

# April (1) 2006 issue of Balkan Energy NEWS, with limited data Request free trial / latest issue on [news@balkanenergy.com](mailto:news@balkanenergy.com)

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## In this issue:

### Analysis:

- » Review of Power Sector Montenegro

### News headlines:

- » Hellenic Petroleum,OMV, MOL and Lukoil interested for Oil industry of Serbia (Region)
- » Summit on Balkans oil pipelines held in Belgrade (Region)
- » World Bank advises KESH (Albania)
- » Bankers Petroleum announced new plan for Patos Marinza Oilfield (Albania)
- » Italy granted 51.5 million euro loan for power grid (Albania)
- » Government wants to build natural gas network (Albania)
- » The shares of power companies in RS among the most traded (Bosnia and Herzegovina)
- » 23 million euros of losses for EP BiH in 2004th (Bosnia and Herzegovina)
- » Record production of coalmine Kreka (Bosnia and Herzegovina)
- » Prosecution office stopped the inquiry on EFT (Bosnian and Herzegovina)
- » Record losses of oil refinery in Brod in 2005th (Bosnia and Herzegovina)
- » Possible import of natural gas from Egypt (Bulgaria)
- » Increase in natural gas prices (Bulgaria)
- » Neftochim refinery increases processing output (Bulgaria)
- » 1.6 billion euros of costs for decommission of units in NPP Kozloduy (Bulgaria)
- » CEZ buys 100 % of TPP Varna (Bulgaria)
- » AtomStroyExport and Scoda Alliance could jointly build NPP Belene (Bulgaria)
- » Restructuring of NEK (Bulgaria)
- » Greece supports construction of new NPP in Bulgaria (Bulgaria & Greece)
- » Millions euros of losses due to electricity thefts (Croatia)
- » Signing the contract for the last section of regional gas pipeline Pula – Karlovac (Croatia)
- » Annual maintenance works in NPP Krsko (Croatia)
- » INA signed contract with Syrian company Hayan Petroleum (Croatia)
- » Profit of 60.5 million euros for HEP in 2005th (Croatia)
- » The final proposal for continuation of privatization of INA by end of April (Croatia)
- » New energy law promote renewable energy sources (Greece)
- » 54 % lower net profit of PPC in 2005th (Greece)
- » Mytilineos invests 350 million euros in wind farm projects (Greece)
- » Start of the construction works of Komotini-Alexandroupolis gas pipeline (Greece)
- » PPC invests 1.2 billion euros for the 1,600 MW replacement capacity program (Greece)
- » Makpetrol and government back in court (Macedonia)
- » ESM got a new Supervisory board and shareholders' assembly (Macedonia)
- » Tender for TPP Negotino published (Macedonia)

- » Draft strategy for development of small-sized hydro power plants (Montenegro)
- » Unsuccessful attempts for recapitalization of Jugopetrol by majority owner Hellenic Petroleum (Montenegro)
- » Tender for privatization of TPP and coalmine Pljevlja prolonged until June 1th (Montenegro)
- » Condition of TPP Pljevlja before privatization (Montenegro)
- » Vertical integration of CEZ (Romania)
- » Distrigaz Nord becomes E.ON Gaz Romania (Romania)
- » Decrease in prices for natural gas from new deposits (Romania)
- » Highest electricity prices in Europe (Romania)
- » Iberdrola and CEZ interested for Electrica Muntenia Sud (Romania)
- » Petrom should sell 8 % of shares to employees, takeover of MOL Aviation Romania (Romania)
- » Gazprom interested for Margineni gas deposit (Romania)
- » Report on EMS business plans, 100 million euros invested in current projects (Serbia)
- » German KfW Bank granted 46 million euros for ecology projects in EPS (Serbia)
- » Experts propose sale of minority share in EPS and NIS (Serbia)
- » Significantly improved characteristics of EPS (Serbia)
- » New gasification plan for 400,000 households (Serbia)

**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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Year	Sum	1	2	3	4
2008	11182	1027	891	953	850
2009	11570	1094	998	1012	911
2010	10994	1099	932	963	816
2011	11722	1074	979	1016	910
2008	12186	1155	1038	1075	938
2009	34506	3209	2960	2637	2637
2010	32722	3041	3196	2630	2630
2011	31954	3486	3052	3021	2443
2008	33452	3475	3107	3087	2577
2009	17842	1680	1543	1570	1896
2010	17507	1625	1530	1551	1323
2011	17507	1625	1530	1551	1323
2008	53504	4915	4539	4269	4105
2009	53504	4652	4271	4401	3894
2010	53565	4666	4107	4327	3913
2011	53565	4666	4107	4327	3913
2008	933	795	761	687	664
2009	933	795	761	687	664
2010	933	795	761	687	664
2011	933	795	761	687	664
2008	50636	4736	4268	4473	3503
2009	50636	4736	4268	4473	3503
2010	53365	4874	4472	4727	3111
2011	53365	4874	4472	4727	3111

## Country Reports on Energy Business in South Eastern Europe

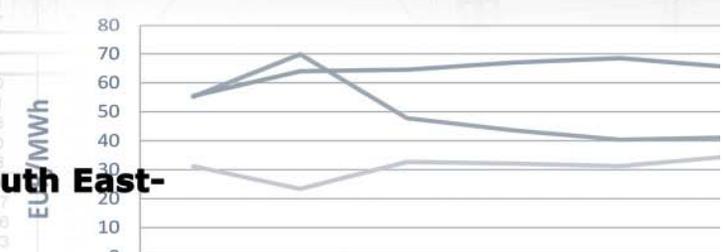
Country reports provide detailed overview of energy sector:

- 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
- Current state of RES sector

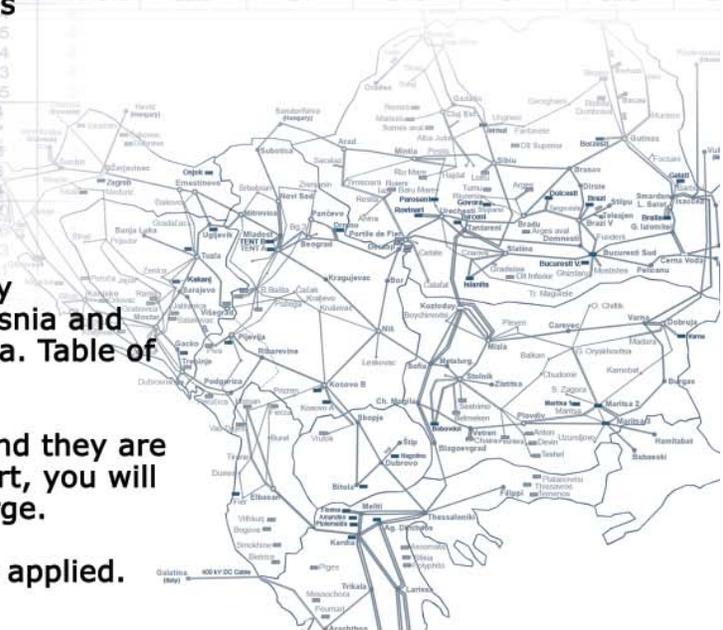
At the moment we have available up-to-date country reports for Bulgaria, Romania, Slovenia, Croatia, Bosnia and Herzegovina, Montenegro, Serbia and FYR Macedonia. Table of content is available on our website

Price of individual reports is 490 EUR per country, and they are updated every three months. For each ordered report, you will receive updates during one year period, free of charge.

For ordering all of the reports, 20% discount will be applied.



