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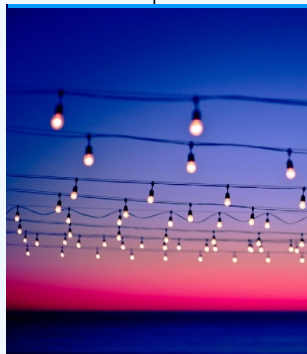


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ENERGY MARKETS

EU: ACER Published its 2015 Gas and Electricity Monitoring Reports

by Mira Todorovic Symeonides (Athens)

On 19 September 2016 ACER published two annual monitoring reports, in regard to wholesale electricity market and in regard to wholesale gas market. Three other monitoring reports, on electricity and gas retail markets as well as on consumer protection and empowerment, will follow.

The wholesale Electricity Monitoring Report presents: the key developments that have affected the electricity wholesale markets in recent years; an assessment of the level of cross-zonal capacities available for trade; progress in performance of the capacity calculation; distortive effect of unscheduled flows; the performance of forward, day-ahead, intraday and balancing markets; and implementation of capacity mechanism in practice. In regard to the wholesale prices, there was a downward trend in some Member States (MS) while in other MS prices, after some years of decline, increased in 2015. The conclusions are that the implementation of congestion mechanism (CM) reduces the frequency of high-price periods. On the other hand, there are increased costs associated with CMs, redispatching and other system services, such as the procurement of balancing capacity, due to less market-based mechanisms in regard to which, the eliminating or reducing of various forms of remuneration based on generation capacity is necessary. The Report also shows that the combination of relatively cheap coal and low carbon prices affected the competitiveness of gas-fired generation plants. The level of cross-zonal tradable capacities is moderately low and there is a gap between physical and tradable capacities. It may be significantly improved by improving of capacity calculation coordination and ensuring the equal treatment of internal and cross-zonal exchanges. The adverse effect of the unscheduled flows may be mitigated by improving the capacity calculation methodology and of the loop flows by avoiding different treatment of flows in the capacity calculation and improving the bidding zone configuration, while in the longer term the investment in the transmission network is needed. The Report shows that the liquidity of intraday market was significantly increased in Germany and its neighbouring markets in the year 2015 due to increase of RES production and limitation of exemption of RES from balancing responsibility. Although there have been some increase of the cross-border exchange of balancing services, it was still on limited level in the year 2015.

The Wholesale Gas Monitoring Report provides information on main developments affecting gas markets in 2015; on the diversity of supply sourcing and levels of concentration in the upstream market, gas flows and storage dynamics; on trading at gas hubs with an emphasis on selected GTM metrics and review of price metrics; and on the impact of implementation of Network Codes. Generally, the grow of the gas market is reported, particularly regarding the development of gas hubs and ongoing integration of these trading platforms, as well as in product offering. There was a number of legislative and policy initiatives in regard to gas market in 2015. Gas prices have a constant decline in the EU MSs as a result of depressed gas demand, oversupply of market, declining of oil prices and increased competition. Hub development is facilitated with regulatory amendments, such as implementation of Network Codes and initiatives such as Gas Target Model. On the other hand, the production continues to decrease thus increasing further the EU's dependency on import. Import of LNG has also been increased, which plays significant role as flexible gas source also contributing to declining gas wholesale prices during 2015. In regard to the diversity of sources, while some MSs have a balanced gas supply portfolio, other rely on less than three or even just one supply source. There is noted an observed progress of hub liquidity particularly in the CEE region.



more news on Energy Markets:

EU: Commission Publishes State of the Union Report for 2016

by Tetyana Vyshnevskva (Kiev)

On 15 September 2016, following the annual State of the Union speech delivered by the President of the European Commission Jean-Claude Juncker before the European Parliament, as prescribed by the Framework Agreement on relations between the European Parliament and the European Commission of 2010, the Commission has published the State of the Union 2016 booklet. Among others, the booklet contains an overview of the progress achieved so far in the implementation of current Commission's priorities (signing of the Paris Agreement on climate change; adoption of projects of common interest; facilitation of regional gas interconnectivity; new energy security measures and requirements to intergovernmental gas agreements etc.), and the letter of intent with the Commission's objectives in terms of legislation and other initiatives to be undertaken in the year 2017 (including the adoption of the Security of Gas Supply Package, the EU Emissions Trading System and other proposals, and the implementation of strategies on energy efficiency, renewable energy and low-emission mobility). The letter of intent shall serve as a basis for the Commission's 2017 Work Program and relevant consultations with the European Parliament and the Council.

EnC: Serbia Compliance for Participation in ACER Working Groups

by Stefan Pavlovic (Belgrade)

On 31 August 2016, the Energy Community Secretariat published its assessment report on the application of community law in the Republic of Serbia (hereinafter: the Report), following a related request of the Energy Agency of the Republic of Serbia (AERS) acting as the regulatory authority of Serbia. It comes in relation with the intention expressed by the Agency for the Cooperation of Energy Regulators (ACER) to allow participation of NRAs from Contracting Parties in ACER Working Groups as long as their countries are assessed as being on track in adopting and applying energy, competition and environment related acquis within the next six to twelve months. The Report highlights existing shortcomings in the Serbian energy market, such as lack of unbundling and certification in electricity and gas, usage of revenues from allocation of electricity interconnection transmission capacities, de-regulation of electricity and gas prices for households and small customers, the Serbian TSO Elektromreža Srbije (EMS) participation in a regionally coordinated electricity cross-border transmission capacity allocation and the closure of pending disputes between Kosovo TSO (KOSTT) and EMS.

EnC: Workshop Held regarding Public Procurement in Energy

by Stefania Chatzichristofi (Athens)

On 15 September 2016, a workshop was held in Vienna, Austria on the premises of the Energy Community (EnC) Secretariat regarding the outcome and the final conclusions of the study on "Extending the EnC Treaty to include the rules on public procurement". This study was assigned to the consortium leading by the Athens based, Rokas law firm and the law firm of Brussels, Birds & Birds in combination with the Athens consulting company, Planet. In the workshop the following topics were discussed: i) assessment of the current practices in the field of public procurement in energy in the Contracting Parties (CPs); ii) proposed amendments of the legislation and respective costs and benefits for power and gas sector and the customers; iii) assessment of the relevance of the Directive on concession contracts (no. 2014/23/EU) for both for gas and power sector; iv) recommendations regarding the incorporation of certain provisions or the entirety of the Directives on public procurement in the EnC Treaty and finally v) a plan for implementation of legislative changes, with time schedules, assignment of responsibilities and proposed adaptations of the Directives. The final report of the study on public procurement shall be uploaded on the EnC website.

EnC: Non-Compliance of Ukraine with Environmental Impact Assessment Directive

by Tetyana Vyshnevskva (Kiev)

According to the statement of 6 September 2016, the Energy Community (EnC) Secretariat has sent an Opening Letter to Ukrainian authorities and thus initiated a preliminary procedure in a dispute settlement case against Ukraine No. ECS-13/16. The case concerns Ukraine's failure to comply with the EnC Treaty, that is, to properly transpose the provisions of Council Directive 85/337/EEC of 27 June 1985 on the assessment of the effects of certain public and private projects on the environment (the Environmental Impact Assessment Directive) into the national legislation by 1 January 2013. The lack of progress in transposition of the Environmental Impact Assessment Directive was pointed out by the Secretariat in several Implementation Reports over the past years. Ukrainian authorities are expected to respond to the assertions of infringement within two months. Noteworthy, according to Article 92 of the Treaty Establishing the EnC, non-rectification of the infringement determined during the dispute settlement procedure may result in suspension of the country's rights as a Party to the Treaty, including suspension of its voting rights and exclusion from meetings or mechanisms provided for in the Treaty.



E L E C T R I C I T Y

EU: Network Codes on Demand Connection and on HVDC Connection

by Mira Todorovic Symeonides (Athens)

On 17 August 2016, the Commission Regulation (EU) 2016/1388 was issued establishing a Network Code on Demand Connection which is published in the OJ L 223/10 as of 18 August 2016. The Code shall apply to new transmission-connected demand facilities, transmission-connected distribution facilities, to new distribution systems including new closed distribution systems (CDS) and new demand units used by demand facility or by a CDS in order to provide demand response service to relevant system operators and relevant TSOs. Connection of such facility shall be refused if it is not in compliance with this Regulation, subject to grant possible derogation as provided in the Regulation. The requirements do not apply to the existing transmission - connected demand and distribution facilities and existing distribution systems unless explicitly required by a Member State (MS) or a respective regulatory authority based on evolution of system requirements and a full cost-benefit analysis, or in case of a substantial modernization or replacement of equipment impacting the technical capabilities of an existing facility or system. The requirements shall apply to new or existing demand facilities connected at the distribution level only if they provide demand response service to the respective system operator. The Regulation provides for filling all the requirements for the provision of demand response service. A demand facility owner or a CDS operator may offer demand response service to the market and to system operators in order to ensure system security, but should ensure that new demand units which would provide these service fulfill the requirements set in this Regulation, either individually or commonly as part of demand aggregation through a third party. The Regulation provides for minimum requirements which should be set out for a) a demand facility connected to a transmission system, b) to a distribution system connected to a transmission system and c) to a demand unit used by a demand facility of CDS operators, including the necessary automated responses and data exchange.

