

# March (1) 2006 issue of Balkan Energy NEWS, with limited data

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**Tenders:** (Electricity, Nuclear, Oil and gas, Wind)

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## Balkan Energy NEWS publication

Balkan Energy NEWS service provides energy related news from countries of South East Europe. Covered countries are Albania, Bulgaria, Bosnia & Herzegovina, Croatia, Greece, FYR Macedonia, Montenegro, Romania, Serbia, Slovenia and Turkey. Besides all regional energy related news, we are giving you in each issue one market analysis and review of the tenders announced and held in this area. You will be also able to see review of energy market data and relevant power exchanges.

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1022	Slovenia	2008	1153	1083	978	828	1118
1104		2010	12287	1083	991	1054	941
1077		2011	12590	955	1051	1127	997

Annual electricity consumption in GWh							
	Year	Sum	1	2	3	4	
16	1120	2007	11182	1027	891	953	850
95	1089	2008	11570	1094	998	1012	911
31	1054	2009	10994	1099	932	963	816
00	1156	2010	11722	1074	979	1016	910
86	1187	2011	12186	1155	1038	1075	938

## Country Reports on Energy Business in South Eastern Europe

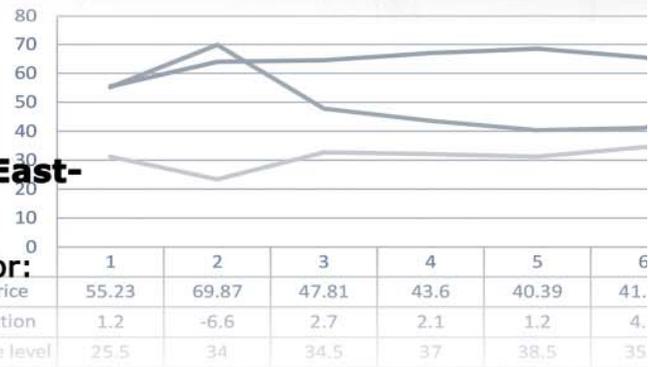
Country reports provide detailed overview of energy sector:

- Overview of the electricity market,
- Consumption, production and export characteristics
- Actualities - hot topics
- Key market players,
- Legislation and electricity market opening
- Electricity prices and tariffs,
- Potentials for investments in power generation,
- Privatizations in power industry
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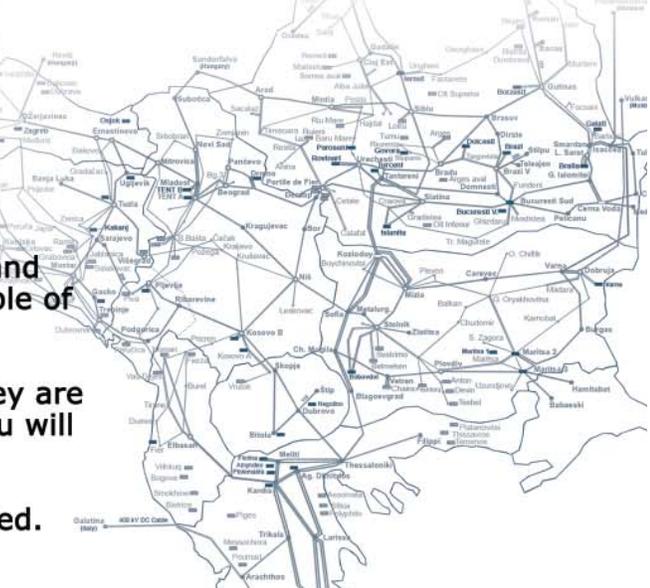
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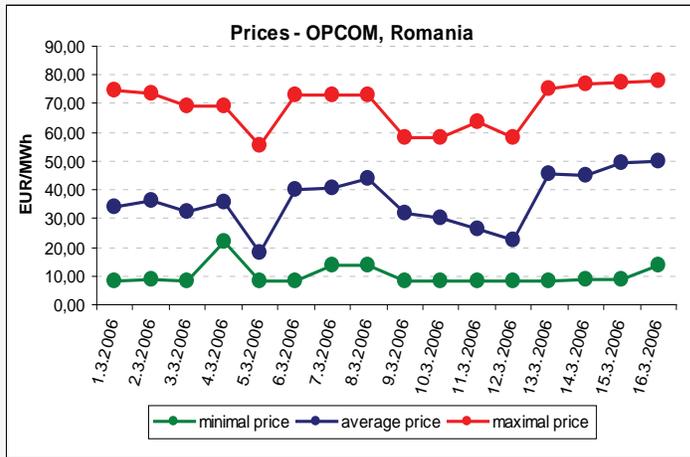
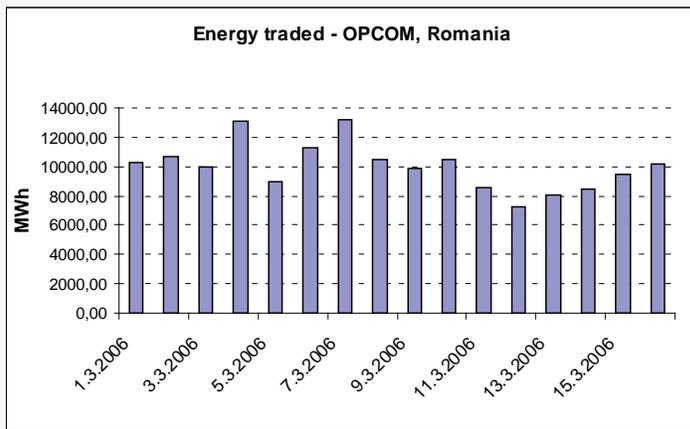
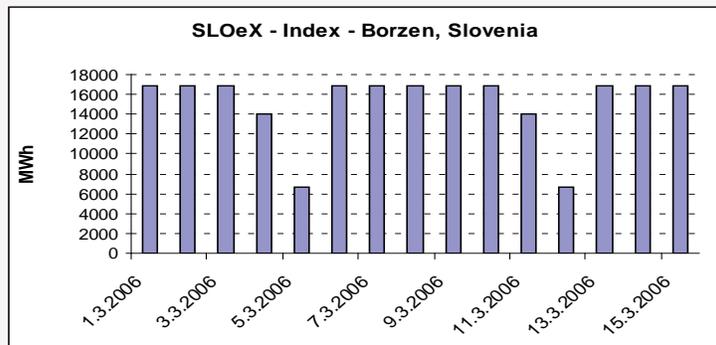
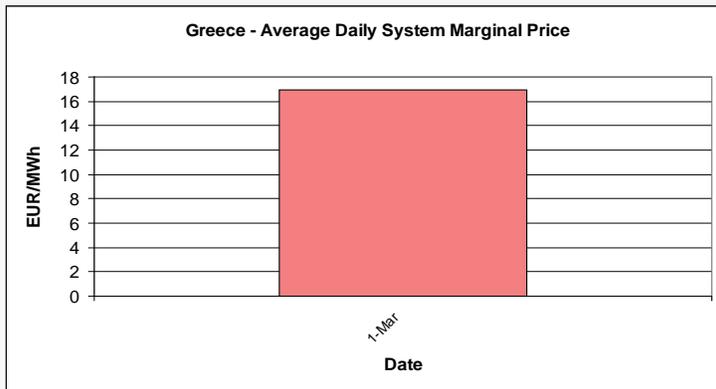
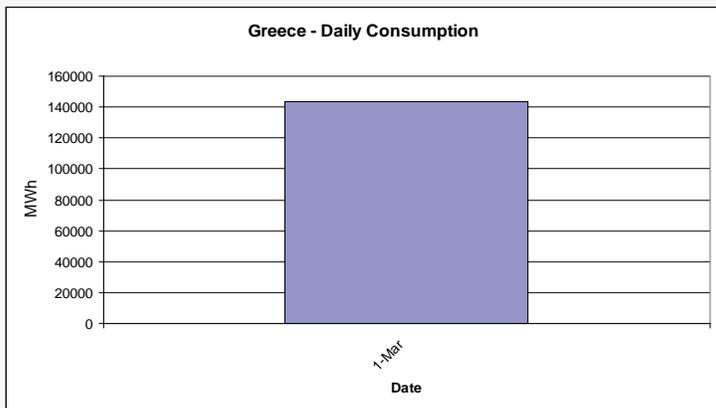
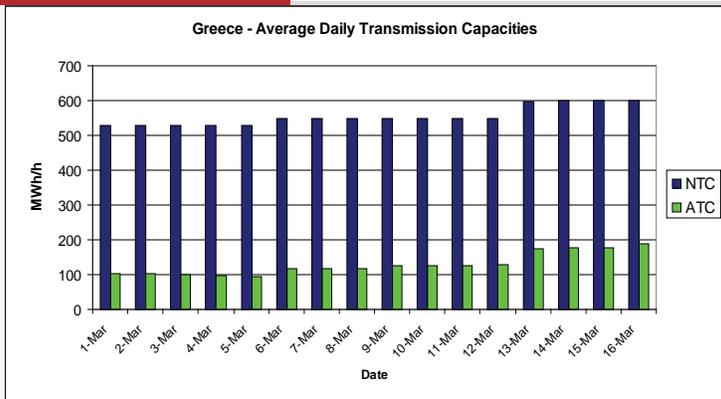


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**Power exchanges data:**



**Analysis:**

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**Review of Power Sector in Croatia.**

This is short intro-sample of the full report "Analysis of Power Sector in Croatia" from SEE Energy Assessment. Full report contains 31 pages. For more info about full report visit [www.seeea.net](http://www.seeea.net)

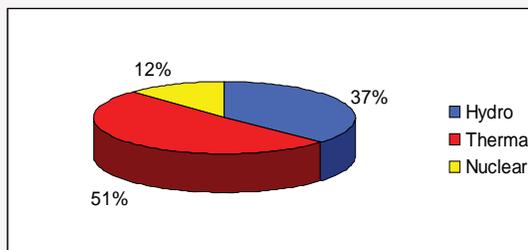
**Croatia**

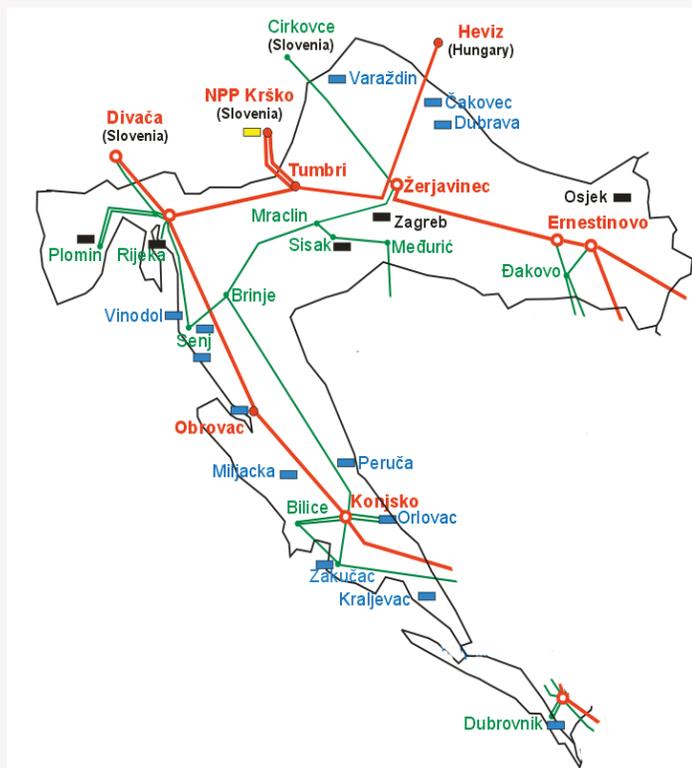
Area: 56,500 sq. km.  
 Population: 4.7 mil  
 Currency: 1 EUR = 7.44 Croatian kuna  
 Installed capacity:

- Hydro 2071 MW
- Thermal 1603 MW
- Nuclear 338 MW

Electricity consumption (2003): 15,527GWh

Generation structure:



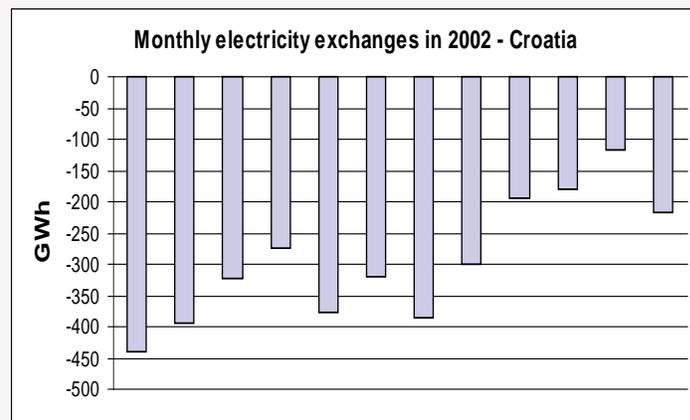
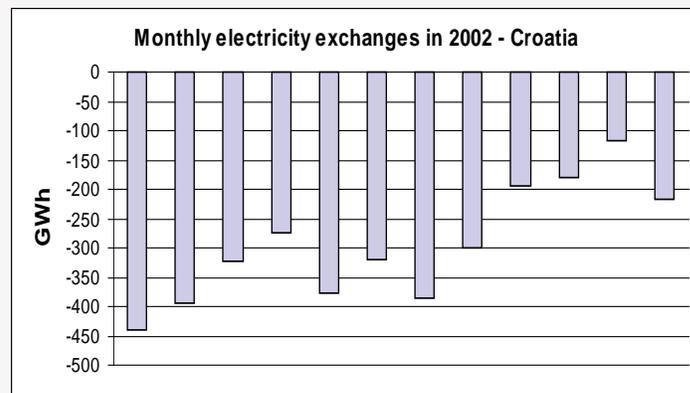
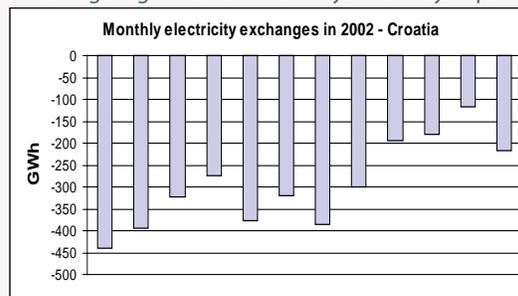


Electricity consumption in Croatia is still lower than it was before war in 1991, but it is increasing rapidly with annual growth rate of about 4%. The increase of electricity consumption will continue with about 3-4% per year. Croatian power system is well interconnected with neighboring countries and it has great transit significance. GDP in Croatia is significantly higher than in other countries in the region and consequently electricity prices are significantly higher. Electric power utility company is HEP ([www.hep.hr](http://www.hep.hr)) and it is separated into three companies: HEP Generation, HEP Transmission and HEP Distribution. Under privatization act, at least 51% of HEP will remain government owned. Electricity market is opened for those consumers with annual consumption over 20GWh and all consumers connected directly to the transmission network. Diagram Cro. 1 in full report shows the electricity consumption in Croatia in past 10 years.