Year	1	2	3	4	5	6
2012 Price	55.23	69.87	47.81	43.6	40.39	41
T Deviation	1.2	-6.6	2.7	2.1	1.2	4
Dunube level	25.5	34	34.5	37	38.5	3



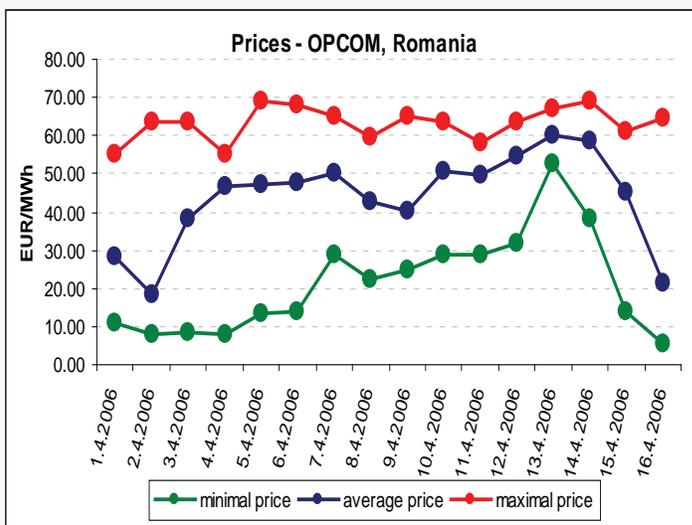
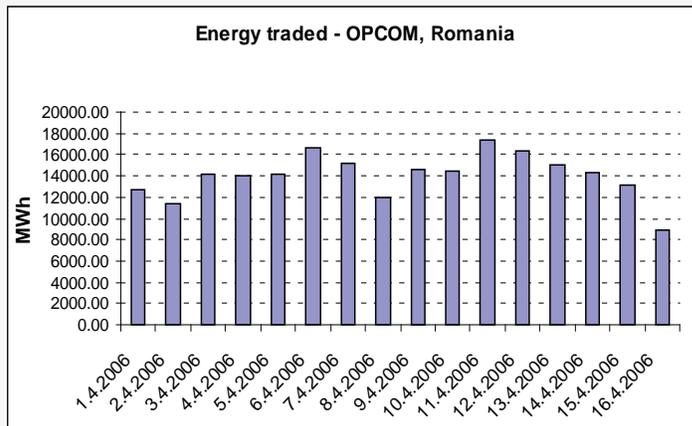
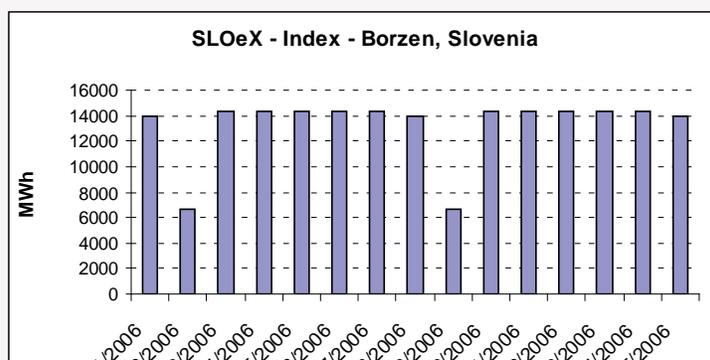
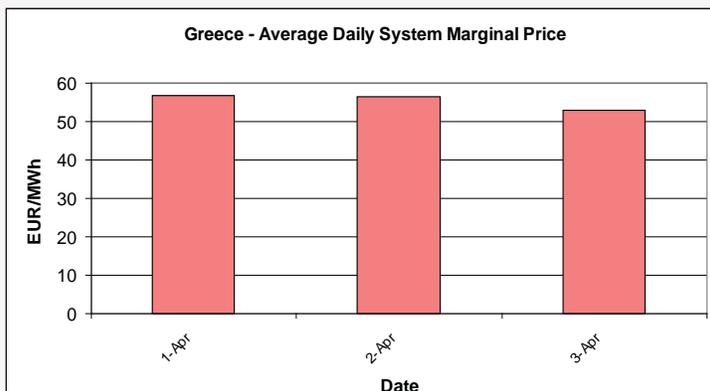
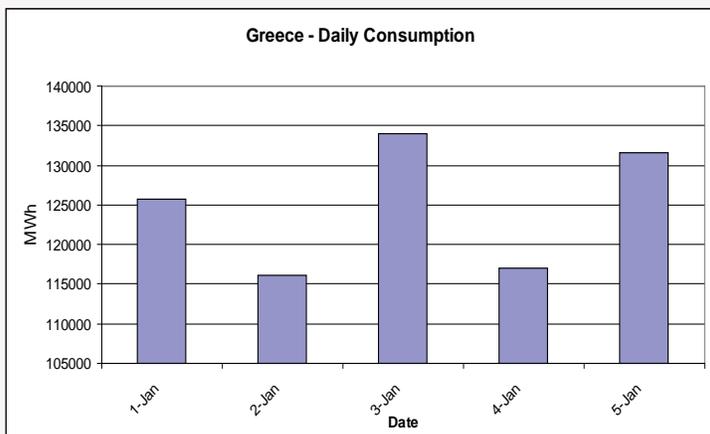
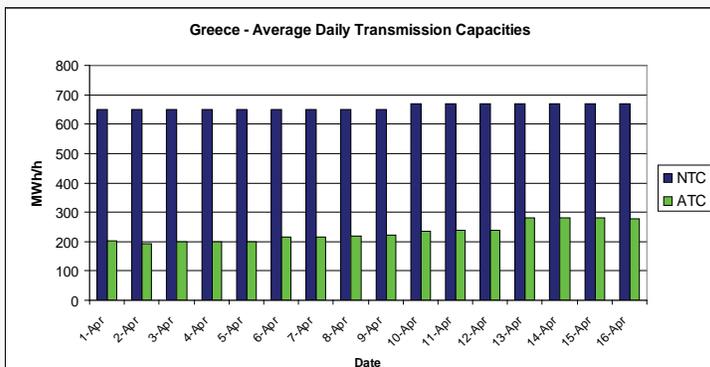
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**Power exchanges data:**



**Analysis:**

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**Review of Power Sector in Montenegro**

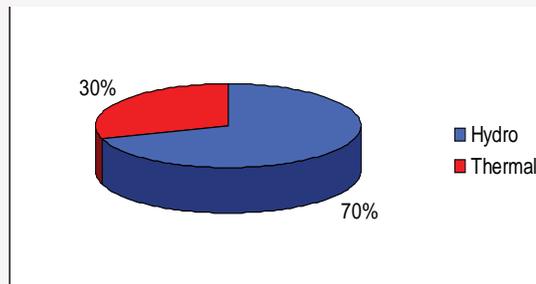
This is short intro-sample of the full report "Analysis of Power Sector in Montenegro" created by SEE Energy Assessment. Full report contains 33 pages. For more info about full report visit [www.seeea.net](http://www.seeea.net)

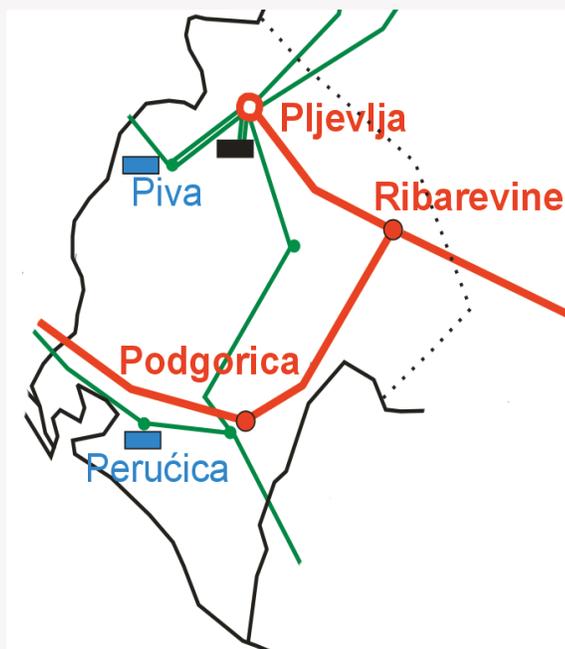
Montenegro

Area: 13,810 sq. km.  
Population: 0.7 mil  
Currency: EUR

Installed capacity:  
- Hydro 690 MW  
- Thermal 210 MW

Electricity consumption (2004): 4510 GWh  
Generation (2004): 3185 GWh





Montenegro is the smallest country in SEE and consequently it has the smallest power sector. National electric power utility company is Elektroprivreda Crne Gore (EPCG – [www.epcg.cg.yu](http://www.epcg.cg.yu)) and it owns all generation capacities. EPCG is a stock company in which state has 67.66% of shares, employees 11.8 %, while other shares belong to funds and companies. Capital value of EPCG is 907 million EUR. Number of employees in 2004 was 3445. In January 2005 Government of Montenegro announced privatization of 67.65 % of national electric power utility. The biggest electric energy consumer in the country, consuming around 40% of energy in the country, (Aluminium Factory Podgorica) already passed the privatization. EPCG serves around 285 000 customers. They expected to finish privatization in 2005, but privatisation tender of TPP Pljevlja and coal mine Pljevlja has been cancelled and postponed. Restructuring of EPCG separation of accounts and privatization is priority. Electricity consumption growth in Montenegro is high, over 5% average, and this trend will be continued. Aluminium Factory Podgorica has great share in overall consumption and its consumption power of about 200 MW is disproportional to the size of power system. Diagram Mon. 1 shows the electricity consumption in Montenegro.

