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EU and EnC

Market

EU: Referral of Germany and Hungary to the European Court of Justice

by Andriani Kantilieraki (Athens)

On 19 July 2018, the European Commission issued a press release regarding the referral of both Germany and Hungary to the European Court of Justice (ECJ) for failure to comply with the Third Energy Package. The Third Energy Package comprises of the Electricity and Gas Directives (Directive 2009/72/EC and Directive 2009/73/EC respectively) and three Regulations (the Electricity Regulation 714/2009, the Gas Regulation 715/2009 and the ACER Regulation 713/2009), which form the basic legal framework for the proper functioning of the energy markets across the EU.



In regards with the referrals, the European Commission referred Germany to the ECJ in order to ensure the full and proper implementation of the Electricity and Gas Directives. After close examination, the Commission found that Germany has not yet managed to ensure independence of the national regulatory authority. This is evident especially in the area of determining network tariffs and network access conditions, since many of the relative parameters are – to a large extent – set out by the Federal Government. Furthermore, Germany appears to have incorrectly transposed the requirements on the independent transmission operator (ITO) unbundling model.

In addition to the above, the Commission referred Hungary to the ECJ for failure to ensure the proper implementation of the Third Energy Package's requirements on network tariffs. More specifically, Hungary has adopted legislative measures which exclude certain types of costs from the

calculation of network electricity and gas tariffs, in violation of the principle of cost-recovery of tariffs. Further, Hungary adopted amendments which jeopardise the right of market operators to a full judicial review of the national regulator's decisions, thus not ensuring the prevention of anti-competitive behaviours.

EU: Parliament Committee Votes on Clean Energy Package

by Mira Todorovic Symeonides (Athens)

On 10 July 2018, the European Parliament's Committees (the Committee on Industry, Research, Telecoms and Energy and the Committee on Environment, Public Health and Food Safety) approved the following three proposals from the Clean Energy for All Europeans Package presented by the European Commission on 30 November 2016: regarding the Renewable Energy, Energy Efficiency and Energy Governance. Following the committee votes, the European Parliament will vote on the text during the autumn of 2018 plenary session, after which the council of Ministers of the EU is invited to give its final approval.

The Clean Energy Package includes 8 different legislative proposals covering: Energy Performance in Buildings, Renewable Energy, Energy Efficiency, Governance, Electricity Market Design and Rules for the regulator ACER. So far only the one regarding the Energy Performance in Buildings and amending the respective Directive, has been adopted by the European Parliament and the Council and afterwards published in the Official Journal of the EU (Directive (EU) 2018/844 of the European Parliament and of the Council of 30 May 2018 amending Directive 2010/31/EU on the energy performance of buildings and Directive 2012/27/EU on energy efficiency, OJ L 156, 19.6.2018).

EU and EnC

Oil & Gas

EnC: Dispute Settlement Procedure against Serbia for Breach Unbundling Rules

by Aleksandar Mladenovic (Belgrade)

On 3 July 2018, the Energy Community Secretariat reported the initiation of an ex officio preliminary dispute settlement procedure against Serbia under the case no. ESC 10/17, for breaching the unbundling and certification rules of the Third Energy Package in the gas sector, hence failing to comply with its obligations under the Energy Community Treaty.

The Secretariat took an issue with the Yugorosgaz-Transport certification as independent system operator (ISO) which is viewed as not having the necessary powers and resources to operate the system independently from the supply and production interests within the vertically integrated undertaking and at the same time effectively performing all transmission system operator functions required by the Third Energy Package (operation, development and maintenance of the system).