Thermal power plants in Croatia are mostly oil/natural gas fired because coal reserves and production are very low. The only coal fired power plant is TPP Plomin 1 and TPP Plomin 2 with overall capacity of 315 MW. HEP entered into a Joint Venture Agreement with RWE for completion of TPP Plomin 2 in 1996. In that moment power plant has been partially constructed. RWE received 50% of the ownership in new TPP Plomin 2 based on invested capital and loan proceeds received from German banks. RWE was responsible for completion of construction of Plomin 2 power plant and for its operation for the subsequent 15 years. RWE is entitled to an annual return during the term of the joint venture of 14% to 17% on invested capital (depending on the availability of the power plant during the year). HEP is obliged to purchase all energy produced by TE Plomin at prices calculated in accordance to the power purchase agreement, which is designed to cover all costs of operations of TPP Plomin and to ensure the guaranteed return on capital to RWE. Installed capacity of TPP Plomin is 210 MW with annual generation of 1200 GWh. It started operation in September 1999

Hydro power plants have major share in the structure of installed capacities in Croatia. Together with small hydro power plants, there are 30 hydropower plants in Croatia. Most of hydro power plants are reservoir type what gives them ability to accumulate water and flexibly control generation. All HEP Generation hydro power plants received a certificate in 2003 of a hundred percent electricity production from renewable sources, i.e. "green energy". Croatia has big imports of electric energy. The reason for that are insufficient generation capacities.

Following diagrams show monthly electricity imports of Croatia



The continuous multi-year growth in electricity consumption makes the construction of new sources a fundamental task of HEP. To fulfill plans, it is planned to construct 2000 MW of new installed capacities. By 2008 it is planned to construct and put into operation a combined-cycle co-generation unit fired by natural gas (100 MWe, 750 GWh/80 MWt, 250 GWh) in the existing location of TE-TO Zagreb and a hydro power plant Lešće (42.29 MW, 98 GWh). In the period after 2008, it is planned to construct two combined-cycle units (250 MW, 50 MWt) in the locations of the existing thermal power plants Sisak and Osijek. It is also planned to construct a replacement unit which will use coal (500 MW) in the location of Plomin thermal power plant. Of the hydroelectric facilities, in the next period it is planned to start preparation for the construction of Podsused (43 MW) and Drenje (39 MW), both on the Sava River in the broader Zagreb area. In addition, there are options to construct another unit in HPP Dubrovnik that can use available water efficiently due to very high water drop through pipes.

Croatia has good potential for renewable energy sources. Incentives to renewable electricity generation can be expected soon. Financial incentives are foreseen for privileged producers like small HPPs < 10 MWe, Wind, Biomass, Solar, geothermal and CHP. Incentives are going to be performed with no involvement of public budget into the incentive mechanisms. Under new incentives, share of new renewable sources

The first wind power plant in Croatia was put into operation, VE Ravni 1, on the island of Pag, of the total capacity of 5.95 MW. The project was carried out by private investor with whom HEP has entered into long-term power purchase contracts. Latest governmental decisions do not look favorably on desirability of wind-power development on Croatia's tourism dominated coastline what could eliminate construction of new wind power plants on the coast itself. They believe that wind power generators could have negative influence on tourism, which brings the biggest incomes to from abroad to Croatia.

Resynchronization of I and II UCTE zones on October 10th 2004, has been carried out by national dispatching center in Zagreb. Resynchronization was delayed due to waiting for completion of 400 kV transformation stations Žerjavinec and Ernestinovo and repair works on 400 kV line Konjsko (Croatia) – Mostar (B&H) damaged during the war activities in 1991.

The Croatian electricity system is of great transit importance for electricity supply in other countries in the vicinity of Croatia. Especially situation in Slovenia is highly influenced by transit possibilities of Croatia. Transmission network suffers a lot because of huge difference between contractual and actual power flows. With construction of double 400 kV line between Croatia and Hungary in 1999, transits through Croatia increased significantly. Transits were significantly increased again after resynchronization of I and II UCTE zones. Long term transmission network development strategy predicts abandonment of 220 kV voltage level and replacement of all 220 kV lines with 400 kV lines. Plans for new interconnection lines include 400 kV lines: B. Luka (B&H) – Zagreb (CRO) and Ernestinovo (CRO) – Pecs (HU).

## News:

### NIS one of the largest companies in Middle Europe (Region).

Polish business newspaper Puls Biznesu, with help by other members of Bonnier group, has made a list of the most successful companies in Middle Europe.

The list has based on the income reports in 2004th of 25 the best companies from 13 transition countries.

On the top of the list is Polish oil concern Naftowy Orlen with over 10 billion euros of income, second ranked is Hungarian MOL (7,9 billion euros), third is Czech Skoda (5,1 billion), Naftagaz from Ukraine is fourth (4,8 billion), Polish grid operator Elektroenergetyczne (PSE SA-3,9 billion) is seventh on the list, and Czech CEZ with 3,2 billion euros of incomes is tenth ranked company on the list.

Oil industry of Serbia (NIS), with 2,45 billion euros of incomes was 18th ranked company in Middle Europe and the best from the Balkan region, from where 10 companies are among 100 first companies the list. One place below NIS, is Oil industry of Croatia (INA) with 2,35 billion euros of incomes.

Other companies from the region took following places on the list:

23. Petrom SA from Romania with 2,19 billion euros

28. SC Electrica SA from Romania with 1,99 billion euros

70. ROMPETROL RAFINARE SA from Romania 1,18 billion euros

85. Power utility of Croatia (HEP) Ltd from Croatia with 998, 234 million euros

141. PETROL AD Bulgaria- 515, 081 million euros

147. BULGARGAZ EAD Bulgaria -488, 794 million euros

159. HEP Distribution division Croatia -442, 485 million euros

176. Nuclear power plant KOZLODUY PLC Bulgaria -356, 565 million euros

189. Thermal power plants NIKOLA TESLA Serbia 331, 595 million euros

187. HEP Production division Croatia – 333, 538 million euros

239. Power distribution company Belgrade Serbia- 206, 028 million euros

256. LUKOIL NEFTOCHIM BURGAS EAD Bulgaria 184, 025 million euros

265. LUKOIL BEOPETROL Serbia -162, 669 million euros

276. ELEKTORAZPREDELENIE STARA ZAGORA AD Bulgaria -143, 519 million euros

291. ELEKTORAZPREDELENIE VARNA EAD Bulgaria -114, 962 million euros

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### AMBO director in visit, government asked for new route of AMBO pipeline (Albania).

President of AMBO, the company in charge for construction of oil pipeline through Albanian, Bulgaria and Macedonia, has visited Albania in the beginning of March.

Head of AMBO has discussed the several issues of Trans- Balkan pipeline with the Albanian authorities.

According to the Albanian ministry of industry and trade, president of AMBO has discussed on the exact route of the pipeline on the Albanian soil from the port of Vlora, located on the southern part of Albania on Adriatic shore, toward the Macedonian border.

According to the vice-minister of industry and trade, Albanian side wants to change original route of the pipeline on its soil due to environmental reasons. Albanian authorities want to move the pipeline from Vlora to another shore point and in the same demanded new environmental study on impact of the pipeline.

Changes in government policy Albanian media have characterized as national treason in the moment when AMBO company expected final consent from Albania for the start of the project.

Although new government declared to be very interested in AMBO project, it is not ready to build large-scale industrial zone in Vlora, which was predicted by former government.

The government will be in difficult situation trying to keep the electoral promises regarding the canceling many of projects in industrial zone in Vlora and to fulfill obligation toward foreign investors regarding construction of thermal power plant (600 MW power output), oil refinery and storage facilities in area of Vlora.

A month ago, representatives of World Bank warned the government that they would cancel funding of investments in electricity and infrastructure projects if government has canceled the construction of thermal power plant in Vlora.

Some other sources in Albania claim that Albanian prime minister Sali Berisha was against AMBO pipeline not only due to environmental rea-

sons. Sources believe that prime minister has been supporting Russian interests instead of American ones.

The AMBO pipeline project (Albanian, Macedonian, Bulgarian oil) was initiated in 1996th in order to build the alternative supply route for oil from Caspian region. The construction of 950 km long pipeline, two pumping stations in Bulgaria and another station for lowering the oil pressure in Albania should be finished in 2009th.

The worth of the project is estimated at 1,3 billion dollars, while AMBO has managed to provide 900 million dollars so far, according to the head of AMBO.

The construction works should start in this year after 10 year of preparation and diplomatic activities.

Few days after he visited Albania, AMBO president has sent the open letter to the Albanian authorities and public regarding the latest development of AMBO project.

According to AMBO president, project has reached stage when it is time to determine the final route of the pipeline in the detailed way. It would require that three host countries confirm their support for the project by agreeing on the terms and conditions of the 'Tripartite Convention' that will set the common conditions under which contracts between the Countries and the Developers can be signed.

The most important part of the process is the defining the pipeline route or 'Right of Way', is an 'Environmental and Social Impact Assessment', president pointed out.

President said that request made by the Albanian government to change the route of the pipeline in this stage of the project is not unusual; the AMBO has agreed to search alternative routes in Macedonia and Bulgaria too.

AMBO is ready to conduct the same Environmental and Social Impact Assessment for the location of terminal in Vlora port.

Nevertheless, head of AMBO pointed out that Vlora is ideal location for future terminal and that with new modern technologies, operations of such facilities is much safer than in the past and visual look of the terminal could be made in such way that it would have minimum impact to the holiday and hotel infrastructure in Vlora Bay.

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### **Increase in gas prices (Albania)**

According to the latest announcements, the price of liquefied gas in Albania will rise again.

The price on World markets reached 730 dollars per ton, and Albanian importing companies announced further increase in gas prices. Retail price for gas reached 1,11 euros per kg from 1,03 euros.

Many of Albanians used gas for heating during the cold wave in February. The interruptions in gas supply from Russia have affected gas market in Albania, sources say.

The importing companies have managed to find other sources in Europe, and thus avoided shortages of liquefied gas in Albania.

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### **Without power cuts in 2007th (Albania)**

Albanian minister of economy and trade promised that power customers in Albania would have uninterrupted power supply starting from

Government will take actions during this year to make possible achievement of the energy plan, minister said. Government should focus on two most important issues, the increase in domestic power production and finding of alternative import sources for electricity.

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### **Opening of bids for electricity import (Albania)**

Albanian power corporation (KESH) has published the tender for import of 1,436 GWh of electrical energy for period April-December in February, where the limit budget for import was 49,5 million euros. The bids have been opened on February 27th.