The requirements of this Regulation will start to apply three years from the publication in the OJ, except in regard to several provisions, including those regulating ENTSO-E's monitoring which will apply immediately. ENTSO-E shall monitor the implementation of this Regulation particularly in regard to identification of any divergences in the national implementation and the assessment of whether the choice of values and ranges in the respective requirements set in this Regulation continue to be valid. Within six months from the publication of the Regulation, and thereafter every two years, ENTSO-E shall provide non-binding written guidance to its members and other system operators on the provisions of this Regulation which require national decisions.

On 26 August 2016, the Commission Regulation 2016/1447 on establishing a network code on requirements for grid connection of high voltage direct current systems and direct current-connected power park modules was issued and was published in the OJ L 241 as of 8 September 2016. It specifies the requirements for long distance direct current (DC) connections, links between different synchronous areas and DC-connected Power Park Modules, such as offshore wind farms. It aims to create a consistent and complete set of connection codes, provide a clear legal framework for grid connections, facilitate Union-wide trade in electricity, ensure system security, facilitate the integration of renewable electricity sources, increase competition and allow more efficient use of the network and resources. The requirements of this Regulation shall apply to: a) HVDC systems connecting synchronous areas or control areas, including back-to-back schemes ; b) HVDC systems connecting power park modules to a transmission network or a distribution network ; c) embedded HVDC systems within one control area and connected to the transmission network ; and d) embedded HVDC systems within one control area and connected to the distribution network when a cross-border impact is demonstrated by the relevant transmission system operator. The requirements should not apply to HVDC systems and DC-connected power park modules already existing or at an advance stage of planning, unless decided otherwise by a Member State (MS) or a respective regulatory authority based on evolution of system requirements and full cost-benefit analysis or in case of substantial modernisation of such facilities.

MS should ensure that all relevant clauses in contracts and general terms and conditions relating to the grid connection of new HVDC systems or new DC-connected power park modules are harmonized with this Regulation. The requirements of this Regulation will start to apply three years after the publication of Regulation in the OJ, except in regard to several provisions, including those regulating ENTSO-Es monitoring, which will apply immediately. ENTSO-E shall monitor the implementation of this Regulation particularly in regard to identification of any divergences in the national implementation and the assessment of whether the choice of values and ranges in the requirements applicable to HVDC systems and DC-connected power park modules provided in this Regulation continue to be valid. Within six months from the publication of the Regulation, and thereafter every two years, ENTSO-E shall provide non-binding written guidance to its members and other system operators on the provisions of this Regulation which require national decisions.

Albania: Temporary Rules on the Albanian Electric Energy Market

by *Odisea Xhelita (Tirana)*

On 15 August 2016 the Energy Regulatory Entity (ERE) approved the Decision No.139/2016, settling the Temporary Rules of the Albanian Electric Energy Market (the Temporary Rules). The Temporary Rules regulate the structure of the electric energy market, the procedures of registration of market participants, the withdrawing procedures, the suspension and/or termination of any registration, bilateral contracts, physical delivery program nominations and contract's notification, balancing procedures, procedures for ancillary services, calculation of imbalances, allocation of interconnection capacities, settlement procedures, billing and payments, security of supply with electricity, required guarantees, data exchanges and market information, the settlement of disputes, as well as, the amendment procedures of the applicable market rules. The electricity market is structured by the following Market Participants: i) the Transmission System Operator (TSO), performing transmission, dispatching and other market operations; ii) the Distribution System Operator (DSO); iii) Suppliers (operating with unregulated prices, which are directly negotiated between a supplier and a customer); iv) The Universal Service Provider (operating with regulated prices); v) Producers; vi) Priority Producers (generating energy from renewable sources); and vii) Traders. Any entity wishing to become a Market Participant, should be registered with the Commercial Registry, which is kept by OST, as well as licensed by ERE.



TSO is fully responsible for the procurement and the management of the ancillary services, allocates the interconnection capacities in accordance with the rules approved by ERE and controls and manages any imbalance in the power system in real time, by using the balancing capacities of the electric energy market. Any obligation in accordance with the Security Supply Rules, approved by the Council of Ministers, which is imposed to a licensee who operates the generation, transmission, distribution or supply of electric energy, shall be considered a Public Service Obligation (PSO). TSO is entitled to require from the Market Participants to deposit guarantees before the respective registration takes place with the

Commercial Registry. All Market Participants shall fulfill the relevant obligations toward OST regarding its services, including the transmission fee and the ancillary services. On the other side, OST will make available to each market participant, any needed information on the operation of the electricity market, by applying a reasonable fees. Such information is considered to be confidential or commercially sensitive. TSO is responsible to maintain the confidentiality of the collected data, required for the evaluation of the power system and for other operational purposes. Such data may be commercially sensitive and the relevant confidentiality will be respected for each bilateral agreement. ERE resolves on any written dispute request, arising directly or indirectly from any non-transparent and discriminatory behavior of the Market Participants, according to the applicable law on the electric energy sector. The Decision No.139/2016 came into force on 15 August 2016, and it was published on the Official Gazette and on the official website of ERE, while the provisions of such decision are applied retroactively from 01 July 2016.

more news on Electricity:

EU/ENTSO-E: Report on Data Management by EU Electricity Network Operators

by Katerina Nikolaidou (Athens)

On 19 September 2016 ENTSO-E published the data management report in the EU electricity networks. This report provides input to the European Commission in their work on identifying an appropriate TSO – DSO framework, being part of the forthcoming "Market design and Renewables package". It aims in particular at sharing recommendations on common European principles and criteria for data and information exchanges. The Report has stressed the importance of an effective coordination between TSOs and DSOs in order to ensure cost efficient, sustainable and reliable system operation. In order to facilitate the flexibility of renewable sources there is a need for exchanging the appropriate data and information between TSO's, DSO's and market players. Market participants should be able to offer flexible services for different purposes, on equal terms for all providers of flexibility, independent of the grid they are connected to (transmission or distribution). The actual exchange of data between parties is proposed to come through data exchange services rather than data coming from platforms. Furthermore, in line with the Third Package requirements, both TSOs and DSOs have to ensure impartiality (the appropriate level of independence, confidential data protection, fairness regarding different market actors) and a level playing field that enables new market parties to emerge. They should also guarantee commercial confidentiality for all actors so to facilitate competition. Finally it is proposed that TSOs should specify their data needs related to their respective roles, and an agreement should be reached between TSOs, DSOs and NRAs.

EnC: Italian energy regulator joins WB6; ECRB endorsed Auction Rules v1.4

by Mirjana Mladenovic (Belgrade)

On 05 September 2016, the Italian national energy regulator (Autorità per l'energia elettrica, il gas e il sistema idrico) signed the Memorandum of Understanding (MoU) on Regional Electricity Market Development, according to the Western Balkan 6 Initiative (WB6), and thereby declared its commitment and interest to participate in the development of a common electricity market in South East Europe. The Western Balkan 6 MoU foresees the establishment of Project Steering Committees composed of regulators, electricity transmission operators, power exchanges and ministries of the signatory countries. The committees' responsibility is to jointly address all measures and steps needed for going-live of functioning day-ahead markets and cross-border balancing in and between the signatory countries.

On 13 September 2016, the Energy Community Regulatory Board (ECRB) reviewed and endorsed Auction Rules v1.4 without changes and respectfully advised the relevant national regulators to approve them in proposed version. The abovementioned review has been carried out with the purpose to coordinate a common regulatory position on a version 1.4 of SEE CAO Auction Rules in order to establish their approval on national level

Greece: New Draft Law Published regarding the Greek 'Target Model'

by Stefania Chatzichristofi (Athens)

On 12 September 2016, a new Draft Law was put into public consultation by the respective Ministry of Environment and Energy regarding the reorganization of the Greek electricity market in implementation of the European legislation aiming at implementing the Target Model and completing the single European electricity market. The draft law is in fact the roadmap for restructuring the Greek electricity market in accordance with the "Target Model" that the European Union has set and expressed the basic structures and principles for the unification of the domestic market with those of twenty three (23) other countries. The aim of this bill is the reorganization of the Greek electricity market, in accordance with the provisions of the European Parliament and the Council to allow for the completion of the single European electricity market. By the Draft Law, the wholesale market, the intraday market, the market the next day and the balancing market are defined. Also, the Administrator of each of these markets and their responsibilities for the well functioning of the market they supervise, are set. The public consultation for comments from all the respective stakeholders remained open until 16 September 2016.