Consumption increase in Montenegro has been one of the biggest in Southeast Europe partly because of increased consumption of households, but mainly due to two biggest industrial electricity consumers in the country. There are 16 distribution companies in Montenegro and they are all part of EPCG. Lots of distribution companies are very small, serving small number of customers. The biggest distribution company is in Podgorica. Distribution companies have relatively low bills payment collection rate.

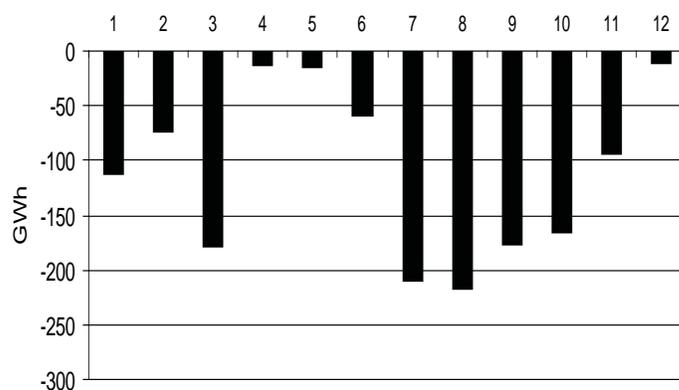
Because thermal power plant Pljevlja with its single generator is the only thermal generation capacity in Montenegro, total generation in Montenegro is very uncertain in every moment. Reliability of thermal power plant Pljevlja is low.

Montenegro has insufficient generation capacity even in the years with good hydrology, so it covers consumption by imports of electricity that amount even more than 40% of overall consumption.

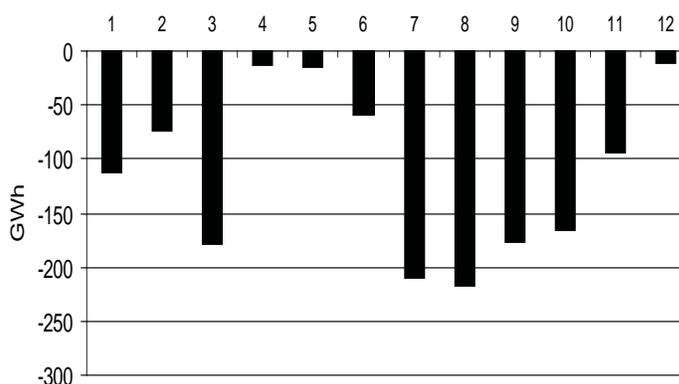
Montenegro is typical importing country. It imports energy through all year. Most of the imports are from Serbia. This is because of existence of some specific electricity trading agreements between Serbia and Montenegro.

Monthly electricity imports of Montenegro are shown on the following diagrams:

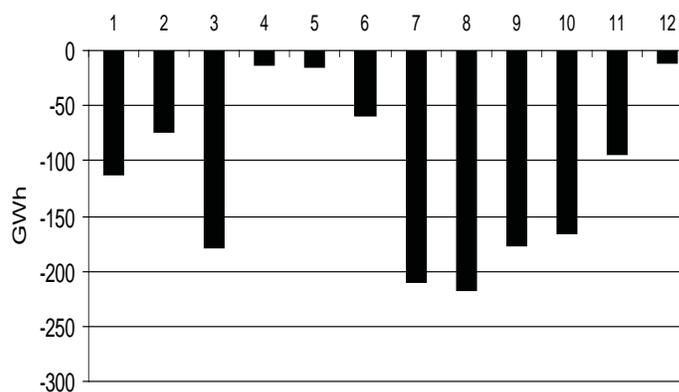
Monthly Export-Import balance in Montenegro (2004)



Monthly Export-Import balance in Montenegro (2004)



Monthly Export-Import balance in Montenegro (2004)



Full report Analysis of Power Sector in Montenegro contains 33 pages with the content of:

- Description
- Legal framework
- Electricity market
- Restructuring
- Important issues at glance
- Review of actualities
  - Development of regional and internal electricity market
  - Electricity price development
  - Privatization, refurbishment & investments
- Links and contacts

## News:

**Hellenic Petroleum, OMV, MOL and Lukoil interested for Oil industry of Serbia (Region)**

Hellenic Petroleum (HP) has been conducting preliminary talks with Hungarian MOL and Austrian OMV regarding the joint bid for the purchase of Oil industry of Serbia (NIS) in the future tender.

HP officials are expecting final decision of government of Serbia concerning the model for privatization of NIS. The privatization tender for NIS is expected to be launched in October and government should decide whether it would sell entire company or just a part of NIS.

Serbian privatization minister said that the decision of the government would certainly depend on the recommendations of the official privatization advisor, the Merrill Lynch.

Vice prime minister of Serbia announced that Merrill Lynch would present the first proposals regarding the model privatization of NIS by the mid May. According to vice PM, Merrill Lynch had prepared preliminary analyses on NIS.

HP's officials said that they have been particularly interested for the refining and retail divisions in NIS, while the Serbian sources said that HP was interested for entire company. NIS has 10 subsidiaries and 500 petrol stations.

HP estimated that two NIS's refineries, after upgrade, could supply the half of the Balkans.

HP already operates 15 petrol stations in Serbia, number of which should be increased at 22 by the end of 2006th.

OMV officials said that they were closely monitoring the privatization procedure of NIS, which, according to OMV, was carrying out to slow, the Vienna daily papers said. OMV wants to be revealed which part of the NIS will be privatized

According to the Serbian newspapers, another seriously interested party for NIS is the Russian Lukoil.

Lukoil's officials said that they were waiting for the publishing of the tender. The head of the company has recently announced that Balkans, particularly Serbia, would have special place within Lukoil's expansion strategy.

Some sources already speculated that OMV would buy refinery in Pančevo, while Lukoil should become the owner of the refinery in Novi Sad in case if government decides to sell only the refineries.

In case if the entire NIS was sold, it is expected that some other companies, outside of region, would participate in the tender.

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**Summit on Balkans oil pipelines held in Belgrade (Region)**

International summit on future of Balkans oil pipelines was held in Belgrade in the beginning of April.

The summit named "Balkans oil pipeline, when and where?" were attended by 150 participants from the Balkans, energy companies from the region, Texas, Japan, Norway, England, Austria, Italy, Germany, and Russian giants Rosneft and Lukoil.

Speaking at the opening of the international summit, the host of the

(PEOP), the one of the potential pipelines, could provide 500 million euros of annual incomes for Serbia by providing transit services.

PEOP should originate in Romanian port Constanza, it will end in Trieste, and it would transport oil from Caspian region. 1300 km long pipeline should transport 40 million oil of oil a year and it will be connected to the Trans-Alpine pipeline in Trieste, which transports oil to Central Europe.

The construction of the PEOP would increase the capital worth of Oil industry of Serbia (NIS) by establishing the safe supply and reduction in transport costs, vice PM said.

According to him, the PEOP would gain substantial benefit to other participating countries in the project as well.

The pipeline should be operational in 2011th or 2012th, and Serbian oil company Transnafta (company in charge for the oil transport) will be Serbian shareholder in the project. Vice PM announced signing the Memorandum of understanding for support and development of PEOP within a month. The next step will be establishment of the company that will be in charge for the development of the project until the strategic partners became involved in the project.

It was agreed that PEOP should be built even if Slovenia did not sign the Memorandum of understanding. In that case, the MoU will be signed by the Serbia and Montenegro, Romania, Croatia and Italy and the pipeline would be built under the sea between Italy and Croatia. Almost half of the pipeline in Serbia and Croatia is already operational, i.e. existing oil network could be incorporated into new transport route.

As a reminder, Slovenia has postponed signing the MoU in Trieste scheduled for March 22nd this year. It is believed that Slovenia does not have high interest for the pipeline in this moment having in mind that only 30 km of the pipeline will pass across Slovenia and that Slovenia does not have any active oil refinery.

Serbia's deputy energy minister pointed out that two other potential pipeline routes existed in this moment, the Burgas (Bulgaria) – Alexandroupoulos (Greece), and Burgas –Valona (Albania), the AMBO project. According to the deputy, PEOP and two other pipelines would not be competitive to each other having in mind the preferred markets, and it would be compatible and supplementary.

Serbia's vice PM said that one of the goals of the summit was to present all options for the oil pipelines and to present the current results in each project.

Several experts pointed out that construction of new oil pipelines was the necessity, having in mind that existing pipelines until 2010th, could transport 230 million tons of oil from the Caspian region although production should be higher.