The following eight companies have submitted ten different bids:

#### 1. EFT - Serbian company

Option I with 20MW power in band

Lots	Period	Amount (GW/h)	Price/unit (Euro/Mwh)	Total price (EUR)
Lot I	01.04.06-30.06.06	42.96	37.8	1,623,888
Lot II	01.07.06-30.09.06	44.16	43.85	1,936,416
Lot III	01.10.06-31.12.06	44.16	46.25	2,042,400
Total		131.28		5,602,704

Option II with 30MW power in band

Lots	Period	Amount (GW/h)	Price/unit (Euro/Mwh)	Total price (EUR)
Lot I	01.04.06-30.06.06	64.42	42.8	2,758,032
Lot II	01.07.06-30.09.06	66.42	47	3,113,28
Lot III	01.10.06-31.12.06	66.24	51.15	3,388,176
Total		195.08		9,259,488

#### 2. EGL - Swis company

Lots	Period	Amount (GW/h)	Price/unit (Euro/Mwh)	Total price (EUR)
Lot I	01.04.06-30.06.06	109.2	45	4,914,000
Lot II	01.07.06-30.09.06	110.4	46.5	5,133,600
Lot III	01.10.06-31.12.06	110.4	46.5	5,133,600
Total		330		15,181,200

#### 3. Energy Holding - Romanian Company

Lots	Period	Amount (GW/h)	Price/unit (Euro/Mwh)	Total price (EUR)
Lot I	01.04.06-30.06.06	218.4	42.3	9,238,320

Lot	Period	Amount (GW/h)	Price/unit (Euro/Mwh)	Total price (EUR)
Lot II	01.07.06-30.09.06	220.8	42.3	9,339,840
Lot III	01.10.06-31.12.06	220.8	42.3	9,339,840
Total		660		27,918,000

#### 4. Ezpada - Czech Company

Lot	Period	Amount (GW/h)	Price/unit (Euro/Mwh)	Total price (EUR)
Lot I	01.04.06-30.06.06	87.36	44.22	3,863,059.20
Lot II	01.07.06-30.09.06	88.32	47.63	4,206,681.60
Lot III	01.10.06-31.12.06	88.36	52.58	4,645,968.80
Total		264.04		12,715,709.6

#### 5. GSA - Albanian Company

##### Option I

Lot	Period	Amount (GW/h)	Price/unit (Euro/Mwh)	Total price (EUR)
Lot I	01.04.06-30.06.06	21.84	40	873,600
Lot II	01.07.06-30.09.06	44.16	41.5	1,832,640
Lot III	01.10.06-31.12.06	44.16	43.5	1,920,960
Total		110.16		4,627,200

##### Option II

Lot	Period	Amount (GW/h)	Price/unit (Euro/Mwh)	Total price (EUR)
Lot I	01.04.06-30.06.06	43.68	42	1,834,560
Lot II	01.07.06-30.09.06	29.76	44	1,309,440
Lot III	01.10.06-31.12.06	0	0	0
Total		73.44		3,144,000

#### 6. Atel - Czech Company

Lot	Period	Amount (GW/h)	Price/unit (Euro/Mwh)	Total price (EUR)
Lot I	01.04.06-30.06.06	0	0	0
Lot II	01.07.06-30.09.06	22.08	43.47	959,817.6
Lot III	01.10.06-31.12.06	44.18	45.95	1,030,071
Total		66.26		1,989,888.6

#### 7. OST Electric - German Company

Lot	Period	Amount (GW/h)	Price/unit (Euro/Mwh)	Total price (EUR)
Lot I	01.04.06-30.06.06	218.4	41.5	9,063,600
Lot II	01.07.06-30.09.06	220.8	42.58	9,401,664
Lot III	01.10.06-31.12.06	220.9	43.85	9,686,465
Total		660.1		28,151,729

8. The Swiss Company Energy Enterprise offers 10 MW in band for 24 hours priced at EUR 47 MW/h

As shown in text above, offered prices vary between 37,8 euros per MWh to 52,58 euros.

According to the offered prices of electrical energy per lots, more than one company should sign supply contract with KESH.

Due to limited budget, KESH could bought entire amount of 1,436 GWh only if the average offered prices are equal or above 34,45 euros per MWh. This is not the case in this tender and KESH will be forced to purchase fewer amounts in this tender.

This was similar situation as in previous tender, when KESH canceled tender due to high prices and later it decided to sign direct supply contract at higher prices in December 2005th

The prices offered in the latest tender are the highest since 2001st when KESH bought small amount of electrical energy at 52 dollars per MWh due to emergency reasons.

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#### **Separation of TSO and KESH in June (Albania)**

According to the director of Albania's Transmission System Operator (TSO), liberalization of electricity market would take place within first six months in 2006th.

Director announced financial separation of TSO and KESH (Albanian Power Corporation) in June. TSO's independency would mark the end of KESH's monopoly in Albanian electrical energy sector, director said.

He added that Regulatory Energy Agency would approve during March both the demand of KESH for increase of electrical energy price for households' customers and demand of TSO for transmission fee of 0,7 eurocents per kWh.

The transmission fee would be paid by customers in order to achieve financial independence of TSO, director clarified.

In March, customers in Albania will start to pay higher price for electricity.

In the same time, KESH decided to reduce the limit for discount tariff from 210 to 180 kWh per month; the tariff for consumption below 180 kWh per month will be 4,5 eurocents per kWh. The tariff for consumption higher than 180 kWh will be 8,6 eurocents per kWh.

According to calculation made by KESH, average price of electricity in Albania will reach 6,8 eurocents per kWh, while in 2005th, average price was 5,7 eurocents.

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### **News from KESH (Albania)**

According to the official sources from Albanian ministry of energy, due to difference between the real costs of electrical energy and production costs, and due to debts of Albanian power corporation (KESH) to third parties (mostly private companies), overall KESH's debts have reached 25 million euros.

According to the data presented by statistical institute INSTAT, the losses in power network increased by 7 % in 2005th. The losses in distribution network increased by 12,2 % and it have comprised 88,7 % of overall amount of 2,347 GWh of electrical energy losses.

In the same time, KESH has decided to export the surpluses of the electricity as a deposit to the neighboring countries, especially to the province Kosovo during the first half of March. Director Kosovo Energy Corporation (KEK) confirmed import of 40 to 90 MW of electrical energy.

Electricity export, which happened because of improved hydrology, was seen as a part of new domestic and regional strategy of KESH.

One of the projects that is undergoing in this moment in KESH is the construction of power network by German Siemens financed by the loans of German KfW Bank.

The worth of the upgrade of the power network in city of Berat is estimated at 6,5 million euros.

Albanian minister of economy, commerce and energy has met the chairman of the KfW Bank. Minister demanded that every financial agreement in energy sector needed to be followed by government's approval.

KfW should support the construction of 110 kV Vlorë-Sarandë transmission line, 110 kV Gjirokastër-Korçë transmission line, transmission line that will cross Bulgaria, Macedonia, Albania and in a second phase Italy, and transmission line that would connect the country with Kosovo, the construction of hydro power plant in Kosovo as well as an interconnection power line with Prespa in Macedonia. KfW should also finance several projects related to renewable energy sources and improving the energy efficiency.

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### **Connection of two gas networks (Croatia & Bosnia and Herzegovina)**

European Bank for Reconstruction and Development (EBRD) announced that would support the construction of gas pipeline that will connect gas networks of Croatia and Bosnia and Herzegovina (BiH).

BiH's gas company BH Gas announced signing the letter of intention with Croatian oil company (INA) on construction of 40 million worth gas pipeline toward Croatia. The exact location of connection of two gas networks still has not been decided.

Croatian company Plinacro, in charge for the construction of gas networks, said that most likely location could be the Croatian city of Slavonki Brod, having in mind the current structure of two gas networks.

Chairman of Plinacro said that two other regional gas pipelines should be built prior the connection of Croatian and BiH's gas networks. He met the representatives of MOL Natural Gas Division regarding the construction of regional pipelines.

According to idea, Croatia would have to build the pipeline, 81 km long, between cities of Slavonki Brod and Donji Miholjac toward the Hungarian border near city of Dravszerdahely, while the Hungarian partners would build gas pipeline Dravszerdahely - Dupa - Pata - Szekes 215 km

Those pipelines could transport 1,5 billion cubic meters of gas, and it would make the possible the construction of new gas supply route toward Bosanski Brod in BiH.

According to Plinacro's chairman, two other possible connection points could be in western BiH, after finishing the regional pipeline Pula - Karlovac this year, and near city of Metkovic close to the southern border of BiH, which would be possible after construction of regional pipeline Bosiljevo-Split in 2010th.

Chairman pointed out that supply route to BiH through city of Slavonki Brod would not diversify the source of gas supplies, because only Russian gas could be transported, until potential finishing of Nabucco gas project.

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### **2,5 million euros of losses for Energopetrol in 2005th (Bosnia and Herzegovina)**

Sarajevo oil company Energopetrol, the largest distributor of oil derivatives in Bosnia and Herzegovina (BiH), has achieved the business loss of 2,5 million euros in 2005th.

The largest part of losses was related to the loan payments to the Union and HVB banks, and Triglav insurance company.

BiH's parliament has instructed the responsible bodies to carry out urgent inquiry in order to determine causes for poor business results.

In the same time, several hundred of employees of Energopetrol have protested in front of the government building in Sarajevo. The protesters demanded immediate settlement of the company's debts by the state as it was previously agreed. Workers said that it would not allow the bankruptcy procedure for the company.

They wanted to know what would happen with the recapitalization procedure for Energopetrol proposed by the government.

INA (Croatian oil company)-MOL consortium, the winner on the international tender for recapitalization of Energopetrol, has abandoned the process due to debts of the Sarajevo oil company, which were not presented in the tender documentation, INA-MOL officials said.

§ § §

### **New energy minister against the sale of Energopetrol to INA-MOL consortium (Bosnia and Herzegovina)**

New minister of energy, mining and industry in government of Federation of Bosnia and Herzegovina (BiH) confirmed that he would ask for cancellation of tender for recapitalization of Sarajevo oil company Energopetrol.

The best bidder in the tender procedure was INA (Croatian oil industry) - MOL consortium.

The minister, inaugurated in the end of February, said that solving the problems concerning the future of Energopetrol would be his priority. He pointed out that he opposed the current government strategy for the sale of the company.

Federal minister believes that it would be the best to settle the debts between state and the company by the special law.

Former energy minister has resigned due to problems in the privatization of Energopetrol, while workers and unions believe that new minister has been supporting the interests of OMV in the sale of Energopetrol.

OMV's offer in the tender was far below the one submitted by INA-MOL consortium.

INA and MOL offered to buy majority stake in Energopetrol, significant investments and keeping all employees, while OMV wanted to purchase only 25 the most profitable petrol stations and Energopetrol's office building in Sarajevo.

Until now, federal prime minister has supported signing the sale agreement with INA and MOL despite the strong opposition in house of representatives in federal parliament.

In the beginning of March, Energopetrol's workers have organized protests in front of government building in Sarajevo. They demanded to know whether the recapitalization of company would be continued.

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### **Qatar wants to build LNG terminal in Neum (Bosnia and Herzegovina).**

The state of Qatar has become the third interested party for the construction of liquefied natural gas terminal (LNG) in Adriatic Sea, i.e. in Neum in Bosnia and Herzegovina (BiH). Two other parties are consortium ALSCo and Alpi Adriatic that intend to build LNG terminal on island of Krk in Croatia and in Trieste gulf in Italy.

Authorities of BiH have been interested for construction of LNG terminal in Croatian port of Ploce in 1990s, from where gas would have been transported to Sarajevo. Due to problems in usage of Ploce port, BiH started to consider the construction of LNG terminal on its part of the coast.

Qatar has expressed the interest for the construction of larger terminal for supply of whole region and not only for BiH purposes. The main problem for realization of project could be lack of Energy strategy, BiH official said.

USA government and World Bank have invested more 590 million euros for the reconstruction of energy sector in BiH in period from 1996th until 2004th, while in the next several years another 200 million dollars should be invested. Having that in mind, BiH authorities decided to prepare the comprehensive strategy for development of energy sector.

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### **Austrians interested for wind farms (Bosnia and Herzegovina).**

Austrian company Wind Power, the largest wind power producer in Austria and one among the largest companies involved in wind power production in Europe, plans to build the wind farms near city of Mostar.

This was said in the letter of intention sent to the chairman of the Mostar. Austrian company pointed out that it has in its possession the study made in Tuzla University regarding the possibilities for construction of wind farms in three different locations near Mostar.

Authorities of city of Mostar are expected to reach the decision on regulations related to terms for the issuing of concessions for usage of natural resources.

§ § §

### **Refinery in Brod negotiate with several companies (Bosnia and Herzegovina)**

Israeli company Alon should make a statement regarding the establishment of joint venture with oil refinery in Brod by the end of the March, minister of industry, energy and development of Republic of Srpska (RS) entity in Bosnia and Herzegovina (BiH) confirmed.

The joint venture with strategic partner was the most likely option for restart of the production in oil refinery in Brod, minister pointed out. Nevertheless, minister said that joint venture with Alon might not be the only option for Brod refinery, having in mind the negotiations with some other interested companies. Minister did not want to reveal the names of those companies.

According to minister, government of RS would not initiate the privatization process for refinery immediately, but after voting the special law for privatization because refinery was vital for RS and BiH.

Overall debts of the Brod refinery reached 125 million euros. According to the proposal of government RS, future strategic partner will be obliged to pay refinery's debts, while government would invest facilities and lands in the future joint venture.

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### **Tender for restructuring advisor of Bulgargaz the end of March (Bulgaria).**

Bulgarian finance ministry has published a tender for the hiring an advisor for corporative restructuring of state-owned gas company Bulgargaz. The project budget is 450,000 euros.

All natural and legal persons from EU member states, Albania, Bosnia and Herzegovina, Bulgaria, Croatia, the Former Yugoslav Republic of Macedonia, Romania, Serbia and Montenegro and Turkey will be allowed to participate in the tender procedure under equal terms.

Each candidate (single company or leader of consortium) need to have 900,000 euros of annual income in the last two years and at least 15 staff members permanently employed. The deadline for the application of bids is March 31st.

The future advisor will be obliged to perform necessary analyses regarding the preparation for legal and organizational unbundling of Bulgargaz and the benchmarking in accordance to the experience of EU member states and accession countries.

Advisor will need to provide the assistance in improving the relevant legislation necessary to implement unbundling, to propose a plan for legal and organizational unbundling of Bulgargaz and to work out detailed trade regulations based on the EC Regulation on conditions for access to the Gas Transmission Networks.

The restructuring of Bulgargaz in accordance to EU regulations should be completed until end of this year. In February this year, executive director of Bulgargaz proposed the restructuring into holding company with two independent divisions, one in charge for trade, supply and transit of natural gas and another one in charge for transmission and storage of natural gas.