Competition & State Aid

EU/SA.49522: German Reductions on Surcharges for Self-Supply in HECHPs Approved

by Viktoria Chatzara (Athens)

On 22 August 2018, the European Commission published its decision dated 01 August 2018 on the contemplated reductions on EEG-surcharges for self-supply high energy efficient cogeneration installations that entered into operation after July 2014 (state aid case No. SA.49522), according to which said scheme was found to be in compliance with the applicable EU law provisions on state aid and the relevant European Commission Guidelines on environmental and energy aid for 2014-2020 (EEAG). With respect to the state measure under consideration, reference shall be made to the German law provisions enacted with the aim to assist the German state in achieving its goals for a more climate friendly energy supply, particularly, the goals for the increase of the share of electricity from renewable energy sources (RES) in the total electricity supplied to German final customers. According to said provisions, any support measures for RES electricity production (feed-in tariffs when the electricity is sold to the network operator and premiums when the electricity is sold on the market) are paid to the RES producers by the network operators, who then pass-on the extra costs to the final users, by virtue of a surcharge on electricity consumption (the "EEG-surcharge"). Although the EEG-surcharge is primarily designed as uniform surcharge calculated on the basis of the electricity consumption, a number of reductions and exemptions are provided under the applicable law, among others, for electricity consumers such as electro-intensive users, railways, and to self-supply.

As far as the latter category of reductions is concerned, the case no SA.49522 concerns only the reductions and exemptions to self-supply of electricity in cogeneration installations (CHP plants) that entered into operation for self-supply after July 2014, as the relevant reductions and exemptions for self-consumption installations that entered into operation before July 2014 and for renewable self-consumption installations were approved by the Commission by virtue of a prior decision dated 19 December 2017 (on the case no SA.46526). The notified measure, as in detail described in the recent decision of the European Commission, provides, among others, that from 01 January 2018 onwards, electricity produced by self-suppliers who were supplying themselves entirely with electricity from highly efficient CHP plants is subject to a reduced EEG-surcharge rate when certain conditions are fulfilled, such as: if the CHP plant is operated exclusively based on gaseous fuels (for installations that started their operations before 31 December 2017), if the CHP plant is highly efficient under the criteria of Annex II to Directive 2012/27/EU on Energy Efficiency, or if the CHP plant has reached a monthly or annual capacity factor of 70% in the month or the year for which it applies for reduction. The provided reduction of 60% may benefit installations with an installed capacity inferior or equal to 1MW, and installations with an installed electrical capacity superior to 10MW, on the first 3500 yearly full load hours for self-consumption only. To be noted that more specific provisions are provided for electricity self-supplied in 2018 by CHP plants that entered into operation after 31 July 2014 and before 01 January 2018, for electricity self-supplied in 2019 by CHP plants that entered into operation in 2016 or 2017, for electricity self-supplied in 2020 by CHP plants that entered into operation in 2017, for new high energy efficient CHP plants used by undertakings active in electro-intensive sectors, etc. The European Commission reviewed the details of the contemplated state aid measure provided by the German state in the light of the applicable EU state aid law provisions and the EEAG, and concluded that the state aid scheme in question is compatible with the internal market, thus deciding not to raise objections to the aid.

EU and EnC

EU: Recognition of Nuclear Energy as an Objective of Public Interest

by Ifigeneia Argyri (Athens)

On 12 July 2018, the General Court of the EU handed down a judgment dismissing Austria's annulment action of the Commission's approval Decision (EU) 2015/658 on UK's aid measures for the Hinkley Point C nuclear power plant. On 22 October 2013, the UK notified measures in support of the Hinkley Point C nuclear power station. The beneficiary of the notified measures was NNB Generation Company Limited ('NNBG'), a subsidiary of EDF Energy plc ('EDF'). On 8 October 2014 the European Commission originally approved UK's State aid for Hinkley Point C station, after the completion of its 11-month investigation into the foregoing support measures. The State aid provided was reviewed by The Commission as compatible with the internal market, considering that it facilitated the development of an economic activity, which is an objective of common interest (Article 107(3)(c) of the Treaty of Functioning of the European Union). Austria's first assertion was that contrary to the Commission's findings, the promotion of nuclear electricity and, more specifically, the construction of new nuclear energy generating capacity is not consonant with any common interest objective, as it does not take account of the legitimate interests of a single Member State, especially when some Member States have always rejected the belief that the construction of new nuclear reactors is a European objective of common interest. Austria's second plea was that the technology used at Hinkley Point was not new and that the intervention of the UK was not necessary.

