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ENERGY MARKETS

EU: Commission Publishes Communication on Integrated Strategic Energy Technologies Plan

by Mira Todorovic Symeonides (Athens)



On 15 September 2015, the European Commission published the Communication "Towards an Integrated Strategic Energy Technology (SET) Plan: accelerating the European Energy System Transformation". The SET Plan is the principal decision-making support tool aiming to transform energy production and use in the EU with the goal of achieving EU worldwide leadership in the production by fostering science for transforming energy technologies to achieve the 2020 Energy and Climate Change goals and contribute to transition to a low carbon economy by 2050. The Plan was launched through three Commissions' communications (in 2006, 2007 and 2009) while a 2013 Communication – Energy Technology and Communicating as of 2 May 2013 intended to reinforce the modalities for its implementation. In 2015 the SET Plan was included in the Energy Union Roadmap, published as Annex 1 to the Commission's Communication - Energy Union Package - A Framework Strategy for a Resilient Energy Union with a Forward Looking Climate Change Policy published on 25 February 2015. The Energy Union strategy is made up of 5 related and mutually reinforcing dimensions: security of supply, a fully-integrated internal energy market, energy efficiency, emission reduction and research and innovation. The Research and Innovation dimension supports new and advanced low-carbon technologies by coordinating research and finance projects in partnership with the private sector. The Communication proposes a more integrated approach in its implementation and the development of a new SET Plan management, which requires tight cooperation of the EU and the MSs respective committees with the SET Plan Steering Group, more joint actions, strengthening of the existing SET Plan Information System (SETIS) by the Commission to insure more diligent and intelligent use of available information, data and reporting practices by the stakeholders and the MSs.

The 2015 Communication proposes ten focused Research and Innovation actions in the following fields: renewables, smart energy systems, energy efficiency, sustainable transport, carbon capture & storage as well as safety in the use of nuclear energy. The proposed actions in regard to renewables comprise the Commission's support to the development of new highly performant renewable technologies, their integration into the energy systems and the reduction of the costs of key technologies. For example further cost reduction may be achieved in Southern Europe in regard to photovoltaic and solar thermal systems, algae and biomass residues, while in the Northern, the Central and the Easter Europe in regard to bio-energy and bio-fuels. Developing and strengthening of energy-efficient systems would include development of new materials and technologies for energy efficiency solutions for buildings and efforts to make the EU industry less energy intensive and more competitive. The concrete efforts would focus on enhancing the wider use of renewables in industry, improving of energy management systems and development of less energy and carbon intensive technologies in energy intensive industries. Diversifying and strengthening of energy options for sustainable transport is proposed to be accomplished through increasing the competitiveness in the global battery sector with new energy storage solutions providing batteries with higher performance, extended life, reduced costs and larger capacity and increasing of the use of renewable fuels. The immediate next steps the Commission intends to undertake are to define with the MSs, for each of the ten Research and Innovation actions, the priorities, the funding, the modalities for the implementation and the timing for achieving results.

E L E C T R I C I T Y

EU: Member States Approve Network Code on High Voltage Direct Current Connections

by Lazaros Sidiropoulos (Athens)

On 11 September 2015, the EU member states approved the text of the Network Code on High Voltage Direct Current Connections (NC HVDC), which was presented to them for discussion in Comitology by the European Commission in spring 2015. The draft NC HVDC was initially prepared by ENTSO-E and on 30 April 2014 delivered to ACER and ACER then issued its opinion no. 14/2014 of 24 July 2014 recommending its adoption to the European Commission.

The NC HVDC aims at reinforcing Europe's sustainability, competitiveness and security of supply, by establishing a common set of rules to facilitate secure linking of offshore wind farms to consumption areas as well as of consumption areas with each other. HVDC technology is lately increasing in importance for the European electricity transmission systems. It is suitable to provide very long distance onshore connections, which can transport large volumes of electricity, and may be used to construct interconnections between different parts of Europe. Moreover, this technology is expected to play a crucial role in enabling integration of very large amounts of renewable energy into electricity grids in future; RES technology has different technical characteristics than conventional generators, which makes it necessary that they are designed to have certain capabilities and be able to provide certain services so as to contribute to system security in a similar way to traditional plants. The NC HVDC will make this possible through specifying and regulating precise and uniform requirements for such connections and it will thus allow more renewable energy to be connected to the electricity transmission systems.