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### **Enel interested for NPP Belene (Bulgaria)**

Italian gas and water utility Enel has expressed the interest for participation in the project for construction of nuclear power plant (NPP) Belene

Enel is prepared to be strategic partner, Enel's manager for Balkans confirmed.

Enel's official said that Enel could be minority or majority shareholder in the future company that will be in charge for construction works.

He did not exclude an option for including the units 5 and 6 in NPP Kozloduy into the assets of that new company.

On the other hand, Bulgarian officials recently rejected that option, although original plan of Bulgarian of energy ministry proposed that option for new company.

According to plan, new company could be independent, where state would contribute with the existing equipment on the site of future NPP, while the second option was to include two 1,000 MW units in NPP Kozloduy into the assets of new company.

Enel's regional manager did not want to comment rumors regarding the signing of strategic contract with Russian RAO EES regarding participation in the Belene project.

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### **Nuclear fuel supplies form Russian guaranteed until 2020th (Bulgaria)**

After signing the contract between nuclear power plant (NPP) Kozloduy and Russian nuclear fuel company TVEL on March 8th, supply of nuclear fuel to Bulgaria would be guaranteed until 2020th. The contract was signed during the visit of head of NPP Kozloduy in Moscow.

The extension of the contract and guarantees for supply are seen as very important issue for Bulgaria, Bulgarian energy minister confirmed. New agreement has protective clause related to the pricing mechanism in order to protect Bulgaria in case of drastic changes in nuclear demand and supply.

New agreement is related to the supply of units 5 and 6, which should have expired in 2007th, until 2020th and for supply of units 3 and 4 until the planned decommissioning.

As different from previous contracts, TVEL was obliged to deliver, process and store spent nuclear fuel by the end of the operational life of units of 5 and 6 in NPP Kozloduy.

TVEL supplies 100 % of the nuclear fuel in NPP Kozloduy.

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### **Possible cancellation of electricity export in 2007th (Bulgaria)**

Bulgaria has been seriously considering option for cancellation of electrical energy export in 2007th after planned decommissioning of units 3 and 4 in nuclear power plant (NPP) Kozloduy in the end of 2006th.

Units 1 and 2 in NPP have been decommissioned in December 2002nd, while the shutting down units 3 and 4 (each 440 MW) has been negotiated with EU as a part of Bulgaria's EU accession obligations.

In the beginning of 2007th, NPP Kozloduy should operate only with units 5 and 6 (each 1000 MW), which would led to considerably reduced power production and power export, NEK's (National transmission system operator) officials confirmed.

In the last year, Bulgaria was fourth ranked power exporter in whole Europe, after France, Czech Republic and Poland. According to official data for 2005th presented by NEK, has sold 34,380 million kWh including 7,6 million kWh of export.

In November 2005th, International Atomic Energy Agency (IAEA) has estimated that direct loss for Bulgaria after shut down of two units would reach 734 million euros.

In order to answer the energy challenges in the future, NEK officials have presented new strategy for national energy strategy to the parliamentary committee.

According to strategy, alternative energy sources could not be operational until 2009th at earliest. Hydro power plant Tsankov Kamuk should be operational in two years, while Gorna Arda hydro cascade in the Rhodopes Mountain still needs to be finished.

Three new gas-fired and two coal-fired thermal power plants should be built in Bulgaria until 2020th according to the national energy strategy. The second Bulgarian NPP, the NPP Belene could be operational in 2012th at earliest.

Head of Energy Efficiency Agency believe that about 40 % of potential renewable energy sources in Bulgaria could be produced from biomass.

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### **Power producers demand price increase (Bulgaria)**

After the latest increase in coal prices, official from thermal power plant (TPP) Maritsa Iztok 2 and TPP Bobov Dol have demanded increase in prices at which they sell the electricity to the national transmission operator (NEK). This was confirmed by the State Energy and Water Regulatory Commission (SEWRC).

SEWRC's working group should reach decision on the price increase for two TPPs within the period of three months.

According to the announcements, new prices for TPP Bobov Dol, which is currently in the privatization process, could be introduced in April and for Maritsa Iztok 2 in the summer.

Head of TPP Bobov Dol did not want to comment the amount of increase, but experts estimate that the increase will be between 10 to 12 %.

Head of TPP Maritsa Iztok 2 also did not reveal the amount of the requested increase, yet he said that increase of coal prices in coalmine complex in Maritsa Iztok have increased by 5 % since the beginning of this year.

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### **PPC's offer for TPP Bobov Dol satisfactory, workers protest against the sale (Greece & Bulgaria)**

According to Greece media, Bulgaria's Privatization Agency (PA) announced continuation of negotiations with Greece's Public Power Corporation (PPC) regarding the sale of thermal power plant (TPP) Bobov Dol, after PA found PPC's offer more than satisfactory.

PPC has earlier filed the appeal to Bulgarian Supreme Court after PA has cancelled tender procedure for TPP in May 2005th due to low offered prices, where PPC was first ranked bidder.

PPC has offered 36,17 million euros for 51 % of shares in the company and another 34,8 million euros for capital stake increase.

The court decision regarding the appeal should be reached by the end of March.

In the same time, coalmines in Bobov Dol could be shut down if the privatization of TPP was delayed any further, PA executive said.

He presented the draft privatization contract for TPP to the trade unions.

be related to the privatization of coalmines and they announced large-scale strikes and protest if this was not the case.

The unions fear that lack of the obligatory condition for future owner of the TPP to buy coal from the coalmines in Bobov Dol and to invest in environmental project could lead to shutting down the coalmines when Bulgaria enters EU.

Bulgaria needs to adopt EU environmental standards until 2014th. It was estimated that TPP Bobov Dol would not meet the standards in this period, if it did not acquire funds for revitalization projects.

PPC has sent several letters of intentions concerning the acquiring of coalmines in Bobov Dol also. PPC is ready to sign supply contract with the coalmines after acquiring the TPP.

The coalmines had 20 million euros of losses in 2005th, while energy ministry recently rejected recovery business plan prepared by the management of coalmines.

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### **Unit 5 in NPP Kozloduy back in operation (Bulgaria)**

Unit 5 in nuclear power plant Kozloduy (1000 MW) that has tripped due to technical failure was put back in operation on March 10th after nine days.

The failure did not affect any problems in power supply in Bulgaria, energy minister confirmed.

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### **Koncar wants export wind generators (Croatia)**

In order to initiate production and provide references for export of wind generators, Croatian concern Koncar decided to construct the largest wind generator in Croatia. The prototype should be finished until end of 2006th.

Croatia has only one wind farm, which puts Croatia almost at the end of the list of wind power producers in Europe.

Chairman of the management board of Koncar said that company concluded, after following the development in energy sector in the World, that renewable energy sources (RES) in Croatia and World would play significant role in the future.

In the same time, Koncar has already been manufacturing majority of the equipment needed for construction of wind generators, i.e. generators, rectifiers, transformers, IT equipment etc. and it had been logical to start to manufacture entire wind generator, chairman said.

The construction of wind generators, production and sale of electrical energy from RES has become one of the short-term strategic aims for Koncar.

After two years of unsuccessful searching for strategic partner, Koncar decided to build the wind farm on its own resources.

The area near city of Split was selected for construction of the first wind farm after conducting the research project. The worth of the construction project was estimated at 16,5 million euros.

The first wind generator, with power output of 1 MW, should be installed until the end of September this year, while overall number of 15 generators with overall power output of 15 MW should be operational in September 2007th. The wind farm is expected to produce 30 GWh of electrical energy a year, which would be sufficient for supply of 7,500 households.

The pillar of each wind generator will be 60 meters long, with rotor diam-

wind farm is 20 years, and investment could repay itself after 10 years of wind farm operation.

The existing wind generator in island of Pag has power output of 6 MW and after installment of Koncar's wind farm, Croatia will have 21 MW in wind generators.

According to estimations and results of measurements of wind potential in sea regions, Croatia has potential for construction of wind farms with power output over 1,300 MW.

Koncar expect to get favorable loans from Croatian Bank for reconstruction and development for construction of wind farms in the future, quoting the examples from Germany, Spain, Netherlands, Denmark and Finland where wind energy project have been supported by the state and banks.

Koncar does not intend to keep the future wind farm in its ownership, but to acquire the references after certain period of test operation. After that period, wind farm should be operated by Croatian power utility (HEP).

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### **Government of Norway granted 2,5 million euros, 40 million euros still needed for reconstruction of power networks (Croatia)**

Ambassador of Kingdom of Norway and chairman of management board of Croatian power utility (HEP) have signed the agreement for purchase and installation of 45 distributive substations in areas affected by war devastation. The worth of the contract is estimated at 2,5 million euros.

Norwegian company AABB Power Product Division will be responsible for the carrying out 25 % of supply and installation works, while Croatian companies will carry out 75 % of the, mostly, construction works.

HEP Distribution division will be obliged to prepare the project and to lay the power cables, for which purpose HEP will invest about 2 million euros.

The aforementioned donation was the fifth one granted by Norwegian government, by which overall amount of funds donated by Norway reached 11 million euros.

240 new substations have been provided and installed by Norway, HEP chairman said. According to him, another 40 million euros should be invested in the next three years in order to revitalize entirely damaged power network.

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### **Construction of new gas pipelines and LNG terminals is necessity (Croatia)**

According to Croatian energy experts, most of the thermal power plants (TPP) in Croatia, except TPP Plomin 2 and new unit in combine cycle TPP Zagreb are over aged and uneconomical and their operational life should end in 2020th.

Having that in mind and forecasted increase in power consumption, Croatia will need to build new production capacities with power output of 2200 MW, experts say.

Experts believe that most of the new plants would use natural gas as energy source. Because of that, Croatia should focus on construction of new gas pipelines and liquefied natural gas (LNG) terminals.

Experts have argued on economical justification of increased usage of wind power and pointed out that Croatia, in mid-term strategy, could

In the related news, deputy minister of industry said that natural gas supply in 2007th could be even more difficult than during this winter season, when the problems related to import of natural gas from Russia emerged. Deputy said that better gas supply would be possible in 2008th.

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### **Increase of state taxes for use of natural resources (Croatia)**

Government of Croatia has announced increase in mining taxes from 2,6 % up to 10 %. It implies that state of Croatia could collect 137 million euros instead of 16,5 million euros from Croatian oil industry (INA) collected for the production of carbon-hydrogen, i.e. coal and oil, in 2005th. The collected funds were paid to the local authorities.

Croatian authorities have justified their intentions by the fact that after second phase of privatization that should start by the end of March, INA will become majority private company.

In this way, state of Croatia would keep more funds in the state budget, especially in the next year when Hungarian MOL will be entitled for dividends in INA, three years after the purchase of 25 % of INA's shares.

Croatian deputy minister of industry in charge for energy sector said that state has been considering introduction of new energy taxes, but the appropriate model was not determined yet. He explained that coal related taxes were distributed to the local communities and taxes for production of natural gas in Adriatic Sea were transferred to the state budget.

INA officials are not delighted by the new announcements. According to INA's data, since 1975th, when the Coal law prescribed mining taxes, INA has paid overall amount of 440 million euros to the local communities. Due to funds paid by INA, many of those communities, mostly undeveloped had become highly developed in the end. Apart for paying the taxes, INA has invested considerable amount of funds into infrastructure in many cities in Croatia.

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### **Liberalization of electricity market continues (Greece)**

Tender procedure for construction of one 400 MW power plant should be launched in the beginning of April, while the winners in the tender should be known in September this year.

Two related tenders for construction of two other 400 MW power plants, predicted by the project for liberalization of power production in Greece, should be launched in December 2006th and in the first quarter 2007th.

During the meeting between representatives from Ministry of development, Hellenic Transmission Operator (HTSO), banks and interested companies it was decided that future power producers would be obliged to provide more information to HTSO on daily basis regarding the establishment of system marginal price in order to achieve transparency in the power pool.

The winner in the tender will be allowed to pass the capacity payment contracts to the banks that will finance the projects, in order to reduce the risk for banks.

In addition, winner will get guarantees by HTSO for 70% of their investments.

The important change is that owners of the generation licenses will not be obliged to own more than 51 % of the shares in the joint ventures that will participate in the tender. This change in the tender terms is aimed to attract more foreign companies.

Company that has expressed the interest for the tender was Iberdrola, which owns 50 % of shares in Rokas. Iberdrola has announced strategic partnership with one of the owners of the generation license in Greece.

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### **45 million loan for DEPA (Greece)**

Public gas company DEPA signed two long-term loan agreements, 45 million euros worth, with European investment bank (EIB) in the beginning of March.

The loan will be allocated for the financing of upgrade projects in the Revithousas, and the construction of the Komotini to Alexandroupolis part of the natural gas pipeline between Greece to Turkey.

The signing of agreement occurred day after delegation of Russian gas monopoly Gazprom visited Greece to negotiate possibility for Greece to become transit country for gas deliveries to Western Europe.

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### **Rokas increases power output in wind parks (Greece)**

Company Rokas plans to increase power capacity in its wind parks up to 600 MW until 2008th and up to 1000 MW until 2010th. Present power capacity in wind parks operated by Rokas is 198 MW.

Company has recently published that sales in fiscal year 2005th reached 53,5 million euros, which was 76 % increase comparing to the last year. The most important influence to the increase has had the rise of in metal construction earnings from (93 % increase) and considerable contribution in electricity sales in wind parks (27 % increase).

Company's EBITDA (earnings before interest, taxes, depreciation and amortization) reached 28,5 million euros (33 % increase), which was mainly influenced by increase in industrial activities.