Greece: Public Consultation on the Harmonized Auction Rules for Forward Capacity Allocation

by Katerina Nikolaidou (Athens)

On 2 September 2016 the Energy Regulatory Authority (RAE) launched a public consultation on the text of the Harmonized Auction Rules for Forward Capacity Allocation of long-term transmission rights and the Annexes 1 and 6 according to annual and monthly auctions on the Greece-Italy borders, carried out by the Joint Allocation Office (JAO). The Harmonised Auction Rules are the early stage of implementation of the Forward Capacity Allocation (FCA) Code, whose approval by the European Parliament and the Commission is expected in the upcoming months. It should be noted, that those Rules are drawn up by the ENTSO-E with the cooperation of all involved operators. Within this framework ADMIE submitted for the year 2017 its suggestion on conduct rules auctions for the assignment (annual and monthly) electricity transmission rights for imports and exports through the interconnection of the Greek system with the Italian system.



Greece: Public Consultation on Congestion Income Distribution Methodology

by Mira Todorovic Symeonides (Athens)

On 9 September 2016, the Greek Energy Regulatory Authority (RAE) launched a public consultation, which lasted until 23 September 2016, on All TSO/s Proposals for a Congestion Income Distribution (CID) Methodology in accordance with the Article 73 of the Commission Regulation (EU) 2015/1222 of 24 July 2015 establishing a Guideline on Capacity Allocation and Congestion Management. The Draft Methodology was prepared by TSOs of the EU Member States, for which the Regulation is binding, coordinated by ENTSO-E before the expiry of the respective deadline (14 August 2016) and was submitted to RAE by the Greek TSO ADMIE on 20 July 2016. The following documents were available for consultation: ADMIE's introduction letter, Draft Methodology in Greek and in English and the CID Methodology Explanatory Note as of 29 June 2016, prepared by ENTSO-E.

According to the Draft Methodology, after the assessment of Congestion Income to each Interconnector, the TSOs on each side of the Bidding Zone border shall receive their share of the Congestion Income based on: a) either as default: i) a 50%-50% sharing key or ii) a 100% sharing key or b) a specific sharing key for certain Interconnectors in compliance with this CID Methodology. If an Interconnector is 100% owned by a single TSO, it shall retail the total of the Congestion Income assigned to that Interconnector. A 100% owner of such Interconnector shall receive the total of the Congestion Income even if such Interconnector is operated but not owned by a TSO. TSOs may agree on additional rules or a specific sharing key in compliance with the framework provided in the Draft Methodology, reflecting e.g. the investment costs or the ownership share, the benefits within the same Bidding Zone or capacity allocation constraints.

Greece: Pilot Competitive Process for Photovoltaic Systems

by Katerina Nikolaidou (Athens)

On 24 August 2016 ADMIE and HEDNO have made a joint announcement on the issuance of the Final Connection Offers for the purpose of participating in the pilot competitive bidding process for photovoltaic installations under Article 7 of L.4414/2016.

According to the regulations foreseen in L. 4152/2013, the previous process for photovoltaic installations issued that the System and Network Operators had the obligation to inform the interested parties for the following: 1. Requests for issuance of Connection Offers, as well as requests for modifications of Connection Offers concerning generation plants of RES & High Performance CHP with obligatory generation permit, are submitted: a) To Network Operator (HEDNO S.A.) for plants with capacity less than or equal to 8 MW b) To System Operator (ADMIE S.A.) for plants with capacity more than or equal to 8 MW (or for requests submitted jointly for plants with total capacity that surpasses the limit of 8MW and may be connected through joint connection projects according to regulations foreseen in L. 4152/2013, 2. After cooperation between the Operators, when necessary, irrespective of the plant capacity and the body to which the initial request was submitted, the equivalent Connection Offers will be issued as follows: a) When the Connection Offer refers to connection with the Network, it will be issued by the Network Operator (HEDNO S.A.) b) When the Connection Offer refers to the connection with the System, it will be issued by the Systems Operator (ADMIE S.A.) The body that provides the Connection Offer is the competent Operator for the equivalent plant and will manage the equivalent Connection Offer according to the regulations defined by L. 4152/2013.

From January 1, 2017 comes into force the support system in the form of operating aid for power plants using RES according to L. 4414/2016. Especially, the interested parties, regulated by the Law 4152/2013 which were not so far obliged to provide bank guarantee, may now re-apply for a Final Connection Offer as per Article 7, par. 12, of L.4414/2016 but in order to participate in the pilot competitive bidding process for feed in premium, should in addition to the application for a new Final Connection Offer also provide a bank guarantee under L. 4152/2013, within two months and no later than 09.10.2016. Additionally, the interested parties which currently possess or will possess a Final Connection Offer in compliance with the Law L.4414/2016, should provide an acceptance of the Final Connection Offer to the responsible Operator within two-months together with the required Letter of Guarantee under L.4152/2013 and in any event no later than the date of the Call of the pilot competitive bidding process.

Bulgaria: IBEX Launched the Application Process for the Bilateral Contracts Platform

by Daniela Dzabarova Anagnostopoulou (Sofia)

Established in January 2014, as a fully-owned subsidiary of the Bulgarian Energy Holding EAD, the Independent Bulgarian Energy Exchange (IBEX) holds a 10-year license by the Energy and Water Regulatory Commission of Bulgaria to organise a Power Exchange for electricity in Bulgaria. On 7 September 2016, IBEX announced on its website that it has published a set of rules for the work of the centralised market for energy sale and purchase under bilateral contracts. Through expanding its portfolio of services with implementation of a centralized market for bilateral contracts, IBEX gives new trading opportunities for all market participants and promotes transparency and equality of the electricity market. In addition, IBEX will offer fee discounts to participants which submit their application by 7 November 2016. With the introduction and operation of the centralized market for bilateral contracts, IBEX will make the trading possible with long, medium and short-term contracts. Trayport's GlobalVision Trading System has been selected as an electronic trading platform for the organization of a centralized market for bilateral contracts in the Bulgarian power market.

O I L & G A S

EnC/Ukraine: Update on Naftogaz' Unbundling

by Tetyana Vyshnevskaya (Kiev)

On 17 September 2016, the Energy Community (EnC) Secretariat published a statement of concern about the risks posed by recent decisions of the Ministry of Economic Development and Trade of Ukraine (hereafter: the Ministry) to the unbundling of PJSC NJSC Naftogaz of Ukraine, a vertically integrated oil and gas company (hereafter: Naftogaz). The decisions in question are the Ministry's Order No. 1478 of 7 September 2016 and Order No. 1503 of 9 September 2016 on approval of amended Charters of Naftogaz and PJSC Ukrtransgaz, current gas transmission system operator (TSO). According to the amended Charters, the control over the TSO was transferred from Naftogaz to the Ministry, supposedly with the view of ensuring TSO's independence in accordance with the requirements of the Natural Gas Market Law (No. 329-VIII of 9 April 2015) and Third Energy Package. Given potential implications of the Ministry's decisions, including on the Naftogaz' corporate governance reform, the concluded and prospected loan agreements, and ongoing international arbitration cases, they caused strong reaction within the country as well as from partner organizations and international donors, including the EnC Secretariat, European Bank for Reconstruction and Development (EBRD) and the World Bank (WB). According to the statement of the EnC Secretariat, such actions of the Ministry were not consulted by the Secretariat, are deemed in violation of the unbundling provisions applicable under the EnC rules and, if not redressed, may lead to an enforcement action by the Secretariat. According to the press service of the Government, as of 19 September 2016 the Ministry's Orders have been revoked. Moreover, on 22 September 2016, the Cabinet of Ministers of Ukraine issued Resolution on Certain Issues of Management of PJSC NJSC Naftogaz of Ukraine, and thereby assumed direct control over Naftogaz (in place of the Ministry) to facilitate the unbundling process.