Participants of the summit called EU to participate in the projects of Balkans oil pipelines; otherwise, oil companies could consider the import of oil from Far East.

The chief editor of the weekly electronic paper, the Energyobserver, which was the main initiator and coordinator of the summit, believes that the fact that European Bank for the Reconstruction and Development (EBRD) has participated on the summit has drawn the special attention. EBRD is one of the main investors in the project of Baku - Ceyhan oil pipeline.

Another positive surprise was the participation of the British Petroleum and Russian Rosneft, editor said. Those two companies did not show any interest for the Balkans oil pipelines in the past.

The representative of the AMBO project informed the participants in the summit that consortium had been negotiating with the governments of Macedonia, Bulgaria and Albania regarding the tax relief for the import of raw materials that would be used for construction of oil pipeline Burgas – Vlora and the profit tax relief. AMBO has been asking for 25 years long contract on those issues

The negotiations are in the final phase, and it is expected that governments of Macedonia, Bulgaria and Albania will signed convention on legal, technical and environmental issues in the AMBO project. This was also confirmed by the Bulgarian officials.

AMBO consortium has managed to raise 900 million dollars of dollars so far through several loan contracts, and another 300 million should be provided by the shareholders. AMBO project should officially start at the end of this year.

Albanian and Bulgarian representatives have attended the summit in Belgrade, while Macedonian officials were absent.

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### **World Bank advises KESH (Albania)**

The World Bank (WB) has demanded from Albanian power corporation (KESH) to improve the business and financial performance.

The demand was made during the visit of WB officials in Tirana in the end of March.

Albania has experienced massive power cuts during the winter season in 2005th and 2006th. In the same time, collection rate for power bills seemed to decrease rapidly in the past few months.

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### **Bankers Petroleum announced new plan for Patos Marinza Oilfield (Albania)**

In the end of March, at the press conference in Tirana, Bankers Petroleum, together with Albpetrol Sh.A ("Albpetrol"), National Petroleum Agency of Albania, and the Ministry of Economy, Trade, and Energy of Albania, has announced the approval for new plan for Patos Marinza Oilfield.

The approval will allow to the Saxon International Ltd, the 100 % owned subsidiary of Bankers, to take over the rest of the oil wells in the oil field and to produce and sell the oil under existing license, owned by Albpetrol, for a period of 25 years, whit option for 5-year extension.

Development plan will include take over the existing wells from Albpetrol and redevelopment of 80 to 120 wells per year in the first four years in order to achieve production of 10,000 to 15,000 barrels per day.

The overall cost of the development plan was estimated between 155 to 213 million euros.

The Patos Marinza oil reserves are estimated at 1.96 billion barrels of original oil in place, and with current recovery level of 6 %. The redevelopment of the oil wells could increase potential recovery up to additional 99.7 million barrels, according to the estimations in the Evaluation of Reserves prepared on December 31, 2005, by the Bankers' independent qualified reserves evaluator, APA Petroleum Engineering Inc. The amount of additional oil will be equal to the 4-6 % additional recovery, based on primary heavy oil production techniques.

In 2006th, Bankers Petroleum plans to take over 80-110 wells with 31 million dollars invested in capital expenditures program. The production target for 2006th is 3,800 barrels per day.

President of Bankers Petroleum Ltd called the approval a milestone for its company and Albania, which would enable to Bankers to carry out the development projects and long-term production.

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### **Italy granted 51.5 million euro loan for power grid (Albania)**

In the beginning of April, Italy has granted 51.5 million euros loan to Albania that will be used for renewal of power grid.

The soft loan will be realized in the next three years for construction of new distribution and control center in Tirana, and construction of 400 kV line Elbasan – Tirana that should be further connected to the Montenegro and main European power grid.

Since November last year, Albania was faced with the worst power cuts in past several years. In the same time, main problems for Albanian power corporation (KESH) is non-payment of power bills, failures in power grid and power losses of 35 %.

During February this year several regions in Albania still had power cuts of 2 to 4 hours. In the beginning of April KESH has announced that capital Tirana would be without electrical energy from 07.00 until 17.00 in the next few days, due the repair works in the substations Selite.

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### **Government wants to build natural gas network (Albania)**

Having in mind that Albania is only country in the Europe without pipeline connections with the neighboring countries, government of Albania decided to initiate the negotiations for construction of new gas pipelines.

The government also wants to build new natural gas deposits, that should store and distribute natural gas that would be imported by sea from the North Africa or Asia.

Albanian ministry of economy has been considering two projects related to the natural gas sector.

ASG company has submitted request to the government for the import of natural gas and construction of thermal power plant. Another, unnamed company had proposed to build new deposit for liquefied gas, officials from ministry of economy said.

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### **The shares of power companies in RS among the most traded (Bosnia and Herzegovina)**

According to the weekly report from Banja Luka stock exchange, share trade volume reached 1,604,502 euros.

The most traded shares were the shares of the ten companies in holdings of Power utility of Republic of Srpska, with volume of 704,290 euros or 43.89 % of overall trade.

The shares of Hydro power plants (HPP) Trebisnjica achieved the highest trade volume of 265,290 euros.

According to the company's report, HPP Trebisnjica have achieved net profit of 5.67 million euros in 2005th. Overall incomes of the company reached 28.2 million euros, while the expenditures reached 22.51 million euros. Overall capital of the company reached about 500 million euros.

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### **23 million euros of losses for EP BiH in 2004th (Bosnia and Herzegovina)**

Power utility of Federation of Bosnia and Herzegovina (EP BiH), one of the three power utilities in BiH, has achieved 23 million euros of business

According to the Auditor department of Federation of BiH, the losses were lower comparing to the previous years.

The price of produced kWh of electrical energy in thermal power plant (TPP) Tuzla (779 MW), the largest power producer in EP BiH, was 3.83 eurocents, and with transmission and distribution costs included, the final price reached 6.65 eurocents.

Auditors said that retail price of electrical energy in Federation BiH, was 6.20 eurocents per kWh. In the same time, EP BiH has exported electricity to the foreign customers at average price of 3.23 eurocents per kWh.

The usage factor in older units in TPPs was 20 % and in new units 32 %, which has directly affected achieved profit. Auditors have noticed that internal consumption in the power utility, which has reached 9.9 %, as well as technical losses have not been registered at all.

The profit in the EP BiH was distributed in accordance to the actual costs in particular unit of the company and not in accordance to the achieved profit. Only the profit achieved in the exports activities were distributed to the particular units that actually exported electricity.

Due to low quality of coal (mostly lignite), production was reduced and coal supplies at the depots of TPPs were not regularly restocked, which could have led to the reduced power production, Auditor department concluded.

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### **Record production of coalmine Kreka (Bosnia and Herzegovina).**

In the first quarter of 2006th, coalmine Kreka, near city of Tuzla, has produced 552,000 tons of coal, which was the highest production achieved after the end of war in Bosnia and Herzegovina (BiH). In March, coal production reached 200,000 tons. 90 % of produced coal was delivered to thermal power plant Tuzla and to the soda factory.

Coalmine Kreka produces about 43 % of overall production in the Federation of BiH, and 60 % of overall production in canton Tuzla.

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### **Prosecution office stopped the inquiry on EFT (Bosnian and Herzegovina).**

Prosecution office of Bosnia and Herzegovina (BiH) has stopped the investigation on the business behavior of Energy Financing Team (EFT) in BiH. Prosecution office said that no charges would be made against the EFT.

EFT officials said in the press release they were satisfied with the outcome, having in mind that three year after the accusations and enormous damage suffered, company could focus on the business activities in BiH.

The investigation was launched in March 2003rd, after publishing the report of special auditor of Office of the High Representative (OHR) in BiH. The allegations in the report have accused the officials from Power utility of Republic of Srpska (EP RS) for signing the harmful contracts with EFT.

The investigation was extended to the business activities of EFT in England, and EFT is looking forward to the cancellation of that investigation too.

EFT believe that the latest development would led to the increasing the loan rating of the company in order to continue the initiated project. EFT has invested nearly 40 million euros in BiH so far. press release of EFT

city of Doboj. The worth of the construction of 400 MW TPP is estimated at 500 million euros.

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### **Record losses of oil refinery in Brod in 2005th (Bosnia and Herzegovina).**

Joint stock company Oil refinery Bosanski Brod has achieved record loss of nearly 40 million euros, which was 295 % higher comparing to the 2004th.