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### **Hellenic Petroleum plans increase in power production (Greece)**

According to the president of the Hellenic Petroleum (HP) group, HP was looking for foreign strategic partner willing to invest in production of electrical energy in Greece.

HP has put in operation its first power plant (390 MW, gas-fired) in Thessalonica in the end of the last year. This was the first large production capacity in Greece not operated by Public Power Corporation (PPC) and HP wants to expand further its power production capacities.

HP's first power plant experienced problems related to uncompetitive prices comparing to prices of electricity offered by PPC. In fact, HP has accused PPC on unfair price practice. Due to such development, HP's power plant was forced to stay out of operation in many times, and in the recent period, HP's power division was involved in purchase of electrical energy in Bulgaria and export to Italy.

According to head of HP group, HP wants to increase power production capacity at 1000 MW. This would depend mostly on completion of new regulatory framework in deregulated energy market in Greece and terms defined by the Transmission System Operator (HTSO) for the private power plants, official said.

Managing director of HP said that current price of electricity in Greece of

110 euros in Italy, was the discouragement for the potential partners. He believes that HP's power plant will be competitive in two years.

In the related news, Greece's development minister signed the decision on prices of transmission fees for natural gas and liquefied natural gas for power producers. The new regulations are seen as the step forward in the deregulation of natural gas market for power producers. All power producers will need to acquire management code for gas network by the end of April.

Annual rate for transmission capacity for 1 MW of power output, which is equivalent to 90 cubic meters of gas, will be reduced from 693,3 euros in 2006th to 625,6 euros in 2007th and 541,2 euros in 2008th.

HP officials have recently pointed out that company could hardly achieve the last year's record profit. HP has decided to step in to contango market, where long-term crude oil futures are lower than short-term ones.

According to HP, expected introduction of Special Consumption Tax by the summer, could increase retail prices by 6 to 7 % and HP could be forced to reduce refinery margins in order to avoid increase in retail prices.

If there was no changes in the ownership structure, HP is expected to focus on regional growth, especially in Serbia, where the privatization of Oil industry of Serbia is expected, and in Bulgaria.

HP is expected to establish various partnerships with some Russian companies, having in mind the establishment of consortiums for construction of Bourgas-Alexandroupolis oil pipeline. The project was initiated 10 years ago and the pipeline is aimed to bypass the oil transport through Bosphorus Straits.

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### **Extension of natural gas network (Macedonia)**

According to plans, natural gas network from Skopje could be extended toward cities Tetovo, Gostivar, Debar and Struga, with extension to city of Kicevo.

Experts from Macedonian ministry of economy will carry out cost analyses for the investments, after which official request for the realization of project should be submitted to the government. The worth of the project is estimated between 35 and 40 million euros.

The proposal for the construction of gas network came from Public gas company Gama and idea is build complete gas network in western part of the country.

According to the proposal of economy ministry, the funding of the project should be achieved through the joint venture with strategic partner, where government should be majority owner.

Government of Macedonia has recently rejected request of Makepetrol for the construction of new gas network in capital Skopje; the worth of the project was 3 to 4 million euros.

Makpetrol is the oil and gas company that has managed the gas network until court decided that state owned company Gama should be new manager for the gas network in Macedonia.

The construction of gas networks in Macedonia was put on hold in the past period due to legal dispute between the Macedonian state and Makpetrol.

Macedonian government decided to pay about 900,000 euros debts of public gas company Gama toward oil and gas company Makpetrol.

Four years ago, Tax administration department has blocked financial as-

euros; except to Makpetrol, Gama had financial obligations to Ministry of economy and Power utility of Macedonia.

Although government reached decision on paying of the debts of Gama in February this year, Ministry of finance still did not realize the payment.

Gama was recently granted the license for management of natural gas network in the country, but it was hindered to exercise its rights due to blocked financial assets.

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### **Protests against sale of ESM continue (Macedonia)**

Citizens' organization Voice of light has continued protest against the sale of Power utility of Macedonia-Distribution division (ESM –Distribucija).

They have organized roadblocks in front of government's building in Skopje in the beginning of March. Once again, over 3,000 protesters demanded from government to cancel privatization of ESM

Voice of light announced future protests against privatization of ESM.

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### **Sale contract for ESM –Distribution was not made public (Macedonia)**

Although Macedonian government has announced public announcement of the sale contract for Power utility of Macedonia- Distribution (ESM –Distribucija), the intention was cancelled in the last minute.

According to preliminary decision, government of Macedonia decided to present publicly the sale contract for majority stake in ESM

According to the information in official website of ESM ([www.esm-privatizacija.com](http://www.esm-privatizacija.com)), starting from March 13th 2006th, any interested legal or natural person should have had a right to come in the government office to look the final version of the privatization contract.

The final version of the privatization contract for sale of majority stake ESM was adopted at the government's session on March 8th. Government has sent the final text of the agreement to the four companies that have qualified for the final stage of the tender procedure.

Until March 15th 2006th, German RWE, Austrian EVN, Italian Enel and Czech CEZ will be obliged to sign the agreement sent by the government, which will be part of their final financial offers in the tender.

The reason way the original idea for publishing of contract was cancelled was the request of the companies that participate in the tender procedure.

Macedonian minister of economy has sent the request to four companies that participate in the tender for the permission to remove the confidentiality clause in order to present the sale contract to Macedonian public. The companies' consent for the public announcement is necessary according to the terms of the tender.

Participating companies believe that publishing of the contract could reveal their business strategy, minister confirmed.

The insight to the contract was allowed only to the Antimonopoly and Anticorruption Commission, while the European Bank for the Reconstruction and Development has already approved the contract.

According to Macedonia press, the latest development have showed that government do not have clear strategy in this privatization process. Government has only succeeded to raise tensions in this most controversial tender procedure in Macedonia so far.

In the same time, officials from the Anticorruption commission refused to look the contract because government prohibited to the commission to reveal any details of the contract.

Commission officials believe that such government request is against the Macedonian anticorruption laws and that any possible harmful terms in the contract will be government's responsibility.

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### **Three bids for purchase of ESM (Macedonia)**

Three financial bids for the privatization of Power utility of Macedonia-Distribution division (ESM) have been submitted to the Macedonian government on March 15th.

The bids were submitted by Italian Enel, Czech CEZ and Austrian EVN, while German RWE has decided to step out from the tender procedure, which was great surprise for the Macedonian experts.

Spokesman of RWE said that after detail examination of all documents related to the tender RWE decided not to submit the bid, but he did not give the exact reason for such decision.

Opposition parties have again warned government on damaging effects in this privatization and demanded from government to cancel the sale of ESM.

Government should decide which company would be future owner of ESM on March 16th. Tender procedure could be cancelled only if the offered prices are way below expectations.

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### **Support and guarantees for loans of MEPSO (Macedonia)**

Macedonia's parliamentary commission in charge for the financial and budget issues has granted the approval for the state guarantees for future loan agreement of Macedonian Transmission System Operator (MEPSO) with International Bank for the Reconstruction and Development (IBRD), i.e the World Bank.

The representative of finance ministry said that loan from the World Bank granted to MEPSO is 20,7 million euros, while MEPSO should invest 7,81 million euros of its own funds into the projects.

The payment period for the loan, which will be paid by MEPSO, would be 17 years, with grace period of five years and LIBOR (London Inter-bank Offered Rate) of plus 0,75.

The loan payments will start on April 11th 2011th.

The loan will be used for the upgrade of 400 kV substation Skopje 5, the revitalization and construction of power lines, upgrade of existing system power control system, loss reduction, increase of safety of power system and connection with power systems of neighboring countries.

§ § §

### **Swiss and USA companies want to build gas-fired power plant (Montenegro)**

Swiss company ASG and USA company First Boston Capital and invest-

Montenegro officials said that new plant could turn Montenegro to an electricity exporting country instead of importing one.

In the beginning of March, the representatives of three companies and officials from Business council of USA and Serbia and Montenegro have presented aforementioned plans to the vice prime minister of Montenegro and minister of economy.

§ § §

### **Minister of economy visited HPP Piva (Montenegro)**

During the visit to hydro power plant (HPP) Piva (300 MW), minister of economy of Montenegro announced that government will support revitalization and reconstruction projects in HPP,

Minister announced that Montenegro needed to increase utilization of hydro potentials. Besides HPP Piva, which is currently operated by Power utility of Serbia under long-term contract, Montenegro owns another HPP, the HPP Perucica.

During the January and February this year, HPP Piva has produced 270 million kWh of electrical energy or 20 % higher comparing to the same period in the last year.

In the last year, European investment bank has granted 1,5 million euros loan for reconstruction of exciting system in HPP, and during this year, the reconstruction of circuit breakers and disconnectors. In the next five to six years, World Bank and German KfW Bank should provide 36 million euros loans for revitalization of the HPP Piva.

§ § §

### **TPP Pljevlja back in operation (Montenegro)**

Thermal power plant (TPP) Pljevlja (200 MW), the only TPP in Montenegro, has continued power production in the beginning of March. The production was stopped on February 23rd due to lack of coal.

During the standstill of TPP, some 40,000 tons of coal was delivered to the TPP's depots. This coal reserves should be sufficient, along with regular deliveries from the coalmine, for uninterrupted power production until April 1st, when TPP goes to annual overhaul. The overhaul will last 45 days at least, officials from TPP confirmed.

In this year, TPP Pljevlja has produced about 180 million kWh of electrical energy, while energy balance sheet has foreseen annual production of TPP of 1 billion kWh for which 1,35 million tons of coal will be need.

The delivery of coal to the TPP was slowed down due to heavy snowfalls in the beginning of March.

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### **EPCG intends to sign a loan agreement with World Bank (Montenegro)**

During this year, Power utility of Montenegro (EPCG) intends to acquire loan from the World Bank (WB) that would be used for financing of several projects.

Several projects could be candidates for the funding. Production division of EPCG plans to initiate project for reconstruction of protection grid in accumulation lake of hydro power plant Perucica as well for purchase of turbines in HPP.

The Transmission division of EPCG intends to use funds for revitalization in several substations and for establishment of IT system, while Distribution division of EPCG plans to build power distribution network in regions of Zeta and Tuzi.

§ § §

### **EN Plus group visited TPP Pljevlja and Coalmine Pljevlja (Montenegro)**

The representatives of Russian EN plus group, the offshore company of Rusal, which became the owner of Aluminum factory in Podgorica (KAP) in December last year, should pay a visit to thermal power plant (TPP) and coalmine Pljevlja.

According to the officials from coalmine, the representatives of EN plus should visit data room, coalmines and TPP.

EN plus is one of the nine foreign companies that have bought tender documentation for sale of TPP Pljevlja and 31 % of state owned shares in coalmine Pljevlja.

Besides EN plus, tender documentation was bought by CEZ, Russian Belon, HSE from Slovenia, PPC from Greece, Contour from USA, Serbian ABS, Austrian Verbund, and Ostelektra from Germany.

EnBW from Austria has expressed its interest for the tender but, similar to Penta Investments from Czech Republic, it did not buy the tender documentation until now. Until mid March, TPP and coalmine have been visited by he representatives of CEZ and HSE.

Deadline for repeated tender procedure has been extended until April 27th at the request of companies from Austria, Slovenia, USA and Greece. The first tender was cancelled in October last year due to procedural reasons and incomplete tender offers.

The bids in the first tender were placed by CEZ, Belon and EN plus, where the offered amount for the assets of two companies from Pljevlja ranged between 8 to 50 million euros, and bidders have offered between 20,5 to 88 million euros worth investments programs.

The majority owners of the coalmine Pljevlja are not the present and former employees anymore; government owns 31,1 % of shares, Alfa Invest owns 22,4 % of the shares and Maprenat owns 23 % of shares in the coalmine.

§ § §

### **EFT anticipates 20 million euros of turnover (Romania)**

The leading electricity trading company in Southeastern Europe, the Energy Financing Team (EFT) expects that it would achieve 20 million worth sales during the first year of direct business activities in Romanian market, where EFT has recently entered.

Communication manager of EFT said that EFT still had not acquired supply license on the Romanian wholesale market, because of which company did not sign any contracts with Romanian customers so far. According to manager, the contracts should be signed very soon. The total amount of future contracts has been negotiated, and the value was still below level of 20 million euros, manger confirmed.

EFT has been exporting electrical energy from Romania since 2001st, by buying electrical energy from power producers Hidroelectrica and Termoelectrica.

In addition, EFT has expressed its interest for the projects for construction

EFT is especially interested for two hydro power plants (HPP), for which purpose EFT has been conducting the preliminary assessments. The electricity produced in HPP's is currently cheapest on the market.

The large majority of power producers in Romania are state-owned companies such as Termoelectrica, Hidroelectrica, Nuclearelectrica and Oltenia-based major energy complexes.

Upcoming opening of electricity market in Romania, which would result in free selection of power supplier, is seen as excellent business opportunity for electricity traders in Romania.

On the other hand, power distribution companies will face new competition and possible risk in future business activities.

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### **Petrom increased capital value at 1,63 billion euros, 42 million euros for new facility (Romania)**

Oil company Petrom has increased equity capital by 18,3 million euros up to 1,63 billion euros.

The operation was approved by General Shareholder Meeting at the end of last year, which required issuing of 655,3 million new shares, out of which 643,5 million shares with nominal value of 0,03 euros were endorsed.

After finishing of operation, Romania's Ministry of economy and commerce became the owner of 40,7 % of shares on behalf of state. That amount of shares present the worth of the land for which Petrom received ownership rights.