In addition, on 22 August 2016, the EnC Secretariat issued a Conditional approval of imposition on Naftogaz of public service obligation (PSO) for supply of natural gas to PJSC Odessa Port Plant (OPP), a chemical manufacturing facility. The PSO shall be imposed on Naftogaz by means of amendments to the Resolution No. 758 of the Cabinet of Ministers of Ukraine of 1 October 2015 on Approval of Regulation on Imposing Specific Duties on Natural Gas Market Participants to Meet Public Interests in Course of the Natural Gas Market Performance (the Transitional Period Relations), to ensure continuous and uninterruptable supply of natural gas to OPP. The draft amendments to the Resolution No. 758 were submitted by the State Property Fund of Ukraine (SPF) for a review and compliance assessment by the Secretariat. Having assessed the provided information, the Secretariat concluded that proposed amendments can be considered in compliance with the requirements of Directive 2009/73/EC of the European Parliament and of the Council of 13 July 2009 concerning common rules for the internal market in natural gas (as incorporated and adapted by the Ministerial Council) and the Natural Gas Market Law, provided that the following conditions are met: a) the obligation is a temporary, one-time measure, imposed for a clearly defined period of time, i.e. by 31 December 2016 inclusively; b) OPP shall be obliged to pay for the supplied natural gas and indicate the sources of such payment, while Naftogaz shall be entitled to demand such payment from OPP or the SPF, if OPP fails to comply; c) there should be a clear reference to the natural gas market prices in supply arrangements between Naftogaz and OPP; d) there should be no references to the preferential pricing and origin of natural gas supplied; and e) the Secretariat shall be notified on the imposition, application and the end of the PSO, and provided with status reports on a bimonthly basis. The PSO has been imposed on Naftogaz by the Governmental Resolution No. 658 of 22 September 2016.



more news on Oil & Gas:

EU/ENTSO-G: System Development Map 2015/2016 in Cooperation with GIS

by *Andriani Kantilleraki (Athens)*

On 14 September 2016, ENTSO-G in cooperation with Gas Infrastructure Europe (GIE) published the fifth edition of the map illustrating the development of gas supply, demand and infrastructure over 2015 and the first quarter of 2016. The map informs about the most recent supply and demands trends in gas sector at both the European and national level. Furthermore, it presents existing infrastructure and capacity, regarding LNG and Underground Gas Storage, alongside with planned infrastructure and capacity outlook from the perspective of the year 2016. The Country Profiles data illustrates transmission capacities between countries (after application of the Lesser-of-rule), storage and LNG capacities according to the interconnection to the country's transmission system and installed gas-fired power generation capacity. According to the data the gas production has achieved the maximum of its deliverability. The scope of the publication is to facilitate the abovementioned information and to present the recent development on Gas Market.

EnC: Fourth CESEC Report on Gas Market Integration

by *Stefan Pavlovic (Belgrade)*

On 05 September 2016, the Energy Community Secretariat published its monitoring report regarding the Action Plan of the Central and South-Eastern European Gas Connectivity (CESEC) initiative. The present monitoring report (hereinafter: the Report) is the fourth in a series of bimonthly reports on the progress made by the Energy Community Contracting Parties participating in CESEC. The Report covers Albania, Former Yugoslav Republic of Macedonia, Serbia, Ukraine and Moldova. Monitoring focused on the implementation of following action points: (i) ensuring transparent and non-discriminatory third party access; (ii) ensuring free flow of gas and provision of competitive framework; (iii) taking infrastructure related measures and (iv) providing TSO unbundling. During this reporting period, Moldova and Ukraine made concrete progress in fulfilling the CESEC priority actions. The Report shows no real progress in implementation of action points in the other three Contracting Parties. Regarding infrastructure projects, the Report focused on Gas Interconnection Bulgaria-Serbia (IBS), as one of only two CESEC priority projects where a Contracting Party is involved. This pipeline will improve diversification of routes and sources and assist the interconnectivity of natural gas markets in South East Europe.



Greece: PPC and DEPA Sign Memorandum of Cooperation

by *Stefania Chatzichristofi (Athens)*

On 8 September 2016, both the Greek Public Gas Corporation (DEPA) and the Public Power Corporation (PPC) signed and published a press release regarding the signing of their mutual Memorandum of Cooperation. The aim of this cooperation concerns the supply with natural gas of the islands and other regions/consumers that are distant from the National Natural Gas System. By its side, DEPA signed this Memorandum since its main policy concerns the maximum extension of the use of gas including the activity of supply of: either regions that do not have connected grids either consumers that are far away from the connected systems. The supply of the aforementioned regions/consumers is expected to be conducted in the form of LNG or/and CNG. Further, PPC has a strategic direction to be active in other business opportunities apart from electricity and in this respect; gas is a very promising perspective, since in the Non Interconnected Islands (NII) gas could be supplied through PPC's own thermal production. Consequently, under this Memorandum of Cooperation, the two companies will jointly explore the possibility and the framework for cooperation in this area, as well as the provision of combined energy products in a local level. The implementation of cooperation of DEPA and PPC shall be held in full compliance with European and Greek Competition law including the participation of private companies.

Greece: DESFA Notice with the Regional Booking Platform

by *Katerina Nikolaidou (Athens)*

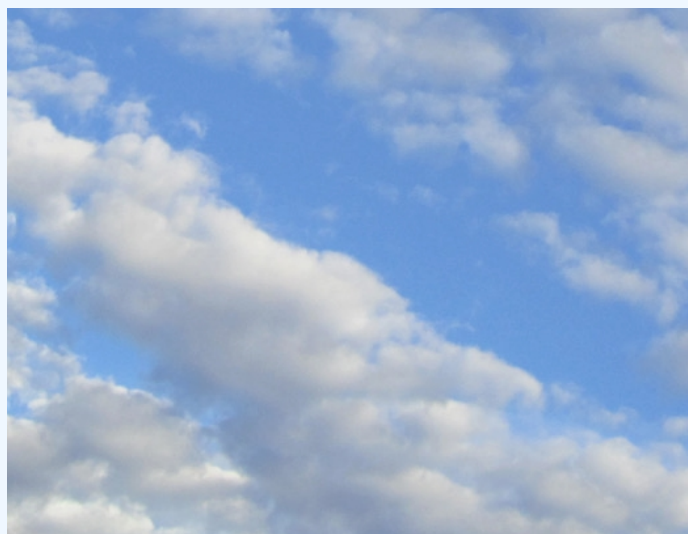
On 15 September 2016 DESFA announced its cooperation with the electronic auction platform Regional Booking Platform (hereinafter: RBP) for Transmission Capacity booking at the Interconnection Points. The RBP, as Capacity Booking Platform is an electronic capacity trading platform designed and operated by FGSZ Natural Gas Transmission Private Company Limited by Shares (hereinafter: FGSZ Ltd). In case in which National Natural Gas System Users (NNGS) express their interest to access the electronic auction platform RBP for booking Transmission Capacity in NNGS Auctioning Points, they should conclude a user agreement with FGSZ Ltd, which is the operator of the electronic auction platform RBP. It should be noted that this agreement should follow the standards of Network Users Member Agreement (NUMA) under which the FGSZ Ltd. Operator acts as the RBP Operator as well as TSO Member shall provide Network User Members with the service to bid for capacity products as unbundled or bundled capacity product complying with the Capacity Allocation Mechanism (CAM) Network Code. Auctions are concluded in accordance with the rules of booking Capacity at the NNGS interconnection Points.

Bulgaria: Public Consultations on Connection to the Grid Rules and Prices

by Galina Ruseva (Sofia)

On 29 August 2016, in the building of the Energy and Water Regulatory Commission (EWRC), was held a public discussion on the draft amendments to the Methodology for the determination of prices for access to and transmission of natural gas by the gas-transmission networks owned by Bulgartransgaz JSCo. Bulgartransgaz JSCo justifies the proposed amendments to the Methodology with the need to implement the requirements of the Agency for the Cooperation of Energy Regulators (ACER), as well as to make the provisions of the Methodology more precise and in compliance with the provisions of the Bulgarian Energy Act and the Ordinance for regulation of the natural gas pricing.

On the same date, EWRC also held public discussions on the draft amendments to Ordinance № 4 as of 5 November 2013 on connecting to the gas transmission and gas distribution networks and on the draft amendments to Ordinance № 6 as of 24 February 2014 on connecting producers and customers of electricity to the transmission or distribution electric networks. The proposed amendments are based on the request submitted on 1 August 2016 by the Minister of Finance for the need of statutory optimization of the terms for connection to the networks of the technical infrastructure in Bulgaria, including the connection to the gas-transmission and gas-distribution networks. The above is related to the implementation of Decision № 411 of the Council of Ministers of 19 May 2016 on the adoption of an Action plan with measures addressing the key problems hindering the growth of investments in Bulgaria.