Refinery has achieved 4.97 million euros of incomes and 44.3 million euros of expenditures. On December 31st, overall active capital of the company was 302 million euros and overall capital was 160.3 million euros.

Prime minister of Republic of Srpska (RS) said that former government has made the unfavorable terms during the negotiations with the Israeli company Alon, which was interested for privatization of refinery.

PM repeated that Alon's offer was unacceptable, having in mind that Alon proposed establishment of joint venture with the government of RS on 50:50 basis, where Alon would have invested the funds for purchase of crude oil.

In the same time, Alon would have 100 % managerial rights in the new company, while the current debts of the refinery would be responsibility of the government.

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### **Possible import of natural gas from Egypt (Bulgaria).**

Bulgaria is considering signing the contracts for import of natural gas with several countries in order to provide alternatives to the supplies from Russia, the head of Natural resources and concessions department in the Bulgaria's economy and energy Ministry said.

Bulgarian official confirmed on the national radio that Bulgaria would import natural gas from Egypt after 2008th, when the Nabucco gas pipeline is expected to become operational. In addition, Bulgaria would have an option for import of natural gas from Azerbaijan.

The announcement for import of gas from Egypt was the first time mentioned by the Bulgarian energy minister during the meeting with his Turkish colleague.

Bulgaria could start to import natural gas from Egypt starting from 2008th, across Turkey, after construction of gas pipeline Egypt – Turkey, Bulgarian minister said.

Turkish minister confirmed that participation in Nabucco project had to be in equal shares for all involved parties and that Turkey was ready to become transit country. He also said that all parties should be allowed to resell the part of the transited natural gas to third parties.

Nabucco gas project was developed by OMV, and companies Botas (Turkey), Bulgargaz (Bulgaria), TRANSGAZ (Romania), MOL (Hungary) and OMV Erdgas GmbH have joined the project. The Nabucco pipeline will transport natural gas from Iran to Europe, with annual capacity of 30 billion cubic meters a year.

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### **Increase in natural gas prices (Bulgaria)**

From April 1st, the price of natural gas in Bulgaria will increase by 3.21 euros per 1,000 cubic meters, State Energy and Water Regulatory Com-

Bulgarian gas company Bulgargaz has demanded for increase in prices due to price increase of alternative fuels in the World markets in the last three months.

SEWRC's chairman believe that increase in natural gas prices would not affect price of heating services in Bulgaria. On the other hand, eight heating utilities have already demanded for increase in heating prices.

§ § §

### **Neftochim refinery increases processing output (Bulgaria)**

Lukoil has announced that its refinery in Neftochim will increase the volume of processed oil at 7 million tons in 2006th, comparing to 6.5 million tons in 2005th.

Recently, Lukoil announced that it would not increase procession output in order not to saturate European market with Russian oil.

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### **1.6 billion euros of costs for decommission of units in NPP Kozloduy (Bulgaria)**

According to Bulgarian energy minister, overall losses for Bulgaria due to decommissioning of units 1 to 4 in nuclear power plant (NPP) Kozloduy will reach 1.6 billion euros.

The losses related to the reduced power export are estimated between 200 to 600 million euros. Interdepartmental work group has established that operation costs of the NPP will rise by 590 million euros after January 1st 2007th, while another 600 million euros should be invested for modernization and reconstruction of the NPP.

Decommission of the units would led to the increase in electricity prices in the country, which would certainly affect prices of other goods and services, energy minister said in the parliament.

Reduced production in NPP will be followed by increased production of the Maritsa Iztok power plants, which is believed to increase environmental problems.

In the same time, energy minister announced that British Nuclear Group (BNG) had plans for investments in Bulgarian nuclear sector. Minister and Bulgarian president visited United Kingdom, where minister met the representatives of BNG.

BNG expressed interest for establishment of joint British-Bulgarian company to be involved in the nuclear projects in Bulgaria and Russia. The new company's line of business should be construction of new nuclear production facilities and decommissioning of the old ones. In this moment, BNG is the advisor in several projects related to the decommissioning projects in NPP Kozloduy.

British Nuclear Group, part of the BNFL Group, is a specialist site management and nuclear clean-up business, employing around 14,000 people.

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### **CEZ buys 100 % of TPP Varna (Bulgaria)**

According to the latest announcements, Czech CEZ will buy 100 % of the capital in thermal power plant (TPP) Varna (1,260 MW). Draft contract on sale of TPP Varna was signed in mid April, and CEZ should pay 346 million euros in cash and investments.

Initial terms in the privatization procedure predicted sale of 51 % of shares and capital raise up to 67 % by the new owner. The rest of 33 % of shares could have been purchased until 2007th.

Nevertheless, Bulgaria's Privatization Agency (PA) decided to sell all the shares in TPP Varna to CEZ. The contract should be approved by the supervisory board of PA.

During the negotiations, CEZ has increased cash offer by 14 million euros up to 206 million euros, and CEZ was also obliged to increase the capital value of the TPP by 16 % trough issuing of 99.8 million worth shares. Czech company agreed to pay additional amount of 40 million euros to the investment fund for the energy projects in Bulgaria.

As a reminder, CEZ was invited to negotiate in the privatization procedure as the second ranked bidder after Russian RAO EES cancelled its offer due to regulatory and environmental issues.

In order to complete the transaction, CEZ and Bulgaria's National transmission operator (NEK) should sign the contract regarding the capacity reserve mechanism, the mechanism developed to secure the adequate power capacity to meet the peak demand. The negotiations on the contract have been underway and the Commission for the Protection of Competition must approve the contract.

§ § §

### **AtomStroyExport and Scoda Alliance could jointly build NPP Belene (Bulgaria)**

High official from AtomStroyExport announced that Russian company has been considering option for a joint bid with Scoda Alliance for construction of nuclear power plant (NPP) Belene. Two companies are the potential constructors of the NPP in this moment.

AtomStroyExport will propose the joint bid only if Bulgaria government decides to continue the construction of NPP with the equipment already delivered to the site of NPP in 1990s. In this case, construction could be finished in 4 years, according to Russians.

Another options proposed by AtomStroyExport was to install reactors type VVER 466B in NPP Belene. The same type of reactor should start operating in Indian and Chinese NPPs. The operational life of those reactors is 60 years, and until now, not a single reactor of this type has become operational yet. Russians believe that NPP Belene could be built in 5 years, if Bulgaria approves installation of those reactors.

On the other hand, Scoda Alliance was surprised that Russians have been proposed to install reactor which had not been properly tested yet and that was still in process of development.

AtomStroyExport expects that Bulgaria's National transmission operator (NEK) will select the constructor of the NPP by June this year. NEK has addressed about 1,000 procedural questions to AtomStroyExport, out of which 800 should be soon answered by the Russian company.

AtomStroyExport has agreed with the term imposed by NEK that the price of produced electricity from NPP must not be higher than 4 euro-centers per kWh.

Until now, 20 Bulgarian companies has submitted offers to AtomStroyExport in order to become the subcontractors in the project. Gazprombank, owned by Russian gas monopoly Gazprom, will be strategic investor on AtomStroyExport's side.

Bulgarian energy minister announced that state would provide 300 million euros of guarantees for the loan agreements granted by Euroatom and European Investment Bank.

NPP Belene will have power output of 2x1000 MW, the worth of the project is estimated between 2 and 4 billion euros and NPP should be operational by 2012th.

The project was abandoned in 1990s due to financial problems and environmental reasons. About 40 % of construction works had been finished at the time, including the delivery of Scoda reactor, for which 1 billion dollars had been spent.

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### **Restructuring of NEK (Bulgaria)**

On April 11th, Board of director has decided that National transmission system operator (NEK) would be restructured in two separate companies.

The decision was made in accordance to EU Directive 2003/54/EC regarding the common rules for the internal market in electricity.

NEK will establish subsidiary that will be operator of transmission system, administrator of balancing market and it will be in charge for the operation and maintenance of the distribution network.

The mother company will become the owner of the assets of nuclear power plant Belene and it will remain in charge for the transit and export of electrical energy. NEK will also operate as the producer and the trader of the electrical energy in Bulgaria, board decided.

The ministry of economy and energy must approve the restructuring schema and schema will be effective only after making the amendments in Energy law.

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### **Greece supports construction of new NPP in Bulgaria (Bulgaria & Greece)**

During the meeting of prime ministers of Greece and Bulgaria in Sofia, Greek PM has expressed strong support for the construction of new nuclear power plant (NPP) Belene (2000 MW).

Greece also supported the Bulgaria's demands regarding the decommissioning of four units in NPP Kozloduy.