Considering that only few countries have HVDC network codes, while most are setting connection requirements in this regard on a project basis, the NC HVDC is expected to prove particularly beneficial in making a pan-European approach possible through harmonisation of the development of the HVDC technology and establishment of a common framework of rules and connection requirements for HVDC systems and DC-connected power park modules, such as offshore wind farms. The NC HVDC aims at setting out clear and objective requirements for HVDC system owners, DC-connected power park module owners, network operators and national regulatory authorities. It shall both apply to connections between different parts of Europe as well as specify the connection rules applying to the generators, which are connected to the main electricity systems via HVDC lines. More precisely, the draft Code includes several chapters regulating, among others, the general requirements for HVDC connections as well as for DC-connected power park modules and remote-end HVDC converter stations; information exchange and coordination; the operational notification procedures for connection for existing and new HVDC systems and DC-connected power park modules; compliance monitoring and testing; and the terms and conditions under which derogations from the application of the code may be requested by either HVDC system and DC-connected power park module owners, DSOs or TSOs.

As a next step, NC HVDC will go through scrutiny from the European Parliament and the Council, which means that its final adoption should be expected in early 2016.



more news on Electricity:

Croatia: Government Adopts Regulation on Amendments to the Electricity Market Act

by Sanja Tolj Par (Zagreb)

The Croatian Government, at its session of 3 September 2015, adopted the Regulation on Amendments to the Electricity Market Act (Official Journal, 95/2015). The main amendments are related to the provisions regulating the procurement of balancing energy and the rules on electricity balancing. The Regulation amends the manner of concluding balancing contracts, the obligations of balancing electricity providers, and the manner in which the TSO buys and sells electricity from market participants for balancing purposes. The regulation also stipulates that, as long as the establishment of a functional electricity market is pending, the price of electricity for balancing purposes shall be calculated according to the Methodology for determining the price for the provision of balancing services adopted by the Croatian Energy Regulatory Agency on 23 July 2015. Moreover, the Regulation introduces minimum power consumption for socially vulnerable users and assigns the competent authority for social welfare with several duties in this regard. Finally, the Regulation defines the penalty amounts for infringements by electricity market participants related to using privileged information or manipulation in the wholesale electricity market.



Greece: Energy Regulator Publishes Instructions to Electricity Suppliers

by Stefania Chatzichristofi (Athens)

On 28 August 2015, the Greek energy regulator RAE published a letter of 12 August 2015 which was communicated to all electricity suppliers (PPC and private companies) informing them on RAE's interpretation of the Greek electricity supply code on the following two practical issues: i) the possibility of incorporation in a single electricity consumption bill of all outstanding debts of the same customer to the same supplier despite the origin of the debts from different locations of the customer, ii) regarding the question whether a customer is allowed to switch supplier when it has outstanding debts to its initial supplier. As regards the first issue, RAE confirms the possibility of incorporating all debts in one bill, under certain precise conditions. With regard to the second issue, RAE considers that the supply code is sufficient when allowing the new supplier to reject contract proposals by customers with outstanding debts to their previous supplier, which makes a strict prohibition of switching suppliers in such cases not necessary; nevertheless it advises all suppliers to refrain from systematically approaching such customers.

Greece: News on Opening of the Electricity Market at the Non-Interconnected Islands

by Lazaros Sidiropoulos (Athens)

On 9 September 2015, the energy regulator RAE launched a short-term public consultation (ending on 18 September 2015) on two draft methodologies connected with the upcoming opening of the electricity market at the Non-Interconnected Islands (NII) of Greece: the one methodology refers to the method of estimation of the electricity consumed by the clients of each supplier, in case no metering data is available, for the purpose of performance of the monthly and yearly clearing of the market by DEDDIE, which is the network operator of the NII also in charge for the market operation; the other methodology refers to the method of estimation of the guarantees submit by each supplier every semester to DEDDIE as a precondition for participation in the NII market. Subsequently, DEDDIE announced on the same day that, although it had announced on 23 July 2015 that the NII electricity market would officially open on 1 September 2015, this will not be possible until the above two methodologies have been finally adopted; nevertheless DEDDIE will keep on accepting registration applications by interested new suppliers.

O I L & G A S

Greece: RAE Approves DESFA's Proposal on Provisional Measures for the Application of the European Balancing Code

by Mira Todorovic Symeonides (Athens)

On 8 September 2015, Decision no. 274/2015 of the Greek Energy Regulatory Agency (RAE) on the Approval of the Transmission System Operator's Report on the implementation of provisional measures for the application of the European Balancing Code, Regulation (EU) no. 312/2014 (the Code) of 26 March 2014, was published in the OJ no 1916/2015. By application of Article 45 of the Code, the Hellenic Gas Transmission System Operator (DESFA) submitted to RAE on 31 March 2015 its Report proposing that, due to the absence of sufficient liquidity of the short term wholesale gas market in Greece, the Code's application is suspended for the period of up to 2019 and providing a list with specific interim measures which, to the extent possible, should foster the liquidity of the market.

