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EU: Commission Publishes Communication regarding the Progress towards Completing the Internal Energy Market

by Viktoria Chatzara (Athens)

On 13 October 2014, the European Commission published its Communication to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions regarding the progress towards the completion of the Internal Energy Market (IEM). According to the Commission, the Market Integration is in progress and is delivering concrete results. EU is already on track to reach the target of 20% of energy consumption from RES until 2020, which in its turn raises new challenges, due to the variability and the limited predictability of solar and wind power. Moreover, cross-border trade between most EU Member States has increased and so has the use of interconnectors. The completion of IEM is crucial in order to secure energy supplies, as a bigger connected area will enable greater variability of energy sources and, thus, a high level of security in supply. The increased competition in the markets will, furthermore, ensure competitive prices and reduce the system costs. Consumers, however, are not enjoying these benefits, since their energy bills are burdened with taxes and surcharges. The Commission points out that in order for IEM to be completed, actions should be taken both regarding energy infrastructure ("the hardware") and the regulatory framework ("the software"). It acknowledges that progress has been made with regard to investments in infrastructure but also notes that the reinforcement of existing pipelines and cables is urgently needed and that access to finance remains a continuing problem. With regard to the regulatory framework, it is noted that progress has been made at an EU level; however progress differs between sectors, as well as between regions. It is a fact that several codes have been formalised as legally binding documents and that steps have been made towards the improvement of transparency, nevertheless, it is necessary to facilitate short term trading and developing ancillary services markets, adopt further network codes and better implementation, as well as take advantage of the new technologies in all levels of consumption.

The above described Commission's communication is accompanied by several Commission Staff Working Documents as Annexes, such as a report on the Trends and Developments in European Energy Markets 2014 (Annex 1), the Country Reports (Annex 2), and the Report on the ITO (Independent Transmission Operator) Unbundling Model (Annex 3). Annex 4 refers to Investment Projects in Energy Infrastructure, noting that investments are mostly being made in the electricity sector, whereas cross-border infrastructure is taking shape and there are no major investments forecasted in oil sector. Annex 5 contains an overview of the progress made under the main EU Programs that have been providing financial aid or a range of regulatory benefits to energy infrastructure projects (TEN-E, EERP and PCI Projects). Finally, Annex 6 refers to the Enforcement of the Third Internal Energy Market Package, describing the Commission's policy towards ensuring compliance and its actions for ensuring full and correct transposition and application of the EU legislation by the Member States, in order for a level- playing field for all market players to be created.

EU: Papers Describing Responses to Market Challenges

by Viktoria Chatzara (Athens)

Apart from the above presented Communication and comprehensive reports of the European Commission on the progress towards the completion of the Internal Energy Market, papers describing responses to market challenges were recently published from several other bodies.

On 19 September 2014 the Agency for the Cooperation of Energy Regulators (ACER) published its Paper "Energy Regulation: A Bridge to 2025 Conclusions Paper", containing the conclusions of European energy regulators on the regulatory challenges expected to emerge from the development of the Internal Energy Market (IEM). The Paper describes the status in which each of the electricity, gas, consumers and retail markets and Distribution System Operators (DSOs) are expected to be in 2025 and presents the position of the energy regulators towards the challenges described. With regard to electricity market, the application of the Electricity Target Model remains a priority, whereas in order for enhanced security of supply to be achieved the integration of national electricity markets and the interconnection of infrastructure are necessary, as well as the integration of renewable-based generation. As far as gas is concerned, the demand in EU is expected to decrease significantly; however, the security of EU's gas supplies shall be safeguarded, along with the efficiency of the relevant market to future changes. Regarding retail markets, the objective is to ensure that consumers receive the full benefits of IEM, being offered a wide range of service offers. In order for this to be achieved, competitive national retail markets need to be established, consumers should be empowered to participate actively in the markets and the development of their rules and consumer-protection rules should be applied appropriately and proportionally. Referring to DSOs, ACER points out that they shall be neutral market facilitators, responsible for ensuring secure system operation. Therefore, the already existing regulatory requirements must be fully implemented and monitored, the role of the DSOs with regard to new services to consumers allowing them to engage to a larger extent in the energy market shall be clarified, and the use of smart grid technologies shall be increased. Finally, ACER proposes several key points in order for the governance rules of IEM to operate efficiently, such as active engagement of all energy consumers, cooperation between NRAs, interaction between gas and electricity networks and respectively greater collaboration between the ENTSOs etc.

