until 25 November 2016.

Bulgaria: TSO Informs regarding the Implementation of RBP

by Galina Ruseva, (Sofia)

On 20 October 2016, the Bulgarian gas Transmission System Operator (TSO) published information on the implementation of the Regional Capacity Booking Platform (RBP) as well as information on switching to gas year "1 October to 1 October", including the schedule for auctions on capacity allocation. The allocation procedure of firm yearly capacity for the next gas year (1 January 2017 to 1 October 2017) shall be held on 9 December 2016.The capacity products auctions for gas year 2017 to 2018 at the IPs shall be held in line with the standard Capacity Auction Calendar published by ENTSO-G. All potential users are invited to take the steps required to register on the Platform until 5 December 2016. Each successful capacity allocation procedure on the Booking Platform ends with an electronic written confirmation on capacity allocated to the participant in the procedure and the TSO of the nominated entry and/or exit points. Within a three-day period after the end of the allocation procedures on the Booking Platform Bulgartransgaz EAD shall submit to the participant in the procedure a draft Transport Contract in line with the electronic written confirmation on capacity allocated.

Serbia: Public Consultation on the Price of Access to the Natural Gas Distribution System

by Mirjana Mladenović, (Belgrade)

On 18 November 2016, the Energy Agency of the Republic of Serbia (EARS) published for public consultation the Draft methodology for determining the price of access to the natural gas distribution system. The Methodology shall regulate the following: (i) the methods of price regulation of access to the natural gas distribution system, which is based on justified operating costs and appropriate return on funds invested in the efficient performance of energy activity; (ii) the elements based on which the tariffs shall be determined and the method for calculation of regulated prices, i.e. the tariffs; (iii) the method of calculation of the price of natural gas distribution services , categories and the group of system's users; (iv) the length of the regulatory period as the time period for which the price of access to the natural gas distribution system shall be calculated; (v) the method for determination of the costs' justification and (vi) the manner, procedure and deadlines for submission of documentation and the type of documentation that the system operator has to submit to the EARS. Opinions, remarks, comments and suggestions should be submitted before 9 December 2016.

Ukraine: Government Decides regarding the New Gas TSO

by Tetyana Vyshnevska, (Kiev)

In November 2016, the Cabinet of Ministers of Ukraine (CMU) decided on a number of issues concerning the establishment of the new gas Transmission System Operator (TSO), its corporate governance and related matters. In particular, the CMU issued Resolution No. 801 of 9 November 2016 on Establishment of Public Joint Stock Company "Mahistralni Gazoprovody Ukrainy" (hereafter: "MGU"), which will be 100% state owned and administered by the Ministry of Energy and Coal Industry of Ukraine (hereafter: "Ministry"). This company shall replace the current gas TSO, i.e. PJSC Ukrtransgaz, in accordance with the restructuring plan of PJSC Naftogaz of Ukraine, approved by the CMU Resolution No. 496 of 1 July 2016 on Unbundling of the Natural Gas Transmission and Storage (Injection and Withdrawal). The CMU also issued Resolution No. 800 of 9 November 2016 amending the Resolution No. 496, i.e. mainly postponing the deadlines set out therein to late 2016 and mid-2017.

Moreover, on 9 November 2016, the CMU allegedly approved a draft Action Plan on the corporate governance of MGU, prepared with the account of comments and recommendations of the Energy Community Secretariat and the European Bank for Reconstruction and Development (EBRD). The draft Action Plan provides, inter alia, the details on and deadlines for: a) the creation of necessary legislative and organizational preconditions for the operation of MGU; b) the establishment of its corporate structure in line with the OECD Principles of Corporate Governance; c) the creation of tools to exercise efficient management and control of the TSO's activities according to the world's best practices etc. In addition, on 16 November 2016, the CMU issued Resolution No. 837 on Issues of Public Joint Stock Company "Mahistralni Gazoprovody Ukrainy", and thereby approved the Charter of MGU, and instructed the Ministry to approve the Statute of the Supervisory Board and the Board of MGU, as well as to appoint the acting Chairman of the Board. The Resolutions No. 800 and No. 801 came into force on 12 November 2016, while the Resolution No. 837 became effective on 23 November 2016.

Ukraine: Public Consultations on Gas Market Issues

by Tetyana Vyshnevska, (Kiev)

On 31 October 2016, the National Energy and Utilities Regulatory Commission (NEURC) invited the stakeholders of the natural gas market of Ukraine to share their views on the introduction of the balancing procedure in line with the requirements of the Commission Regulation (EU) No. 312/2014 of 26 March 2014 on establishing a Network Code on Gas Balancing of Transmission Networks (hereafter: "Regulation 312/2014"). On 11 November 2016, the NEURC launched a public consultation on the draft Concept of Implementation of Daily Balancing on the Natural Gas Market in Ukraine, submitted by PJSC Naftogaz of Ukraine. The main objective of the Concept is to implement provisions of the Regulation 312/2014 into Ukrainian legislation, in order to create preconditions for the development of the liquid daily natural gas market and promote fair competition thereon, while facilitating integration of the Ukrainian gas market into the European markets. On 16 November 2016, during the public discussion of the Concept, the NGO Union of Participants of the Gas Market Liberalization presented its vision on the issue in question (Union's version of the Concept is available at the website of the NEURC). The NEURC invites all the interested stakeholders to contribute to the discussion of ways and methods of implementation of the daily balancing on the natural gas market in Ukraine.