The Report describes the state of development and the liquidity of the short term wholesale gas market in Greece, proposes certain interim measures, explains the reason for the application of the interim measures and identifies the steps that should be taken to remove these measures. According to the Report, the Greek gas market had, in the period from 2010 to 2014, a limited number of active users of transmission and LNG services (in 2014 only 5 users of transmission and 3 of LNG services), although the number of registered users has significantly increased within the last years (total of 35 in 2014), and a limited number of bilateral gas transactions; subsequently, there is no mechanism to determine the short term and the marginal gas price on the basis of supply and demand. In addition to that, apart from the vertically integrated public gas producer and supplier DEPA, there are no other users of the transmission system on the two entry points and very limited participation of other users on the third LNG entry point, while DEPA was in this period also the only gas supplier importing gas into Greece through pipelines and the only bidder on the international tender for supply of natural gas for load balancing. DESFA proposes in the Report three interim measures: Firstly, to continue the application of the current scheme of balancing in which DESFA provides balancing services by concluding annual balancing agreements after organising an international tender; secondly, to establish a balancing platform and a virtual trading point (VTP): the balancing platform would be established at first as a pilot program, which should become operational until the end of 2016 and through which the users and /or the Operator would supply at least part of the quantities necessary for balancing; thirdly to amend the Network Code for the Regulation of the National Natural Gas System based on a proposal of DESFA to RAE in order to harmonise the Greek with the European Balancing Code. The amendments proposed include: the possibility that users re-nominate quantities of gas for one cycle within day nomination;; the change of the resale procedure so that it is performed only through VTP; and the revision of the currently applicable tariff regulation.

RAE approved the above report of DESFA, after having consulted the Bulgarian Regulatory Authority for Energy and Water, and ordered DESFA to submit until 18 September 2015 a detailed time schedule of activities for the application of the proposed provisional measures, taking particularly into account the obligations DESFA has undertaken to perform in cooperation with Bulgartransgaz within the Programme of the Gas Regional Initiatives for the period 2015-2018. This Decision of RAE has further been communicated to ACER and the European Commission.



more news on Oil & Gas:

EU: Commission Publishes Roadmap on the Effectiveness of Recommendation on Unconventional Hydrocarbons

by Dimitris Nisanakis (Athens)

On 3 September 2015, the European Commission published a roadmap of its upcoming report on the effectiveness of the Commission Recommendation 2014/70/EU regarding the exploration and production of hydrocarbons (such as shale gas) using high-volume hydraulic fracturing (fracking). The objective of this initiative is to assess the Recommendation's application, consider the progress of the information exchange on the best available techniques, investigate whether the Recommendation remains appropriate and sufficient for the safe and secure development of these hydrocarbons and whether it provides sufficient predictability to businesses and authorities and necessary information to citizens and businesses, and particularly whether there is a need for its updating or development of legally binding provisions. In this regard the Report should examine other policy options such as guidance note for the application of environmental legislation to hydrocarbons using fracturing, new recommendation including additional or more precise provisions based on the experience of MSs with application of this Recommendation, directive regulating the transparency and predictability of hydrocarbon development and/or framework directive on the risk management of hydrocarbons, and legislative or "soft law" instruments. The work of the Commission will take into account information already gathered, the study procured by the Commission for the application of the Recommendation in the relevant MSs, and MS responses to the questionnaire.

EU/ Poland: ECJ Finds that Poland Violated EU Rules Governing the Internal Gas Market

by Izabela Jurek (Warsaw)

On 10 September 2015, the European Court of Justice (ECJ) ruled that Poland's legislation is in breach of EU rules governing the internal gas market regarding the use of regulated gas prices for non-household customers (Case C-36/14). The case against Poland was presented to the Court in June 2013, when the European Commission concluded that the state regulated tariffs for off-takers other than households prevent gas suppliers from entering the market and do not allow Polish consumers to benefit from what the market can internally offer. In its opinion the system of state intervention in the form of imposing on energy companies the obligation to submit natural gas tariffs for approval by the President of the Energy Regulatory Office, infringes the provisions of the Directive 2009/73/EC. According to the ECJ, the Polish mechanism regulating the prices of natural gas supply to non-household customers does not meet the requirements of proportionality, since it is not limited in time and does not distinguish between the different types of gas supply customers. State price regulation can be used only in exceptional circumstances and cannot be the rule. The ECJ decision paves the way for amendments to the Act on Energy Law of 10 April 1997 towards releasing gas prices for non-household customers.

EU: Study on the Role of Gas Storage in the Internal Market

by Eleni Boutla (Athens)

In August 2015, the European Commission published a study on "The role of gas storage in internal market and in ensuring security of supply". As gas storage may play a significant role in providing flexibility and security of gas supplies, flexible storage facilities are required. In order to enhance security of gas supplies this study provides an analysis on the potential of gas storage, an overview of the storage sector in the EU, a description of existing Storage Related Security of Supply Measures (SRSMs), a comparative analysis of existing SRSM in selected extra EU Countries and investigates the benefits and cost of existing SRSM patterns.