Nevertheless, the General Court agreed with the Commission's assessment according to which UK's State aid was compatible with the internal market for the aforementioned reason. In particular, the General Court underlined in its ruling that the creation of new nuclear energy generating capacity, as a public interest objective for the purposes of Article 107(3)(c) TFEU, correlates with the Euratom Community's goal to facilitate investments in the nuclear field. In more detail, Article 107 TFEU is intended to be applied to the measures at issue, even though they pursue an objective covered by the Euratom Treaty, as the provisions of the EU Treaty and of the FEU Treaty are not to derogate from the provisions of the Euratom Treaty. Concomitantly, even though the provisions of the Euratom Treaty constitute special rules in relation to the FEU Treaty, they do not preclude Article 107 TFEU from being applied to measures pursuing an objective covered by the Euratom Treaty. At the heart of the decision was the finding that the public interest objective pursued by UK's measures does not necessarily have to be an objective that is shared by all or by the majority of the Member States, since it was up to each Member State to choose between different energy sources. Finally, the GC ruled that UK's State aid was completely necessary for attaining the public interest objective, taking into consideration the absence of market-based financial instruments to cover the significant risk.



BiH

Market

Adoption of Framework Energy Strategy

by Vuk Stankovic (Belgrade)

On 3 September 2018, the Council of Ministers of Bosnia and Herzegovina (BiH) delivered a decision on the adoption of the BiH Framework Energy Strategy until 2035 (Strategy), thus enabling the access to Pre-Accession Assistance funds and funds from the Western Balkans Investment Framework for the Energy sector, and setting the path for the long-term development of BiH's energy sector. The Strategy, adopted at the initiative of the Ministry of Foreign Trade and Economic Relations, constitutes consensus between Federation of BiH and Republika Srpska in terms of general sector policy goals. The aim of the Strategy is to create a positive environment for investments as well as to bring forward market and regulatory reforms in all segments of the energy sector, which will have constructive impact on employment, public debt, and overall market competitiveness in BiH. The Strategy is primarily focused on energy market development objectives such as security in the supply of electricity, energy market competitiveness and liberalization as well as effective transition to renewable energy sources.



Bulgaria

Competition & State Aid

Non-compliance of the New RES Support Scheme

by Veronika Yordanova (Sofia)

In July, the European Commission's Director-General for Competition issued a ruling confirming that Bulgaria did not comply with the "stand-still" obligation under Article 3 of Procedural Regulation 2015/1589, regarding amendments made to the Bulgarian Energy Act in May 2018. These amendments introduced a new scheme for supporting producers of renewable energy with total installed capacity of 4MW and above. More specifically, the amendments replaced the Feed-In Tariff and the Power Purchase Agreements for producers with the quasi-Contract for Difference (CfD) Feed-in Premium Agreements to be concluded with the Fund Security of Electricity System. The deadline for entry into force of the CfD was extended to 1 January 2019, and the CfD will remain in place in case of modernisation or upgrade of renewable plants.

However, Bulgaria failed to notify the European Commission (EC) in advance regarding the allocation of state aid under the new scheme. On 6 July 2018, the EC received two notifications from Bulgaria, and responded on 26 July 2018. Because of the late notification, the EC's Director – General for Competition ruled that Bulgaria had not complied with procedural rules, given that the Parliament had already passed the amendments to the Energy Act without inserting a clause which would specify that the aid-granting body can only grant aid after the EC has cleared it.

Consequently, the EC considers the aid to be unlawful or rather non-notified. This reportedly represents a breach of Article 108, paragraph 3 of the Treaty on the Functioning of the European Union where it is explicitly stated that the Member State concerned shall not put its proposed measures into effect until the procedure of notification has resulted in a final decision. In the wake of the EC's decision, the Ministry of Energy suggested to the Bulgarian Parliament to not put that measure into effect until the matter is resolved in accordance with the regulations of the Treaty.