The rest of the shares were endorsed in cash by other shareholders in order to preserve previous share in company.

OMV endorsed 334,2 million shares by paying 9,1 million shares, which presents 51,011 % of the equity capital, while European Bank for Reconstruction and Development (EBRD ) acquired 13,2 million shares.

Beside OMV and government, other shareholders are EBRD with 2,03 % of shares and minority shareholders with 6,23 % of shares.

Petrom, the largest producer of crude oil and gas in Southeastern Europe, has recently announced 42 million worth investment for the installation for the hydro treatment of vacuum gas oil in Arpechim refinery. New installation will enable manufacturing of product with lower percentage of sulfur, in accordance to EU standards.

According to company's officials, about 1 billion euros should be invested by 2010th for the modernization of refineries.

New facility in Arpechim refinery will have capacity of 1,2 million tons per year and it would reduce level of sulfur at 500 ppm (parts per million) by weight.

Petrom owns two refineries, aforementioned one in Arpechim and in Petrobrazi, with overall processing capacity of 8 million tons per year and 600 petrol stations.

Arpechim is the only producer of petrochemical products in Romania and the only supplier of ethylene.

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### **Five companies short-listed in tender for Electrica Muntenia Sud (Romania)**

Romania's Privatization agency has selected five companies that have qualified for the final stage of tender for the sale of power distribution company Electrica Muntenia Sud. This privatization procedure should be the largest one in Romanian energy sector according to announcements.

Five companies, the Czech CEZ, Italian Enel, Iberdrola from Spain, Gaz de France, and German RWE Energy will have a chance to submit improved financial offers for purchase of 50 % of shares in the company and for subsequent increase of capital stake at 67,5 %.

According to the estimations made by Romania's authorities, the worth of the transaction could reach 750 million euros, having in mind the competitiveness of the tender and intention of bidders to submit improved bids.

If this happens, the transaction will reach double value comparing to the overall values reported in previous four privatizations in energy sector, i.e. the sale of Electrica Banat, Electrica Dobrogea, Electrica Oltenia and Electrica Moldova.

Electrica Muntenia Sud, with 55 million euros of share capital, is the power distribution company that supplies capital Bucharest and two neighboring counties, with the overall number of over 1 million customers.

Two of the tender finalists are already present in the Romanian energy sector. In 2005th, CEZ has bought 51 % in Electrica Oltenia for 151 million euros and Enel is majority owner in Electrica Banat and Dobrogea.

According to the press release of Romania's authorities, the initial tender offers of all bidders have been very close in terms of offered prices. One of the reasons for this was the announcement of the privatization agency in February that if one bidder had submitted considerably higher offer than the other ones, agency would have selected only highest bidder for the next stage of the tender.

USA company AES, EVN from Austria and Union Fenosa International from Spain have been excluded in this stage of the tender, while E. ON (the owner of Electrica Moldova) and EnBW have canceled their offers prior submission of financial and technical bids.

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### **Continuation of controlled gas prices (Romania)**

Romanian official have announced that the time schema for the natural gas prices in the period of next two years would be officially published by the end of April.

In this way, all interested companies will get clear information about future gas prices and thus plan their future activities.

Romanian state minister should have met the representatives of businessmen and industrial customers to clarify the mechanism for determination of future natural gas prices.

According to minister, Economy ministry, the Natural Gas Regulating Authority and the National Agency for Mineral Resources should provide full transparency in the natural gas market. State minister will demand that price of gas in aforementioned period do not become higher than the prices on April 1st 2006th.

The price of natural gas in Romania should be harmonized with gas prices in EU countries by the end of 2008th according to the request of Romania's authorities addressed to European Commission.

tion of costs between the production of electrical and thermal power. According to minister, the local price for thermal power should be introduced in order to motivate the producers and distributors.

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### **New options for gas import and trade (Romania)**

Romania's minister of economy and commerce has announced that state-owned Romgaz would took part in the establishment of gas trading company in Egypt together with Egyptian and Turkish companies. New trading house will be the natural gas trader with resources in African countries.

This was announced after the meeting with Egyptian oil minister, prime minister and international cooperation minister in Egypt in the beginning of March.

Romania has expressed the interest for construction of Pan Arabic gas pipeline that should connect Egypt and Turkey to the Nabucco pipeline, where Romgaz could provide expertise for pipeline construction. The idea emerged during the visit to Turkey when Romania was asked to join similar project.

The joint company would build the Pan Arabic pipeline and it would be responsible for management of the new pipeline and for all gas trading operations. Romania's officials believe that Egypt will become important gas supplier after Nabucco pipeline was operational.

However, Romania's minister of economy believe that Russian Gazprom will still be one of the most important gas suppliers for Romania.

Romania wants to become the natural gas trader after putting the Nabucco pipeline in operation, when the route for the transport of natural gas from Caspian Sea to Western Europe will be established. Romania is directly interested for construction of the pipeline, which would connect the Romania to gas networks in Bulgaria and Hungary as well to the gas networks in Western Europe.

The Nabucco pipeline 3,400 km long, should transport the gas from Caspian Sea, Iraq, Iran and Egypt. Annual natural gas production in Egypt has reached 55 billion cubic meters, while the export reached 18 billions, mostly to the Italy, France and Spain through the liquefied gas terminals.

According to head of Nabucco Company Pipeline Study GmbH, the final decision on the beginning of construction of the pipeline should be reached by the end of this year. The worth of the project is estimated at 4, 6 billion euros. The pipeline should be operational in 2011th with annual transport capacity of 4,5 to 13 billion cubic meters, while annual transport should reach 31 billions in 2020th.

One of the members in Nabucco consortium is the Romanian natural gas distribution operator Transgaz, with 20 % of share in the consortium.

Romanian president introduced another gas project, the construction of liquefied gas terminal (LNG) in port of Constanta. The project should be developed in cooperation with state of Qatar. LNG terminal could be used for supplying the Romania, Poland, Moldova, Ukraine, Serbia-Montenegro, Croatia, Hungary, Austria, the Czech Republic and Slovakia. Romanian president believes that project will receive support from EU and Russia.

Romanian minister of economy and commerce, and deputy prime minister of energy and industry of the state of Qatar have agreed on the establishment of joint Romanian-Qatari commission that would carry out necessary analyses for the potential project. A feasibility study should be started in the nearest future, which should provide information on financial aspects of the project.

After recent gas related dispute between Russia and Ukraine, European countries have started to search new alternatives for natural gas import. EU has officially announced plans for reduction of energy dependency from Russia.

In this new environment, Romania believes that due to its geographical position and its own natural gas and oil resources it could have important role in coordination of energy resources in EU. This was recently pointed out by Polish ambassador in Romania.

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### **Government approved Memorandum on Constanta-Trieste oil pipeline (Romania)**

Romanian government has officially approved the signing the Memorandum of understanding regarding the construction of Constanta –Trieste Pan European oil pipeline (PEOP). The MoU should be signed in Trieste on March 21-22, where Romania's minister of economy and commerce will be present.

Besides Romania, Serbia-Montenegro, Croatia, Slovenia and Italy should take part in the construction of 1,360 km long oil pipeline, which should have annual capacity of 112 million tons of oil. The PEOP should originate from Romanian port Constanta, over Serbia, Croatia, Slovenia and it would end in Trieste. In Trieste PEOP should be connected to Transalpine Pipeline (TAL) that transports oil to Austria and Germany.

According to the calculations, in the period of 20 years, Romania would benefit from PEOP 2,27 billion dollars if oil transport reaches 40 million tons per year, 3,1 billion dollars for 60 billion tons per year and 4,39 billion dollars per year for annual transport of 90 million tons of oil.

According to Financial Times, PEOP could reduce dependency from oil from Russian and Middle East.

Romania president sees new oil pipeline as the step forward for diversifying of energy sources and redefining energy strategy in Romania. In addition, Italian Minister for Productive Activities has initiated an idea during the visit to Bucharest that PEOP project could be linked to Baku-Tbilisi-Ceyhan project, i.e to build the parallel natural gas pipeline that would transport natural gas from Romania to Italy.

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### **Arad-Szeged gas pipeline should be finished in two years (Romania)**

According to the press release of Hungarian ministry of economy and transport, gas pipeline Arad (Romania) –Szeged (Hungary) should be built in two years. The blueprints for the pipeline are prepared and construction should star soon.

New gas pipeline will be first link between gas network of Romania and gas networks in Western Europe. The length of the pipeline will be 105 km long, out of which 65 km in Romania and 40 km in Hungary, and it will be the part of European gas transport corridor IV. Until now, Romanian gas distribution company Transgaz has built 60 % of the Romanian part of the pipeline.

The representatives from Romania's ministry of economy and trade and Hungary's ministry of economy and transport have concluded that dynamic of the Nabucco gas project in Hungary and Romania was satisfactory.

In fact they believe that Romanian-Hungarian part of the pipeline has best progress comparing to other partners in Nabucco project.

### **Enel paid additional 15,67 million euros for Electrica Banat (Romania)**

Italian Enel has paid additional funds of 15,67 million euros for the acquisition of power distribution companies Electrica Banat and Dobrogea.

The payment of additional funds was in accordance to the transaction adjustment mechanism predicted in the original privatization contract. In this way, the worth of 24,62 % of shares reached overall amount of 51 million euros.

Enel became the owner of 51 % of the shares in two companies after investing the 76,7 million euros for raising the capital stake up to 51 %. Privatization contract was signed in July 2004th, and the final transfer of the ownership rights was carried out in April 2005th.

Similar adjustment mechanisms, related to the indebtedness rates of the acquired companies and their performances since the signing of the privatization contract until completion of the transfer, were incorporated in the privatization contract for Electrica Oltenia and Electrica Moldova. For Electrica Oltenia, CEZ has paid additional amount of 15 million euros and E.ON has paid 800,000 euros more for Electrica Moldova.

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### **Import of electrical energy below plan (Serbia)**

Director of public relation department of Power utility of Serbia (EPS) said that malicious claims on unplanned, unnecessary and economically unjustified import of electrical energy by EPS in January this year were unsupported.

They were result of statistical misuse and bad intentions of some lobbyists, director said.

EPS's electricity import in January was 179,9 million kWh and import predicted by energy balance sheet was 343 million kWh. Due to usage of reserves and good management of the power system EPS has imported only 52,45 % of import approved by the Serbian government.

The situation was similar in January last year when EPS was allowed to import 176 millions kWh of electrical energy but it has imported only 28,4 millions kWh, director pointed out.

In order to prove that EPS import policy was more than rational, director presented data on realized electricity import in February this year; the plan was to import 268 millions kWh and only 21,6 million kWh was imported.

In February last year EPS was allowed to import 120 million kWh, but only 25 million kWh was imported.

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### **New power cuts schedule (Serbia, Kosovo)**

In the beginning of March, Kosovo power corporation (KEK) has abandoned old ABC power cuts schedule and imposed new schedule for power supply.

KEK was forced to impose more strict power cuts due to reduced coal reserves, which came under 100,000 tons, the amount sufficient for 10 day production.

In that moment only one unit in thermal power plant (TPP) Kosovo B (280 MW) and on unit in TPP Kosovo A (100MW) were in service.

Spokesman of KEK confirmed that coal production was interrupted due to large scale floods. He also confirmed that Government of Serbia and UNMIK have signed the contract for import of electrical energy from Power utility of Serbia (EPS) but the realization of import has not started yet.

The main problem for KEK is the fact that only 27 % of customers have been paying their power bills on time.

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### **10 % increase in electricity prices from April (Serbia)**

Although Serbian finance minister did not reveal exact amount of increase of electricity prices announced for April 1st, Serbian media have been brought the news on 10 % price increase.

Director of Public relation department of EPS (Power utility of Serbia) said that management board of EPS neither had considered the precise amount of price increase that should be proposed to the Ministry of energy and mining nor it had send the request regarding electricity price increase.

Director reminded that EPS earlier requested 20 % price increase in order to achieve minimum profit for the company. He added that EPS would certainly file official request for the price increase, but he did not give the exact date.

According to director of thermal power plant (TPP) Nikola Tesla, the largest producer of electrical energy in Serbia, EPS has produced 8,8 billion kWh of electrical energy in period from October 1st 2005th until February 20th 2006th. If the price of kWh had been 5 eurocents instead of 3,3 eurocents in average, EPS would have achieved income of 300 million euros, director of TPP pointed out. TPP Nikola Tesla has produced 17,5 billion kWh in the last year, which was 1,2 billion kWh higher than planned.

The last electricity price increase of 9.5 % has occurred in July 2005th. EPS's demands for price increase were rejected by the Ministry of finance in order not to affect the inflation rate in the country.

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### **Increase in power consumption, record power production (Serbia)**

Despite the considerable increase in electrical energy consumption in Serbia since November 20th 2005th of 4 to 5 %, EPS (Power utility of Serbia) did not have any problems in power supply.

According to director of Energy planning and management department of EPS, satisfactory situation in power supply was achieved by successful domestic power production, especially in thermal power plants, increased coal production, favorable hydrology and high availability levels in hydro power plants. EPS should not experience any problems in power supply in incoming period, director confirmed.

Accumulated electrical energy in accumulation lakes has reached 180 million kWh or 40 % above the plan, while the reserves on the coal depots are 10 % below the quantities predicted by annual balance sheet.

If the temperatures and river inflows in March were equal to the average values, EPS would certainly cancel import of 115 million kWh, which was planned earlier. By the end of March, EPS could have the reserves in accumulation lakes in accordance to the energy balance sheet, despite the cancellation of import of electrical energy.