Ukraine: Public Consultations on Draft Gas Transmission, Distribution and Storage Network Codes

by Tetyana Vyshnevskva (Kiev)

In August 2015, the National Energy and Public Utilities Regulatory Commission (NEURC) published its draft resolutions on approval of three gas network codes and launched relevant public consultations as follows: a) on 10 August 2015, the NEURC initiated a public consultation on the draft Code on Gas Distribution Systems (CoGDS) prepared by the NEURC upon consultation with market participants; b) on 17 August 2015 began the public consultation on the draft Code of Gas Transmission System (CoGTS) prepared by the current Transmission System and Gas Storage Facilities Operator PJSC Ukrtransgas and c) on 31 August 2015, the draft Code of Gas Storage Facilities (CoGSF) and the Criteria According to Which a Contractual Access or a Regulated Access Regime is Applied to a Certain Gas Storage Facility were published for public consultation. The NEURC shall receive comments and propositions on the CoGSF and CoGDS until 30 September 2015 after which it is expected that their final versions shall be published on the NEURC webpage. The public consultation for the CoGTS was finalised on 16 September 2015 and the draft resolution of the NEURC on approval of the CoGTS, amended according to the received feedback, was published on the NEURC webpage.

Ukraine: Harmonising Legislation with the Law on Natural Gas Market

by Tetyana Vyshnevskva (Kiev)

On 11 September 2015, draft law no. 3072 on Amending Certain Legislative Acts of Ukraine concerning the Creation of Preconditions for the New Natural Gas Market Model was registered in the Parliament. The Draft was prepared by the Ministry of Energy and Coal Industry of Ukraine (the Ministry) with the purpose to bring the current legislation (16 laws and the Code of Ukraine on Administrative Offences) in compliance with the provisions of the Law of Ukraine on Natural Gas Market (the Law). According to the Draft, respective legal acts shall be amended in parts concerning, inter alia, the following issues: a) natural gas supply to residential consumers; b) liability for violation of licensing, reporting, metering, supply rules and conditions and other regulations; c) the lease of Gas Distribution Systems (GDS) and d) the obligation to open bank accounts with a special regime of use imposed on certain market participants, including the GDS Operators and companies using or intending to use over 3 million m³ of natural gas a year, purchased from the natural gas suppliers with special obligations, for heat production. The commercial accounting of natural gas shall concern not only the use and/or consumption but also the extraction, transportation, storage and distribution of natural gas between market participants. The Law is expected to come into force on 1 October 2015.

Ukraine: Consultation on Temporary Measures for Gas Market Participants

by Tetyana Vyshnevskva (Kiev)

On 25 August 2015, the Ministry of Energy and Coal Industry of Ukraine published a draft resolution of the Cabinet of Ministers of Ukraine On Approval of the Regulations on Imposing Specific Obligations on Certain Natural Gas Market Participants to Ensure the Public Interests during the Functioning of the Natural Gas Market (Relations in the Transitional Period) (the Draft) for public consultation. The Draft determines the scope and conditions of special obligations to be vested on certain natural gas market participants, namely the PJSC UkrGasVydobuvannya, PJSC Ukrnafta, NJSC Naftogas of Ukraine and gas supply companies, until 1 April 2017 to meet the needs of residential consumers and heat generating companies, and ensure stability, proper quality and availability of the natural gas supply. According to the Draft: a) the PJSC UkrGasVydobuvannya and PJSC Ukrnafta are required to sell the extracted natural gas to the NJSC Naftogas of Ukraine at a certain price during a certain period of time; b) the NJSC Naftogas of Ukraine is required to purchase natural gas, sell it to companies supplying natural gas to residential consumers, and supply it to heat generating companies providing services of central heating and hot water supply of the population, and c) the gas supply companies are required to supply natural gas to residential consumers at a certain price with the compensation of their expenses. The Resolution is expected to become effective on 1 October 2015 and shall remain in force until 1 April 2017.

Romania: Court Includes Shale Gas under the Legal Definition of "Petroleum Resources"

by Corina Bădiceanu (Bucharest)

On 21 August 2015, a decision of the Romanian High Court of Cassation and Justice (the chamber for settling new law issues) was published in the Official Gazette under the no. 25/2015. The decision states that shale gas is covered by the legal definition of petroleum resources as provided by article 1 of the law no. 238/2004 (Petroleum Law), being thus exclusively part of the public domain of the Romanian State. As a consequence, the right to explore, to develop, to exploit shale gas and to conclude concession agreements belongs to the Romanian State, the National Agency for Mineral Resources being the competent authority to grant concessions in this regard. The decision of the Romanian High Court gives a final, decisive answer to the constant debate on whether shale gas is covered or not by Romanian Petroleum Law, being respectively part of the public domain of the Romanian State or of the local communities. The decision is binding on all Romanian courts of law.