On 15 September 2014, ENTSO-E its Paper on Market Design Policy outlining the key challenges up to 2030, grouped under two categories: the ones regarding effectiveness of price signals in order to stimulate appropriate investment and performance and the ones concerning operational issues. ENTSO-E proposes improvements to today's electricity markets, such as that renewables should be fully integrated in the market and balancing prices should reflect full system costs. Recommendations were made in the form of short-term actions (implementation of the Target Model, improvement of the current market design, etc.), medium-term actions (introduction of incentives or obligations to market participants, cross-border participation in hedging products for capability, etc.) and long-term actions (regional and European assessment of system scarcities, design of a European market design model etc.). ENTSO-E also published on the same day its Paper on Demand Side Response Policy (DSM), describing some main advantages of the DSM and five critical issues to be addressed in this respect. In order for DSM to fulfill its potential, several issues need to be addressed, including the determination of the roles and responsibilities between TSOs and DSOs, defining efficient data handling procedures, ensuring security of supply, change in the organisation of electricity markets and the establishment of a clear regulatory framework for DSM at the EU level.

EU: Leaders Agree on New Climate Energy Policy Targets for 2030

by Marina Aliferopoulou (Athens)

On 24 October 2014, EU leaders agreed to new climate energy policy targets for 2030. The European Council endorsed 4 targets; a binding EU target of 40% less greenhouse emissions by 2030, compared to 1990; a target of at least 27% renewable energy consumption; a 27% energy efficiency increase; the completion of the internal energy market by achieving the existing electricity interconnection target of 10% and linking the energy islands – in particular the Baltic states and the Iberian Peninsula. On energy security, the European Council endorsed further measures to reduce the EU's energy dependence and increase the security of its electricity and gas supplies. Accordingly, the EU will submit its contribution, at the latest by the first quarter of 2015, in line with the timeline agreed by the United Nations Framework Convention on Climate Change (UNFCCC) in Warsaw for the conclusion of a global climate agreement. The European Council calls on all countries to come forward with ambitious targets and policies well in advance of the Conference of the Parties 21 in Paris. As far as renewables and energy efficiency are concerned, an EU target of at least 27% is set for the share of renewable energy consumed in the EU in 2030. This target will be binding at EU level. It will be fulfilled through Member States contributions guided by the need to deliver collectively the EU target without preventing Member States from setting their own more ambitious national targets and supporting them, in line with the state aid guidelines, as well as taking into account their degree of integration in the internal energy market. An indicative target at the EU level of at least 27% is set for improving energy efficiency in 2030 compared to projections of future energy consumption based on the current criteria. These targets will be achieved while fully respecting the Member States freedom to determine their energy mix.

BiH: Energy Community Secretariat proposes Draft Laws to Bosnia and Herzegovina in Compliance with the Third Energy Package

by Nebojsa Milanovic (Banja Luka) and Vuk Stankovic (Belgrade)

As an Instrument for Pre-Accession Assistance and in line with the Conclusions adopted by the Ministerial Council on 23 September 2014, the Energy Community Secretariat presented on 20 October 2014 to the competent authorities of Bosnia and Herzegovina a Draft Law on Transmission of Natural Gas, Regulator and Internal Market in Bosnia and Herzegovina ("the Gas Law") in order to be adopted on a state level. If adopted, such legal framework would represent a significant step towards harmonisation with the Third Energy Package and a legal base for closing the existing dispute settlement case for non-compliance with *acquis communautaire* in the gas sector.

The foremost goal of the Gas Law is the establishment of the State Regulatory Commission ("the State Regulator") as a single regulatory authority at the level of Bosnia and Herzegovina in order to cover the entire gas sector and to be in charge for organisation, regulation, monitoring and supervision of the natural gas activities. Furthermore, the Gas Law brings forward provisions dedicated to opening, organisation, functioning and operation of the internal gas market including the trade in natural gas and performance of natural gas undertakings within the entire territory of Bosnia and Herzegovina. So far, the entities within Bosnia and Herzegovina (except Brcko District) have partly established their own legal frameworks regarding natural gas. The Republic of Srpska adopted

a Law on Natural Gas in 2007 whereas the Federation of Bosnia and Herzegovina has recently launched a Draft Proposal of the Law on Natural Gas.

In regard to electricity sector compliance, in January this year the Energy Community Secretariat had proposed a Draft Law on Transmission of Electric Power, Regulator and Electricity Market in Bosnia and Herzegovina ("the Electricity Law"). Likewise the Gas Law, the Electricity Law envisages the State Regulator as entity in charge for governing the electricity sector and regulates the electricity market and undertakings on the state level while currently the energy sector of BiH is governed by the two Entities' energy regulatory authorities and one State Energy Regulatory Commission regulating transmission of electricity, transmission system operations and international trade in electricity.



[Greece: RAE Presents Roadmap for Transition of the Electricity Wholesale Market to the EU Target Model](#)

by Lazaros Sidiropoulos (Athens)

On 30 September 2014, the Greek energy regulator RAE presented – and launched a public consultation on – the results of a study, jointly assigned by RAE, the Greek electricity TSO ADMIE and the electricity market operator LAGIE, establishing the basic principals for the transition of the Greek electricity market to the EU Target Model. The current market design, which is based on a centrally organised compulsory offer of electricity to a day ahead market (mandatory pool), shall be drastically transformed through the introduction of new mechanisms, including physical forward electricity trading, bilateral contracts between producers and suppliers, continuous intra-day trading, separate reserve and balancing markets, imbalance settlement mechanisms etc.