Moreover, on 10 November 2016, the Ministry of Ecology and Natural Resources of Ukraine launched a public consultation on the draft Order Approving the Rules for Development of Oil and Gas Fields. The Order shall determine general requirements for organization and execution of development of hydrocarbons, and regulate relations between economic operators and state authorities in respect of the use of oil and gas deposits. The Rules shall apply to all the economic operators active in search for hydrocarbons, their exploration, design of field development systems, development of oil and gas fields, well drilling and operation etc., regardless of their ownership structure and subordination. The consultation closed on 20 November 2016.

RENEWABLES

Greece: RAE Issues Notice for the Pilot Bidding Process for PV Producers

by Stefania Chatzichristofi, (Athens)

On 3 November 2016, the Greek Energy Regulatory Authority (RAE) issued its Decision No. 417/2016 published in the Official Gazette no. B 3627/2016 regarding the launch of the pilot competitive bidding procedure for photovoltaic (PV) installations. This Decision by RAE follows the publication of the Law 4416/2016 of 9 August 2016 (OJ 149 A/9.08.2016) that developed a new support scheme for Renewable energy sources (RES) and Combined Heat and Power Plants (CHP) power plants. The reform of the RES support scheme is one of Greece's commitments to its international lenders, is in line with the Guidelines on state aid for environmental protection and energy 2014-2020. It should have come into force at the beginning of 2016. Due to a delay in the law's adoption, the new scheme shall be implemented retroactively from January 1 2016. Despite the delayed start, activities are being undertaken to enable the scheme's implementation, such as the two pilot programmes for PV producers which are planned for the last quarter of 2016.

By this new RES Law, the current (Feed-in-Tariff) FiT model is replaced by the Feed-in Premium (FiP) support scheme, a model that provides for a sliding premium to cover the difference between the market price and the Reference price determined by the Law according to each type of RES technology. The FiP scheme is an operating aid which is practically based on the Reference price, that for a transitional period during the year 2016 shall be set through an administrative act whereas from 1 January 2017 shall be determined through bidding procedures. This Reference price applicable to a RES project categorized per technology shall reflect the reasonable cost for which the RES producers shall be compensated. The RES stations shall sign a Contract applying the respective FiP model that shall have duration of twenty (20) years apart from solar that shall have duration of twenty –five (25) years.

The law provides for the gradual introduction of the operational support scheme: the regulated premiums will apply to all RES electricity and CHP producers in 2016, while competitive bidding procedures will be organised from the beginning of the year 2017. In this respect, through the said Decision, RAE launches a Notice to a competitive bidding process for new PV plants that shall be conducted within 2016. The participation fee for this bidding process is 500,00 € for each participant. RAE defines that the auctioned power shall be 40 MW. Further, the maximum allowable bidding price in the context of the pilot competitive bidding process is set at 94€/MWh for PV subject to obtaining a Generation Permit (>1MW) and at 104€/MWh for the ones that are exempted from this obligation (<1 MW). The maximum allowable power per bid submitted is set at 10 MW.

The prerequisites for participation in this bidding process are that at the time of the request of participation a participant has the valid Connection to the Grid Contract, a Final Connection Offer valid and under condition that the letter of guarantee is issued in compliance either by the Law 4152/2013 (Official Gazette no. A' 107/2013) or the Law 4062/2012 (Official Gazette no A 70/2012). For the PV installations selected via this bidding process the connection activation should take place: 18 months after the final award for PV installations with capacity < or equal to 1 MW and 24 months after the final award for PV with capacity > 1MW. The respective pilot bidding process shall be conducted into two steps: i) subscription in the electronic platform and submission of the respective documents that are different in case that the participant is a natural or legal person and further if it is a legal person according to its subcategories. Alongside with all the documents, the participant must submit a letter of guarantee also, the amount of which is calculated at 10€/kW of the installed capacity of PV installation that shall participate in the Pilot Bidding Procedure. The letter of guarantee should have duration of validity 21 months from the announcement of the result of the bidding process for the <1 MW PV installations and 27 months for the >1 MW. Further, in case that the participants have successfully passed the first phase the second step is: ii) their participation in the e-auction of the bidding procedure. After the successful completion of the e-auction process, the official results are submitted to RAE. The deadline for the first phase of the bidding process was set to be on 22 November 2016.

more news on Renewables:

EU: AURES Publishes EU RES Auction Report

by Stefania Chatzichristofi, (Athens)

On 25 October 2016, AURES (Auctions for Renewable Energy Support), an EU research project held by a consortium of public institutions and private firms on auction designs for renewable energy (RES) published its policy memo entitled «The effect of competition levels on auction outcomes». AURES addresses the issue of improving the current policies for electricity generated from RES via competitive market policies in its capacity as the European action on auction systems for RES in the EU Member States (MS). In this general context of promoting the effective use and implementation of auctions for RES in Europe and especially regarding their cost-efficiency, AURES issued its series of four policy memos: i) secondary objectives in auctions; ii) pre-qualifications and penalties; iii) the effect of award types on auction outcomes and iv) the effect of competition levels on auction outcomes. The aim of these memos is to present an analysis of auctions with their interactions along with other energy policy mechanisms and markets as well as help establish best practices and a sharing network in order to achieve success of auction implementations in Europe. The presented policy memo which is the fourth in the row, deals with the possible impact of competition on the auction systems and how different measures affect the level of competition.