Romania: Draft Law on the Safety of Oil and Gas Offshore Operations

by Corina Bădiceanu (Bucharest)

On 12 August 2015, a draft law transposing Directive 2013/30/EU on safety of offshore oil and gas operations into Romanian legislation was published on the Ministry of Energy's website. According to this draft law, a new regulatory authority (designated as "Competent Authority") will be established and will be funded, among other sources provided by the draft law, from the state budget. The Competent Authority will be responsible for regulating the offshore operations. However, it is not fully clear how this new authority will precisely operate taking into consideration that some of its duties seem to overlap with those attributed to the National Agency for Mineral Resources and Oil. The draft law was available for public consultation on the Ministry of Energy's website until 11 September, thus making it possible for proposal and suggestions to be made and sent.

Albania: Intensification of Collaboration with Switzerland in the Energy Sector

by Eris Çoba (Tirana)

On 7 September 2015, the Albanian Minister of Energy and Industry hosted a delegation from the Swiss government headed by the deputy Minister of the Foreign Affairs. In this meeting was also present the Swiss Ambassador in Tirana and representatives of the Trans Adriatic Pipeline (TAP) project. The Albanian Minister praised the important role of the government of Switzerland, which has consistently supported the electricity sector, and recently also provided support in the gas sector via the State Secretariat for Economic Affairs (SECO) with the grant of 6.6 million euro for capacity building for large gas infrastructure developments. He also emphasised that an important area for further cooperation may be the energy efficiency sector, in regard to which the Albanian Government is currently preparing a new law on energy efficiency. The reforms of the energy sector of Albania during the last two years were mainly focused on the increase of liquidity and the reduction of deficits.

Greece: Public Consultation on an Update to the Gas Preventive Action Plan

by Viktoria Chatzara (Athens)

On 16 September 2015, the Greek Regulatory Authority for Energy (RAE) launched a public consultation regarding an update to the Preventive Action Plan for enhancing security of supply in gas in the Greek National Natural Gas System (NNGS or ESFA in Greek), which was approved in 2013. Contrary to the Emergency Plan, the Preventive Action Plan includes measures (e.g. regulatory measures, construction of infrastructure, conclusion of agreements) aiming to ensure security of supply on a long term basis. The update was prepared on the basis of a risk assessment report and in accordance with the respective provisions of Regulation (EU) no. 994/2010 concerning measures to safeguard security of gas supply in the EU, taking into account the infrastructure and supply standards included in the Regulation. Any party interested to submit its opinion on the update to the Preventive Action Plan is invited to proceed with the submission to RAE until Friday, 2 October 2015.

Greece: RAE Approves Study on Compensation of Operational Gas for 2016

by Lazaros Sidiropoulos (Athens)

On 18 August 2015, Decision no. 256/2015 of the energy regulator RAE was published in the Official Journal (B 1728) approving the Study on Compensation of Operational Gas for the National Natural Gas Transmission System for 2016, submitted by the Greek gas TSO DESFA. The study includes: a) a methodology of calculation of operational gas (gas consumed + gas lost during system operation) in the transmission system and in particular of the natural losses; b) a forecast of the quantities of natural gas that will be required during the next year for the compensation of operational gas; and c) the required features of the operational gas compensation agreement. According to DESFA's forecast, the gas quantities that will be required for compensation of operational gas in 2016 are estimated to amount to 6,49 mil. m³ corresponding to 0,17% of the estimated total annual natural gas demand in Greece. In order to satisfy its needs for gas compensation for 2016 DESFA will conduct an international tender procedure to enter into a gas compensation agreement with the successful bidder for the provision of the gas quantities necessary for compensation.



