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Bulgaria: European Commission Announces to Bulgarian Energy Holding its Preliminary View on Suspected Abuse of Dominant Position on Bulgarian Wholesale Electricity Market

by Svetla Stoykova (Sofia)

On 12 August 2014, the European Commission announced that it has sent a Statement of Objections to Bulgarian Energy Holding (BEH), the incumbent state-owned vertically-integrated energy company, stating its preliminary view regarding the formal proceedings opened on 27 November 2012 by the Commission to investigate whether BEH is abusing its dominant market position in the wholesale electricity market in Bulgaria. In this Statement the Commission informed BEH about its view that territorial restrictions on resale contained in BEH's electricity supply contracts with traders on the non-regulated Bulgarian wholesale electricity market may breach EU antitrust rules. The restrictions limit purchasers' freedom to choose where to resell the electricity bought from BEH, which is an abuse of BEH's dominant market position, prohibited by Article 102 of the Treaty on the Functioning of the European Union. Such behaviour, if established, has the effect of distorting the allocation of electricity within the Single Market, affecting liquidity and efficiency of electricity markets and raising artificial barriers to trade between Bulgaria and other Member States.

In an official press release published by BEH on its website, BEH comments that the investigation procedure relates only to certain provisions of electricity supply contracts concluded by its subsidiary companies of BEH, namely by the National Electricity Company EAD, TEC Maritsa Iztok 2 EAD and AEC Kozloduy EAD, and that these provisions are not applicable any more. BEH states that it will further analyse the issue and will respond to the Commission in the second half of 2014. BEH also confirms its commitment to continue cooperating with the Commission with regard to the full integration of the Bulgarian electricity market to the single market of the European Union.

Montenegro: Public Consultation on the Draft Energy Law

by Dejan Radinovic (Podgorica)

On 4 August 2014, the Ministry of Economy of Montenegro launched a public consultation on the Draft Energy Law which lasted until 15 September 2014. The aim of the draft law is to harmonise Montenegrin energy legislation with EU energy Directives and particularly the 2009 directives on electricity, natural gas and RES as well as on the security of electricity supply and energy efficiency. The draft defines the energy activities and the conditions for performing these activities, public services, organisation and functioning of electricity and gas market and other issues. It increases the number of regulated energy activities by introducing, among others, the energy activities of production, transport, storage and trade of biofuels and bioliquids. It further provides for adopting a 10 years action

plan for RES development, strengthens the role of the Regulatory Agency, introduces a methodology for calculation of the regulated transmission and distribution system fees for the public supplier, and the tariff for gas storage. Particular attention was given to RES production, transmission system operations and licensing, the independence of the transmission and distribution system operator and other unbundling issues, as well as the development of grids.

Energy Community: Energy Community's Secretariat Publishes New Implementation Report

by Marina Aliferopoulou (Athens)

On 1 August 2014, the Energy Community Secretariat published the Annual Implementation Report assessing the progress achieved by the Energy Community Contracting Parties in implementing the Energy Community acquis communautaire in the period from 1 September 2013 to 1 August 2014. This year's report focuses for the first time on the performance of national regulatory authorities. According to the findings of the report, the independence of national energy regulators is subject to direct political intervention and is threatened by structural measures such as reduction in staff, budget and salaries concludes the Report. The same phenomenon applies to national competition and State aid authorities whose potential for market opening remains almost entirely unused under the given circumstances. In many Contracting Parties, national competition authorities have not opened a single case in the energy sector and State aid is frequently supervised by the same body that has granted it. The Report also gives an indication of the progress achieved thus far in the implementation of the Third Energy Package. Serbia and Montenegro is believed to be able to implement the necessary legislation on time or only with slight delays, with Kosovo not far behind, while in Albania and the former Yugoslav Republic of Macedonia, draft legislation is currently only being discussed. In Moldova and Ukraine, the discussions started only recently as both of them are still transposing the Second Energy Package, and in Bosnia and Herzegovina the chances that the Third Energy Package will be transposed on time are considered to be small due to the fundamental opposition to State-level cooperation in parts of the country. Energy efficiency is counted among the sectors in which substantial progress could be ascertained; according to 2013 mapping, approximately EUR 1.1 billion is available for the Western Balkans from regional funds for energy efficiency and renewables' projects in private and public sectors.