Ukraine: Parliament Introduces New Sources of RES

by Tetyana Vyshnevska, (Kiev)

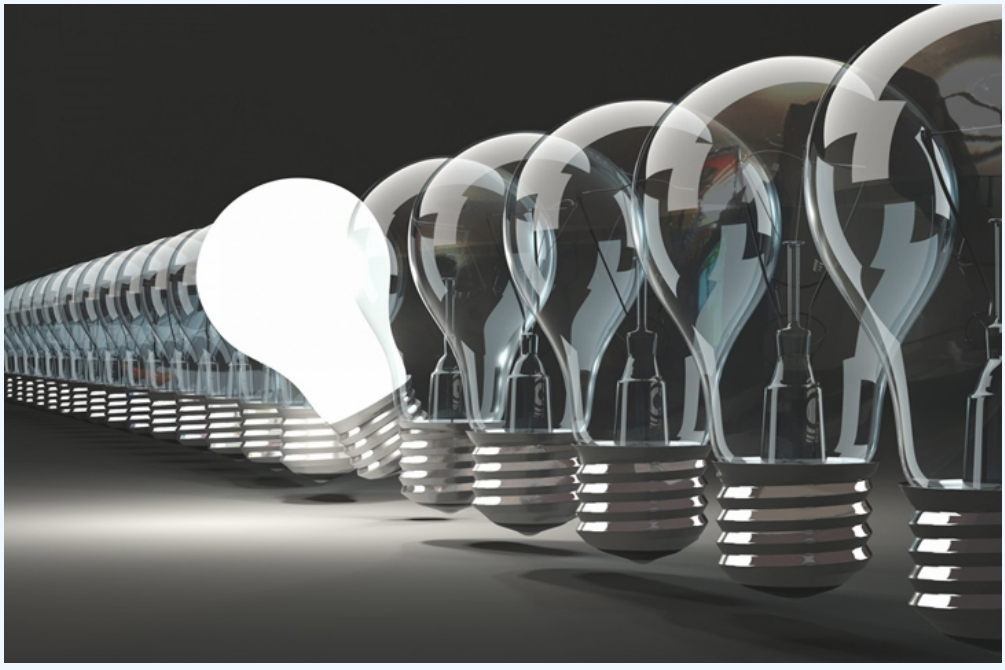
On 1 November 2016, the Parliament adopted the draft law No. 4555-1 of 23 May 2016 amending the Law of Ukraine on Alternative Sources of Energy as regards considering the heat pumps as the equipment using renewable energy sources (RES). The law introduces the new sources of RES, that is aerothermal, geothermal and hydrothermal energy produced by heat pumps, including relevant definitions, in accordance with the provisions of Directive 2009/28/EC of the European Parliament and of the Council of 23 April 2009 on the promotion of the use of energy from RES and amending and subsequently repealing Directives 2001/77/EC and 2003/30/EC. The law is expected to come into force upon its official publication.

COMPETITION - STATE AID

EU: Commission Approves New German Interruptibility Scheme

by Viktoria Chatzara, (Athens)

On 24 October 2016, the European Commission issued its decision on the new Interruptibility Scheme notified by Germany, which replaces the previous similar scheme. This scheme aims at making the electricity demand side more flexible by incentivising consumers to amend their consumption pattern when requested in exchange for a payment from the relevant Transmission System Operator (TSO). Furthermore, the scheme is launched in the context of a general energy transition taking place in Germany, which is characterised by significant increases in the electricity generation from renewable energy sources (RES). According to the scheme in question, TSOs will be able to conclude contracts with medium-sized and large energy users with a stable load profile, which will be selected by means of weekly, online auctions. The contracts will concern a total load of 1500 MW, which is split in two segments: an immediately interruptible load and a quickly interruptible load. The energy users will be receiving a fixed payment and a variable payment, in case their consumption is actually reduced following the TSO's instructions, which will be financed by means of an increase of the network charges levy on the energy bill, charged to all consumers according to their consumption.



Pursuant to the scheme at hand, it will not be obligatory to have the interruptible loads available at all times. In the context of a weekly contract, the maximum non-availability is 120 quarters of an hour, whereas the consumers will have to demonstrate that they may be asked to deliver load reduction for a consecutive period of one hour. The interruptible loads are expected to be used as a market-based ancillary service, aiming to secure system balance, without resorting to non-market based measures (such as the Network Reserve and the planned Capacity Reserve). After concluding that the Interruptibility Scheme constitutes a state aid scheme, the Commission proceeded with its compatibility assessment under the Guidelines on State aid for environmental protection and energy (EEAG). According to the Commission, said scheme contributes to the objective of ensuring security of supply, i.e. an objective of common interest, whereas the state intervention addresses existing market failures, making such intervention necessary. Furthermore, the Commission found the measure to be appropriate and proportionate, and that its effects on competition and trade are sufficiently limited. Taking all the above into consideration, the Commission found the measure to be compatible with the internal market and, thus, did not raise any objections to its implementation.