Greece

Market

Four Electricity Codes Approved

by Mira Todorovic Symeonides (Athens)

On 18 June 2018, four electricity codes approved by the Regulatory Authority for Energy were published in the Official Journal, introducing the amendments mostly in regard to harmonizing their content with the new RES Support Scheme and replacing of the Electricity Market Operator LAGIE by the Energy Exchange, as follows:

- a) The Electricity Transaction Code (Official Journal B' 2310/2018) amending and codifying the current Electricity Transaction Code;
- b) The RES and Guarantees of Origins Operator Code (Official Journal B' 2307/2018) issued for the first time,
- c) The Electricity Forward Products Market Code (Official Journal B' 2306/2018) amending and codifying the current NOME Code; and
- d) The Amendments of the Electricity Transmission System Management Code (Official Journal B' 2309/2018).

The amendments of the first three codes were proposed by LAGIE who is being turned into the RES and Guarantees of Origins Operator (DAPEEP), and of the fourth code by the electricity TSO (ADMIE), all in compliance with article 117E of the Energy Law (n.4001/2011) and the law regulating the new RES support scheme (n. 4414/2016).

The Electricity Transaction Code, as amended, regulates the replacing of LAGIE by the Energy Exchange in regards with the operation of the day ahead electricity market and participation of RES and High Efficiency CHP (HECHP) production units or their representatives (including the representative of the last resort) in this market.

The RES and Guarantees of Origins Operator Code regulates the rights and obligations of the Operator; of the RES and HECHP production units in regard to the state support agreements as well as in regard to their market representation by the Operator; of the HECHP units connected to the grid and their clearing services; of RES and HECHPs units within the framework of the system of guarantees of origin; and obligations of all Energy Exchange participants in regard to clearing of their obligations towards DAPEEP.

The Electricity Forward Products Market Code, codifies previous amendments of the NOME Code, also regulating replacement of LAGIE by the Energy Exchange in its role as the operator of the electricity term products (with physical delivery) market, but also rights and obligations of all participants to the primary and secondary forward products market (with the eligible suppliers and traders as buyers, and the Public Power Corporation as the seller) as well as the rules of the NOME auctions.

Electricity Transmission System Management Code was amended predominately for the implementation of the law on Energy Exchange (n. 4512/2018) and the law on the new RES and HECHP support scheme (n. 4414/2016), but also to regulate the operation of the Electricity Transmission System and its Operator during the transition period until the beginning of functioning of the Target Model.

During the next months, it is expected that the regulations of the 4 markets of the Energy Exchange (day ahead, intra day, forward and balancing), which was subject of the July public consultation, should be finalized and approved.



Electricity

New Greek Transitory Flexibility Mechanism Approved

by Mira Todorovic Symeonides (Athens)

On 6 September 2018, the European Commission published the Decision, issued on 30 July 2018, not to raise objections regarding the notification of Greece in case SA.50152, of the state aid scheme to be provided through the new Transitory Flexibility Mechanism. In 2016, the Commission approved the first Greek Transitory Flexibility Remuneration Mechanism in case SA.38968 (2015/N). Flexibility Remuneration Mechanism aims at compensating certain electricity generators in the Greek interconnected electricity system for the provision of "Flexibility services" to the TSO. In particular, upon instruction from the TSO and subject to a specified notice period, beneficiaries increase or decrease the amount of electricity injected into the electricity system at a specified minimum rate on a multi-hour time-scale.

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On 3 August 2018, by virtue of article 41 of the law n. 4559/2018 (published in the Official Journal A' 142/2018), the new Transitory Flexibility Mechanism (as approved by the European Commission) was introduced. The maximum duration of the Mechanism is until 31 December 2019 or until the long-term Mechanism of compensation for sufficient capacity is introduced, should that occur earlier. The designated duration of the Transitory Flexibility Mechanism is divided into two periods: a) from the effect of this law until 31 March 2019, and b) from 1 April 2019 (date of the planned commencement of operation of the Electricity Exchange) until 31 December 2019. The mechanism should also continue to apply after the introduction of the target model for the period from April 2019 to December 2019, in order to allow market participants to familiarise with the new market structure. However, during the second period the auctions will be organised with a different design as it will run in parallel with the Electricity Exchange. Thus, actual remuneration will be calculated on the basis of the participants' offers (pay-as-bid pricing algorithm). The auction price will be capped at 39.000€/MWh while the maximum volume of the mechanism will be 4500 MW.