Croatia: Decision on the Manner and Procedure for Separating the Energy Companies' Accounting

by Sanja Tolj Par (Zagreb)

On 15 July 2014, the Croatian Energy Regulatory Agency adopted the Decision on the Manner and Procedure of Keeping Separate Accounting of Energy Operators (Official Journal 86/2014), pursuant to the Regulation of Energy Activities Act (Official Journal 120/2012) and the Energy Act (Official Journal 120/2012 and 14/2014). This Decision

determines the manner and procedure of conducting separate accounting and separate monitoring of business events, and it sets out rules regarding special and separate bookkeeping, separation of asset accounts, liabilities, revenues and expenses, content and delivery of financial statements of the energy companies for the purpose of regulation of energy activities. All legal or natural persons performing one or more energy activities and holding a licence to carry out energy activities (i.e. energy companies) are subject to this Decision. Energy companies are obliged to keep books of accounts, prepare financial statements and financial records in accordance with this Decision, for each financial year, starting with the financial year beginning 1 January 2014. Leading separate accounting of energy companies and the proper deployment of accounting categories of assets, liabilities, revenues and expenses shall ensure the implementation of full and effective control over prices or the applicable tariffs, charges and price lists for performing particular energy activities. It shall also provide the conditions necessary for the adoption or approval of prices, tariff rates and charges in accordance with methodologies or tariff systems for particular energy activities. Pursuant to the Decision, energy companies in their accounting are obliged to keep business records and financial statements in accordance with the principles of non-discrimination of system users, to avoid distortions of market competition, bias and cross-subsidies between energy activities carried out as public service, market energy activities and other activities. Supervision of the implementation of the Decision is carried out by the Croatian Energy Regulatory Agency, which also competent to provide interpretation and instructions for the implementation of certain provisions of the Decision.

Energy Community: Energy Community Issues Recommendations for SEE Coordinated Auction Office Contracting TSOs

by Vuk Stankovic (Belgrade)

On 4 September 2014, the Energy Community Regulatory Board (the ECRB) issued a common position on the revised version of the South East European Coordinated Auction Office Rules (version 1.1) dated 13 August 2014. The common position aims at compliance of the Rules with the Energy Community *acquis communautaire* and their consistency with the European and Energy Community Electricity Target Model, as well as with the drafts of the proposed European Network Codes. While it welcomes the Rules for promising to ensure more efficient cross border allocation of capacities between regional TSOs, the ECRB makes 3 respective recommendations: first, it requires from the seven participating regional operators (TSOs of Greece, Croatia, FYROM, Kosovo, Montenegro, BiH and Turkey) to adopt the Rules on national level. The second recommendation to the TSOs is to suspend approval of Annex 3 of the Rules (including source-sink pairs that are currently allocated by Elektromreža Srbije), given that operational agreement between the Serbian TSO and the TSO of Kosovo has not been reached yet, which is condition precedent according to the ECRB. Finally, the third recommendation comprises two parts: the first part is related to the adjustments of the Rules to the previous common position issued in December 2013, having in mind that certain recommendations in regard to the previous Rules (version 1.0) have not been included in the revised version. In the second part additional comments are provided on the revised version of the Rules, among others, requesting improval of certain definitions, clarification of wording and increase of harmonisation. The Energy Community expressed the hope that the Rules will be amended in line with the recommendations and be adopted without delay. Pursuant to the Energy Community Secretary, the Rules are an encouraging step forward and launching of the SEE CAO is within reach, whereas the first auction is expected to be held before 1 January 2015.

EU: European Commission Publishes REMIT Draft Implementing Regulation

by Marina Aliferopoulou (Athens)

On 8 July 2014, the European Commission published an updated draft of the implementing Regulation on data reporting under the Regulation on Wholesale Energy Market Integrity and Transparency ("REMIT"). The draft implementing Regulation defines the details of wholesale energy products and fundamental data on electricity and natural gas to be reported to the Agency for the Cooperation of Energy Regulators ("ACER"), and it also establishes appropriate channels for data reporting. It defines fundamental data as "information related to the capacity and use of facilities for production, storage, consumption or transmission of electricity and natural gas or related to the capacity and use of LNG facilities, including planned or unplanned unavailability of these facilities". Also, "standard contract" is defined as a contract concerning a wholesale energy product admitted to trading at an organized market place, whereas all other contracts are considered "non-standard contracts". There are different requirements for reporting details and timing for these two contract classifications. A differentiation of reportable information is also made between contracts of supply and contracts of transportation. In particular, as regards the exact information to be reported, 4 different tables are provided in the Annex of the draft, stating the details of information required for: a) standard contracts for the supply of electricity or natural gas (table 1), b) non-standard contracts for the supply of electricity or natural gas (table 2), c) standard and non-standard contracts for the transportation of electricity (table 3) and d) standard and non-standard contracts for the transportation of natural gas (table 4). An extensive list of mandatorily reportable contracts is included in Article 3, while Article 4 provides a list of certain contracts which are reportable only "upon reasonable request of the Agency", unless concluded on organized market places.