Officials from Production department have pointed out that EPS has

In 2005th, overall power production reached 38,5 TWh of electrical energy, which was 8,1 % or 2,88 TWh above the plan. Comparing to the production of 2004th, EPS has achieved increase in power production of 9,7 % or 3,4 TWh of electrical energy.

In the same time, gross power consumption in Serbia has been also the highest since 1990th, it was 36,5 TWh, which was 4,1 % higher comparing to 2004th.

Thermal power plants in EPS have achieved highest production since 1990th and it have produced 26,18 TWh, which was 7 % higher than planned and 10,4 % or 2,47 TWh higher comparing to 2004th.

Power production in hydro power plants has reached 11,92 TWh in 2005th, which was 15,1 % higher than planned and 8,2 % higher comparing to 2004th.

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### **Six new transformers for transmission power network (Serbia)**

General manager of Serbian Transmission System Operator (EMS) and deputy general manager of Electroputere, the transformer production company from Romania, have signed the agreement for purchase and delivery of 6 energy transformers to EMS.

Signing of 7,5 million worth agreement was the beginning of realization of two out of five lots predicted by the loan agreement between EMS and European Investment Bank (EIB).

Four 400/110 kV transformers, 300 MVA capacity each, and two 220/110 kV transformers with 250 MVA capacity, will be installed in 400 kV substations in Novi Sad 3 and Nis 2 and in 220 kV substation Belgrade 5.

The contract between EMS and Romanian company is the part of the Agreement for the reconstruction of energy sector, signed between Serbian government and EIB. The worth of the loan agreement is 59 million euros and it has been intended for the reconstruction of larger number of substations in Serbia.

In the same time, Serbia was granted 60 million euro loan by European Bank for the Reconstruction and Development (EBRD), which was used for the upgrade of 220 kV substation Sremska Mitrovica into 400 kV substation and which will be used for construction of three new substations.

Thanks to the favorable loans from two aforementioned European banks, various donations and own investments, official believe that due to considerable increase of transfer capacity, reliability and safety of Serbian transmission system, due to upgrade and extension of power network, EMS should have key role for the development of regional electricity market in Southeastern Europe.

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### **Societe Generale Bank and NIS sign 65 million euros contract (Serbia)**

The representatives of Societe Generale Bank and Oil industry of Serbia (NIS) have signed the contract for funding the import of crude oil and oil derivatives.

Serbian minister of industry has confirmed that Societe Generale has granted 65 million euro loan to NIS, which should enable continuation of the restructuring of NIS and better conditions for purchase of resources in World markets.

General manager of Societe Generale said that NIS was granted the loan having in mind the business stability of NIS and the respectable management of the company.

Chairman of the management board of NIS said that, along with other investments in recent period, the loan granted by Societe Generale would enable increase of capital value of the company by 10 %. He reminded that NIS and Societe Generale Bank have signed a protocol on long-term cooperation in July 2005th, by which Societe Generale Bank has become important partner of NIS during the restructuring process.

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### NIS announced merger of refineries in Novi Sad and Pancevo (Serbia)

Management board of Oil industry of Serbia (NIS) has announced the merger of refineries in Novi Sad and Pancevo.

An establishment of one instead of two refineries is aimed to increase the business activities, to speed up the modernization process and to provide lower prices of company's products. This was said by the director of public relation department of NIS, but he did not give the exact date for the merger, yet he said it would happen soon.

He added that NIS plans to invest several hundred million euros for projects related to production of new types of oil.

In the same time, officials of NIS-Petrol Promet, retail branch of NIS, announced that new eco 3 type of diesel would be sold in the NIS's petrol station in the future.

NIS has been preparing for the production of new non-led gasoline BMB 92, which is being used in many countries in the World, especially in Japan, officials from NIS confirmed.

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## Tenders:

### Electricity

Company / organization:	<b>Albania &amp; Montenegro</b>
<b>Construction of 400 kV Transmission Line Tirana – Podgorica and Extension of S/S Podgorica 2 and Elbasan 2</b>	
Content:	<p>The Project Executing Authorities/Employers, Operatori Sistemit Transmetimit (KESH/OST), Albania, and ELEKTRO-PRIVREDA Crne Gore (EPCG), Montenegro, will use funds provided by KfW within the scope of German Financial Cooperation towards financing the construction of the new Transmission Line Tirana (Albania) – Podgorica (Montenegro).</p> <p>The project comprises the execution, on a turnkey basis, of the construction works of a 400 kV Transmission Line Tirana - Podgorica with associated substation extensions. The supplies and services for the project are divided in two lots:</p> <p><b>Lot 1: Albanian Part</b></p> <p>1. • New 400 kV overhead line Tirana 2 S/S – Border Albania/Montenegro consisting of two sections. First section as a double circuit line with only one circuit strung from new Tirana 2 S/S up to approximately HPP Vau Dejes with an estimated length of 76 km. Second section as a single circuit line from approximately HPP Vau Dejes up to the border to Montenegro with an estimated length of 52 km.</p> <p>2. • Extension of the existing 400/220 kV S/S Elbasan 2 by one new outdoor transmission line bay and one bus coupler.</p> <p><b>Lot 2: Montenegrin Part</b></p> <p>3. • New 400 kV single circuit overhead line from the border of Montenegro/Albania to the substation Podgorica 2 with an estimated length of 29 km.</p> <p>4. • Extension of the existing 400/110 kV S/S Podgorica 2 by two new outdoor transmission line bays.</p> <p>Bidders need to submit bids for both lots. Bids for only one lot will not be considered as qualified. The KfW funds shall be used primarily for the costs arising in foreign exchange. The successful Bidder shall be obliged to provide an ECA (Export Credit Agency) guarantee for the total value of the export contract(s) in favour of KfW and acceptable to KfW.</p>
Deadline:	25.04.2006.
Contact:	Fichtner GmbH & Co. KG, Sarweystrasse 3, D-70191 Stuttgart or PO Box 10 14 54, D-70013 Stuttgart, Attention Mr. Boris Bavcevic, Tel.: +49-711 8995 235, Fax.: +49 711 8995 459, email: g2@fichtner.de

Company / organization:	<b>INA, Croatia</b>
<b>Microfilter elements</b>	
Content:	<p>I group-microfilter elements for Fuel Refinery Sisak - Spec.No.0210-032</p> <p>II group-coalescer elements (first stage) and separator elements (second stage) for Fuel Refinery Rijeka - Spec. No.DOR-16/2005</p>
Deadline:	March 20, 2006, until 11.00 hrs, local time.
Contact:	INA-Industrija nafte d.d.; Procurement Sector; 2nd floor, Av.V.Holjevca 10, 10002 Zagreb (Mrs.S.Milas, tel.6451010, fax:6452048) every working day from 12 to 14 hours

Company / organization:	<b>EBRD, Related Romania</b>
<b>Design, Construction and Commissioning of the 390 Km Agadyr-YuKGRES Section of 500 KV Second Transmission Line of Kazakhstan North-South Transit Consulting Services Loan; Management and Monitoring Of Construction Con-</b>	

## Content:

The Kazakhstan Electricity Grid Operating Company (KEGOC) has received a loan from the European Bank for Reconstruction and Development, and it intends to use part of the proceeds of the loan for payments under the contract for consulting services for Management and Monitoring of Construction Contract implementation process. The assignment is expected to be carried out in three Phases as described below.

## Phase I

1.1 Supervision of quality assurance by Contractor and PIU during implementation of survey work and design estimates.

1.2 Quality and the accepted technical solutions assessment during elaboration of design estimates.

1.3 Final review and approval of the made up design estimates for the construction of 500 kV OTL 500 kV Agadyr SS- 500 kV YuKGRES SS.

## Phase II

2.1 Managerial and monitoring support during contracting.

2.2 Analyses of the results of the tests performance for the quality conformance of the equipment and materials supplied under the project to the quality and technical characteristics operated together with KEGOC JSC specialists. Tests results evaluation.

2.3 Quality assurance surveillance by the Contractor and PIU during implementation of the construction and erection works.

2.4 Environmental measures monitoring during implementation of the construction and erection works.

2.5 Verification of implementation according to the PIP and review of any changes to the PIP.

2.6 Verification of the proper use of available funds.

2.7 Submit periodic activity reports as may be requested from time to time by KEGOC.

## Phase III

3.1 Confirmation of the Project Completion in accordance with the PIP and preparation of a Project Completion Report

## Company / organization:

**EAR, related Croatia**

## Supply of Equipment for Wind and Solar Energy Resource Assessment in a Pilot Croatian Region

## Content:

Delivery of Equipment for Wind and Solar Energy Resource Assessment in a Pilot Croatian Region

- Measurement mast and equipment to be installed on masts will be located:

Site 1 Bribir in the Municipality of Gračac,

Site 2 Pekotin brig in the Municipality of Ražanac, (alt. site 2 Krug in the Municipality of Benkovac – the selection of original or alternative location will be determined with the Commencement order)

Site 3 Promina in the Municipality of Promina

Site 4 Borajica in the Municipality of Marina

Site 5 Brač in the Municipality of Dol

Site 6 Bajina gradina in the Municipality of Vrlika

Site 7 Divov brig in the Municipality of Otok

Site 8 Sv. Ilija in the Municipality of Gradac

Site 9 Ošlje in the Municipality of Dubrovačko primorje (alt. site 9 Zabrada in the Municipality of Orebić - the selection of original or alternative location will be determined with the Commencement order)

Site 10 Snježnica in the Municipality of Konavle

Solar radiation measurement location: Split

- the equipment to process the data will be installed at the Energetski institut Hrvoje Požar, Savska cesta 163, HR-10001 Zagreb

## Deadline:

At 10.00 hours local time on 20.04.2006.

## Contact:

A clarification meeting will be held on 28 March 2006 at 11.00 at the Energy Institute Hrvoje Požar, Savska 163, 10000 Zagreb (interested companies to confirm their attendance).

The attendance should be confirmed in writing to delegation-croatia-tenders@cec.eu.int or by mail: Delegation of the European Commission to the Republic of Croatia, Masarykova 1, 10000 Zagreb, Croatia, or by fax: +385 (0) 1 4896 555 (mentioning the publication reference shown in item 1) at least 7 days before the meeting.

## Company / organization:

**EAR, related Serbia**

## Ash Disposal System – Nikola Tesla B Thermal Power Plant - Re-launch

## Content:

EAR is seeking a new ash disposal system for the Electric Power Serbia (EPS – Contracting Authority) owned Nikola Tesla B Power Station, a 2 x 620MW lignite fired power station located in the town of Obrenovac, Serbia. Obrenovac is located alongside the River Sava, some 50km upstream from Belgrade.

At present the furnace bottom ash is removed mechanically by a de-asher which is filled with water as a seal to the furnace. Further transport is by belt conveyor.

The fly ash from the precipitators, air pre-heater hoppers and boiler economiser hoppers is collected and conveyed via pneumatic flow channels. At the end of the precipitator house these ashes are mixed together and flushed with additional water to the ash slurry sump. From there the water ash mixture of ratio nominally 10:1 is pumped via a pipeline to the ash disposal site, which is located approximately 4.5km away from the power plant, for final disposal. Three pipelines are installed in order to provide 1 stand-by line for use in the event of a temporary blockage.

The existing de-ashing system at Nikola Tesla B power plant has been in operation since the commissioning of the plant and handles, on average, about 2.1Mt/year of which approximately 7% is furnace bottom ash.

Tenderers are requested to propose the design, supply, installation, commissioning, testing and setting to work of a new ash handling and disposal system for Nikola Tesla B Power Station. The works comprises of replacing the existing thin slurry 10:1 ash disposal system with a thick slurry 1:1 hydraulic transport scheme.

## Deadline:

15:00 Central European Time on 03/04/2006.

## Contact:

The European Agency for Reconstruction (EAR), Procurement Officer, Vasina 2-4, 11000 Belgrade, Serbia and Montenegro, Fax: +381 11 30 23 466

## Company / organization:

**EPS, Serbia**

## Installation Works On Substations X/10kv

## Content:

PRIOR NOTICE on the intention to initiate a restricted procedure for the public procurement of electric assembly works on x/10kV transformer stations for the needs of the maintenance and re-construction of electric power facilities situated in the ELEK-TRODISTRIBUCIJA - BEOGRAD d.o.o. zone of operation for a period of three years (2006/2008).

## Deadline:

The total dinar value of the planned procurement is 600,000,000 dinars.