more news on Competition - State Aid:

EU: Commission Finds Compatible with the Internal Market a German CHP Scheme

by Katerina Nikolaidou, (Athens)

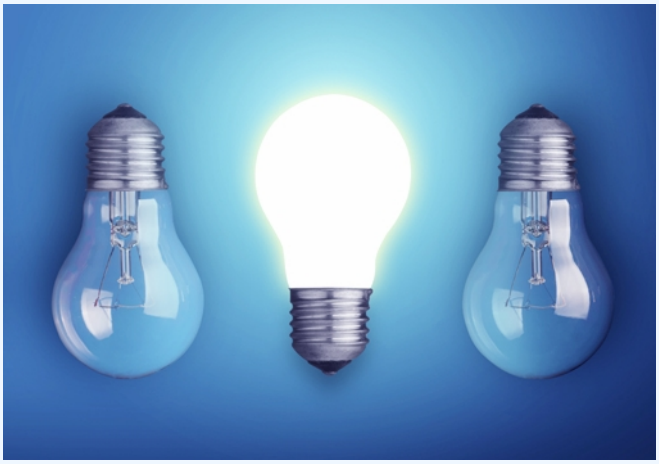
On 26 October 2016, the European Commission decided that the German schemes that support high-efficiency cogeneration (CHP) are in line with EU state aid rules. The European Commission has approved German plans to support high-efficiency cogeneration, considering that the measure was in line with EU state aid rules, promoted energy efficiency, lowered CO2 emissions and led to a better integration of CHP into the electricity market. The German Heat and Power Cogeneration Act 2016 (Kraft-Wärme-Kopplungsgesetz - KWKG 2016) grants state aid to operators of new and modernised highly efficient CHP plants (except coal and lignite-fired CHP). It also supports the construction and expansion of energy-efficient district heating or cooling networks (i.e. pipelines often built in towns, which allow the transfer of heat/cooling to end users) as well as the construction and retrofitting of heating/cooling storage facilities.

The European Commission approved the form of support which is a fixed premium on top of the market price, its limited scope as CHP plant will only receive the fixed premium during full load operating hours and the introduction of tenders to allocate support to new CHP plants with installed capacity between 1 and 50 MW. State support for CHP facilities could now be paid retroactively from 1 January 2016. At the same time, the European Commission decided to open an in-depth investigation into reductions for certain users, namely users with high early energy consumption and certain energy-intensive industrial users, from the surcharges imposed to finance the support (€0.445c/kWh in 2016), to assess if the measure constitutes state aid within the meaning of EU rules. The non-confidential version of the decision will be published in the State aid register on the competition website under the case numbers SA.42393.

EU: Modification of RES Support in Germany

by Katerina Nikolaidou, (Athens)

On 6 October 2016 the European Commission published its decision in case SA.40912 (N/2015) not to raise objections to the operating aid under the German Renewable Energy law (hereinafter: EEG Act 2014), on the grounds that it is compatible with the internal market pursuant to Article 107(3) (c) of TFEU. On 12 February 2015, the German authorities notified the Commission, the planned modifications of the modalities of the support under EEG-Act 2014. On 1 August 2014, the German authorities had allowed the cumulating of investment aid with the operating aid granted under the EEG –Act 2014 up to the maximum allowed aid intensities for investment aid. The compliance with the new rule on cumulating will be estimated at the level of the investment aid (and not at the level of the operating aid under the EEG-Act 2014). The compatibility of the aid was made according to the calculation of the level of operating aid under the EEG-Act 2014 granted to the installation in question, the difference between EEG-Act 2014 support and electricity production costs, and of the potential investment aid scheme that could apply to the installation in question and finally according to the assessment of the cumulated aid granting on the basis of the cumulating rules of the Energy and Environmental Aid Guidelines 2014-2020 (EEAG) or the General Block Exemption Regulation (GBER). The German Authorities argued that the operating aid granted under the EEG-Act 2014 in the form of pilot tenders for photovoltaic installations published in 2016 should not be cumulated with other forms of aids such as investment aid for the same eligible costs. The European Commission states that the German authorities have the obligation to notify such investment aid schemes under 108 par. 3 TFEU. Furthermore it is noted that in respect of aid granted to Germany confirmed that no cumulating of aid for the same eligible costs takes place for investment aid and operating aid under the EEG-Act 2014 granted in the form of pilot tenders for photovoltaic installations published in 2016. Therefore, in respect of aid granted following those pilot tenders, there is no modification compared to the measure notified by Germany under the EEG 2014 procedure (SA.38632 (2014/N)). In this case the Commission assessed that the aid granted on the basis of the intended modifications is compatible with the internal market and there is no reason to depart from its previous positive compatibility assessment in the EEG 2014 decision and after the notified modifications, the scheme continues to meet the requirements of Section 3.3. EEAG.