More precisely, following recommendations are made for the gradual reorganisation of the Greek wholesale electricity market: The offers of the producers in both the day-ahead and the intra-day market should be submitted on a unit-basis, not as portfolio bids; in addition to this, given the physical and technical characteristics of the Greek electricity market central scheduling and central dispatch to the production units by the TSO should be maintained. As regards the format of orders given in the day-ahead market, a distinction is made between producers and demand entities: while for demand entities the current simple hourly demand bids are considered to be the most appropriate choice for the Greek market, a combination of all 3 types of orders (simple, block and complex orders) is regarded to be more suitable for producers. The establishment of an efficient medium/long-term forward and bilateral contracts market is also recommended; this is proposed to be implemented on a portfolio basis, meaning that the bids (from the generation side) shall refer to the market participants' portfolio of generation, without ex-ante defining the generating units that shall be involved in the sale of energy. Due to the current market structure, in which PPC remains the only producer with access to cheap generation resources (lignite and hydro units) and at

the same time has a share of about 97% in the supply, a maximum percentage of portfolio to be used for bilateral contracts by each participant is proposed for an initial transition period.

As regards establishment of intra-day trading mechanisms, continuous intra-day trading is considered more convenient for the Greek market than intra-day sessions, among others, because the former shall enable market participants with non-schedulable units (wind plants, PVs) to trade with electricity during the whole day to adjust their positions according to the latest forecast they have on their plant injection. Different options and approaches are examined in relation to remuneration of activated balancing energy in the balancing energy market and imbalance settlement. Particular reference is made to the balance responsibility of RES plant operators: maintenance of the current TSO responsibility for a small period of up to four years is recommended, before full responsibility for RES imbalances is transferred to the RES producers, because currently the maturity of RES producers in forecasting, bidding in the market, and being responsible for their imbalances is very limited. A time schedule with milestones is provided for the gradual implementation of the aforementioned reforms; in this respect, the actions to be taken by RAE, LAGIE and ADMIE and the particular competencies which they are expected to assume under the new regime are also defined.

[FYR of Macedonia: Rescheduling of the Opening of the Electricity Markets to Eligible Consumers](#)

by Simonida Sosolceva Giannitsakis (Skopje)

On 13 October 2014, the Parliament voted for the amendments to the Law on Energy proposed by the Government earlier in the month. The changes are related to the deadlines for introducing of full liberalisation of the electricity market. Instead of starting the final 'third' stage of the liberalisation as of 1 January 2015, the introduced amendments provide for liberalisation in four different steps. The scale in consumption of electricity measured in one calendar year is the main criteria for becoming eligible customer. Starting from 1 July 2016, consumers with more than 1000 MWh consumed during 2015 will have the possibility to choose their supplier; from 1 July 2017 the consumers with 500 consumed MWh during 2016; from 1 July 2018 the consumers with 300 consumed MWh during 2017; from 1 July 2019 the consumers with 100 consumed MWh during 2018; and full liberalisation of the electricity market will be as of 1 July 2020 for the consumers with 25 MWh consumed electricity during 2019. This latest amendments of the Law will come into effect in the second half of October 2014.

[Albania: Albanian Government Purchases Back the Shares of CEZ Shpërndarje](#)

by Ilda Spahiu (Tirana)

On 16 October 2014, the Albanian Government signed a settlement agreement with the Czech Republic electricity company CEZ repurchasing 76% of CEZ stake in the Albanian single electricity distribution company CEZ Shpërndarje. CEZ shall, in accordance with this agreement, receive the amount of approximately €100 million, in annual instalments, to be paid until 2018. The amount of compensation is said to be approximate to CEZs initial investment. The settlement agreement reached in June 2014 ended the arbitration dispute between the parties regarding different aspects of CEZ Shpërndarje operations after privatisation. In January 2013 the Albanian Energy Regulatory Authority, after a serious confrontation with the new owner of CEZ Shpërndarje mostly related to import and distributions prices and costs, withdrew its operations license and appointed a temporary management to run the company. Following the license withdrawal, CEZ initiated an international arbitration against Albania, which was

settled with this settlement agreement. The finalisation of the dispute should give Albania the opportunity for a substantial reform of its electricity sector, its stakeholders and regulator.