Greece: European Commission Approves Delay in Opening of the Electricity Market at the Non-Interconnected Islands

by Lazaros Sidiropoulos (Athens)

The European Commission granted to the Hellenic Republic, by its Decision 2014/536/EU of 14 August 2014 (OJ L 248, 22.8.2014, p. 12), derogation from certain provisions of Directive 2009/72/EC referring to market opening and authorisation procedures at small and micro isolated systems further to a respective request of the Greek Ministry of Energy. This follows the adoption of the Network Code of Management of the Electricity Systems on the Non-Interconnected Islands (NIIs) by Decision no. 304/2014 of the Greek energy regulator RAE, which entered into force on 17 February 2014, regulating issues relating to the operation of the autonomous networks of the NIIs with a view to enhancing gradual market opening. The Commission acknowledged the particular problems for the operation of the Greek NIIs, i.e. the islands that are not interconnected to the electricity system of mainland Greece, attributed to reasons such as the fact that conventional electricity generation is restricted there to diesel or fuel-oil fuelled power stations, combined with the fact that the small size of load to be served and the planned interconnection with the mainland electricity system do not allow for investments in more efficient and cost effective power stations. The Commission did not approve the Greek Ministry's request that the Greek utility PPC should remain the sole supplier on the NIIs on a permanent basis; however, it recognised that market opening requires prior setting up of practical arrangements to enable the NIIs' isolated systems to be operated fully in line with the new network code, such as in relation to the envisaged establishment of the registers which are required to attribute metering data to suppliers. Based on the above, it granted a limited in time derogation from Article 33 of

Directive 2009/72/EC for at least 2 years after the entry into force of the network code, i.e. until 17 February 2016, or until the full installation of the infrastructure as provided for in network code, whatever comes later, this derogation in any event ceasing to apply on 17 February 2019. The derogation shall remain valid under the condition that the Greek authorities will submit to the Commission on an annual basis from 17 February 2016 until 17 February 2019 a report on the state of the market opening and the status of the relevant infrastructure investments. In the same Decision, the Commission also granted derogation from the provisions of Article 7(1) of Directive 2009/72/EC according to which authorisations for refurbishing, upgrading and expanding existing conventional capacity within micro isolated systems can be granted directly to PPC until 1 January 2021. Finally, it is provided that upon interconnection of any NIIs to the interconnected system of the mainland both above derogations shall cease to apply with regard to the respective NIIs.

Greece: Second Public Consultation on the Auction Based Electricity Market Reform

by Mira Todorovic Symeonides (Athens)

On 28 August 2014, the Greek Regulatory Energy Authority (RAE) launched a second public consultation on the establishment of a regulated futures market which would enable suppliers of electricity to have direct access, through auction processes, to cheap lignite and hydro generated electricity (rather than through the mandatory pool of the Day-Ahead wholesale Market), thus enhancing competition between PPC, in its capacity as supplier, and the other electricity suppliers in Greece. The comments received during the first public consultation, held in May this year, showed significant incompatibility, which compelled RAE to amend the text of the proposal and announce the second consultation to last, after the extension of deadline, until 29 September 2014.

The amended proposal establishes: increased quantities to be sold on the regulated auctions (from 25-30% to 30-35% of the PPC annual lignite and hydro generated electricity); specification of the advance payment to 1% of the purchase price; that the first auction will be organised on 20 February 2015 and will provide for 800MWh/per hour for the period of 12 months (1 April 2015 until 31 March 2016) and 400 MWh/per hour for the first three-month period (1 April to 30 June 2015), while there would be other 3 auctions for the three-month product, to cover the total of 1200 MWh/per hour for the whole period from 1 April 2015 until 31 March 2016; certain rules related to the auctions, such as right of use of the fixed-term product in accordance with the profile and category of consumers or differentiation of the product price as per the category of consumers of the supplier participating in the auction, are now defined in more details. The amended proposal does not include the method for calculation of the regulated initial price at the auction, which is, as announced by RAE, currently being finalised.

Greece: RAE Launches Public Consultation on Mechanism for Covering Deficits in Accounts Managed by ADMIE

by Lazaros Sidiropoulos (Athens)

On 17 September 2014, the Greek energy regulator RAE launched a public consultation for the modification of the Greek Electricity Grid Code and the Market Settlement Manual with a view to incorporating a methodology for the equitable allocation of payments effected by market participants to special accounts held by the Greek TSO ADMIE in relation to market operations managed by the latter (e.g. balancing, capacity market remuneration, public service obligations, RES duty, network charges). A respective methodology for the equitable allocation of the market deficit created due to the unpaid debts of electricity suppliers which ceased operations has already been developed by

the market operator LAGIE for the part of market operations managed by it and was approved by RAE by its Decision No. 285/2013. Subsequently, ADMIE has been requested by RAE (among others by its Decisions No. 58/2013 and 197/2014) to develop and apply a corresponding methodology to the one already applicable in the case of LAGIE. Because a respective public consultation launched by ADMIE in February 2014 did not receive necessary attention among market participants, RAE decided to re-launch a public consultation taking into account the initial draft proposal of ADMIE and the few remarks made by market participants. Main objective of RAE's proposal is that this methodology should be applied separately to each particular account held by ADMIE (i.e. an account corresponding to a particular market operation) so that payments made to a particular account by a market participant-debtor should be equitably allocated only to market participants-creditors of this particular account. It is also proposed that common methodology should be applied both with regard to already existing deficits as well as for the handling of eventual future ones. The final date for submission of comments in the context of the public consultation is set for 10 October 2014.