RENEWABLES

EU: CEER Publishes its Position Paper on Renewable Self-Generation

by *Stefania Chatzichristofi (Athens)*

On September 2016, the Council of European Energy regulators (CEER) issued its position paper regarding self-generation (SG). SG has a strong potential to have a significant impact on Europe's future energy system, the realisation of Europe's renewable energy (RES) targets and a larger empowerment of consumers due to increasing amounts of small-scale electricity generation (and partial storage) connected at distribution level (particularly rooftop solar and wind). By its paper, CEER representing the voice of the energy National Regulatory Authorities (NRA's) aims at providing the European Commission and all the respective stakeholders the positive impact that SG could have in the market.

CEER which is based in Brussels and has a key objective to facilitate the creation of a single, competitive, efficient and sustainable EU internal energy market that works toward the public interest, deals with a broad range of energy issues. In this respect, CEER draws attention to the fact that, in order to capture the full value of self-generation for all consumers, whether self-generating or not, the wider market and network regulation framework need to be analysed (in terms of network and market development, price sensitivity, flexibility, tariff structure, etc.)

In the paper, the sense of SG is used with the meaning of the use of power generated on-site by an energy consumer in order to reduce, at least in part, the purchase from electricity from the grid. The objectives of SG use are among others: the decrease of network losses, amelioration of the system demand response, savings at the bills, reduction of CO2 emissions as well as regarding the long-term economic sustainability of the grid. In this respect, the position paper consists of the key objectives of SG as described by CEER and the Annex that mainly analyses in detail the perception regarding SG from the prosumer's

perspective, the society's perspective, the system operator's perspective, the system costs perspective beyond network related ones and finally from the market's side in comparison with the evaluation of CEER on if this estimation is correct or not and why.

The main principles of designation of the energy market for beneficiary use of Renewable SG to all participants, and mainly consumers according to CEER are: i) the incorporation of SG to the network planning of Transmission System Operators as well as Distribution

System Operators; ii) with the use of SG the consumers are converted from passive clients to active energy market players; iii) tariffs should be cost-reflective for the consumers; iv) there should be incentives for the use of SG but with fair allocation of network costs for all market participants; v) equal costs and benefits in the market; vi) participation of SG in all flexibility valuation mechanisms in an effort to improve the system's efficiency; vii) availability of metering devices to prosumers in order to participate in the balancing markets; viii) avoidance of net-metering of self-generation since there may be implications that system storage capacity is available for free.



more news on Renewables:

Greece: Decision Allocating the Special Fee in Areas with RES stations

by *Stefania Chatzichristofi (Athens)*

On 9 August 2016, the Ministerial Decision (MD) no.APEHL/oik.181851 of the Minister of Environment and Energy was signed and published aiming at determining the final beneficiaries of allocation of the funds withheld by LAGIE and DEDDIE for the period from the year 2010 until 31 December 2014 in order to be further attributed to the residential consumers of the municipalities where RES plants are operating. This publication of the final table of beneficiaries follows the joint Ministerial Decision (APEHL/A/F1/oik. 23840) published on 29 December 2014 in the Official Journal (B 3497) regulating how a special fee which is being imposed since the year 2010 on RES producers (except PV and rooftop plants of any kind) will be allocated to residential electricity consumers in areas where RES stations operate, representing a reward from the side of society to the households for any burden suffered. The Decision regulated the source of funding of this reimbursement, determined the beneficiaries and established the methodology and procedure of allocation and crediting the final amounts to their beneficiaries. A percentage of 1% of the pre VAT purchase price paid to RES electricity producers is withheld by LAGIE (and in the case of non-interconnected islands from DEDDIE) and is attributed to the electricity suppliers so that they can further credit it through electricity bills to the domestic consumers of the municipalities where RES plants are operating.

In this context, by the MD of 9 August 2016, the Ministry of Environment and Energy announced on its website a list of 291 villages with wind farms, hydropower plants or biomass stations all over the country to which a total amount of €17.614.927, 20 will be allocated corresponding to fees already withheld from RES producers for the years 2010 to 2014.



Croatia: Sale of Electricity from RES on CROPEX, Auctions and to HROTE

by *Sanja Tolj Par (Zagreb)*

On 28 August 2016 the Croatian Energy Market Operator (HROTE) announced that from 1 January 2017, it will start selling electricity from renewable energy (RES) plants that have concluded a contract with HROTE in three (3) different ways. In addition to the sale of electricity from RES on the Croatian energy exchange CROPEX, HROTE will also offer renewable electricity through auctions for standard time periods, i.e. annual, semi-annual, quarterly and monthly basis. Further to these two models, the participants on the electricity market will also be able to sign framework contracts with HROTE in the period of one calendar year, which shall give the possibility to HROTE to activate the contracts and close their position in the market. These changes to the manner of sale of electricity from RES are in accordance with the Renewable Energy and High-efficiency Cogeneration Act (Official Journal, 100/15), under which HROTE acts on the market as the body responsible for deviations and the body responsible for payment of subsidies under the feed-in tariff (FIT) system. Currently, and until 1 January 2017, suppliers are obliged to buy electricity from RES from HROTE at regulated prices.



COMPETITION - STATE AID

EU: Hydropower and Biogas Support Schemes in Czech Republic Approved

by Katerina Nikolaidou (Athens)

On 28 August 2015 the European Commission has approved the extent of a Czech scheme Multi-annual support to biofuels for transport which benefited certain biofuels under the EU State Aid rules, according to the 2014 Guidelines on State aid for environmental protection and energy for the period from 1 July 2015 until 31 December 2020. According to Article 4 of the Directive 2009/28/EC of the European Parliament and the Council of 23 April 2009 on the promotion of the use of energy from renewable sources Member States are required to report to the European Commission each year on the measures taken to promote the use of biofuels for transport purposes, on the public funding allocated for the production of biomass for non-transport purposes and on the market situation for fuels. The Czech scheme was primarily approved by the Commission in 2008. The abovementioned scheme referred to excise duty reductions or refunds in favour of pure or highly concentrated biofuels placed on the Czech market. In particular, the Commission argued that the aid was compatible with the state aid rules as it was limited to sustainable biofuels, and provided an incentive to use more environmentally friendly fuel with the scope to limit potential distortions of competition. Moreover, the Commission stressed that the aid is limited to the minimum necessary in order to compensate for the additional costs of biofuels. The European Commission has stressed that the measure contributes to meeting the Czech Republic's binding targets for renewable energy.

Within this environmental protection framework and in order to meet the 2020 renewable targets the Czech Republic has notified two schemes on September 2015 and October 2015, in order to provide support to

operators of hydropower installations with a capacity of up to 10 MW and biogas installations with a capacity of up to 0.5 MW. The biogas installations will produce heat by burning biogas that is at least 70% derived from animal by-products, barnyard manure or biodegradable waste. The Commission assessed the measures under its 2014 Guidelines on State Aid for environmental protection and energy which will promote the production of renewable energy installations and succeed its 2020 renewable energy targets. In line with the Guidelines, hydropower installations with a capacity above 0.5 MW will receive their support in the form of a market premium paid on top of the market price. The installations below this threshold will be paid according to the feed in tariff threshold. As to all biogas installations they will receive a fixed premium according to the heat they produce. Under the Commission assessment both schemes intend to avoid any potential distortion of competition by ensuring that these payments do not exceed the minimum level necessary to achieve the schemes objectives. Under the Renewable Energy Directive the Czech Republic has a renewable target of 14% of gross electricity consumed in the Czech Republic by 2020. The non confidential version of the decisions will be published in the State Aid Register on the competition website under the case numbers SA 43182 and SA 43451.