Bulgaria: Energy Regulator Sets Minimum Legal, Technical and Economic Requirements for Obtaining a License for Trading with Electricity

by Svetla Stoykova (Sofia)

The Bulgarian energy regulator, i.e. the State Energy and Water Regulatory Commission (Regulator), issued instructions on the minimum legal, technical and economic requirements for applicants for an electricity trading license and on amendments to issued licenses regarding the rights of the coordinator standard balancing group and/or the coordinator of combined balancing group. The instructions are included in a decision of the Regulator announced on its official website on 19 August 2014. Four main sections of requirements were listed: legal requirements, technical criteria, economic evidence and agreement to participate in the balancing group. The legal requirements are concerning the legal status of applicant and its managing bodies; the applicant must prove that he is not in insolvency, bankruptcy or liquidation proceedings, that he is not deprived of a license for the same activities, that his managers are not convicted for a crime against property or economy etc.

Among the new technical criteria are conditions for the material resources, the information network, the intellectual rights on software products, the compatibility of the technical equipment with the requirements of transmission system operator, and the qualifications of the personnel. The economic criteria include requirements for available financing and sources, financial securities with regard to the obligations for electricity transactions, experience in carrying out similar activities, business plan with relevant programs for investments, maintenance, social activities etc. Pursuant to Article 21, Paragraph 1, Item 1, of the Bulgarian Energy Act, the Regulator is authorised to issue and amend the licenses for activities in the energy sector. Besides the sample of application form for licenses, the Regulator approves the necessary attachments with instructions on their minimum content. The decision of the Regulator to set expressly the requirements to applicants for electricity trading licenses is an important step towards transparency in the licensing procedure and liberalisation of the Bulgarian electricity market.

Greece: Ministerial Decision for the Lease of the Mine Area of Vevi, Located in Florina

by Marina Aliferopoulou (Athens)

On 22 October 2014, the Greek Minister of Environment, Energy and Climate Change published a Ministerial decision to lease the right of research and exploitation of the lignite mine area in Vevi, Florina, to a private Greek technical company. The process will be fully completed by the ratification of the lease agreement by the plenary of the Greek Parliament. The initial lease period is 15 years and the net profit for the Greek State shall exceed the amount of 150 million euro. The re-opening of the Vevi mine will contribute to the energy market liberalization as currently the vertically integrated Public Power Company (PPC) has monopoly on lignite exploitation in Greece. The Vevi mines are one of the two main sources of supply of Meliti 1 power station, (while the other source is established in Achlada, Florina). PPC paid significant amounts so far for lignite imports, due to the non operation of the Vevi mines. Meliti 1 and an adjacent station Meliti 2 shall be transferred to the "small PPC" and afterwards privatised.

Ukraine: Prolongation of Emergency Measures for the Electricity Market

by Tetyana Vyshnevskya (Kiev)

On 1 October 2014, the Cabinet of Ministers of Ukraine issued Order No. 915-p on Temporary Emergency Measures for the Electricity Market. The Order provides general instructions for the National Commission for Regulation of Energy and Public Utilities Sector of Ukraine, NEC "Ukrenergo" and SOE "Energoynok" as regards adjustment of tariffs for power generation and transmission, including amounts of "green" tariffs; establishment of additional payments (up-lifts and discounts) for electricity producers and requirements for the scheduling and volume of electricity generation; temporary limitation of power generation, particularly by RES producers, and the transmission capacity of interstate power grids of Ukraine. The Order came into force on 11 October 2014 and shall remain in effect until 12 November 2014. It is the second Government's act of that kind; the first one was effective from 24 August 2014 until 24 September 2014. Previously, certain RES producers (in particular, WPPs) reported to have received a letter from the Ministry of Energy and Coal Industry of Ukraine dated 11 September 2014 containing a request to cease power generation in the night time (from 11 p.m. until 7 a.m.) and to withdraw about 60 MW of generating capacities for purposes of balancing the Unified Energy System of Ukraine through additional loading of NPPs. Thus, taking into account the Order No. 915-p, RES producers are concerned that contents of the abovementioned letter now appear to assume normative character.



Greece: Calculation of the Initial Auction Natural Gas Price

by Mira Todorovic Symeonides (Athens)

On 16 October 2014, the Greek Regulatory Energy Authority (RAE) issued Decision no. 592/2014 on Control and Certification of the Method for Calculation of the Initial DEPA Auction Price recommending DEPA, the Greek major natural gas supplier, to apply the methodology enclosed to the Decision. DEPA's draft proposals for the methodology of calculation of the initial auction price in its annual and quarterly gas supply electronic auctions (submitted to RAE on 10 September and 7 October 2014) were reviewed by RAE which informed DEPA that significant improvements are required (RAE O-59715/01.10.2014 and RAE O-59824/15.10.2014). On 15 October 2014 DEPA, submitted to RAE the Draft Methodology, implementing most of RAE's previous suggestions (RAE I-189052/16.10.2014).