Poland: Amendments to the Act on Geological and Mining Law and Introduction of New Hydrocarbon Tax Law

by Izabela Jurek (Warsaw)

In August 2014 two major regulations regarding hydrocarbons exploration and extraction have been passed.

On 1 August 2014, the Polish President signed the act amending Act on Geological and Mining Law (Journals of Law 2014 no. 0 item 1133) with regard to exploration, recognition and extraction of hydrocarbons. The amendment introduced a single concession instead of previous three separate concessions for exploration, recognition and extraction of hydrocarbons. A new process of selecting the entities which will be allowed to extract hydrocarbons is also regulated. The concessions granted prior to the new regulation will remain valid with the option to extend their validity or transform into a new type of concession. The Act also provides a number of facilities for entrepreneurs engaged in the exploration, exploration and extraction, i.e. the opportunity to commence mining already during the exploration and recognition phase, performing geophysical surveys to investigate geological structures solely on the basis of the notification. The act will come into force on 1 January 2015.

The second regulation – Act on Special Hydrocarbon Tax (Journals of Law 2014 no. 0 item 1215) - was signed by the Polish President on 25 August 2014 and introduces a new type of tax on profits from hydrocarbon mining activities (profit tax) and a tax on the extracted quantities of hydrocarbons (royalty). The profit tax will have a rate ranging from 0 % to 25 % whereas the second tax will have a 3% flat rate. The act shall come into force on 1 January 2016, however the obligation to pay the taxes will arise from the revenue generated or hydrocarbins extracted from 1 January 2020.

In the meantime, the Polish government is also drafting another bill further aiming to enhance the process of commencing and conducting hydrocarbons exploration.

Greece: Final Regulatory Steps regarding Greek Natural Gas TSO Privatisation and Approval of its E-Trade Code

by Mira Todorovic Symeonides (Athens)

On 11 September 2014, the Greek Parliament voted for amendments (Law no. 4286/2014) of the Energy Law (no. 4001/2011) regarding the conditions for acquisition of the Greek Natural Gas Transmission System Operator (DESFA) by a vertically integrated natural gas company from a third country (Azerbaijan). The amendments empower the Regulatory Energy Agency (RAE) to temporarily suspend such, non EU Member State's, shareholder's voting rights in DESFA if its management a) jeopardizes security of supply in Greece or EU Member State (e.g. by failing to provide financial means necessary for operation and development of DESFA or for accomplishing diversification of gas supply sources in EU, in accordance with DESFA's Development Programme approved by RAE); or b) prevent 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. The amendments to the law are said to be made following the European Commission's proposal for changes to the share purchase agreement, over EU energy security concerns and in the view of the acquisition of the majority of shares of DESFA by the Azeri company Socar, which is about to be finalised.

On 1 September 2014, RAE launched a public consultation for the draft Code on Natural Gas Electronic Trade System, prepared by DESFA and submitted to RAE for approval. The consultations lasted until 26 September 2014. The Code regulates issues such as approving access to the system; terms and procedures for submission and registration of the offers for a) conclusion of natural gas resale agreements and proposals for transactions with LNG, b) conclusion of assignment/lease and resale of transportation capacities booking, regasification capacities and LNG storage facilities agreements and c) registration of acceptance statements for the above offers; as well as procedures addressing technical issues, all in relation to the establishment, maintenance and operation of the Electronic Trade System. The Code shall come into force after RAE's approval and its publishing in the Official Journal.

BiH: Decree on the Content of Concession Agreements for Hydrocarbons in FBiH

by Mira Todorovic Symeonides (Athens) and Nebojsa Mllanovic (Banja Luka)