EU: Commission Approves French Capacity Mechanism Scheme

by Stefania Chatzichristofi, (Athens)

On 8 November 2016, the European Commission published a Decision (SA 39621/ 2016) finding a French capacity mechanism under which capacity obligations are traded between electricity capacity providers (e.g. power plants or demand side operators) and electricity suppliers, to be compatible with the EU state aid rules and with the Guidelines on state aid for Environmental Protection and Energy 2014-2020 (EEAG). Under the notified mechanism capacity, providers offer capacity when demand is at its highest level and in return for their available electricity capacity, they receive certificates. Suppliers need to purchase certificates from capacity providers in order to cover the peak demand of their customers. These certificates can either be traded between providers and suppliers or through regularly organised public auctions. The Commission launched an in-depth investigation regarding the mechanism in November 2015, since it had concerns that the planned capacity mechanism might be in favour of certain companies over their competitors and not allow the entry of new players. In the meantime, France agreed to modify the mechanism, in order to alleviate these concerns, in the following way: i) new capacities can obtain certificates with a seven-year duration instead of the standard one-year duration; ii) the French capacity mechanism will also be open to capacity providers, located in neighbouring MSs, subject to the expected capacity of the interconnector at peak times (around 7 gigawatts in total). It is the first mechanism to explicitly include and remunerate foreign capacities, thereby also contributing to building an Energy Union in EU; and iii) France shall introduce a series of measures to prevent possible market distortion.

Following these modifications, the European Commission finds that the remedies proposed by the French authorities adequately address the points of concern raised by the European Commission in its opening decision. At the same time, the investigation highlighted the positive issues of the mechanism such as the openness to all potential types of capacity providers, in particular demand response operators, and its market-based character based on auctions and trading. Consequently, the Commission concluded that the French capacity mechanism complies with EU state aid rules, in particular with the Commission's Energy and Environmental State Aid Guidelines.

EU: Commission Approves UK Electricity Demand Reduction Pilot Scheme

by Viktoria Chatzara, (Athens)

On 4 November 2016, the Commission's decision (dated on 4 February 2016) on the United Kingdom's Electricity Demand Reduction (EDR) Pilot scheme was published in the Official Journal of the EU. The main concept of this scheme is to finance households and undertakings in any sectors, that shall be located in the UK and connected to the UK electricity grid, and which can deliver electricity demand reduction at peak period and, particularly, during the winter peak hours (4 pm – 8 pm) on business days from November to February, subject to meeting the applicable eligibility criteria. Following a pre-qualification examination of the applications, the pre-qualified beneficiaries will be invited by the Department of Energy and Climate Change (DECC) to submit a bid; the bids will be placed from lowest to highest bid price per kW savings, whereas the price per kW and number of kW of capacity savings determine best value for money and, in this sense, the successful bids. The beneficiaries will be required to provide proof of their actions both prior to the winter peak period and after it, in order to verify the savings their projects deliver. The payments from the DECC (financed by its budget) will be linked to evidence that the beneficiary has properly installed EDR measures and concerning the extent to which its savings target has been met.

The Commission resulted that this scheme constitutes state aid to the extent that it is addressed to undertakings. Nevertheless, the Commission decided that the EDR Pilot scheme contributes to the achievement of an objective of common interest (such as the security of energy supply, the achievement of the Energy Efficiency Directive targets, etc.), it has an incentive effect, it is appropriate proportional and provides for safeguards in order to avoid any undue distortion of competition; thus the EDR Pilot scheme was found to be compatible with the internal market. It should be noted however that his scheme is a "pilot scheme", in the sense that, if proved successful, it may be applied on a larger basis. Nevertheless, the present decision of the Commission does not prevent it from resulting in a different assessment of any future scheme.

EU: Scheme for Support of Electricity Produced from Mine Gas Approved

by Viktoria Chatzara, (Athens)

On 4 November 2016, a Commission's decision (dated on 10 December 2015) not to raise objections against a French state aid scheme with the aim of supporting electricity produced from mine gas was published on the Official Journal of the EU. According to this decision, in order for an electricity production installation to be able to benefit from the State measure at hand, it shall fulfil the following three conditions: (a) it shall dispose of a concession agreement for mining exploitation pursuant to the applicable provisions; (b) it must be of capacity at least equal to 12 MW, and; (c) the support is limited to the installations using only mine gas which is naturally present in the existing mines. The support mechanism in question consists of a purchase obligation for duration of fifteen (15) years, imposed on certain electricity suppliers by virtue of the French Energy Code. Such suppliers will have to buy the electricity produced by mine gas at a price higher than the normal market price. For the amount of the difference between this regulated higher price and the market price on which they may sell the electricity, the obligated suppliers will be receiving compensation from the State budget. The Commission found that this State measure serves a purpose of common interest: if mine gas is not used for electricity production, it will be released in the atmosphere. At the same time, the State intervention is necessary, as currently there are no installations for electricity production from mine gas, due to the fact that such installations are not commercially viable. Furthermore, the Commission concluded that the measure in question is appropriate, proportionate, whereas its positive effects override the limited negative effects it may have on competition. In this respect, the Commission decided not to raise objection against the State aid scheme.