On 30 August 2018, the Regulatory Authority for Energy (RAE) issued decision no. 80/2018 (Official Journal B' 3974/2018) on Amendments of the provisions of the Code on Management of the Transmission System in regard to the Transitory Flexibility Mechanism, by which it regulates the issues required for the implementation of the Mechanism. Among other it regulates that after the beginning of operation of the Electricity Exchange demand response and storage will be able to participate in the market and thus it should increase the overall flexibility of the system. The first auction for the Transitory Flexibility Mechanism is scheduled for 28 September 2018.

Oil & Gas

Code on Supply of Natural Gas

by Mira Todorovic Symeonides (Athens)

On 1 June 2018, the Code on Natural Gas Supply, issued by the Minister of Environment and Energy on 30 May 2018, was published in the Official Journal B' 1969/2018. For the first time, the Code regulates the obligations and rights of the natural gas suppliers and their clients (consumers), during the negotiation and conclusion of the supply agreements, as well as during the implementation of contractual obligations and change of supplier. The application of the Code is not limited only to the supply of natural gas within the natural gas transmission and distribution grid. It should be noted that the Code is very similar to the Electricity Supply Code, applicable since 2011.

The Code distinguishes different categories of clients, particularly Household clients and not-Households clients; the second category includes commercial clients, industrial clients and producers of electricity. Sub-categories may include clients who use natural gas for cogeneration or for heating/cooling, or those not within the reach of the transmission or distribution system, while Special categories include different types of vulnerable consumers. Particular attention is placed upon the conclusion of supply agreement (form, content of the agreement, and procedure); termination of the agreement by supplier; issuing and content of bills; and principles of communication with the clients including claims handling. Household clients should also enjoy additional protection which includes: additional documents and information required for the conclusion of supply agreement; limited reasons for which a supplier may reject to conclude supply agreement; limitation of amount of guarantee a supplier may request; guaranteed duration of the offer; and minimum/maximum duration of the supply agreement (being 12/24 months respectively).

RAE's Decision on the Security of Natural Gas Supply

by Andriani Kantilieraki (Athens)

On 6 July 2018, Regulatory Energy Authority's (RAE) decision n. 500/2018, regarding the approval of the Preventive Action Plan for the development of security measures in the sector of natural gas supply, was published in the Official Journal B' 2672/2018. With the aforementioned decision, RAE approved the Preventive Action Plan in accordance with the provisions of articles 8 and 9 of the Regulation n. 1938/2017 of the European Union which repealed Regulation n. 994/2010. The main goal of this process is the utilisation of appropriate measures, infrastructure networks and bilateral agreements in order to safeguard the security of gas supply.

According to the provisions of article 12 of the law n. 4001/2011 (Official Journal A' 179/2011), the RAE is the competent authority for the drafting and approval of the Preventive Action Plan which stipulates the necessary measures for the eradication or diminution of any dangers which may arise in regards with the security of supply in the gas sector. In order to approve the Plan, RAE first launched a public consultation on the matter on 6 February 2018 which lasted for 20 days, and took under advisement the remarks

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made by major players and institutions in the energy market (such as the Public Power Corporation, the Hellenic Gas Transmission System Operator, the Public Gas Corporation etc.).

Following the public consultation, RAE took special note of the Risk Assessment Study for the years 2017-2020 which was completed in September 2017. Based on the aforementioned study, RAE conducted a thorough examination of the risks that could affect the security of supply and analysed 20 scenarios of possible disruptions in the chain of demand and supply of natural gas in the case of a sudden crisis in the market. Consequently, RAE determined the course of feasible actions for the support of the gas market, evaluated the effectiveness of previous measures for the reduction of the risk and developed a model of Multiple Criteria Decision Analysis for a detailed evaluation of the risks involved as well as the prioritisation of possible measures. Finally, while drafting the Plan, RAE included a brief description of projection data for demand and supply of natural gas, presented possible scenarios, examined the application of the infrastructure Rule – N1, evaluated the strategic actions for the enhancement of security and presented a series of alternative measures to that end.