RENEWABLES

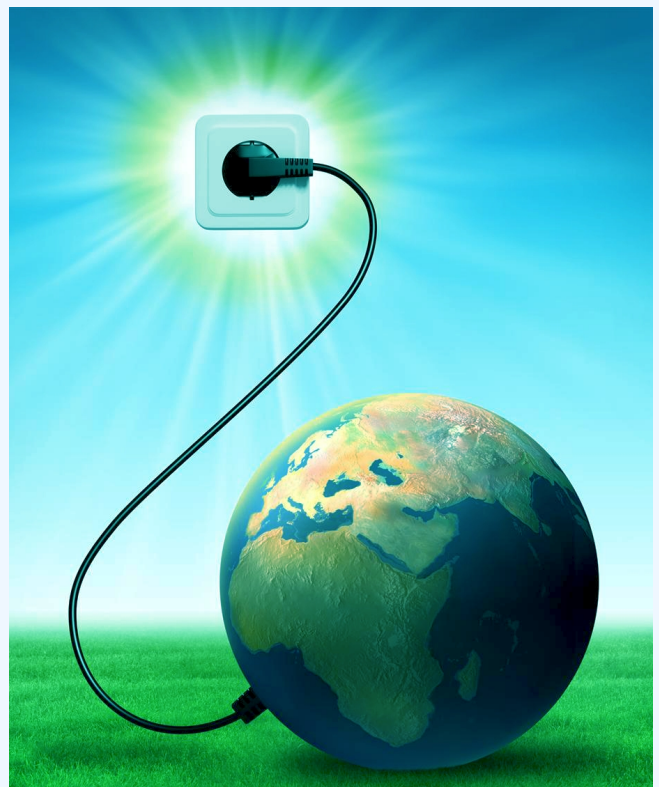
EU: New Directive Amends the RES Directive regarding Biofuels

by *Stefania Chatzichristofi (Athens)*

On 15 September 2015, Directive (EU) 2015/1513 of the European Parliament and Council of 9 September 2015 amending Directive 98/70/EC on the quality of petrol and diesel fuels (Directive on fuel quality) and amending Directive 2009/28/EC on the promotion of the use of energy from renewable sources (Framework Directive on renewable energy) was published in the Official Journal of the European Union (OJ L 239/1). The objective of this Directive is to enable Member States (MS) regulate the indirect land use change resulted by the production of biofuels in an overall scope to help them meet their targets of 2020 as well as decrease the greenhouse gas emissions especially for new production installations.

In this context, the main amendments through the Directive 2015/1315 may be summarised as follows:

- i) EU invites MS to invest in biofuels not competitive to food crops (ex. deriving from algae, straw or waste).
- ii) Furthermore, the European Commission sets default values for the counting for certain reductions and adapts the list of commodities that can be counted twice (those produced from raw materials included in the new annex IX of the Directive 2009/28/CE of renewable energies).
- iii) It is still highlighted that further steps -and especially through more restrictive sustainability criteria of biofuels- should be made in order to achieve the gas emission reductions for the targets of 2020. To this end, EU also calls MS to establish indicative national target of advanced biofuels for 2020 as well as to eliminate to a percentage of 7% the use of conventional biofuels until then.
- iv) Consequently, there is an increase of the minimum reduction threshold of greenhouse gas emissions applying to biofuels produced in new installations to at least 60 % for biofuels produced in installations starting operation after 5 October 2015. In the case of installations that were in operation on or before 5 October 2015, biofuels shall achieve a greenhouse gas emission saving of at least 35% until 2017 and at least 50% from 1 January 2018.
- v) Finally, the Directive places fuel suppliers under the obligation of to report annually the provisional mean values of the estimated indirect land-use change emissions from biofuels traded, as part of the information to be sent to the MS annually.
- vi) The aforementioned Directive is effective from 5 October 2015 and Member States have a period until 10 September 2017 to transpose it into their national law.



more news on Renewables:

Poland: Ministry Publishes Draft Regulation on RES Reference Prices for 2016

by Izabela Jurek (Warsaw)

On 15 September 2015, the Ministry of Economy published a draft regulation on the reference prices in 2016 for electricity generated from RES installations. According to the Act on Renewable Energy Sources of 20 February 2015 ("Act on RES") the Ministry of Economy is obliged to issue a regulation defining a so called reference price, which is the maximum price in PLN per 1 MWh for which in a given calendar year the electricity generated from renewable energy sources may be sold at an auction. The auction system was introduced by the Act on RES to be the new support scheme for RES projects. The regulation also grants the right to RES producers with plants which shall become operational before 1 January 2016 to switch from the green certificates system to the auction system. However, the reference prices for this group of projects is not determined yet as it is dependent on the average electricity prices on the wholesale market, which has yet to be published. The first auction is planned to be organised in 2016.



Ukraine: Government Abolishes Licensing Obligation for Trade in Biofuels

by Tetyana Vyshnevskaya (Kiev)

On 5 August 2015, the Cabinet of Ministers of Ukraine issued Resolution no. 609 On Approval of the List of Licensing Bodies and Voiding Certain Resolutions of the Cabinet of Ministers of Ukraine. The Resolution was prepared in compliance with the Law of Ukraine no. 222-VIII On Licensing of Types of Business Activities (the Law), in effect since 28 June 2015, which aims at deregulation of business in Ukraine and provides an exhaustive list of economic activities subject to licensing. The Resolution decreases the number of licensing bodies from 33 to 26 and invalidates 80 relevant resolutions of the Government. According to both the Law and the Resolution, the trade in biogas and liquid fuel produced from biomass (except for bioethanol) is no longer subject to licensing. The Resolution came into force on 26 August 2015.