The Methodology recommended by RAE regulates the calculation of the available quantities and of the initial auction price comprising the following elements: average natural gas supply cost from long term supply agreements; costs of using the Greek natural gas grid (consisting of the entry cost and cost of use of LNG terminal) and operational costs. The operational costs consist of direct operational costs (publication of the auction on the Internet page of DEPA and performing of auction) and indirect costs (planning, development, implementation and maintenance of new information system and amendments and maintenance of the existing one). For 2015, the operational costs for the annual auctions are calculated at 0.02 €/MWh and for each quarterly auction at 0.03 €/MWh. For the following years, 30 days before the annual auction, DEPA shall submit to RAE detailed estimation of operational costs for the next year.

EU – Energy Community: Energy Security Stress Tests

by Marina Aliferopoulou (Athens)

On 16 October 2014, the European Commission issued the Stress Test Communication to the European Parliament and the Council, which analyses the resilience of the EU energy system to a potential crisis in the coming months. The Communication is based on stress tests carried out by 38 European countries, including EU countries, which simulate two disruption scenarios: (a) a complete halt of Russian gas imports to the EU, (b) a disruption of Russian gas imports through the Ukrainian transit route, for a period of one or six months. A separate analysis was also published focusing on the findings in the Energy Community, which was prepared in cooperation with the Energy Community Secretariat. For the purposes of the tests, the Member States, Energy Community Contracting Parties and Georgia as well as Switzerland and Turkey modeled the impact of various possible measures in place to address supply shortages. The tests show that a prolonged supply disruption would particularly affect the Eastern EU countries and Energy Community countries. If all countries cooperate with each other however, protected consumers would remain supplied even in the event of a six months gas disruption. Forms of cooperation are the common use of infrastructures, for example storages, or the increased power generation in a certain Member State to allow other Member States to use the thus feed-up gas for the supply of protected customers.

The Commission formulated a number of specific recommendations: 1) Urgent recommendations such as: countries should follow a market-based approach and avoid interventionist measures; countries should increase energy coordination with each other, including through the maximisation of interconnector capacity and removal of restrictions to cross-border energy trade, optimise the use of storage, and ensure that infrastructure projects are implemented on time. 2) Medium term measures by the end 2015 such as: the application of internal energy market rules between the EU Member States and the Energy Community Contracting Parties; speeding up the commissioning and implementing of key Projects of common Interest or Projects of Energy Community Interest.

Greece: RAE Introduces Special Levy and Other Measures for Safeguarding Security of Supply in the Event of Gas Crisis

by Lazaros Sidiropoulos (Athens)

In order to ensure security of electricity supply within the context of the feared gas crisis, Decision 344/2014 of the Greek energy regulator RAE was published in the Official Journal (B 2536/23-9-2014) regulating issues of crisis management in case of disruption of gas supply. Based on EU Regulation 994/2010 concerning measures to safeguard security of gas supply as well as on relevant provisions of the Greek energy law 4001/2011 (article 73), this Decision introduces measures to reduce the impact of disruptions to vulnerable groups of customers. The measures are based on the scenario that in the event of a gas crisis, the main aim will be not to affect vulnerable consumers; thus it will be the gas-fired electricity production units the first ones to which gas supply will be disrupted, in which case a switch to diesel as an alternative energy source will be necessary in order not to affect security of electricity supply. More precisely, Article 73 of the energy law provides several measures in this direction, including: agreements between the gas TSO and the owners of gas-fired electricity production units that the latter shall keep reserves of alternative fuels in case of gas disruptions and receive indemnification by the TSO for their respective costs; agreements between gas suppliers and big gas customers for interruptions of supply in the event of crisis; respective agreements between the gas TSO and the gas suppliers for payment of indemnification to the latter for the gas volume not supplied to their customers; creation of a special account held

by the gas TSO for payment of the above obligations; and imposition of a levy for security of supply to all gas consumers aiming to finance the above special account of the gas TSO.

While the above measures were already stipulated in the energy law since 2011, it is now RAE's Decision 344/2014 enabling implementation, by introducing the following measures necessary for execution of the provisions of the law: it orders the gas TSO to draw a concrete timetable regarding execution of the agreements provided by law; it defines the maximum limit of the special account to be held by the gas TSO; and, most importantly, it defines the amount of the levy for security of supply to be paid by gas consumers as of November 2014 ranging - depending on the category to which they belong - between 0,16 and 0,48 €/MWh. This decision to impose a new levy has been met with great scepticism by the Greek industrial customers protesting for high energy costs.