EU: European Commission Approves Czech Hydropower and Biogas Support Schemes

by Katerina Nikolaidou, (Athens)

On 16 November 2016, the European Commission has published its decision not to raise objections to the aid on the grounds that it is compatible with the internal market pursuant to Article 107(3)(c) of the Treaty on the Functioning of the European Union. The notified measure covers operating aid in the form of feed-in premiums to small scale installations (up to 500 kW) burning biogas, of which at least 70% is derived from animal by-products, barnyard manure or biodegradable waste. According to the Czech authorities, the notified measure will contribute to achieving the mandatory renewable national target established in Directive 2009/28/EC on the promotion of the use of energy from renewable sources. According to the assessment of the measure the European Commission concluded that the notified measure is financed from the State budget of the Czech Republic. The beneficiaries of the abovementioned scheme have an economic advantage which they would not obtain under normal market conditions as it benefits producers of heat from biogas plants and is thus selective in nature. Furthermore, the European Commission stated that the aim of the notified measure is to provide assistance to the Czech Republic in order to achieve the renewable energy targets set by the EU as part of its 2020 strategy as well as the targets on restricting landfilling of biodegradable waste set by Landfill of Waste Directive.

The Commission thus considers that the notified scheme is clearly aimed at an objective of common interest in accordance with Article 107(3) of the Treaty. Furthermore, The Commission decided that the Czech Republic has provided sufficient evidence that in the absence of support projects supported under the scheme would not be financially viable and the Czech Republic has proved that there is a need for State intervention. Additionally, the Commission concludes that the aid under the notified scheme satisfies the conditions described at point 131 of the EEAG and is therefore compatible with the specific compatibility conditions set out in the EEAG for energy from renewable sources other than electricity. In light of the above assessment, the Commission considers that the notified scheme has an objective of common interest in a necessary and proportionate way without unduly affecting competition and trade, and that therefore the aid is compatible with the internal market on the basis of the EEAG.

ENERGY INFRASTRUCTURE

EU: Revised Exemption Decision on OPAL Pipeline

by Katerina Nikolaidou, (Athens)

On 28 October 2016, the European Commission announced its decision to set out rules to regulate th e increased utilization by Gazprom of the OPAL pipeline following a request of the German energy regulator Bundesnetzagentur (hereinafter: BNetzA). More specifically, in May 2016, the BNetzA, as member of a four-party agreement concluded between Gazprom, Gazpromexport, the OPAL pipeline operator and the BNetzA, submitted a request to the European Commission for approval of its proposal to enable the increased use of OPAL's capacity. The OPAL (Ostsee-Pipeline-Anbindungsleitung) is a natural gas pipeline in Germany alongside the German eastern border. The OPAL pipeline, one of two projected pipelines connecting the Nord Stream pipeline to the existing pipeline grid in Middle and Western Europe, which runs from Lubmin near Greifswald (the entry point of the Nord Stream pipeline to the German network) to Olbernhau on the German-Czech border, was launched in 2011. It is 80% owned by the WIGA company (WIGA Transport Beteiligungs-GmbH & Co. KG – a joint undertaking of Wintershall and Gazprom) and 20% owned by the Lubmin-Brandov Gastransport GmbH company (a subsidiary of E. ON). Its capacity is 36.5 bcm. 6.4 bcm annually has been booked by the German energy firm E.ON (in connection with its 20% share in OPAL), 4.5 bcm – by the Gascade operator which makes capacity available to third parties under short-term contracts, half of the remain capacity is used by Gazprom and the other half remains de facto unused.

In its decision adopted under the third Gas Directive (Directive 2009/73/EC), the Commission adopted main additional conditions. The European Commission decided that in the case of sufficient demand up to 20% of OPAL's capacity is to be made available to third parties on a short-term basis from the German Gaspool hub. Gazprom and other companies which have a dominant position on the Czech market may bid for this capacity only at a specific base price. In the event of documented increased demand, the capacity made available to third parties may be increased. Furthermore, the Commission has enabled access to at least 30% of the remaining capacity with no additional conditions and/or limitations. This portion of the capacity may be booked by Gazprom to increase its share in OPAL's capacity to at least 80%. Moreover, it has introduced the certification requirement about the OPAL operator under the applicable unbundling provisions.

The decision of European Commission is expected to be in effect until 2033 and it is legally binding the German regulator which should immediately implement the changes. The European Commission has not yet published the content of its decision regarding the OPAL pipeline in its official documents.

As to the background of the case, in 2009, the European Commission approved the exemption of the transit part of the OPAL pipeline's capacity (the capacity from Germany to the Czech Republic) from the Third-Party Access rule. For a long period, Gazprom which was supported by the German regulator, has requested the European Commission to fully exempt the OPAL pipeline from TPA and to enable long-term booking of the pipeline's full capacity. In this case the main argument was the lack of third parties interest in the pipeline's spare capacity. That time, the European Commission avoided taking a decision on this matter.

It is stated that these terms, in addition with the option to increase the capacity of the Nord Stream pipeline, increase the supplies of Russian gas to the German and Central European markets. This could mean that Gazprom would be in the position to transport more gas through Nord Stream pipeline increasing its adoption to the rules of liberalising EU gas market. Furthermore, these terms would enable greater access from the German hub "Gaspool" to the Czech market which will also increase the security of gas supply.