## Contact:

Milos Hadzic, Tel: +381 11 3471-572

## Company / organization:

**EAR, related Kosovo**

## Geographic Information System (GIS) for the Supply Division of KEK

Content:	<b>This project is to support the policy of Supply Division of KEK (the Kosovo Power Utility) aiming at improving the revenue collection. This project is for supply and installation of Geographic Information System -GIS platform in the Supply Division of KEK. The equipment and services in this project will be used to plan commercial activities and improve Payment Control in the Sales Department/Supply Division of KEK.</b>
Deadline:	19 April 2006 at 17hrs00 (CET)
Contact:	luisa.lopez@ear.eu.int , majlinda.statovci@ear.eu.int

Company / organization:	<b>EAR, related Croatia</b>
<b>Investment for national measurement laboratories (electrical quantities, roughness, density)</b>	
Content:	The purpose of this project is to supply calibration and testing laboratories with equipment and relevant measurement standards so they can perform testing and certification in accordance with relevant EU legislation Lot 1 – Equipment for solid density determination Lot 2 – Equipment for roughness determination Lot 3 – Measuring equipment for electrical quantities (Thermoresistance)
Deadline:	08 May 2006, at 10:00 (CET)
Contact:	delegation-croatia-tenders@cec.eu.int

Company / organization:	<b>EPS, Serbia</b>
<b>Call for offers for consulting services regarding restructuring of the EPS power utility</b>	
Content:	Study shall contain the analyses, opinion and recommendations regarding: - possibilities for decreasing the costs and increasing the profit, - improving the organization and administrative functions and other services, - improving the strategy for investments and management with the investments, - possibilities for entrance of foreign capital. The study shall acquire and grade the influence of the formerly recommended measures for future total costs of EPS and its position at the Southeast Europe Regional Electricity market.
Deadline:	Job completion shall be with the end of 2006.
Contact:	Mr. Aleksandar Jakovljevic, tel: +381 11 3972 994, e-mail: aleksandar.jakovljevic@eps.co.yu JP "Elektroprivreda Srbije", 11000 Beograd, Vojvode Stepe No.412. – Direction for Strategy and Investments

Company / organization:	EBRD – European Bank for Reconstruction and Development, related <b>Bulgaria</b>
<b>Power Transmission - Goods, works, services</b>	

Content:	Natsionalna Elektrieska Kompania (NEK) intends using the proceeds of a loan from the European Bank for Reconstruction and Development [the Bank] for a project to rehabilitate its transmission network, including development of their MIS system, construction of a HV line, reconstruction and extension of a 400 kV s/st, modernisation of SCADA/EMS systems and providing of metering, testing and data processing systems. The proposed project, which has a total estimated cost of EUR 20 million equivalent, will require the procurement of the following goods, works and services: A.2.2. Construction of HV line 400 kV Zlatitsa -Plovdiv, and Re-routing of existing 110 kV Lines. Tendering for the above contracts is expected to begin in the fourth quarter 2005. The Bank financed packages will be procured as single-point responsibility supply-and-install contracts with fixed price). Contracts to be financed with the proceeds of a loan from the Bank will be subject to the Bank's Procurement Policies and Rules and will be open to firms from any country. The proceeds of the Bank's loan will not be used for the purpose of any payment to persons or entities, of for any import of goods, if such payment or import is prohibited by a decision of the United Nations Security Council taken under Chapter VII of the Charter of the United Nations or under a law of official regulation of the Purchaser's country.
Deadline:	24 November 2006 at 23:00, Sofia time
Contact:	Lubomir Velkov – Head of Investment division Tel: +359 2 987 9154 Fax: +359 2 986 12 88

Company / organization:	EBRD – European Bank for Reconstruction and Development, related <b>Bosnia And Herzegovina</b>
<b>Power Distribution Reconstruction Project - Goods, works, services, consultancy</b>	
Content:	The proposed project has a total estimated cost of Euro 52 million, proposed to be financed by the EBRD, and will require the procurement of the following goods, works and services for: (a) Goods and related Services for purchasing of metering equipment for residential consumption and Low and Medium Voltage substations, Low and Medium Voltage transformers, cables and auxiliary equipment for Low and Medium Voltage lines, machinery and equipment for the installation of the aforementioned items; (b) Works for the installation of the aforementioned items; (c) Consulting services to support the three Project Implementation Units established by the three power utilities
Deadline:	10 Nov 2006 at 23:00, Zagreb time
Contact:	Mr. Nedeljko Despotovic, PIU Director Tel: +387 33 751 030 , Fax: +387 33 751 033 Mobile: +387 61 227 208 Email: n.despotovic@elektroprivreda.ba

Company / organization:	EBRD – European Bank for Reconstruction and Development, related <b>Serbia</b>
<b>Electric Power Industry of Serbia - Supply and Installation of plant and Equipment</b>	

Download:	<a href="http://www.ebrd.com/oppo/procure/opps/">http://www.ebrd.com/oppo/procure/opps/</a>
Content:	EPS has applied for an EBRD loan for the realization of the following parts of the new lignite mining system: New Bucket Wheel Excavator, New Belt Conveyor system (co-financed by KfW), New shifting devices. EPS has further applied for KfW loans for the following parts of the new system: Parts of the new belt conveyor system, New power supply system, Spreader integrating new and available parts. Tendering and contract realization for the above goods and services will be carried out during the period from the first quarter of 2005 until the end of 2007.

Contact: Mr. Slobodan Mitrović or Mr. Aleksandar Gajić, ELEKTRO-PRIVREDA SRBIJE, Vojvode Stepe 412, 11000 Beograd, Serbia and Montenegro, Tel.. + 381-11-397-1926, Fax: + 391-11-397-1923, e-mail: slobodan.mitrovic@dpu.eps.co.yu or aleksandar.gajic@dpu.eps.co.yu

Company / organization: **EPS, related Serbia**

#### REPLACEMENT OF MTK UNIT in substation 110/10kV Beograd 1 and SUBSTATION 110/35kV Beograd 2

Content: The subject of public procurement No. D-22/05 is the REPLACEMENT OF MTK (TONE TARIFF-SWITCHING) EQUIPMENT in the 'Beograd 1' 110/10 kV transformer station and the 'Beograd 2' 110/35 kV transformer station, in quantities and with characteristics listed in the tender documentation.

All domestic and foreign legal and physical entities who fulfil conditions prescribed by Articles 45, 46 and 48 of the Public Procurement Law (Official Gazette of the RS No. 39/02) and Articles 14 and 15 of the Law on Alterations and Amendments to the Public Procurement Law (Official Gazette of the RS No. 55/04) are entitled to participate in the procedure. Together with their tenders and proofs of evidence listed in Articles 46 and 48 of the Public Procurement Law and Article 15 of the Law on Alterations and Amendments to the Public Procurement Law, tenderers are obliged to submit other documents and forms contained in the tender documentation.

Deadline: 10:00 on 31st March 2006 local time

Contact: Mr. Radomir Todorovic +381 11 2456-394

Company / organization: **EBRD, related Kozloduy Nuclear Power Plant Bulgaria**

Content: This project is to support the policy of Supply Division of KEK (the Kosovo Power Utility) aiming at improving the revenue collection. The scope of the project consists of four Lots and includes the following: supply and installation of hand held units and docking stations as well as the software; supply of IT infrastructure for hand-held units (computers, printers, servers, and plotters); supply and installation of the Geographic Information System platform; supply of vehicles, and training for KEK staff. The equipment and services in this project will be used to plan commercial activities and improve payment control in the Sales Department/Supply Division of KEK.

Deadline: 1 Aug 2006 at 24:00, Kozloduy time

Contact: Mr. Michel Levy, KPMU Commercial Manager Kozloduy Nuclear Power Plant Kozloduy Bulgaria Fax. + 359 973 74508 e-mail: kpmu@npp.cit.bg With a copy to: Mr. Georgi Kirkov Head of Trade Division Kozloduy Nuclear Power Plant Kozloduy Bulgaria Fax. + 359 973 76008 e-mail: KIRKOV@npp.cit.bg

Company / organization: **EBRD, related Romania**

#### Romania - CFR Traction Energy Network Management Project

Content: CFR SA and its subsidiary CFR Electrificare have applied for a loan from the European Bank for Reconstruction and Development and intends to use its proceeds towards the cost of a project to continue modernisation and introduce cost-savings measures in management of its traction energy network. The proposed project, which has a total estimated cost of EUR 27 million equivalent (EUR 22.5 m from the Bank and EUR 4.5m in VAT and other taxes), will require the procurement of the following goods, works and services; Supply and installation of equipment sets consisting of traction substations, switching equipment, railway station distance control equipment, and central dispatching equipment and communication facilities; Supply of catenary maintenance vehicles; and Consultancy services for contract supervision. Tendering for the above contracts is expected to begin in the first quarter of 2006. Contracts to be financed with the proceeds of a loan from the Bank will be subject to the Bank's Procurement Policies and Rules and will be open to firms from any country. The proceeds of the Bank's loan will not be used for the purpose of any payment to persons or entities, of for any import of goods, if such payment or import is prohibited by a decision of the United Nations Security Council taken under Chapter VII of the Charter of the United Nations or under a law of official regulation of the Purchaser's country.

Deadline: 22 Jul 2006

Contact: Mr. Tiberiu Angelescu, Director of Foreign Financing Directorate, Compania Nationala de Cai Ferate CFR - SA, 38, Dinicu Golescu Blvd., 3rd floor, room no. 26, 010873 Bucharest 1, Romania, Tel.: +40 21 224 84 06, Fax: +40 21 222 14 45

Company / organization: **EAR, related Serbia**

#### Ash Disposal System - Nikola Tesla B Thermal Power Plant

Content: EAR is seeking a new ash disposal system for the Electric Power Serbia (EPS - Contracting Authority) owned Nikola Tesla B Power Station, a 2 x 620MW lignite fired power station located in the town of Obrenovac, Serbia. Obrenovac is located alongside the River Sava, some 50km upstream from Belgrade.

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The fly ash from the precipitators, air pre-heater hoppers and boiler economiser hoppers is collected and conveyed via pneumatic flow channels. At the end of the precipitator house these ashes are mixed together and flushed with additional water to the ash slurry sump. From there the water ash mixture of ratio nominally 10:1 is pumped via a pipeline to the ash disposal site, which is located approximately 4.5km away from the power plant, for final disposal. Three pipelines are installed in order to provide 1 stand-by line for use in the event of a temporary blockage.

The existing de-ashing system at Nikola Tesla B power plant has been in operation since the commissioning of the plant and handles, on average, about 2.1Mt/year of which approximately 7% is furnace bottom ash.

Tenderers are requested to propose the design, supply, installation, commissioning, testing and setting to work of a new ash handling and disposal system for Nikola Tesla B Power Station. The works comprises of replacing the existing thin slurry 10:1 ash disposal system with a thick slurry 1:1 hydraulic transport scheme.

Deadline: 4 April 2006, at 15:00h CET

Contact: The European Agency for Reconstruction (EAR)  
Procurement Officer  
Vasina 2-4, 11000 Belgrade  
Serbia and Montenegro  
Fax: +381 11 30 23 466

Company / organization: EBRD - European Bank for Reconstruction and Development, related Serbia

#### Emergency Power Sector Reconstruction Project Measuring Equipment for Electricity Distribution Companies

Content:	<p>Electric Power Industry of Serbia (EPS) hereinafter referred to as the Purchaser, intends using part of the proceeds of a loan from the European Bank for Reconstruction and Development (the Bank) towards the cost of Electro distribution Companies of Serbia.</p> <p>The Purchaser now invites sealed tenders from eligible Tenderers for the following contracts to be funded from part of the proceeds of the loan:</p> <p>Measuring Equipment for Electro distribution Companies</p> <p>Tenders are invited for one or more lots. Each lot must be priced separately. Tenders for more than one lot may offer discounts and such discounts will be considered in the comparison of tenders.</p> <p>The Goods to be delivered in accordance with the Contract include, but are not limited to the following:</p> <ul style="list-style-type: none"> <li>a) Supply of calibrated meters with instruction manuals</li> <li>b) Technical documentation</li> <li>c) Installed software programming instructions and tools</li> <li>d) Staff training for software utilisation and meter connection</li> </ul>
Deadline:	28 April 2006 at 10:00, local time
Contact:	<p>Mr. Nikola Rakić Tel: 381 11 361 1251 Fax: 381 11 688 835</p>

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Company / organization:	HEP, related <b>Croatia</b>
<b>Supply of Steam Coal</b>	
Content:	Steam Coal in the quantity of approx. 195.000 metric tons
Contact:	<p>Hrvatska elektroprivreda d.d. Mr. Dalibor Blazevic fax 00385-1-6171-296 e- mail: dalibor.blazevic@hep.hr</p> <p>RWE Power AG Mr. Stefan Egyptien fax 0049-201-12-22010 e- mail: stefan.egyptien@rwe.com</p>

Company / organization:	EBRD – European Bank for Reconstruction and Development, related <b>Romania</b>
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**National Power Transmission Company - Erection of 400 kV NADAB Substation**

Content:	<p>The National Power Grid Company COMPANIA NATIONALA DE TRANSPORT AL ENERGIEI ELECTRICE "TRANSELECTRICA" S.A., hereinafter referred to as the Employer, has received a loan from the European Bank for Reconstruction and Development (the Bank) towards the cost of a Programme for the interconnection of the Romanian and the Hungarian high-voltage power grid (400 kV Overhead Transmission Line Oradea – Nadab – Bekescsaba and erection of 400 kV Nadab Interconnection Substation).</p> <p>The Employer now invites sealed tenders from contractors (firms or joint ventures) for the following contract to be funded from part of the proceeds of the loan: Erection of 400 kV NADAB Substation</p> <p>Contract for the design, manufacture and supply of electrical, instrumentation and control equipment as well as related works and services as required for the erection and commissioning of a new 400 kV substation at Nadab. The project is a "green field" project, consisting of a triangle single line diagram to which three OHLs bays will be connected: Arad, Oradea and Bekescsaba (Hungary). The substation will be totally remote controlled from the Regional and National Dispatching Center and operated without personnel. Access to the substation site is achievable from Nadab – Cinte DJ 792 in the north-west part of the country, near Chisinau – Cris town.</p>
Deadline:	31 Mar 2006 at 12:30, Bucharest time
Contact:	<p>Mr Ovidiu Murasan- Commercial Department; Phone: +40 21 3035986 Fax : +40 21 3035980</p>