Ukraine: Government Sets Entry/Exit Tariffs for Natural Gas Transit through the Territory of Ukraine by Transmission Pipelines

by Tetyana Vyshnevska (Kiev)

On 10 October 2014, the Resolution No. 510 on Improvement of State Policy for Regulation of Natural Gas Transportation within the Territory of Ukraine by Transmission Pipelines, issued by the Cabinet of Ministers on 3 September 2014, came into force. The Resolution was adopted with the view of integration of the national natural gas market with the Energy Community market under requirements of the Treaty Establishing the Energy Community and the Directive 2009/73/EC, and introduced the European methodology for tariff setting. The Resolution approved the Temporary Order to calculate tariffs for transportation of natural gas within the territory of Ukraine for GTS entry and exit points at the border of Ukraine as well as amounts of these tariffs for each entry and exit point for the period of 1 November 2014 – 31 December 2014. The amounts of the established tariffs vary from US\$5,18 to US\$18,48 per 1000 cub. m for entry points and from US\$17,07 to US\$31,30 per 1000 cub. m for exit points with the amounts of reimbursable production and technological expenses and normative losses of natural gas varying from 1,82% to 3,33%. NJSC Naftogas and PJSC Ukrtransgas are recommended to bring all their agreements on natural gas transit through Ukraine in compliance with the Resolution.



Greece: RAE's Opinion on Net Metering of RES Autoproduction

by Mira Todorovic Symeonides (Athens)

On 9 October 2014, the Greek Energy Regulatory Agency (RAE) communicated to the Ministry of Environment, Energy and Climate Changes its Opinion no. 6/2014 regarding issuing of the Ministerial Decision on Installation of RES Units by Autoproducers. The new programme of Net Metering (offset of energy provided to and received from the system) to be offered to photovoltaic (PV) autoproducers in accordance with the April 2014 amendments of Law no. 346/2006 on Production of Electricity from RES, has been largely discussed during the public consultation procedure held by RAE in the period from 30 July until 29 August 2014.

The Opinion issued by RAE is considered to be an improvement of the initial proposal of the Greek Distribution System Operator (DEDDIE) particularly in regard to: a) increasing of the maximum allowed capacity to 20 kW or up

to 50% of the agreed consumption capacity; maximum capacity of each PV system held by legal entities with general or public interest in their scope of activity, may cover the total agreed consumption capacity; in any case the capacity of a PV system installed within this programme may not exceed 500 kW; the capacity at the non-interconnected islands may be up to 10 kWp and for Crete up to 20 kWp with the maximum capacity of each PV system to be 50 kW for Crete and 20 kW for other non-interconnected islands; b) calculation of the net-metering on annual level and c) installation of PV systems on buildings, on the ground or other constructions in accordance with construction laws. Both the Opinion and the DEDDIE Draft provide that the beneficiaries may choose between this new or the existing programme applicable only to buildings and particularly roof installations; the surplus of the energy delivered by autoproduceres to the system is not remunerated and the autoproducers shall be obliged to pay levies for the Public Service Obligations (YKO) and the Special Levy for the Reduction of Gas Emissions (ETMEAR) but shall, for the energy they consume, be exempted from payment of different transmission and grid charges. However it seems that charging of ETMEAR to autoproducers for all the energy they are consuming is still under discussion, as some later proposed amendments to another legal text provide for an exemption from payment of ETMEAR by autoproducers for the energy that they produced.

Romania: European Commission Approves Romanian Green Certificate Reduction Scheme for Energy-intensive Users

by Corina Badiceanu (Bucharest)

On 15 October 2014, the European Commission announced that the Romanian green certificate reduction scheme, reducing the contributions of certain energy-intensive users to the financing of renewable energy, was found to be in line with the European Union's State aid rules, particularly within the context of the new guidelines on State aid for environmental protection and energy which were adopted in April 2014. The Commission found that reductions are limited to companies active in sectors recognised by the guidelines as being both energy-intensive and exposed to international trade. The additional conditions to select eligible beneficiaries are objective, transparent and do not discriminate between companies that are in a similar factual situation. The Romanian green certificate reduction scheme for energy-intensive users was adopted in July 2014 by the Romanian Government through a Government Decree and published in the Official Journal under the number 495/2014. The entering into force of the Government Decree suffered amendments as it was first expected to apply starting with 1 August 2014. The term was however prolonged until 1 October 2014 and subsequently until 1 December 2014, implicitly delaying the ten-year period of application.

Ukraine: National Renewable Energy Action Plan Finally Approved

by Tetyana Vyshnevskya (Kiev)

On 1 October 2014 the Cabinet of Ministers of Ukraine issued Order No. 902-p approving the National Renewable Energy Action Plan until 2020. The Plan provides for major increase of the total capacity of RES facilities, especially those producing electricity from biomass (about 40 times), and for increase of the amount of RES in the gross end energy consumption in 2020 up to 11% (from 5,9% in 2014) with the amount of energy produced from RES being equivalent to 8590 thousand tons of oil. According to the approved Plan, as of the end of the first half of 2014, the total capacity of RES facilities being rewarded with the "green" tariff has been 1419 MW, including total capacity of WPPs: 497 MW, SPPs: 819 MW, small HPPs: 77 MW, and facilities producing electricity from biomass and biogas: 26 MW. The Plan sets certain goals to be achieved by 2015 and 2020 such as that total capacity (TC) of micro- and mini-HPPs should increase up to 33 MW in 2015 and up to 55 MW in 2020; TC of small HPPs - up to

65 MW in 2015 and up to 95 MW in 2020; TC of big HPPs - up to 4800 MW in 2015 and up to 5200 MW in 2020. Experts comment that implementation of the Plan is an ambitious aim and requires commissioning of about 950-1000 MW power plants annually. High "green" tariffs create rather favourable conditions for investors, although complicated due to the current situation in the East of Ukraine and the remaining "local content" requirement.