Code on Natural Gas Licenses

by Mira Todorovic Symeonides (Athens)

On 17 August 2018, the new Natural Gas Licenses Code was published in the Official Journal B' 3430/2018, following the 8 August 2018 Decision of the Minister of Environment and Energy, and replacing the previous 2010 Natural Gas Licensing Code. The Code regulates the process for issuing of the following licenses: a) Independent natural gas (transmission) system license; b) Management of the independent natural gas system license; c) Distribution license; d) Management of natural gas distribution network license; and e) Natural gas supply license. A supply license is not required for import, export and sale of natural gas to a supplier or a wholesale client, but traders should, in order to conclude agreements with the Natural Gas TSO (DESFA) for transportation of natural gas and/or use of LNG or storage facilities owned by DESFA, be registered at the Register of the National Natural Gas Transmission System (ESFA). Apart from commercial capital companies, Energy Communities are also entitled to obtain natural gas supply license.



The Minister of Environment and Energy is responsible for the organization of competitive procedures for granting of licenses for an Independent natural gas system or for Management of an independent natural gas system or Distribution license, if more than one applicant is interested for the same geographic area (municipality or several municipalities). In addition, competitive procedures are organised for granting of license to an Independent natural gas system if a) its construction is necessary to support the public interest such as security of supply, environmental protection and/or regional development; b) more than one application has been submitted; or c) granting of such license to the single applicant may adversely affect competition, particularly if it favors creation of dominant position on the market or adversely affects development.

Sale of Shares in EDAs, EPAs and DESFA

by Ifigeneia Argyri (Athens)

On 13 July 2018, Public Gas Corporation of Greece (DEPA) and Attiki Gas B. V. (Attiki Gas), a full subsidiary of Shell Gas B.V., entered into a Share Sale and Purchase Agreement, (SPA) by which DEPA purchased from Attiki Gas B.V 49 % of the share capital of Gas Supply Company of Attiki (EPA Attiki) and Gas Distribution Company of Attiki (EDA Attiki). The SPA was signed at the headquarters of DEPA and the acquisition price of EPA Attiki rose up to 39€ billion, while the acquisition price of EDA Attiki was 111€ billion. It should be mentioned that the transaction integration is conditional upon the approval Decision of the Hellenic Commission Competition.

Furthermore, on 20 July 2018 the closing of the sale of 51 % of the share capital of Zenith, the Gas Supply Company of Thessaloniki and Thessalia, to Eni Gas e Luce S.p.A. (EGL) with the simultaneous transfer of 51 % of the share capital of Public Gas Corporation of Greece (DEPA) to EGL took place. The aforementioned transfer of shares was effectuated on the basis of the relevant SPA between DEPA and EGL, which was signed on 16 May 2018. Subsequently Zenith is now fully owned by EGL. It should be noted that the SPA was signed after the approval of the Hellenic Commission Competition by virtue of Decision dated 12.07.18 and the selling price was finalized to 57€ billion (including the dividend of the fiscal year 2017).

After the closing of the above sale, DEPA will fully own EPA Attiki and EDA Attiki. and the Public Gas Distribution Company for areas other than Attiki, Thessaloniki and Thessalia (DEDA) as well as 49% of EDA Thessalonikis – Thessalias.

Finally, on 20 July 2018, the signing of the sale of 66% of the share capital of DESFA (31% for the Hellenic Privatization Agency (TAIPED) and 35% for Hellenic Petroleum) to the joint venture "SENFLUGA Energy Infrastructure Holdings SA" of Snam SpA, Enagás International SLU and Fluxys SA for a total consideration of € 535 million also took place. The SPA was signed after the Court of Audit's approval, while the approval of the Hellenic Commission Competition had already been ahead. The transaction is estimated to be

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completed till the end of the year. DESFA should support the further development of the National Gas System by investing in major infrastructure projects. In particular, DESFA will conduct a business plan worth of € 335 million until 2023. Finally, the next step in reformation of energy market will be the unbundling of DEPA into a commercial department and a part of infrastructure and networks, where the latter will maintain its presence.