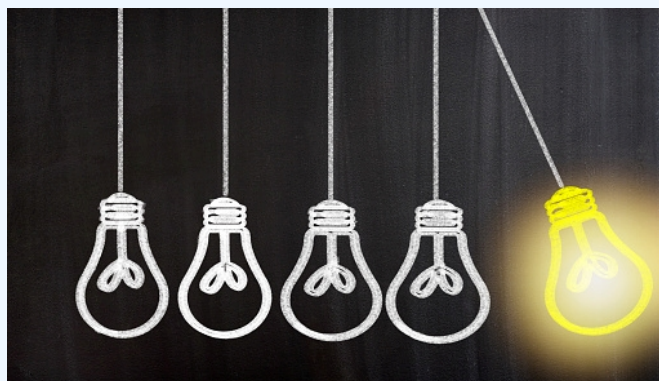


more news on Competition - State Aid:

EU: Commission Approves two Bulgarian State Aid Schemes

by Viktoria Chatzara (Athens)

On 4 August 2016, the EU Commission issued two decisions concerning two Bulgarian state aid schemes in the energy sector: a scheme to support energy intensive users (SA.45861) and a RES support scheme (SA.44840). The publicly available decisions on both these cases have not yet been published in the Official Journal of the EU. With respect to the second case, concerning the state aid scheme for the support of RES producers, it should be noted that it was enacted by means of a national law of the year 2011 and it was notified by the Bulgarian state to the Commission on 9 March 2016, i.e. following five years of its application. The said RES support scheme consisted in a feed-in tariff available to certain categories of RES producers (such as small hydro power plants and PV, wind, biomass, biogas and geothermal power plants) and was calculated on the basis of the actual production of costs and a defined rate of return of the investment. According to the Commission, such state aid scheme is compatible with the internal market and the applicable provisions.



EU: Czech Support of Biofuels for Transport Approved

by Viktoria Chatzara (Athens)

On 19 August 2016 an EU Commission's decision, dated on 12.08.2015, on the multi-annual support scheme of biofuels for transport of the Czech Republic was published in the Official Journal of the EU. According to this decision, the Commission decided not to raise objections to the aid scheme in question, as it was found to be compatible with the internal market, pursuant to Article 107(3)(c) TFEU. Pursuant to the applicable provisions, the aid is granted in the form of an excise duty reduction for high concentration biofuel blends, in proportion to their biofuel content and with respect to any pure of high-concentrated biofuel lawfully placed on the Czech market. As explicitly mentioned in the decision, both imported and domestically produced biofuels are considered to be eligible for such aid, whereas the material beneficiaries are all companies producing biofuel and placing them on the Czech market. The main aim of the measure is to help reduce the greenhouse emissions from fuel combustion. According to the Commission's decision, the notified state measure constitutes State aid in the sense of the applicable EU provisions; however it supports as an objective of common interest and it is considered to be necessary, having an incentive effect, also appropriate and proportionate.

EU: French Support of Combined Heat and Power Plants Approved

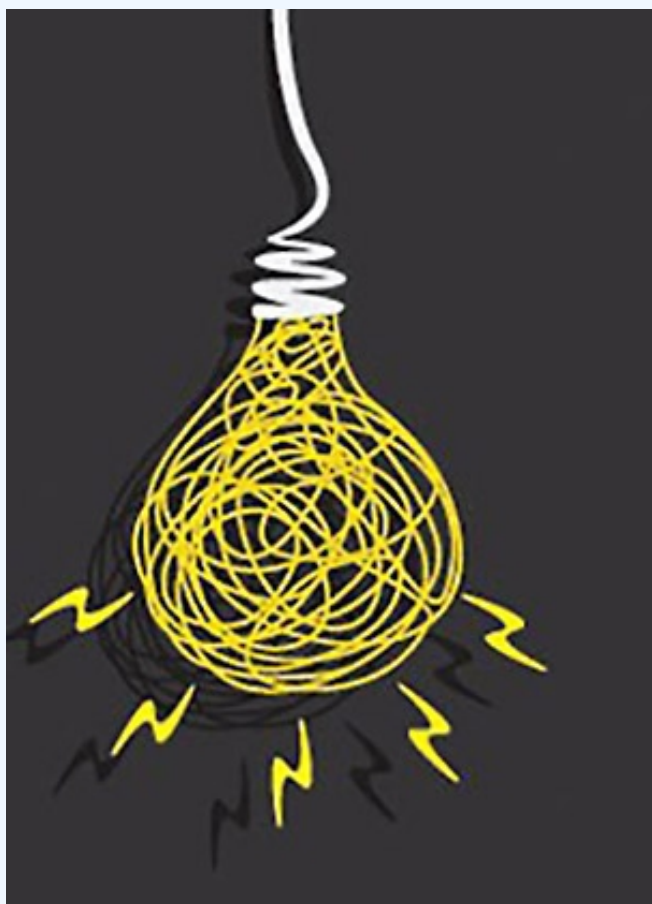
by Viktoria Chatzara (Athens)

On 9 August 2016, EU Commission issued a decision approving a French state aid scheme granting support to high efficiency combined heat and power plants with a power output up to 1 megawatt (MW). The beneficiaries of this scheme will receive a support according to their size: combined heat and power plants up to 1 MW in the form of a feed-in-premium (FiP) on top of the market price and combined heat and power plants up to 300 kW in the form of a feed-in-tariff (FiT). The aim of this state aid scheme is to help France achieve its energy efficiency and CO₂ emission reduction targets. The Commission referred to the 2014 Guidelines on State Aid for Environmental Protection and Energy, pursuant to which the Member States were allowed to grant state aid to high efficiency combined heat and power plants, subject to certain conditions. The Commission concluded that the state aid scheme at hand, promotes the integration of electricity produced by combined heat and power plants into the market, in line with the above mentioned Guidelines, thus increasing the proportion of electricity generated from renewable energy sources and reducing pollution, while having limited distorting effects on the competition in the relevant market. Taking these into account, the Commission decided not to object to this French state aid scheme.

EU: Malta and Luxemburg RES Support Scheme Approved

by Mira Todorovic Symeonides (Athens)

On 26 August 2016, the European Commission approved support schemes for renewable energy in Luxemburg (SA.43125) and Malta (SA.43995), for being in compliance with the Guidelines on State aid for environmental protection and energy 2016-2020. Luxemburg notified the Commission on the intended support scheme on 21 September 2015. The scheme introduces feed in premium (FiP) for wind, solar, biogas, hydropower and biomass installations. The total budget of the measure is estimated at €150 million which would be allocated in the period from 2016 to 2020. The duration of the support scheme is fifteen (15) years. Malta notified the Commission in December 2015. The proposed renewable energy scheme would support operators of solar photovoltaic and onshore wind installations. The cap of the premium would be calculated administratively while the amount of premiums would be a result of a competitive procedure. Successful bidders will be allocated the strike price which they bid, starting with the least expensive, until a pre-defined capacity allocation for the overall tender is reached. The premium paid to successful developers will then be equal to the difference between the strike price which the developer has bid and the marginal cost of electricity for the DSO. The duration of the support scheme will be twenty (20) years.



EU: Greek Guarantee for EIB Loan of the PPC

by Viktoria Chatzara (Athens)

On 29 August 2016 the EU Commission issued its decision, by means of which it decided not to object to a State guarantee granted by the Hellenic Republic in favor of the Public Power Corporation SA (PPC), in connection with a loan it received from EIB for the financing of the installation, upgrade, refurbishment and expansion of fossil-fuel fired power generation units on eighteen (18) Greek islands, which are not interconnected to the national power Transmission system of the mainland. More specifically, in seventeen (17) cases, the existing diesel and heavy-fuel oil-fired power plants will be expanded or refurbished or upgraded, whereas the 18th project concerns the construction of a new thermal power plant. The Commission mentioned primarily that the State guarantee in question, although its aim is to enable PPC to proceed with investments which are necessary for the fulfillment of the Public Service Obligations (PSO) it has undertaken, it still constitutes state aid, in the sense of Article 107(1) TFEU. Following an assessment concerning the compatibility of this state aid measure, the Commission reached the conclusion that the proposed State guarantee shall be regarded as granted in the context of PPC's PSO of supplying electricity to consumers in the non-interconnected islands, in compliance with the conditions of the SGEI (Services of General Economic Interest) Framework and, thus, decided not to raise any objections with respect to the notified State guarantee.

EU: Commission Confirms Unannounced Inspections in the Natural Gas Sector

by Dafni Siopi (Thessaloniki)

On 7 June 2016 the European Commission announced that its officials carried out unannounced inspections at the premises of several companies active in the supply and transport of natural gas in Romania. The Commission had concerns that the companies involved may have violated EU antitrust rules that prohibit cartels and restrictive business practices and/or the abuse of a dominant market position. Therefore, the Commission tried to investigate potential anticompetitive practices in the transmission and supply of natural gas in Romania, in particular relating to suspected anticompetitive behaviour aimed at hindering natural gas exports from Romania to other Member States. Unannounced inspections are just a preliminary step into suspected anticompetitive practices and the fact that the Commission carries out such inspections does not mean that the companies are guilty of anti-competitive behaviour nor does it prejudice the outcome of the investigation itself. The Commission declared that it respects the rights of defence, in particular the right of the involved companies to be heard in specific antitrust proceedings.