EU: New Transparency Platform Created by ENTSO-G

by Georgia-Ilianna Karamani (Athens)

On 30 September 2014 ENTSO-G announced that a new version of the Transparency Platform will be available to all market participants from 1 October 2014. This new digital interface will replace the already existing platform, initially set up by the TSOs six years ago and shall meet the requirements of the Transparency Guidelines and Congestion Management Procedures provided in Chapter 3 of Annex 1 to the Regulation 715/2009, as amended, towards a union-wide central platform, where relevant data will be made public by all TSOs. Through this Platform, technical and commercial data on transmission points and their interconnection with storage, LNG, distribution, final consumers and production, as well as the identified relevant points in a new map will be provided free of charge. Moreover, graphs and charts and a balancing zone map with details on gas flows between European balancing zones will enable data display and facilitate comparisons and quantitative analysis. The New Transparency Platform will also offer publication in hourly granularity as well as a calculation of aggregates at TSO and balancing zone level, which will consist in the sum of the values provided at interconnection point level by the TSOs, producing the aggregate physical flows, nominations/renominations, and allocations between each TSO and its adjacent system.

EU: ENTSO-E's Network Code on Emergency and Restoration is up for Public Consultation

by Georgia-Ilianna Karamani (Athens)

The draft Network Code on Emergency and Restoration (NC ER), mandated in April 2014 by the European Commission and completed by ENTSO-E in June 2014, was put up for public consultation on 13 October 2014 and comments made by interested parties will be collected until 8 December 2014. The Network Code was developed according to the principles defined in the ACER Framework Guidelines on Electricity System Operation of 2 December 2011 and was based on collected information about the best practices from TSOs across Europe regarding Emergency and Restoration. It includes operational rules for electricity under Regulation 714/2009; it sets the requirements for technical and organisational measures towards ensuring security and continuity of electricity supply across Europe, dealing with procedures and remedial actions to be applied in the emergency, blackout and restoration states and preventing the propagation or deterioration of an incident in the system. The Network Code foresees the establishment by each TSO of a system defense plan and of a restoration plan, in three steps: design phase, implementation phase and activation phase. Preparation of system defense, system restoration and re-synchronisation plans information exchange, procedures for operating when a system enters into

one of the above states and ad-hoc analysis of the incidents are among the issues that the Network Code deals with. The input and comments received in the context of the public consultation will be evaluated and the new draft will be discussed at the second Public Stakeholder Workshop on 12 November 2014 and the third one in January or February 2015, while the final draft will be delivered to ACER for its Opinion by no later than 1 April 2015.

Romania: Amendments to the Ownership Regime for Energy Transmission Systems

by Corina Badiceanu (Bucharest)

On 1 October 2014, a law amending Law 123/2012 on electricity and natural gas and Law 238/2004 on petroleum was published in the Official Journal under the number 127/2014 and came into force on 4 October 2014. One of the most important amendments regards the regime on the electricity and natural gas transmission systems. More precisely, the new transmission systems built by TSOs from their own financial resources will no longer be considered as part of the public domain. The new transmission systems will be, thus, part of the TSOs' assets. It is expected that the above mentioned amendment will encourage TSOs to invest into new transmission systems.

Greece: Final Certification of the Gas TSO

by Mira Todorovic Symeonides (Athens)

On 25 September 2014, the Greek Regulatory Energy Authority (RAE) issued its final decision no. 523/2014 on the certification of the Natural Gas Transmission System Operator (DESFA) after receiving the relevant EU Commission Opinion C (2014) 5483, of 28 July 2014. The Opinion contains the following comments to RAE's provisional decision no. 287/2014 which had been issued on 29 May 2014: that DESFA should employ all personnel necessary for the activity of gas transmission tasks in accordance with the law and the Directive; that RAE should ensure that DESFA, when providing services to the Trans-Adriatic Pipeline (TAP) in which the Azerbaijan State oil company (SOCAR) has 20% participation, acts in impartial manner towards other network users and 3) that RAE should have power to suspend all voting rights of SOCAR in DESFA if SOCAR takes a decision or action that negatively affects the security of supply in Greece and/or EU.