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### **Millions euros of losses due to electricity thefts (Croatia)**

Due to large number of illegal connections to power grid and several others irregularities, Croatian Power Utility (HEP) has suffered the loss of 20.52 million euros in 2005th, which amounted to 2 % of overall power consumption in Croatia.

According to the company's spokesperson, HEP has discovered aforementioned data after launching the large-scale action against the illegal power consumption. Initial assumption was that the illegal consumption comprises 4 % of overall consumption or over 40 million euros of losses, according to the data from the past several years.

HEP was satisfied with the latest results having in mind the declining tendency in illegal power consumption.

According to the energy law in Croatia, the perpetrators could face even three years in prison due to electricity theft.

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### **Signing the contract for the last section of regional gas pipeline Pula – Karlovac (Croatia)**

The contract for the construction of the last of four sections of regional gas pipeline Pula –Karlovac was signed in Zagreb in the end of March. The investor, Plinacro (Transmission system operator) and the constructor, the Austrian –Italian consortium Habau-Ghizzoni, have signed the contract.

The projects include construction of 13 km part the pipeline and terminal in Pula, which is considered as the most sophisticated part of the 190 km long regional pipeline. The construction works have started on April 3rd and it should last for six months.

After the planned end of the construction of pipeline in October, the pipeline should be tested, incorporated in existing gas network and connected to the production facilities in gas fields in Northern Adriatic.

The construction works on other sections of the pipeline is in accordance to the plan. New pipeline will enable direct transport of gas from the Croatian gas fields in Adriatic as well the beginning of gasification of several Croatian coastal provinces.

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### **Annual maintenance works in NPP Krsko (Croatia)**

Annual maintenance works in nuclear power plant (NPP) Krsko, jointly operated by Slovenia and Croatia, started on April 8th. The maintenance works will last until May 10th, official from NPP said.

Croatian power utility (HEP) has provided sufficient amount of electrical energy to cover deficit in aforementioned period.

In 2005th, NPP has produced 5.6 TWh of electrical energy, which was the record production ever, while the usage factor of NPP reached 98.55 %.

On April 8th, 21st fuel cycle of the NPP, that started on October 2004th, will be ended, when the maintenance will start and several fuel rods will be replaced. On May 10th, 22nd fuel cycle should start and it should last for 18 months, like the previous one.

In the past, NPP operated in 12 and 15-month fuel cycles, but 18-month cycle will be future point of reference of the NPP.

During the maintenance, 30 adjustments, aimed to improve equipment and technological systems in NPP, will be made. The most significant adjustment will be related to replacement of low-pressure turbine, which would increase power output of NPP by 12 to 20 MW.

In the same time, arbitrage procedure related to the undelivered electrical energy from NPP to HEP at the International Centre for Settlement of Investment Disputes (ICSID) in Washington, has been continued.

HEP is claiming 32 million euros as a compensation for the period July 2002nd until April 2003rd, when NPP did not deliver electricity to HEP, although Slovenian industry minister said opposite to those claims. According to him, electrical energy was offered to HEP, but HEP bought cheapest electrical energy on free market.

In April, ICSID should establish tripartite arbitrage tribunal that will be in charge for procedure. Legal representative of HEP estimated that procedure could last for year or two.

Both sides believe that they could win in the dispute and Slovenia has been considering launching the separate compensation request due to unpaid maintenance cost by HEP.

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### **INA signed contract with Syrian company Hayan Petroleum (Croatia)**

During the International fair of oil, gas and environmental protection in Damask from 2nd until 6th April, subsidiary of Croatian oil company (INA), the STSI has signed three important contracts, INA's press public relation department said.

STSI and Hayan Petroleum (join Croatian-Syrian company) have signed a contract for designing, supervision, supply and delivery of equipment. The worth of the contract is 2 million dollars.

The contract is related to the Palmyra project, one of the three natural gas fields discovered by INA in Hayan concession so far. The project will include construction of collection-transport system for two natural gas fields. INA will also build 37 km long gas pipeline to the gas terminus in Arak and it will be also responsible for control, management and communication links between all facilities.

The project will enable gas production in Palmyra field, and it should be finished in the next six months.

Hayan Petroleum was established last year in order to initiate production on three gas fields discovered by INA. INA has been exploring another concession field, the Block 10 and it has submitted bid for exploration project in Block 13.

STSI has signed another contract with USA-British company Gulf sands Petroleum regarding the construction of 2 gas wells in Block 26 in the next three months.

Third contract was signed with Dublin International Petroleum Limited, which intends to construct 28 gas wells in its concession. The contract was related to two-year period with possible extension of two more years.

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### **Profit of 60.5 million euros for HEP in 2005th (Croatia)**

Croatian power utility (HEP) has achieved the net profit of 60.5 million euros in 2005th, latest report showed. Overall power consumption in Croatia in 2005th reached 16.706 TWh, which was 3.8 % increase comparing to 2004th.

HEP had achieved 1.35 billion of euros of incomes, and 1.29 billion euros of expenditures, while the company has invested 328.5 million euros in the same period.

Pre-tax profit of HEP reached 70.5 million euros in electrical energy distribution sector, 83,000 euros in natural gas distribution sector and heating company has achieved pre-tax profit of 8.7 million euros.

The increase of electricity prices of 6 % for industrial customers and 5 % for households customers, imposed on September 1st last year, resulted in increased incomes for HEP of almost 14 million euros.

Hydro power plants have produced 6,388 GWh (15 % above the plan), thermal power plants have reduced production by 515 GWh, and HEP has sold 3,420 GWh in the European markets in 2005th.

HEP planned to reduce the staff from 14,664 to 14,500 employees, until the summer this year.

According to the estimations, Croatian customers in 2020th will spend 26 TWh per year, because of which HEP decided to build five new production units.

In February last year, management of HEP has reached decision for con-

should reach a decision for construction of the TPPs Sisak and Osijek, each with power output of 250 MW. The approval for the construction of TPP Plomin C (500 MW) should be granted in 2008th, when HPP Lesce and unit L in TPP Zagreb will have been operational.

HEP is also preparing the projects for construction of two interconnection power lines, the power line 400 kV Ernestinovo-Pecuj (Hungary) and 400 kV undersea power cable toward Italy.

HEP has been seriously considering the option for construction of the liquefied natural gas terminal (LNG) in Omisalj. The LNG terminal should provide 1 billion cubic meters of natural gas for HEP per year and enable the construction of gas-fired TPP near LNG terminal (175 million euros worth). HEP is ready to invest 150 million euros in the LNG project, which would provide 10 % of the ownership share for HEP.

Until 2012th, HEP plans to invest near 2 billion euros in strategic projects, out of which 20 % would be from HEP's funds, and 80 % through loan agreements and joint ventures.

According to the latest announcements, HEP will not file any request for increase in electricity prices during this year.

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### **The final proposal for continuation of privatization of INA by end of April (Croatia)**

The final proposal regarding the second phase of privatization of Croatian oil company (INA) should be presented by the end of April.

It is expected that INA's shares will be listed on two stock exchanges, in Zagreb and in one foreign stock exchange.

State secretary in the ministry of finance said that government would decide to sell 15 % of INA's shares in the stock exchange through the IPO (initial public offering) and that second phase of privatization should be finished in September.

Croatian officials said that advisor, the consortium RBA- Merrill Lynch, has submitted their proposal to the government in March, but the government requested for some changes in the proposed document.

Some sources in Croatia imply that RBA-Merrill Lynch have received entirely new requests from the government related to the exclusion of option for sale of the shares to the strategic partner and focusing only to IPO, i.e. listing or 15 % or more share in the stock exchanges.

The initial option for finding strategic partner comprised scenarios for increase of the MOL's shares in INA, before, during and after IPO. In fact, government was recently ready to sell the shares to MOL prior the IPO. In the same time, head of the management board of INA revealed that Hungarian MOL was not the only strategic partner interested in INA, implying that OMV could be again interested for INA.

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### **New energy law promote renewable energy sources (Greece)**

Greek government has approved draft energy law on production of electrical energy from renewable energy sources (RES). New energy law was particularly designed to facilitate the investments in wind farms.

In this moment, the main obstacles for producers of electricity from wind farms are the current regulations and the low prices of electrical energy, which cause the business losses in the very begin of production process.

According to law proposal, despite the high production costs, additional annual price for the customers should be negligible.

Apart for the wind farm projects, the law should facilitate investments in forgotten solar energy projects, although solar energy companies did not seem to be completely satisfied with the law articles.