ENERGY INFRASTRUCTURE

EU: Infrastructure Cooperation Agreements in Central and South Eastern Europe

by *Stefania Chatzichristofi (Athens)*

On 9 September 2016, 12 EU Member States (MS) and most of the Energy Community Contracting Parties in Central and South-Eastern Europe signed in Budapest important infrastructure and regional cooperation agreements on a joint approach to address the natural gas diversification and security of supply challenges as part of the Central and South-Eastern European Gas Connectivity (CESEC) initiative. The High Level Group on CESEC was formed on 9 December 2014 by the representatives of Austria, Bulgaria, Croatia, Greece, Hungary, Italy, Romania and Slovenia as well as the EU Commission. The main objectives of the Group were defined to be: to ensure that interconnector projects already underway are finalised; to identify and commit to a limited number of priority infrastructure projects; to determine regulatory, permitting, technical and financial issues impeding the development of these infrastructure projects; and to prepare an Action Plan identifying measures to address these issues. The Group is chaired by the European Commission and is composed by the representatives of the above listed MS, while the representatives of the Energy Community Contracting Parties would participate upon ad hoc invitations.

The aim of the MoU is to accelerate the building of the missing gas infrastructure links, address the remaining technical and regulatory issues necessary for promoting the security of supply and creation of a connected and competitive gas market. The infrastructure projects selected on the basis of the MoU would primarily be financed by the market participants and supported by the EBRD and EIB, while public financing and EU financial support should apply to kick-starting projects that would contribute to diversification or security of supply in the region, but have not proven to be viable under the market conditions. The MoU points out that most countries in the CESEC region have limited gas sources diversity which may principally be improved from: a) reverse flows via existing pipelines; b) new indigenous on-and offshore resources; c) LNG; and d) the Southern Gas Corridor sources. An Annex II to the MoU which complements the Action Plan of the High Level Group focuses on the further regulatory actions needed to ensure the efficient operation of existing and planned infrastructure by implementing EU rules in the gas sector and incorporate the provisions of the Third Energy Package as well as secure that the aimed objectives are achieved.

During the meeting between EU Commission and the 12 Energy Ministers, the following agreements were signed: i) the Bulgaria–Romania–Hungary–Austria (BRUA) Connecting Europe Facility Grant agreement of 179 million euros for the gas transmission corridor and the imminent construction of this project that shall ensure bidirectional connections between Bulgaria, Romania and Hungary; ii) the Joint Statements by the Governments and Transmission System Operators (TSOs) from Greece, Bulgaria, Romania and Hungary on cooperation on gas projects along the “Vertical Corridor”; iii) a Memorandum of Understanding (MoU) was signed by the TSOs from Ukraine, Romania, Bulgaria and Greece on reverse flows on the Trans-Balkan pipeline; iv) Ministers also welcomed the imminent completion of the new interconnector between Bulgaria and Romania and the project to reinforce the Bulgarian network preparing it for further interconnections with neighbouring countries; v) the Ministers committed to the rapid completion of four further priority projects: the LNG terminal in Croatia and connecting infrastructure towards Hungary, the Greece–Bulgaria interconnector and the Bulgaria–Serbia interconnector. Furthermore, the meeting also saw the adoption of an Action Plan on regulatory issues to smooth out the operation of existing and planned infrastructure in the region and to improve market functioning.

In addition, given the fact that the cooperation under the European Commission's Initiative on Central and South-Eastern European Gas Connectivity (CESEC), launched in 2015, has produced tangible results, the Energy Ministers also decided to move the CESEC's cooperation into new areas aiming to create a regional electricity market as well as boosting renewable energy and energy efficiency in the region. Since its launch by the Commission in 2015, the CESEC Initiative has already resulted in rapid development of the infrastructure in the region and implementation of EU market rules which help ensure fairer prices for consumers and efficient functioning of competitive energy markets. The Energy Union aims at guaranteeing that all countries in Central and South Eastern Europe will have access to at least three different sources of energy in the future, and the Commission works intensively to make sure that all countries in the regions are well interconnected to the rest of Europe. In this regard, two working groups shall be established in order to prepare a MoU and an Action Plan to pave the way for the electricity market cooperation as well as an MoU on expanding CESEC to the field of RES and energy efficiency. The above said MoU and Action Plans are expected to be adopted in the year 2017 by the CESEC High-Level Group.

more news on Energy Infrastructure:

EU: Extension of Duration and Scale of Strategic Investments Fund

by Tetyana Vyshnevskya (Kiev)

On 14 September 2016, the European Commission presented a legislative proposal for Regulation of the European Parliament and of the Council amending Regulations (EU) No. 1316/2013 and (EU) 2015/1017 as regards the extension of the duration of the European Fund for Strategic Investments as well as the introduction of technical enhancements for that Fund and the European Investment Advisory Hub. By its proposal, the Commission aims to carry on the successful implementation of the European Fund for Strategic Investments (EFSI), launched in the year 2015 in cooperation with the European Investment Bank (EIB) for the initial period of three (3) years and aiming to mobilise at least EUR 315 billion in additional investments, including by means of: a) extending the duration of the EFSI until 31 December 2020; b) increasing the investment target to EUR 500 billion of public and private investment (with the potential of EUR 630 billion by 2022); and c) facilitating the combination of the EFSI with other European funding available to MS and regions, such as the European Structural and Investment Funds, Connecting Europe Facility etc. The extended EFSI is expected to continue to cover, among others, projects in the renewable energy, energy efficiency, environment and resource efficiency sectors, with particular attention and targeted technical assistance to projects that contribute to the climate action in line with the Paris climate conference (COP21) objectives as well as projects involving cross-border infrastructure investments.

EU: High Capacity Wind Turbines Used in Onshore EU-Funded Projects

by Tetyana Vyshnevskya (Kiev)

On 22 August 2016, the European Commission informed about successful implementation of an EU-funded project, the so-called '7-MW-WEC-BY-11', which is a high capacity onshore wind park in Estinnes (Belgium) with eleven (11) large-scale Wind Energy Converters (7MW-class Enercon E-126 type turbines, updated to 7.5MW), generating 131% more energy in comparison with conventional 2MW turbines. The project developed a new power conversion technology as well as improved the wind forecasting, which contributes to the stability of electricity grid and cost effectiveness of the project. The high capacity of multi megawatt turbines allows for fewer turbines to be installed with the maximized power output, which helps reducing the landscape pollution and also the environmental impact of the project. The results of the project may be adapted to different national contexts and are expected to encourage further development of wind energy technology as well as contribute to the achievement of EU's goals in renewable energy sector.

Greece: MoU between DESFA and the CEE and SEE High Level Group

by Paraskevi Charalampidi (Athens)

On 9 September 2016 a meeting was held by the High Level Group of Central and Southeast Europe (CESEC) under the Presidency of the European Commission regarding the signing of a Memorandum of Understanding (MoU) among the countries of Central and Southeast Europe through which natural gas flows. The Executive Director of the Greek company DESFA, from the Greek part signed, as national administrator, the Joint Statement between the Greek company "DESFA", the Bulgarian company "Bulgartransgaz", the Romanian company "Transgas", the Hungarian company "FGSZ" and the company ICGB, in which the above companies declared their intention for implementation of the "vertical corridor". This corridor provides the opportunity of the transmission of national natural gas to the Central and Southeast Europe. In addition, the Executive Director of DESFA signed the Memorandum of Understanding (MoU) between "DESFA", "Transgas", "Bulgartransgaz" and the Ukrainian company "Ukrtransgaz". The MoU follows the signing of Interconnection Agreement for the connection points of Trans Balkan Pipeline aiming at reflecting the investment needed in the networks of these Operators in order to enable commercial and physical reverse flow of gas.



BiH: Investment in Energy Sector in Republic of Srpska

by Nebojsa Milanovic (Banja Luka)

In Republic of Srpska (RS), one of two Entities of Bosnia and Herzegovina, there is an ongoing investment in the energy sector of approximately 3.2 billion dollars. The investors are the RS Government, as well as local and foreign private investors. The projects in questions include the following. Thermo plant "Stanari" with an installed power of 300 MW has recently started operating with commercial production of electric energy. The investment was around 600 million dollars. Hydro power plant (HPP) "Dabar" operating within a system of HPP "Gornji Horizonti", with an installed power of 160 MW has received an investment of 210 million dollars value, the HPP "Mrsovo" on Lim river, with an installed power of 37,7 MW has received an investment around 110 million dollars and HPP "Ulog" and 6 small HPPs (35 MW) have received an investment of 107 million dollars. The biggest investment that was made concerns Thermoplat "Ugljevik 3" with an investment of 650 million dollars with installed power on 600 MW. Currently, Government of Republic of Srpska negotiates with potential investors in order to rebuild the Thermo plant "Gacko 2" with an installed power of 350 MW, and an investment value approximately 475 billion dollars.