Ukraine: Licensing and Tariff Setting for Certain Heat Producers by Local Authorities

by Tetyana Vyshnevskaya (Kiev)

On 7 September 2015, draft law no. 3047 on Amending the Law of Ukraine on Heat Supply concerning the Transfer of Powers to Set Tariffs and License Business Activity on Heat Production from Alternative Energy Sources (the Draft) was registered in the Parliament. If adopted, the Draft, prepared by the Ministry of Regional Development, Construction and Housing, shall introduce amendments to the Law of Ukraine on Heat Supply in relation to the tariff setting and licensing of heat production from alternative energy sources, namely the delegation of part of the National Energy and Public Utilities Regulatory Commission (NEURC)'s competence to the local state executive authorities (LSEA) and local self-governments (LSG). The licensing of heat production at installations using non-conventional or renewable energy sources in the amount of up to 55 thousand Gcal per year shall be entrusted to the LSEA and the tariff setting for such RES projects shall be consigned to the LSG. Licensing of RES projects with the outcome exceeding 55 thousand Gcal per year, cogeneration facilities, as well as the tariff setting for such projects shall remain the sole competence of the NEURC. Although the purpose of the Draft is to increase local heat production from RES, some experts claim that, given the current situation at the market, the described delegation of the NEURC's powers may result in their abuse by the LSG (e.g. setting lower tariffs for RES projects making investment into the latter unacceptable for investors) as they often own municipal heat production enterprises operating on natural gas and do not welcome competition from RES projects.

Greece: RAE Launches Public Consultation on PPAs for Biomass Power Stations at the Non-Interconnected Islands

by Stefania Chatzichristofi (Athens)

On 28 August 2015, the Greek Energy Regulator RAE launched a public consultation regarding the draft power purchase agreement (PPA) for both dispatchable (that participate in the centrally organised market) and non-dispatchable power stations of biomass at the Non-Interconnected Islands (NII). The drafts were prepared by the NII network operator DEDDIE in line with the network code for the regulation of the autonomous electricity systems at the NII which was adopted in early 2014 by RAE's Decision no. 304/2014 (Official Journal 304 B/11-2-2014).

COMPETITION - STATE AID

EU: The European Commission Approves Two Different Danish State Aid Schemes in the Energy Sector

by *Viktoria Chatzara (Athens)*

On 31 August 2015, the European Commission issued a decision not to raise objections against a state aid scheme notified by Denmark and aiming at partially compensating energy-intensive users for the payment of a tariff that finances renewable energy support. According to this scheme, the compensation provided to such energy-intensive users would be up to a percentage of 85% of the relevant payments. Moreover, Denmark required that in return the beneficiaries enter into energy efficiency agreements. The Commission, in general terms, concluded that the measure would maintain the competitiveness of energy-intensive industries without unduly distorting competition in the Single Market. However, the specific details of this decision of the EU Commission are not yet available, as the decision remains to be cleansed of any confidential information in order to be published.

On 4 September 2015, a decision of the Commission dated 22 July 2013, according to which the Commission did not raise objections to a state aid scheme in Denmark concerning a supplement for electricity from new wind turbines, was published in the Official Journal of the European Union. The decision refers to a notification made by Denmark on 28 September 2012 and concerning a modification of a state aid scheme for certain forms of renewable energy production, already approved by the Commission. According to the latest intended modification of the scheme, the Danish authorities proposed primarily the introduction of a ceiling for the aid, according to which the support for the wind power plants will be calculated in such a way that it does not, when added to the market price, exceed a certain ceiling. Moreover, it was proposed that the method to calculate the aid will also change, in order to be primarily based on the plant's rotor area. The total budget and the duration of the state aid scheme are not altered by the proposed modifications. According to the assessment of the Commission, the proposed modifications do not alter the Commission's previous conclusion, according to which this Danish state aid scheme was deemed compatible with the Single Market. Therefore, the notified modification meets the criteria for compatibility with the Union law and Denmark is free to proceed with its implementation.



ENERGY INFRASTRUCTURE

Croatia: Government Designates LNG terminal Krk a Strategic Investment Project

by Sanja Tolj Par (Zagreb)

The Croatian Government, at its session of 16 July 2015, adopted the Decision on the designation of the project LNG terminal (construction of terminal for liquefied natural gas on the island of Krk) as a strategic investment project of Republic of Croatia (Official Journal, 78/2015), pursuant to the Strategic Investment Projects of Republic of Croatia Act (Official Journal, 133/2013, 152/2014). This Decision provides that all official actions for the preparation of the Project become urgent and have the highest priority.