The Government of Federation of Bosnia and Herzegovina (FBiH), one of two Entities of Bosnia and Herzegovina, adopted on 20 August 2014 a Decree on the Content of Concession Agreements for Exploration and Exploitation of Oil and Gas, the Methodology for Calculation and Paying of Compensation and the Controlling of Produced Quantities of Oil and Gas on the territory of FBiH (the Decree). The Decree was published in the Official Journal of FBiH on 20 August 2014 and entered into force on 27 August 2014. The mandatory content of the Concession Agreements, as regulated by the Decree, includes data on operation activities per phases, deadlines, rules regarding determination of the quantities of oil and gas, application of technical standards and regulations, reporting to the Ministry, penalties for non-exploitation, access of third parties, conditions for transportation of oil and gas, ownership issues, supervision of implementation of the agreement, protection measures, fiscal agreements, access to land, environmental provisions, issues of abandoning of exploitation/ exploration fields, guarantees, legal issues, subcontracting, employment and technical specialisation of local employees, data transfer and intellectual property issues. Regarding security issues, until FBiH develops its own standards for security of people and protection of environment the 14 standards of the American Petroleum Institute, as listed in

the Decree, shall be applied on the territory of FBiH. A Concession Agreement will come into force upon approval of the respective FBiH Government Decision and the Agreement by the FBiH Parliament. The Decree further covers the issues of termination of Concession Agreements, Approval by the Ministry of commencement of exploitation works and registration in respective registers and the Cadastre. The Decree provides details and tables for calculation of compensation per phases for oil and for natural gas, exceptions for calculation of the oil values, rules for ownership and use of produced oil and gas.

Bulgaria: Commission for Protection of Competition Sanctions the Bulgarian Natural Gas Supplier Bulgargaz EAD for Abuse of Dominant Position

by Svetla Stoykova (Sofia)

By Decision N 1054 of 29 July 2014 the Bulgarian Commission for protection of competition ascertained that Bulgargaz EAD, the sole supplier of natural gas within the territory of Bulgaria, committed an infringement of Art. 21 of the Law on Protection of Competition consisting in the abuse of its dominant position by imposing unfair trading conditions. The procedure has been initiated upon complaint of the companies Sofiagas EAD, Overgas EAD, Overgas North EAD, Overgas East AD, Overgas West AD, Overgas South AD as parties to agreements for natural gas supply and clients of Bulgargaz EAD. The Commission found that within August 2010 and 2011 Bulgargaz EAD forced its clients to extend the term of their contracts without providing them the opportunity to negotiate and discuss the trading conditions. In addition, Bulgargaz EAD laid down some conditions allowing it to unilaterally terminate the agreements for gas supply, which reciprocal right the clients did not have. Another unfair trading condition found by the Commission concerns the instructions and tables for calculation of gas supply orders for the next year. The methods and formulae for gas orders set unilaterally by the supplier as an obligatory condition forced the clients to specify strictly their orders which led either to the risk of not fulfilling their agreements or to the risk of not being supplied with enough quantities. The sanction imposed by the Commission to Bulgargaz EAD amounts to BGN 23 377 600.00, which constitutes 0,5 % of the revenues of the Company in 2012 from its gas supply activity accordingly multiplied with a coefficient for the duration of the infringement. Since the infringing practices were discontinued and the present agreements for gas supply offered by Bulgargaz to clients do not contain unfair trading conditions, the Commission did not order Bulgargaz EAD to stop the infringement. Upon appeal of Bulgargaz AD against Decision N 1054 of 29 July 2014 the Supreme Administrative Court initiated the administrative case N 11271/2014 with first open hearing session on 11 November 2014.

Ukraine: Amendments to the Tax Code of Ukraine regarding Levies for Hydrocarbons and Import of Natural Gas

by Tetyana Vyshnevskva (Kiev)

Two amendments to the Tax Code of Ukraine have been enacted during the last couple of months in Ukraine: the Law no. 1621-VII which came into effect on 3 August 2014 and the Law no. 1200-VII which came into effect on 1 September 2014. The main amendments relevant for the energy sector relate to hydrocarbons and importing of natural gas to Ukraine. Thus, from 1 August 2014 up to 1 January 2015 the Law increased the levies for extraction of hydrocarbons as follows: for oil extraction above 5 km - from 39% to 45%; for oil extraction below 5 km - from 18% to 21%; for gas extraction from deposits above 5 km - from 28% to 55%; and for gas extraction from deposits below 5 km - from 15% to 28%.

From 1 September 2014 PJSC Naftagas of Ukraine is exempted from paying the tax for the import of natural gas in Ukraine. Although RES producers were concerned due to the announcement that the above amendments would also terminate the profit tax exception for RES producers, this measure was not introduced in the final text of the Law.