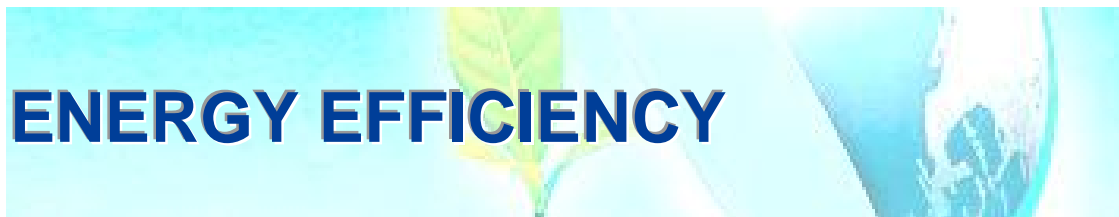
By the above RAE's decision DESFA is certified to be an Independent Transmission Operator of the Natural Gas Transmission System of Greece and is obliged to: 1) inform RAE as soon as the acquisition of the majority of its shares by SOCAR is formally finalised; 2) prepare within 6 months from finalisation of the acquisition and provide to RAE for approval the plan for employing permanent personnel for transmission operations, thus reducing the leasing of personnel and 3) submit to RAE for approval all its technical, commercial and financial agreements with the company TAP or connected with the TAP natural gas transmission pipeline. It should be noted that, before this RAE decision was issued, the Greek Parliament voted on 11 September 2014 for the amendments to the Energy Law no. 4001/2011 empowering RAE to temporarily suspend a non EU Member State's, shareholder's voting rights in DESFA if its management a) jeopardizes security of supply in Greece or in an EU Member State or b) prevents DESFA from complying with Greek or EU laws, particularly regarding inspection, reporting of data, and interstate agreements or international obligations of Greece or EU or c) makes compliance of DESFA with Greek or EU laws conditional on the supply of natural gas to EU (Greece included) or the conclusion of such natural gas supply agreements.

EU: Commission Presents Priority Lists for the Development of Network Codes and Guidelines for 2015

by Vuk Stankovic (Belgrade)

On 13 October 2014, the European Commission issued the Decision on Establishment of the Annual Priority Lists for the Development of Network Codes and Guidelines for 2015 (2014/713/EU) (the Decision). The legal base for the Priority Lists is laid down in Articles 6 and 8 of Regulations (EC) no. 714/2009 and 715/2009, respectively, and the aim is to ensure implementation of the Third Energy Package in the field of electricity and gas transmission and completion of the internal energy market in Europe. The Decision has been adopted as a result of an extensive consultation between ENTSO-E representatives and other relevant stakeholders whereas ACER and ENTSO-G have failed to submit any suggestions in that regard. Thus, the European Commission decided not to insert new areas in the Priority Lists for gas and to remove from the list the already harmonised rules for gas trading related to technical and operational provisions of network access services and system balancing.

The Decision contains two Priority Lists. The first Priority List proposing the priority documents to be prepared and harmonised contains the following rulebooks and the proposed order of their adoption: (i) new network connection rules; (ii) new system operation rules; (iii) new rules on capacity allocation and congestion management for day-ahead and intraday markets, including capacity calculation; (iv) new balancing rules including network-related reserve power; (v) new rules for longer term (forward) capacity allocation; and (vi) rules regarding harmonised transmission tariff structures. The second Priority List, set forth in Article 2 of the Decision, represents priorities in regard to gas transmission codes and in particular rules on interoperability and data exchange, rules regarding harmonised transmission tariff structures and rules regarding an EU-wide market-based approach on the allocation of 'new build' gas transmission capacity.



Poland: New Act on Energy Performance of Buildings

by Izabela Jurek (Warsaw)

On 8 September 2014, a new Act on energy performance of buildings was published in the Polish Journal of Laws (Journal of Laws 2014 item 1200). The act implements into Polish legislation some of the provisions of the Directive 2010/31/EU of the European Parliament and the Council of 19 May 2010 on the energy performance of buildings. The new regulation introduces new rules for drawing energy performance certificates, controlling heating and air conditioning system in buildings, keeping the central register of energy performance of buildings and the way to develop a national action plan aimed at increasing the number of buildings with low energy consumption. As of 9 March 2015, when the act will come into force, the requirement for issuing an energy performance certificate will be excluded for some categories of buildings i.e. industrial and utility buildings not equipped with energy-consuming installations, with the exception of the built-in lighting installation, detached buildings with a usable area of less than 50 m² and some others.

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The act also extends the catalogue of persons entitled to draw up the energy performance certificates, who shall be either the persons holding a building license or the ones who have completed a construction related degree or postgraduate studies including a programme on energy performance of buildings. The regulation imposes the obligation for providing information on the annual rate of final energy demand in the advertisement for the sale or rental of a building or part of it. Furthermore, for buildings with usable area of more than 500 m², in which services are rendered to the population, a copy of the energy performance certificate in a conspicuous place in the building should be exposed. The energy performance certificate is valid for ten years from its date of issuance.

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