Greece and other EU countries were obliged to increase the electricity production from RES at 20.1 % of overall electricity production until 2010th. The investments in RES projects were entitled for financial support from EU funds.

In this moment, Greece is far behind the target percentage, and new law will support the energy production companies through tax relief and subsidies in order to meet the target.

The Hellenic Association of Electricity Producers from Renewable Energy Sources has shown in the study that for 1 MWh produced from RES instead from conventional sources there is a profit of 1 euros due to reduction in carbon dioxide emission costs. In addition, law has predicted the 33 % reduction in electricity tariffs for the large industrial customers willing to use renewable energy sources.

Study also showed that for a charge of 80 eurocents per 1 MWh produced from RES, which would imply 3 euros per year for average Greek household or less than 1 % of average PPC power bill, the funds could be raised for paying the electricity produced from RES.

The study estimates that power output from RES will rise from 700 MW, at the present, to 2400 MW in the period 2010-2015. The charge for RES in this case will rise up to 1.20 euros per MWh or another 5 euros per year for average household.

Greek development ministry has announced that 20 % of the private investments related to the use and production of RES will be excluded from the taxable incomes in 2007th. Tax relief should additionally help reaching the target in RES in 2010th.

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### **54 % lower net profit of PPC in 2005th (Greece)**

According to data published at the end of March, Public power corporation (PPC) has achieved 54 % lower net profit in 2005th comparing to 2004th. The net profit decreased to 135.7 million euros, which is lower from the lowest expected forecast of 147 million euros, estimated by 12 analysts in Reuter's poll.

PPC, company 51 % owned by state and with 90 % market share in Greece electricity market, explained the business results by fuel costs, energy import and low, state regulated electricity tariffs.

PPC's fuel costs increased by 34.2 % up to 985 million euros and funds paid for electricity import increased by 30.9 % up to 240 million euros. The sales incomes increased by 4.8 % up to 4.3 billion euros, despite the 0.6 % decline in sales amount.

Tariff adjustment of average 3.4 % increase from September 2005th had not covered the negative impact in fuel prices, PPC's officials said. PPC also had environmental costs related to the purchase of carbon credits of 12.6 million euros, which were lower than expected according to analysts.

PPC's five years business plans focuses on costs cutting measures, real estate development and revenue increase. PPC management is looking forward to the expansion in Southeastern Europe by purchase of production units, while in the same time company will face liberalization in electricity production in domestic market.

PPC particularly expects expansion to Balkans, and company has announced 1,600MW capacity replacement program and interconnection project of the islands of the Cyclades.

It is expected that PPC will increase pressure to the government to allow electricity price increase in relation to fuel costs.

Development minister dismissed the latest request of PPC for 7.5 % increase in electricity tariffs, but he did not exclude option for increase in tariffs above to inflation rate. Minister announced that burden of electricity tariffs should be placed more on large customers instead on households and small customers.

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### **Mytilineos invests 350 million euros in wind farm projects (Greece)**

Greek mining and metallurgical holdings company Mytilineos announced plans for investment of 350 million euros in the renewable energy projects in the next three years.

Mytilineos officials did not make it clear whether the funds include the combined cycle gas turbine (CCGT) plant in Aluminum of Greece.

In the beginning of April, Mytilineos group has put in service 17 MW wind farm in Serres in Northern Greece.

The wind farm projects are the part of Mytilineos's plans for investments in renewable energy sources (RES). The medium-term plans predict 100 million euros of investments for construction of 100 MW in RES, while long-term strategy predicts 500 MW of power output in RES until 2010th.

Mytilineos forecasted that capital expenditure (capex) of the company, including the Aluminum of Greece and the group's own gas-fired power plant, is expected to reach 600 million euros with installed power production capacity of 900-1000 MW.

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### **Start of the construction works of Komotini-Alexandroupolis gas pipeline (Greece)**

According to the Russian press agency ITARTAS, Russian company Strojttransgas has started the construction of Komotini - Alexandroupolis gas pipeline in the end of March.

The 53.4 km long pipeline will be the part of the regional gas pipeline that should transport natural gas to EU across Turkey, Greece and Italy. The new pipeline represents the extension of the existing gas pipeline from the Greek-Turkish border to Alexandroupolis.

The worth of the project is 20 million euros and the pipeline should be operational in March 2007th.

Public gas company DEPA provided 42 % of funds for the project, and European Fund for Regional Development and the Greek investment program provided the rest of funds.

The construction of Komotini - Alexandroupolis gas pipeline will open new route for transport of Russian natural gas and it would enable the construction of natural gas pipeline between Greece and Italy.

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### **PPC invests 1.2 billion euros for the 1,600 MW replacement capacity program (Greece)**

General manager of Public Power Corporation (PPC) announced 1,2 billion euros of investments for construction of four new power plants aimed to replace 1,600 MW of existing capacity. New plants should have 45 % lower fuel consumption comparing to the ones to be replaced.

According to the PPC's plans, new gas fired plant in Central Greece should be operational in 2009th, second and third gas-fired plant should be operational in 2010th and 2011th respectively, and lignite-fired power plant in Florina should be built until 2013th.

New gas-fired plants should have efficiency rate of 55 %, comparing to the 38 % in old units. In the same time, costs in the new plant in Florina will be reduced by 20 %.

PPC expect to increase the share of hydro power production from 11 % in 2005th to 12 % in this year. In 2006th, PPC has predicted increase in power consumption of 3 %.

Management of PPC believe that market share of PPC in 2010th would be reduced to 80 % , with 1,200 MW operated by independent producers.

Until 2014th, PPC expects to operate 1,500 MW in renewable energy sources, for which 250 million euros will be invested in the next 8 years.

In the related news, PPC's employees have held one-day strike in mid April, demanding the increase in salaries above the inflation rate.

The head of General Federation of Employees of PPC, which represents 25,500 workers out of 27,200 employees in PPC, said that they demand 8 to 10 % increase in salaries.

In 2004th, PPC has increased salaries by 6.2 %.

It is estimated that salaries, with 1,25 billion euros, represents one third of operational costs in PPC.

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### **Makpetrol and government back in court (Macedonia)**

After eight months of pause, Makpetrol and government of Macedonia have met in court once again. Press reports in Macedonia called this process as "one decade circus". As a reminder, ten years ago it was decided that Macedonia should be gasified by 2005th.

Both parties were invited to declare themselves on the report prepared by court experts regarding the ownership share in natural gas network in Macedonia.

Court experts decided that state owns 55 % of share and that Makpetrol owns the rest of 45 % of the natural gas network in the country.

In court, government has claimed 70 % of ownership, while Makpetrol's officials called the experts' report a forgery.

Director of Makpetrol's legal department said that court experts had made miscalculation of 13 million dollars in government's behalf.

The most damaged party, in this legal dispute, are the Macedonian citizens, according to the Macedonian experts.

They have estimated that only 2 % of energy needs in the country was covered by natural gas, which was considerably lower comparing to other countries in region like Croatia, with 22 %, Serbia with 21 % and Bosnia and Herzegovina with 15 % of share of natural gas in overall energy consumption.

usage for heating purposes instead of electricity reduce heating bills by 25 % in Macedonian households, Macedonian experts say.

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### **ESM got a new Supervisory board and shareholders' assembly (Macedonia)**

Austrian company EVN AG, new majority owner of Power utility of Macedonia-Distribution (ESM) with 90 % of shares, has appointed its members of supervisory board of ESM and in the same time new shareholders assembly was established.

Four places in supervisory board belong to EVN, two seats for independent members; government's representative is the chief of cabinet of economy minister and one seat in the board is reserved for the representatives of trade unions. The decision on new board members came in power on April 7th.

Shareholders assembly has officially decided that government will be no longer the single shareholder.

In new assembly, EVN will have 10,467,268 votes, government will have 1,493,191 votes and another 2,971,450 votes with limited voting right according to the terms of contract signed by the government and EBRD (European Bank for Reconstruction and Development). EBRD should decide whether it would acquire reserved shares in ESM.

EVN has paid 225 million euros for 90 % of shares in ESM, with 96 million euros of investments in the next three years.

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### **Tender for TPP Negotino published (Macedonia)**

Ever since thermal power plant (TPP) Negotino has become independent company after restructuring of Power utility of Macedonia (ESM), government has been trying to find strategic partner willing to invest in TPP.

TPP Negotino was considered as unprofitable given that it uses expensive fuel oil as an engine fuel. Government of Macedonia believes that TPP should be altered to gas-fired TPP in order to become profitable.