Bulgaria: Constitutional Court Declares Legal Provisions Introducing Fee for the Production of Electricity from Wind and Solar Energy Unconstitutional

by Svetla Stoykova (Sofia)

The Constitutional Court of the Republic of Bulgaria declared by Decision N 13 of 31 July 2014 Article 6, items 2 and 3, of the Final Provisions of the Law on the State Budget of the Republic of Bulgaria for 2014 (the State Budget Law) unconstitutional. Based on these provisions the Bulgarian Parliament has adopted amendments to the Renewable Energy Act (Articles 35a, 35b, 35c and 73), introducing a fee for the production of electricity from wind and solar energy. The constitutional case was initiated at the request of the President of the Republic of Bulgaria and supported by the Bulgarian Photovoltaic Association, the Bulgarian Wind Energy Association and the Association "Union of Producers of Ecological Energy - BG. The Constitutional Court found that rules of Article 6, items 2 and 3, of the Final Provisions of the State Budget Law are inconsistent with the general principles of establishment by the law and the proportionality of State taxes and levies set by the constitutional provisions of Article 84, item 3, and Article 60. By introducing the new State fee the legislator imposes on electricity producers from wind and solar energy the obligation to make a payment against which they do not receive any service. The new provisions contradict to rules of Article 19, paragraphs 2 and 3, of the Constitution according to which the law provides and secures to all citizens and juridical persons equal conditions for business activity, since of all businesses involved in the production of electricity from renewable sources, only the producers of electricity from wind and solar energy are required to pay the fee under Article 35a, paragraph 1, of the Renewable Energy Act. An additional argument for the unconstitutionality of the examined provisions represents the non-transparent procedure of enactment – the supplement of the State Budget Law was made between the first and second reading in the Parliament, without prior public consultation.

It should be noted that introducing a State fee only for production of electricity from wind and solar energy is not the first measure of differentiation in the Bulgarian electricity trade market. The State Energy and Water Regulatory Commission has exempted by Decision № -1 KM of 13.03.2014 all electricity producers from renewable sources from paying a price for access to the national transmission network of "Electricity System Operator" JSC, with the exception of producers of electricity from solar or wind power which should pay a minimum fee for access. The stated reason for differentiation is the necessity to compensate the expenses for providing additional capacity and maintaining the balance of the electricity transmission grid, due to the inconstant nature of solar and wind energy production, depending on weather conditions.

Romania: Draft Government Decree on 2015 RES Electricity Quota for Green Certificates

by Corina Badiceanu (Bucharest)

On 5 August 2014, a draft Government Decree on the approval of the 2015 Quota of electricity produced from Renewable Energy Sources that benefit from the system of promotion through green certificates was announced at the Economy Minister's website (Energy Department). The Draft was available for public consultation until 18 August 2014. The Draft provides that the quota for the year 2015 will be 11,9% of the final gross consumption of electricity. This quota is based on ANRE's (the Romanian Authority Regulating the Electricity Sector) estimation and it is higher than the one established for the year 2014, which was 11,1% of the final gross consumption of electricity. If the Romanian Government approves the increased quota proposed for 2015, it is expected that the respective amount paid by the end consumers, through their electricity bills, will remain the same as for 2014, respectively of 35 lei/MWh.



EU: Publication of the Energy System-Wide Cost-Benefit Analysis Methodology by ENTSOG

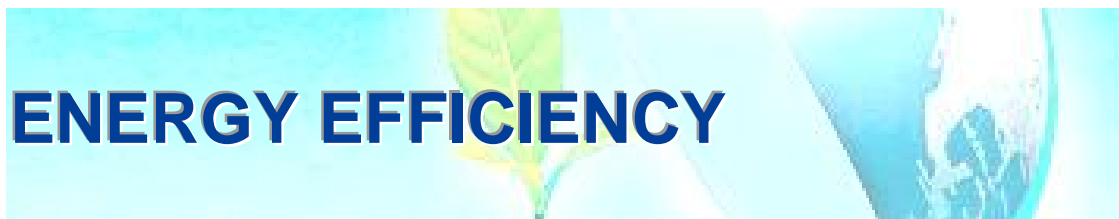
by Georgia-Ilianna Karamani (Athens)

On 18 August 2014 the European Network of Transmission System Operators (ENTSO) submitted the adapted version of the Energy System-Wide Cost-Benefit Analysis (ESW-CBA) Methodology to the European Commission for the final approval. The said document has been drafted within the framework of Regulation (EC) 347/2013 supporting the selection of Projects of Common Interest (PCIs) and is expected to evolve every other year along the Ten Year Network Development Plan's (TYNDP) pace, in order to ensure its accordance to the aforementioned Regulation. The submitted Methodology, the initial version of which was published in 13 November 2013, includes an approach of sensitivity analysis, referring to the time-wise uncertainty, an assessment to apprehend the direct and indirect benefits of a project in a meshed network on the European social welfare and a pragmatic approach considering the timeframe of the PCIs process and the availability of input data. The Energy System-Wide CBA Methodology is structured in two steps, the first one being implemented by ENTSOG as part of the said report and therefore connecting consecutive PCI selections and the assessment of the latest PCI list, while the second is to be applied by project promoters in the first quarter of 2015, enabling this way the assessment of the individual impact of their project. The said methodology does not provide a direct ranking of projects, but is structured along a quantitative analysis, based on a set of indicators, a monetary analysis, based on the evaluation of the cost for gas, coal and CO₂ emissions and a qualitative analysis, covering previous steps and describing additional benefits. It is also worth mentioning that along with the adaptation process, ENTSOG has launched a call for infrastructure projects to be included in the Union-Wide TYNDP 2015 in early July.