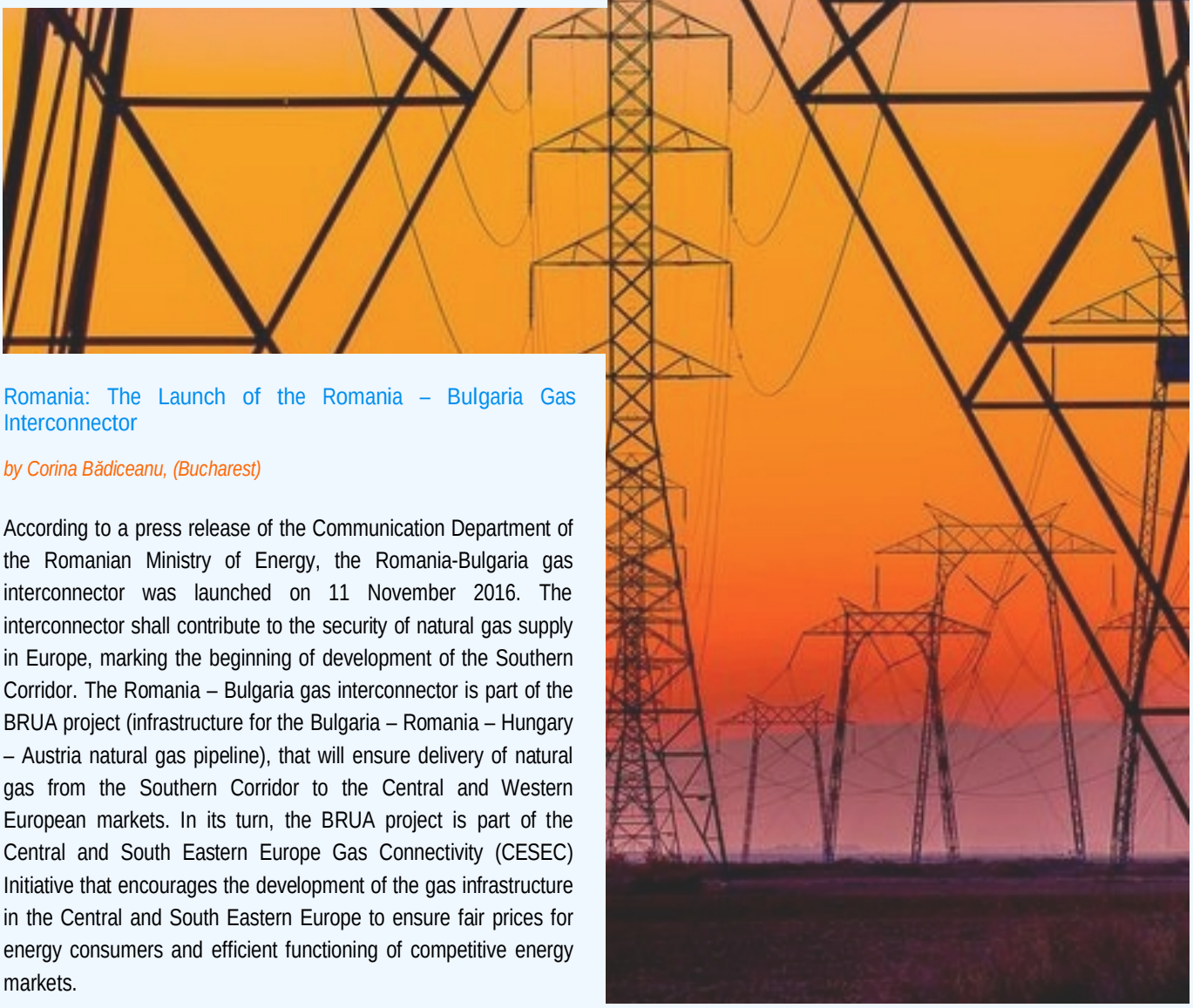
The scope of the decision is to create a competitive EU gas market where energy companies would be able to trade freely and have access to pipelines for ensuring secure and affordable supplies to all EU citizens as a priority under the Energy Union strategy.

more news on Energy Infrastructure:

Greece: Draft Law on Deployment of Alternative Fuels Infrastructure

by Andriani Kantilieraki, (Athens)

On 16 November 2016, a draft law was submitted to the Parliament for the incorporation of Directive 2014/94/EU regarding the deployment of alternative fuels infrastructure. The Draft law is currently being reviewed by the Standing Committee on Production and Trade. It is intended to harmonise the Greek legislation with the Directive in order to achieve the goals of minimising oil dependency and mitigating the environmental impact in the field of transportations. The draft law further provides for the minimum requirements of recharging points for electric vehicles and refuelling points for LNG (Liquefied Natural Gas) and CNG (Compressed Natural Gas) and includes provisions for the simplification of the authorisation procedure for fuel stations as well as the alteration of the previous legislative framework.



Romania: The Launch of the Romania – Bulgaria Gas Interconnector

by Corina Bădiceanu, (Bucharest)

According to a press release of the Communication Department of the Romanian Ministry of Energy, the Romania-Bulgaria gas interconnector was launched on 11 November 2016. The interconnector shall contribute to the security of natural gas supply in Europe, marking the beginning of development of the Southern Corridor. The Romania – Bulgaria gas interconnector is part of the BRUA project (infrastructure for the Bulgaria – Romania – Hungary – Austria natural gas pipeline), that will ensure delivery of natural gas from the Southern Corridor to the Central and Western European markets. In its turn, the BRUA project is part of the Central and South Eastern Europe Gas Connectivity (CESEC) Initiative that encourages the development of the gas infrastructure in the Central and South Eastern Europe to ensure fair prices for energy consumers and efficient functioning of competitive energy markets.