Infrastructure

Operation of Remote Distribution Networks with CNG or LNG

by Paraskevi Res (Athens)

On 10 August 2018, RAE's decision no. 643/2018 regarding the terms and conditions of operation of the remote distribution natural gas networks with compressed (CNG) or liquefied natural gas (LNG) was published in the Official Government Gazette (B' 3334/2018). Through its decision, RAE opens the way for distribution of natural gas from the main gas pipeline to remote areas, such as some Greek islands, East Macedonia - Thraki, Central Macedonia and other areas not covered by the distribution network, a project which will be realised by the Public Natural Gas Distribution Network for the Rest of Greece Operator (DEDA). DEDA was established in 2017 as a 100% subsidiary of the Public Gas Corporation (DEPA) and operates in all Greece, except the areas currently covered by the gas distribution network i.e. Attiki, Thessaloniki and Thessalia.

According to the Decision, DEDA may manufacture Remote Distribution Networks within its Distribution License Area. All provisions of the Natural Gas Distribution System Operation Code (Official Journal B' 1507/02.06.2018) and the respective Natural Gas Distribution Pricing Regulation (Official Journal B' 3067/2016) apply to the remote natural gas networks. DEDA should develop a Remote Distribution Network on the basis of a five-year development program which is updated annually. The Operator is required to provide access to Distribution Users at each Entry Point of the Remote Distribution Network in the most cost-effective, transparent way without discrimination between Distribution Users or Final Customers. Further, according to the Decision, the Operator must guarantee that third party access conditions to the Remote Distribution Network's decompression / gasification facilities are based on the above principles.



The gas supply to the Remote Distribution Network can be provided either by direct access to Distributed Users at its Entry Points or by the Operator in the context of the Virtual Network. In case the Operator makes proposal on the direct access of the users at the Entry Points of the Distributed Distribution Network, the submission to RAE should also include: a) Users' access rules to the decompressor or gasifier; b) Operations of the Operator to ensure minimum pressure and gas quality specifications; and c) Operations of the Operator to ensure the security of gas supply to Final Customers, including in particular the required temporary gas storage facilities as well as special terms in the User Agreement with the Users operating on it.

Regarding access to the CNG Virtual Remote Distribution Network, it is worth to be noted that the Compressed Natural Gas (CNG) decompression installation and the respective installation of the distribution network, which is installed to supply more than one End-User, does not constitute a Distribution Network Entry Point but is considered as a continuation of the Distribution Network. Also, the output of a metering device through which Natural Gas is injected from the Distribution Network to a Natural Gas Compression Plant is not considered as a Delivery Point of the Distribution Network as defined in the relevant Code for quantities related to the CNG Virtual Pipe. The Operator holds but is not the owner of Natural Gas during the entire process of compression, CNG transfer and decompression of Natural Gas. The Operator further ensures that natural gas imported into the Remote Distribution Network has the same properties as the existing Distribution Network. The Operator receives compressed natural gas or compressed natural gas or transportation services by means of a tender. The Administrator's report includes a suggestion regarding the terms and criteria of the competition as well as the maximum unit price, per kWh and kilometer distance.

Furthermore, in the case of Virtual Pipe gas supply approval, RAE approves the maximum price per kWh, staged according to the kilometer distance for the service of the CNG / LNG Virtual Pipe for the next calendar year. The methodology for determining the maximum value is cost oriented.

RAE may impose additional conditions on the Operator for the construction and supply of a Remote Distribution Network, such as installing a second, backup depressor or a backup generator for uninterrupted gas supply of the decompressor. In case of approval of the Development Program for the construction of a Remote Virtual Distribution Network, the Operator shall immediately initiate a tender procedure, distinct for each Remote Distribution Network, and inform the Authority of the results. The Operator, who prepares the next Development Programs should consider connecting Remote Distribution Networks with pipeline, and propose the connection if the criterion of economic efficiency is met.

Greece

RES & Energy Efficiency

Registration of ESCO Companies and their Code of Ethics

by Andriani Kantilieraki (Athens)

On 6 July 2018, the Ministerial Decision no. 176381/2018 of the Minister for Environment and Energy was published in the Official Government Gazette (B' 2672/2018). The decision concerns the operation and registration of Energy Service Companies (ESCOs) providing energy related services in accordance with the definition provided by law no. 4342/2015. The Ministerial Decision lays out the structure of the ESCO Registry, the competent authority responsible for its organisation and the process for registration. The Decision further determines the scope of energy efficiency services executed by the ESCOs that are included in the respective registry and lays out the Code of Ethics for the operation of ESCOs.