Romania: The signing of the BRUA Agreement

by Corina Bădiceanu (Bucharest)

On 9 September 2016, an agreement on the 179 million euro Connecting Europe Facility Grant for the construction in Romania of the necessary infrastructure for the Bulgaria - Romania - Hungary - Austria (BRUA) gas pipeline was signed by the Romanian gas carrier SNTGN TRANSGAZ SA and the representatives of the European Commission. Following the signing of this Agreement, the Romanian gas carrier SNTGN TRANSGAZ SA will be able to consolidate an important part of the Romanian and regional natural gases transportation system. The BRUA project is part of the CESEC Initiative (Central and South Eastern Europe Gas Connectivity Initiative) that encourages the development of the infrastructure of the Central and South Eastern Europe, the insurance of fair prices for the consumers and competitive energy markets.

Ukraine: Ukrtransgaz Signs MoU on Cooperation with Bulgarian, Greek and Romanian Gas TSOs

by Tetyana Vyshnevskaya (Kiev)

On 9 September 2016, during the meeting of the High Level Group on Central and South Eastern Europe Gas Connectivity (CESEC) in Budapest, Ukrainian gas Transmission System Operator (PJSC Ukrtransgaz) signed a Memorandum of Understanding (MoU) with its Bulgarian, Greek and Romanian counterparts (Bulgartransgaz EAD, DESFA S.A. and NGTC TRANSGAZ S.A. respectively) aiming to agree on the action plan for creation of a bidirectional gas corridor between the said countries, provide technical and commercial prerequisites for the implementation of bidirectional supply of natural gas through the Trans-Balkan pipeline until the year 2019. The MoU follows the three Interconnection Agreements (Bulgaria-Greece, Bulgaria-Romania and Romania-Ukraine) signed by above mentioned TSOs in June-July 2016 with the effective date of 1 July 2016 and 1 October 2016.

Greece: MoU between PPC and CMEC

by Paraskevi Charalampidi (Athens)

On 31 August 2016 Greek Public Power Corporation (PPC) announced the signing of a Memorandum of Understanding (MoU) with the Chinese company CMEC. The object of the MoU is the construction of the second "state of art" lignite-fired power station at Florina in Greece. The project, known as "project Meliti" leads not only to investments from 700 millions euros up to 1 billion but also to the development of Florina and West Macedonia regions, in Greece. In addition, the aforementioned project will elevate the lignite-fired power production and reduce the carbon dioxide emissions, by promoting in this way the competitiveness of the total national production. On 14 September 2016, the MoU was signed by the parties and the Greek Minister of Environment and Energy declared that this agreement is the proof of the recovery of the Greek economy.

Greece: Joint Statement on the Vertical Gas Corridor

by Katerina Nikolaidou (Athens)

On September 9, 2016, in Budapest, where the Ministerial Initiative Conference for connecting the Countries of Central and Southeastern Europe Natural Gas Sector was held, was concluded by the representatives of the four countries the necessity of developing the Vertical Gas Corridor (Vertical Gas Corridor), connecting Greece, Bulgaria, Romania and Hungary. In their Joint Statement the representatives of the four countries highlighted that the security and stability of energy supply at competitive prices, could be supported by the development of a new Vertical Corridor Natural Gas in Greece, Bulgaria, Romania and Hungary to ensure the bi-directional flow in gas pipelines. Within this framework the Joint Declaration of the Parties welcomed the progress which was made in implementing the Interconnector Greek-Bulgarian pipeline (IGB), and the construction of BRUA project (pipeline between Bulgaria, Romania, Hungary and Austria).

This positive development enables the initiation of processing all the regulatory and technical aspects of the project. On this basis, the Greek side intends to expedite all necessary actions in order to contribute to the harmonization of the timeframe and the procedure of capacity allocation for the implementation of gas transportation corridor between the four countries. This project, which gains new dynamic, is another important element in the overall strategy of the Greek government for the transformation of Greece into a regional energy hub.

Bulgaria: Draft TYNDP for 2016-2025

by Apostolos Christakoudis (Sofia)

On 18 August 2016, a draft Ten-Year Network Development Plan (TYNDP) was developed by specialists from the Bulgarian TSO, ESO. This draft TYNDP contains the basic infrastructure projects for electricity transmission that are planned for the construction, expansion, reconstruction and modernization in the period 2016-2025. The TYNDP provides deadlines for construction and beginning of operations of new sections of the Transmission Grid of Electricity which would contribute to more efficient and safe operation of the electricity system in compliance with the safety criteria and the quality standards. The Plan contains analysis of the consumption of electric power from the Bulgarian I Transmission Electricity Grid and a forecast for the development of electrical loads up to the year 2025 as well as an analysis of the production capacities of the Bulgarian electrical Transmission grid, including renewable energy sources. Assessment was also made for the necessary investments for the implementation and realization of the proposed plan for development of the electric grid. The construction of new distribution lines and network shall be determined in accordance with the pan-European and regional Ten-Year Plan, developed and updated by the European Network of Transmission System Operators (ENTSO-E). The Plan also contains data regarding development of the electricity and the production capacities, provided by electricity companies and is about to undergo public consultations.



Montenegro: Decisions of the Montenegrin Energy Regulator

by *Mirjana Mladenovic (Belgrade)*

In the period from 28 July to 11 August 2016, the following decisions of the Montenegrin energy regulator (REGAGEN) came into force: (i) the Rules for drawing up and monitoring the implementation of the ten-year development plan for the electricity transmission system (28 July); (ii) the Rules for drawing up and monitoring the implementation of the ten-year development plan for the electricity distribution system (28 July); (iii) the Methodology of the establishment of prices, terms and conditions for the provision of ancillary services and balancing of the electricity transmission system (02 August); (iv) the Rules for determining the status of the closed electricity distribution system (09 August); (v) the Rules for settling the difference between justified and actual revenues as well as determined costs between licensed distribution system operators (11 August); (vi) the Rules on the certification of the TSO (11 August).



ENERGY EFFICIENCY

Bulgaria: Public Consultation on the EE Potentials in District Heating and Cooling

by Gergana Hadjipanteleeva (Sofia)

On 9 September 2016 the Bulgarian Minister of Energy launched a public consultation on the study on "Comprehensive Assessment of the Potential for the Application of High-efficiency Energy Cogeneration and Efficient District Heating and Cooling in the Republic of Bulgaria" (hereinafter: the Study) along with the reasons upon which the Assessment was made. The Study was published on 14 April 2016 by the "Institute of Clean Technologies" Ltd. According to the Agreement No 18 concluded between the Ministry of Energy as Assignor and the "Institute of Clean Technologies" Ltd. as Contractor. The Study was drafted in consideration of the obligation to carry out and notify to the Commission a comprehensive assessment of the national potentials for the application of high-efficiency cogeneration and efficient district heating and cooling under art. 14, par 1 of Directive 2012/27/EU of the European parliament and of the Council.

The internal regulatory requirements in respect of the Study are provided in Ordinance № E-ПД-16-427 on 02 September 2015 issued by the Minister of Energy with the prerequisite to be based on a cost-benefit analysis and to comply with the Methodological guidelines for comprehensive assessment of national potentials for high efficiency cogeneration of energy. According to the announcement of the Ministry of Energy the assessment drafted by the Contractor "Institute of Clean Technologies" Ltd. meets all regulatory requirements. Particularly, the Study contains description of heating and cooling necessities and forecast that should be made during the forthcoming ten year period. Specifically the following should be prepared: a national heating map and a description of the applied methodology, an analysis of the national potentials, as well as expenses, benefits, social and economic potentials for high-efficiency energy cogeneration, measures for development of effective heating and cooling infrastructure and/or support of high-efficiency energy cogeneration on the basis of waste heat and renewable sources. Moreover, an assessment of the achieved progress from the increased quota of the high-efficiency cogeneration in the gross inner consumption of electricity according to Directives 2004/8/EC and an assessment of the quantity of primary energy that will be saved, should be provided afterwards.

By launching the consultation the Minister of Energy exercises his powers under art. 4, par. 2, point 11 of the Energy Sector Act. After the completion of the public consultation and after the deadline of thirty days, the Study will be submitted to the Council of Ministers for approval.



for further information, please contact **Editing author...**



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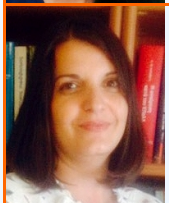


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