ENERGY EFFICIENCY

Albania: Energy Performance of Buildings

by Odisea Xhelita, (Tirana)

On 10 November 2016, the Parliament of the Republic of Albania approved the Law No.116/2016 on the Energy Performance of Buildings, which is partially harmonised with the Directive 2010/31/EU of the European Parliament and Council dated 19 May 2010 "On the energy performance of buildings". Law No.116/2016 will come into force on 07 December 2016.

The purpose of the law is to create a legal framework for improving the energy performance of buildings, taking into account the local climate conditions, the interior comfort conditions of buildings and the effective costs.

The present law do not apply to: i) the buildings under the status of cultural heritage, as far as their adaptability to the minimum energy performance will change unacceptably their character or appearance; ii) the buildings of religious activities; iii) the temporary buildings with a time use not longer than 2 years, the industrial plants, the buildings of agricultural activity and other non-residential buildings; iv) the residential buildings, which were used or intended to be used not more than 4 months a year, with a predicted energy consume less than 25 percent of the annual energy consume; v) the separate buildings with a usable area less than 50 m2; & vi) the other buildings which are excluded by virtue of a decision of the Council of Ministers.

The main topics regulated with the Law are the provision on: i) the national methodology for calculating the energy performance of buildings; ii) the minimum requirements for the energy performance of buildings; iii) the calculation of optimal costs to meet the minimum requirements for energy performance of buildings; iv) the usage of alternative systems of high efficiency; v) the buildings having "nearly zero energy" performance; vi) the certification of the energy performance of buildings; vii) the information to be included in the "energy performance certificate"; viii) the energy auditors for the certification of the energy performance; ix) the supervision of the fulfilment of the energy performance in buildings; x) the obligations of persons that own or manage a building.

Concerning the energy performance, the buildings shall be classified into the following categories: a) houses, residing one family; b) block of apartments; c) offices; d) buildings which are used for education purposes; d) hospitals; f) hotels and restaurants; e) sport facilities; and h) buildings which are used for wholesale or retail trade (services facilities). By determining the minimum requirements for energy performance, the Law aims to achieve the levels of optimal energy consumption on each unit of buildings.

When a new building is projected or an significant renovation are projected to take place into an existed one, such a construction works should meet the requirements of the National Calculation Methodology of the performance of energy and should examine the possibility of using systems with a high energy performance.

The Ministry in charge for energy and urban planning are authorized to draft a national plan aiming to increase the number of buildings with "nearly zero energy" (buildings that have very high energy performance). The expected national plan: i) should determine the detailed definition of buildings performance "nearly zero energy", determining specifically the numerical indicators; ii) should settle the following objectives: a) that after 31 December 2018, all new buildings, which are in use by public authorities shall comply with this obligation; b) that after 31 December 2020, all new buildings shall comply with this obligation; c) to enhance the performance of new buildings and existing one; and iii) should regulate any additional policies and financial or other means, which are necessary for the achievement of such objectives.

The Performance Energy Certification shall be compulsory in the following cases: i) in case a building or unit is about to be sold or leased; ii) for all buildings projected to be constructed or significantly renewed; iii) for all building used by public authorities or institutions performing public functions which are frequented by the public, and having a usable surface over 500 m2. Such a surface shall be reduced into 250 m2, commencing from 09 July 2018.

The Agency for Energy Efficiency, established by the virtue of this Law No.124/2015 "On Energy Efficiency", is the public authority entitled with keeping the specific register of energy performance, which shall also inspect systematically all data reflected to the verifications reports issued by the licensed auditors.

more news on Energy Efficiency:

FYR of Macedonia: The Third Energy Efficiency Action Plan

by Simonida Shosholcheva Giannitsakis, (Skopie)

On 2 November 2016, the Third Energy Efficiency Action Plan for 2016-2018 was provided by Macedonian Ministry of Economy and uploaded on its official Internet site. The Plan contains: a) the Evaluation of the implementation of the Second Energy Efficiency Action Plan and b) the Measures regarding certain sectors of energy efficiency, which implementation will contribute for reduction in final energy consumption, as well as measure of production, transmission and distribution of energy, which will contribute for substantial savings of primary energy for the period 2016-2018. The Third Energy Efficiency Action Plan for 2016-2018 is prepared in compliance with article 14.1 of Directive 2006/32/EC on European Parliament and Council for efficiency of final energy consumption and energy services, and it complies with the Directive of the energy efficiency (2012/27/EU). All measures provided in this Plan relate to the buildings and residential, public, commercial, industry, energy as well as to the transport sector.

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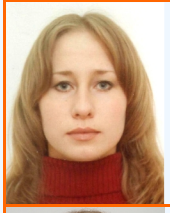

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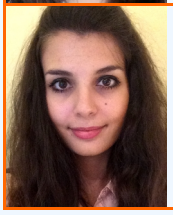

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