The estimated value of the LNG terminal is EUR 600 million, which could amount to an investment exceeding a billion euro with gas pipelines and compressor stations. The terminal should also be complimented by the construction of a high efficiency gas-fired power plant nearby. LNG Croatia LLC plans to make a highly efficient co-generation power plant near the terminal, with possible capacity of 40 megawatts. It is about to move on with the technological elaboration of such a decision.

The Croatian authorities have announced that the construction of the LNG terminal on the Island of Krk in the Adriatic Sea should begin mid-2016. The construction period would be three years with the terminal becoming operational in 2019. The proposed Project will include the construction and operation of the infrastructure necessary for receiving, storing, reloading and regasification of liquefied natural gas. The Project has the purpose to satisfy the energy needs and increase the security of gas supply through the provision of a new gas supply route for the Central and Southeastern European countries. Croatia annually consumes 2.7 billion cubic meters of gas, while the capacity of the LNG terminal is to be between four and six billion cubic meters. Therefore, the terminal is meant to serve the gas supply to the countries in the region and the EU.



The LNG terminal Krk has been included in the European list of projects of common interest and further accentuated in the European Energy Security Strategy. The European Union has already approved initial funds for preparatory studies in the amount of EUR 4.9 million from the fund CEF - Connecting Europe Facility.

LNG Croatia LLC is the company responsible for the development of LNG import terminal Project on the Island of Krk. Investors will be the Republic of Croatia and potential private partners selected through a public tendering process. LNG Croatia has carried out the public tendering process for the preparation of project documentation and documentation required to obtain construction permits, as well as the non-binding phase of the tender to book the capacity of the LNG terminal, with the binding procedure commencing shortly. The tendering procedure for the performance of investigation works according to the requirements of HRN EN 1473:2008 and the special conditions for public bodies on the area of LNG terminal Krk and for the performance of investigation works for outdoor installations of LNG terminal Krk has also been carried out.

LNG Croatia LLC announced on 22 July 2015 the Call for Equity procedure for the participation in the selection of investors to develop a terminal for receiving, storing and re-gasifying liquefied natural gas, with a nominal capacity of 6bcm. The procedure will be performed in the form of an international tender procedure, in compliance with the EU requirements and Directives and within the legal framework of Republic of Croatia. The Data Room where information can be obtained is opened from 15 September, bid submissions for industrial and equity investors are scheduled for 30 November 2015 and 31 December 2015 respectively.

ENERGY EFFICIENCY

Greece: Draft Energy Efficiency Law submitted to the Parliament

by Dimitris Nisanakis (Athens)

On 17 August 2015, the draft law for the transposition of the Energy Efficiency Directive 2012/27/EU, after two public consultations and a reference of Greece to the Court by the European Commission for failure to transpose the Directive, was finally submitted for voting to the Greek Parliament. The Directive aims at the promotion of energy efficiency throughout Member States by taking certain measures and meeting certain energy targets from 1 January 2014 to December 2020. The primary goal of the Directive as stated in the first article of the draft law is the energy efficiency to reach 20% in all EU Member States by 2020. The draft law includes the definitions of the terms which are stated in the Directive and continues with setting the main goal for energy efficiency in Greece which is that the energy consumption will be no more than 18 million tons of petrol by the year 2020. In the next articles of the draft law, we come across with measures regarding the renovation of public and private buildings aiming to maximise the energy efficiency by minimising the energy consumption. Concrete measures are provided as a means of implementation of the exemplary role of public buildings and energy efficiency criteria are introduced for the public procurement procedures. Via certain energy efficiency obligation schemes, as stated in the draft law, energy distributors and energy suppliers will need to achieve yearly energy savings of 1.5% of annual sales to final consumers. Final consumers will be able to check their energy consumption with the necessary equipment which will be provided by the energy companies. The draft also proposes certain actions in order to inform the public about the purpose and the benefits of the energy efficiency Directive, via the internet and media. It goes on with imposing the obligation on energy distributors and suppliers to provide their customers with smart meters at competitive prices or otherwise to ensure sufficient information as regards pricing whilst it dictates certain punitive measures to those who do not comply with the requirements set by the Directive. The draft also dictates the persons responsible for conducting the necessary inspections in order to measure the

energy output which need to meet the Directive standards. A section of the draft is referring to the Regulatory Authority for Energy (RAE) which is responsible for establishing incentives for TSO and DSO's to apply energy efficiency measures in the operation of the networks for which they are responsible. Finally, there are articles that refer to the funding, by the Greek State, of programs and measures that aim to increase the energy efficiency. The draft law follows the main guidelines of the Directive and aims at making all the necessary changes in order for the transposition to be successful.



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