EU: ENTSO-E's Renewed Network Code on Electricity Balancing

by Georgia-Ilianna Karamani (Athens)

ENTSO-E submitted on 16 September 2014 a renewed version of the Network Code on Electricity Balancing (NC EB), as well as supporting documents, following the points raised by ACER's Opinion on 21 March 2014. ENTSO-E, representative of the European electricity transmission, was directed by the European Commission to draft the Network Code on Electricity Balancing, along with nine other Codes being developed at the moment. The said Network Code establishes common rules for Electricity Balancing including the establishment of common principles for procurement and settlement of Frequency Containment Reserves, Frequency Restoration Reserves and Replacement Reserves and common methodology for the activation of Frequency Restoration Reserves and Replacement Reserves. ENTSO-E presented the renewed Code according to ACER's remarks and is now confident that the Agency will recommend the adoption of the Code to the European Commission. ENTSO-E also states that the new NC EB is in accordance with the Framework Guidelines on Electricity Balancing, with a few exceptions such as the implementation deadline for the European integration model. The NC EB will be a crucial element towards accomplishing Europe's security of supply and achieving electricity balancing, so that all consumers can have access to energy.



EU: European Code of Conduct for Energy Performance Contracting

by Viktoria Chatzara (Athens)

Following the Energy Efficiency Directive, on 11 July 2014, the European Code of Conduct for Energy Performance Contracting (EPC) was issued within the framework of the "Transparens – Increasing Transparency of Energy Service Markets" project, co-funded by the Intelligent Energy Europe Programme of the European Union. The EPC Code of Conduct is a not legally binding set of values and principles for the efficient implementation of EPC projects in European countries, i.e. contracts regarding energy efficiency improvement measures. The commitment to the EPC Code of Conduct principles may be voluntary; however its use is supported by the European Association of Energy Service Companies and the European Federation of Intelligent Energy Efficiency Services, thus making its implementation seem more likely. The EPC Code of Conduct sets out nine guiding principles for the implementation of EPC projects. A first set of principles refer to an EPC provider's obligations with regard to an EPC contract. Such provider shall ensure a high value of the EPC project by finding an economically efficient combination of energy efficiency improvement measures, assume during the whole term of the EPC the risks linked to it (i.e. the risk of not achieving the contractually agreed savings, risks related to the operation of the installed measures, etc.), guarantee that the contractually agreed savings determined by Measurement and Verification methods are achieved and, in general, ensure compliance with all applicable laws and regulations. Concerning a provider's relationship with its customers, the provider must take all appropriate steps to maintain the said

relationship long- term, fair and transparent. Pursuant to the EPC Code of Conduct, the EPC provider shall also assist its clients with determining the most suitable financing solution for the EPC project and support them in the implementation of an energy efficiency improvement measure even after the contract period. When executing an EPC project, a provider shall ensure that all the necessary qualified staff is used and that the appropriate technical, commercial, legal and financial know- how and skills are provided to the clients by the EPC provider's staff and by the sub-suppliers the provider may cooperate with. Well-designed procedures, high-quality and reliable equipment and products shall be used in all stages of an EPC project, whereas the EPC provider shall also comply with any applicable ethical business conduct codes.

Greece: New Energy Efficiency Law to Be Adopted

by Viktoria Chatzara (Athens)

On 16 September 2014, the Ministry of Environment, Energy & Climate Change published for consultation until 26 September 2014 a draft Law for the transposition into Greek Law of the Energy Efficiency Directive No. 2012/27/EU. The aim of the draft Law is to adopt national energy efficiency measures, so that Greece will contribute to the European aim for 2020. According to the proposed provisions, the Minister of Environment, Energy & Climate Change shall issue a Decision setting out the national energy efficiency target for the year 2020, whereas the Directorate of Energy Policies and Energy Efficiency of the Ministry shall draw up the National Plans of Action for Energy Efficiency, which shall be also submitted to the Commission. The draft Law imposes energy efficiency obligations primarily on entities of the Central Administration, as well as on Administrative Authorities of a lower level, which indicatively shall renovate each year at least 3% of the total surface of buildings that they own, so that these buildings will comply with the minimum energy efficiency requirements; choose energy-efficient products, services and establishments when entering into public contracts etc. The above mentioned Directorate shall also issue measures imposing energy efficiency obligations on members of the energy market (i.e. energy and fuel distributors or/ and retail suppliers). Moreover, distributors and retail undertakings will be obliged to provide individual measuring devices to the end consumers, which will provide information on the real energy consumption and the real time of use. With regard to consumers who don't have such measuring devices, distributors and retail undertakings will have to provide accurate and based on the real energy consumption billing information. The draft text also provides for the right of consumers to conduct high quality energy audits by qualified experts in order to determine possible measures for the improvement of their estate's energy efficiency. The proposed Law also provides for energy efficiency measures to be adopted by competent Authorities, such as the Regulatory Authority for Energy (RAE), within the context of energy supply, as well as horizontal energy efficiency measures, such as incentives, abolishment/ modification of legal or regulatory provisions, simplification of administrative procedures, etc., always taking into consideration the European legal framework on State aid.