In more detail, the Decision stipulates that energy related services include the following activities: installation, replacement, upgrade, maintenance and regulation of parameters for the operation of electromechanical gear and lighting, upgrade of buildings' energy efficiency, installation of energy management systems and RES systems. All the companies which provide such services may be registered and shall be divided into two categories: companies which provide the services on the basis of Energy Performance Contracting (EPC) and companies which provide the services on the basis of a different type of contractual agreement.

The Decision also set forth the Code of Ethics for the operation of ESCOs, according to which ESCOs undertake the following (among others) obligations, i.e. to: employ staff with adequate experience in the energy sector, use clear and understandable terms in their contracts and offers for the provision of their services, offer high-quality intervention services for the improvement of energy efficiency, comply with the legislative regime and provide consumers with the necessary instructions for the proper operation and maintenance of the equipment.



Licensing Procedure for the Representation of RES Producers

by Paraskevi Res (Athens)

The Regulatory Authority for Energy (RAE) issued a decision (no. 640/2018) on the procedure for the licensing for the activity of Representing RES producers on the electricity market, which was published in the Government Gazette B' 3410/2018 on 10 August 2018. In particular, with this decision RAE states that until the adoption of the Regulation on Licensing of Representatives of Participants in the Electricity Market, the provisions provided for in Article 134 of Law n. 4001/2011 and the Electricity Supply and Trade Licensing Regulation shall apply mutatis mutandis in the procedure for the granting, modification and revocation of licenses for the activity of Representing RES Producers by Cumulative Representation Bodies.

The application for license for Representation of RES Producers should include the requested capacity corresponding to the total capacity of the respective RES Producers, which the potential Cumulative Representative is about to represent in the electricity market and be accompanied by all the documents and data specified in the Electricity Supply and Trade Licenses Regulations and its Annexes relating to electricity trading as well as proof of the payment of the foreseeable fee under Article 38 of Law 4001/2011.

Licensing Procedure for the Representation of RES Producers in the Electricity Market

by Paraskevi Res (Athens)

The Regulatory Authority for Energy (RAE) issued a decision (no. 640/2018) on the procedure for the licensing for the activity of Representing RES producers on the electricity market, which was published in the Government Gazette B' 3410/2018 on 10 August 2018. In particular, with this decision RAE states that until the adoption of the Regulation on Licensing of Representatives of Participants in the Electricity Market, the provisions provided for in Article 134 of Law n. 4001/2011 and the Electricity Supply and Trade Licensing Regulation shall apply mutatis mutandis in the procedure for the granting, modification and revocation of licenses for the activity of Representing RES Producers by Cumulative Representation Bodies.

The application for license for Representation of RES Producers should include the requested capacity corresponding to the total capacity of the respective RES Producers, which the potential Cumulative Representative is about to represent in the electricity market and be accompanied by all the documents and data specified in the Electricity Supply and Trade Licenses Regulations and its Annexes relating to electricity trading as well as proof of the payment of the foreseeable fee under Article 38 of Law 4001/2011.

Serbia

Infrastructure



MoU on Energy Sector Development between Serbia and RS

by Vuk Stankovic (Belgrade)

On 29 August 2018, the Government of the Republic of Serbia and the Government of the Republic of Srpska signed in Trebinje a Memorandum on Cooperation in the field of energy, which among others envisages the construction of two hydro power plants (HPP Foca and HPP Paunci) positioned on the Drina river with a total capacity of 90 megawatts. The aforementioned investment, costing around EUR 200 million, represents the first energy related joint venture project between the two neighbouring counties. In accordance with the official records, HPP Foca will have an installed capacity of 44.15 MW and an average annual generation of 175.9 GWh of electricity, whereas HPP Paunci will have an installed capacity of 43.21 MW and an average annual output of 166.9 GWh of electricity. The project is estimated to commence in late September 2018.



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