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for further information, please contact...

Editing authors



Mira Todorovic Symeonides, LL.M.

Partner

Rokas (Athens)

E m.todorovic@rokas.com



Dr. Lazaros Sidiropoulos, LL.M.

Senior Associate

Rokas (Athens)

E l.sidiropoulos@rokas.com

I.K. Rokas & Partners 25 & 25A, Boukourestiou Str. 106 71 Athens, Greece
T (+30) 210 3616816 F (+30) 210 3615425 E athens@rokas.com

Authors



Nebojsa Milanovic

Associate

Rokas (Banja Luka)

E banjaluka@rokas.com

IKRP Rokas & Partners
- ADVOCAT Nebojša Milanović
1 Dositeja Obradovića
78 000 Banja Luka
Bosnia & Herzegovina
T/F (+387 51) 215 700
E banjaluka@rokas.com



Dejan Radinovic

Associate

Rokas (Podgorica)

E podgorica@rokas.com

IKRP Rokas & Partners
- Radinovic Law Firm
Božane Vučinić 7/5
81000 Podgorica, Montenegro
T (+381 11) 2080265
F (+381 11) 2638 349
E podgorica@rokas.com



Marina Aliferopoulou, LL.M.

Senior Associate

Rokas (Athens)

E m.aliferopoulou@rokas.com

I.K. Rokas & Partners
25 & 25A, Boukourestiou Str.
106 71 Athens, Greece
T (+30) 210 3616816
F (+30) 210 3615425
E athens@rokas.com



Vuk Stankovic

Associate

Rokas (Belgrade)

E belgrade@rokas.com

IKRP i partneri d.o.o. Beograd
30, Tadeusa Kosciuskog Str.
11000 Belgrade, Serbia
T (+381 11) 2080265
F (+381 11) 2638 349
E belgrade@rokas.com



Sanja Tolj Par

Associate

Rokas (Zagreb)

E zagreb@rokas.com

IKRP Rokas & Partners
- Par & Gradac Law Firm
Kralja Držislava 2
Zagreb, Croatia
T (+385 1) 46 70 281
F (+385 1) 46 12 883
E zagreb@rokas.com

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Authors (cont.)



Corina Badiceanu
Associate

Rokas (Bucharest)

E c.badiceanu@rokas.com

I.K. Rokas & Partners - Constantinescu,
Radu, Ionescu SPRL
45 Polona Str., District 1,
Bucharest, Romania
T (+40 21) 4117405
F (+40 21) 4118293
E bucharest@rokas.com



Svetla Stoykova
Associate

Rokas (Sofia)

E s.stoykova@rokas.com

I.K. Rokas & Partners Law Firm
Branch Bulgaria, I. Rokas
12-16 Dragan Tzankov Blvd. Lozenetz Sq.
1164 Sofia, Bulgaria
T (+359 2) 952 1131
F (+359 2) 952 0680
E sofia@rokas.com

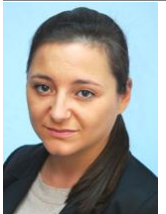


Viktoria Chatzara, LL.M.
Associate

Rokas (Athens)

E v.chatzara@rokas.com

I.K. Rokas & Partners
25 & 25A, Boukourestiou Str.
106 71 Athens, Greece
T (+30) 210 3616816
F (+30) 210 3615425
E athens@rokas.com



Izabela Jurek
Associate

Rokas (Warsaw)

E warsaw.jurek@rokas.com

I.K. Rokas & Partners Binieda
Kancelaria Prawna sp.k.
7, Mlynska Str.
01 205 Warsaw, Poland
T (+48 22) 2411361
F (+48 22) 2411362
E warsaw@rokas.com



Tetyana Vyshnevskaya
Associate

Rokas (Kiev)

E kiev@rokas.com

IKRP Rokas & Partners Ukraine
15, Panas Lyubchenko Str.
o f f i c e 3 2 0
Kiev 03680, Ukraine
T (+ 380) 44 2252138
E kiev@rokas.com



Georgia Ilianna Karamani
Associate

Rokas (Athens)

E g.karamani@rokas.com

I.K. Rokas & Partners
25 & 25A, Boukourestiou Str.
106 71 Athens, Greece
T (+30) 210 3616816
F (+30) 210 3615425
E athens@rokas.com