In the end of the last year, representatives from Russian state owned power company RAO EES have offered to Macedonian government 20 million euros for purchase of thermal power plant (TPP) Negotino. Also, RAO has offered additional investments for modernization and gasification of the TPP.

According to the unofficial information published by Macedonian daily paper, representatives of RAO have recently visited TPP Negotino in order to be acquainted with the conditions in TPP. After RAO's experts have assessed the TPP, management of the RAO will decide whether will participate on the potential tender for TPP.

One of the reasons why the Russians are interested for the TPP is the fact that TPP was entirely made under Russian technology.

In the same time, Macedonian experts believe that government should not postpone the sale of the TPP due to fact that second largest power producer in the country (200 MW) has not been producing the electricity, i.e. it did not make any profit for the state.

Unofficial sources also say that if RAO participate in the tender for TPP Negotino, it will participate together with Russian gas monopoly Gazprom, which implies gasification of the TPP.

The Gazprom has officially registered its office in Macedonia last year. It is expected that Gazprom should also be interested for the gasification projects in Macedonia, especially after Macedonian prime minister announced signing the Memorandum of understanding and cooperation between government and Gazprom.

In the same time, Greece Hellenic Petroleum (HP) has also been interested for TPP Negotino. If HP becomes the owner of TPP, it is expected that HP's subsidiary in Macedonia, oil company Okta, would deliver fuel oil to the TPP and electricity would be exported to Greece, which happens to be one of the largest importers of electricity in the region.

According to the latest information, international tender for sale of thermal power plant (TPP) Negotino was published in Financial Times.

Tender criteria established by Macedonian government say that future owner of the TPP should have more than 300 million euros worth assets, annual incomes of 200 million euros in two last fiscal years and net profit higher than 20 million euros.

Tender bids must be submitted until April 27th.

Three companies that are considered as most interested for TPP are Russian RAO EES and Gazprom, French Gaz de France and Greek Hellenic Petroleum (HP).

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### **Tender for the import of electrical energy of MEPSO (Macedonia)**

In the beginning of April, Macedonian transmission system operator (MEPSO) has opened bids for import of electrical energy for the period of May 1st 2007th until April 30th 2007th.

According to the bids, Macedonia will not be able to import requested amount of 2.7 TWh of electrical energy, especially in period January-April 2007th, because potential suppliers have offered only 2.3 TWh.

The bids for delivery of electrical energy were submitted by ATEL and EFT from Switzerland, NEK from Bulgaria, Energy Holding from Romania, Sempra from England, PCC from Greece, OstElektra from Germany, Ezpada from Czech Republic and EPS from Serbia.

According to MEPSO officials, the offered prices were relatively high, having in mind that offers ranged between 23 and 43 euros per MWh for low (night) tariff and from 44 to 69 euros for high (day) tariffs. It implies that MEPSO should pay between 160 and 170 million euros for import of 2.3 TWh.

Macedonia imports about 30 % of electrical energy needed. Due to latest development related to the electricity import and offered prices, it is believed that households' customers will pay higher price during the next heating season than current one of 3.9 eurocents per kWh.

General manager of MEPSO pointed out that tender procedure could be launched again in order to acquire missing amount of electricity. He repeated that Macedonia would certainly be affected by the closure of the nuclear units in Bulgaria, which caused lack of energy in the region.

General manager said that Macedonia would support the demands for delay of decommissioning of nuclear units in Bulgaria until end of the next winter season, instead of December this year. The Bulgarian (NEK) has earlier announced plans for considerable reduction in power export in 2007th. In 2005th, Macedonia has bought 590 GWh from NEK at the price of 3.7 eurocents.

In 2005th, Overall import of Macedonia was 2.3 TWh of electrical energy, and Macedonia has paid 22 million euros to NEK and 20 million euros to both ATEL and EFT for delivered electrical energy. The cheapest electrical energy was delivered by ATEL at 3.5 eurocents, and the highest price

MEPSO called for rational use of electricity and savings by the citizens, while the MEPSO and state of Macedonia should consider long-term strategy for solution of the problem.

Commission for public procurement of MEPSO should evaluate bids and it should select the companies that will sign supply contract. The contract should be approved by the Regulatory energy agency.

Despite the lack of electricity, Macedonia does not have plans for construction of new production facilities. Government has recently granted guarantees for 25 million euro loan to MEPSO for the construction of new 400 kV line. In the same time, project for construction of small-sized hydro power plants (HPP) was delayed due to bureaucratic reasons.

Six month ago, government has rejected as too expensive the offer of Slovenian company Turboinstitut for construction of 34 small-sized HPPs under 30-year concession contract. Slovenians have offered guaranteed price of 6.5 eurocents per kWh for produced energy.

According to the calculations of the Associations of energy experts of Macedonia, country needs new production facilities with power output of 400 MW in order to substitute current import. The import of electrical energy should be doubled by 2010th, experts estimated. One of the options is the altering the thermal power plant Negotino (200 MW) into the gas-fired plant.

Macedonia is looking forward to construction of combine cycle gas-fired power plant in Skopje by the Russian Intera and Skopje Heating company.

Another possible project related to the production facilities in the country is the construction of the pumping-storage hydro power plant Cebren (344 MW), for which 600 to 800 million euros is needed.

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### **Draft strategy for development of small-sized hydro power plants (Montenegro)**

Ministry of economy of Montenegro has prepared a draft strategy for development of small-sized hydro power plants (HPPs).

Solutions in the strategy have been adapted to the Montenegro's particularities, with inclusion of experiences from EU countries. This strategy should be the part of integral energy strategy of Montenegro for period until 2025th.

The Action plan has also been prepared with intention to establish positive environment for realization of construction of HPPs. The strategy was based on several studies made by Croatian Energy institute Hrvoje Pozar.

The main aim of the strategy is to create conditions for systematic, rational, profitable and long-term utilization of hydropower energy of small rivers in Montenegro.

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### **Unsuccessful attempts for recapitalization of Jugopetrol by majority owner Hellenic Petroleum (Montenegro)**

The minority owners of oil company Jugopetrol, which include several investments funds with overall control of 23 % of shares, have succeeded to postpone the decision for recapitalization of company by 7 million euros initiated by majority owner Hellenic Petroleum (HP).

For the fourth time, the minority owners did not show on the shareholder-

% shareholders for reaching the aforementioned decision. The latest assembly was attended 54 % of shareholders, which is equal to the amount of shares owned by HP.

HP believes that only way to increase the capital value of Jugopetrol is to increase its ownership share at 66 % by buying the shares from the funds. The share price of Jugopetrol at the stock exchange in mid April was 8.6 euros, where HP was ready to pay 14.6 euros per share. As a reminder, HP has paid state-owned shares package at 23 euros per share.

The representative of funds in the management board said that funds would not sell the shares below nominal value. Funds believe that, in case of sale of shares, their ownership rights would be reduced and they believe that investments would not be made in the right direction.

HP's official said that recapitalization of Jugopetrol was necessary for acquiring of funds that would enable investments projects in order to improve business activities, to create new working places and to ensure profit to shareholders. HP wanted to issue new shares in accordance to pre-emption rights.

Government of Montenegro has selected the HP as the best bidder to become the majority owner in Jugopetrol, with obligation to perform several recapitalizations. By recapitalization, HP wants to provide fresh capital to fulfill its obligations in accordance to the privatization contract.

In the last two years, investments funds have been boycotting the efforts of majority owners to conduct the recapitalization of Jugopetrol. The funds have even launched court procedure against Hellenic Petroleum for not fulfilling the contract obligations, officials from Jugopetrol said. HP officials have been claiming that recapitalization could be one of the means for fulfilling those obligations.

As a reminder, HP became majority owner in Jugopetrol in 2002nd. In the same time, government has established new state-owned oil company Montenegrobonus, which became direct rival of Jugopetrol.

According to HP's plans, capital value of Jugopetrol should be increased by 7 million euros allocated to 479,180 shares, with nominal value of 14.6 euros. The overall share capital of Jugopetrol is estimated to 68 million euros.

If the recapitalization were not approved, HP would reconsider cancellation of planned investments projects, the number of employees and finding alternative financial sources.

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### **Tender for privatization of TPP and coalmine Pljevlja prolonged until June 1th (Montenegro)**

According to the latest information, six companies have been qualified for the second phase of the privatization of thermal power plant Pljevlja and coalmine Pljevlja.

Tender commission has selected Belon, En Plus Group, CEZ, HSE, Verbund and consortium of PPC and Contour Global to be final bidders.

Until the April 3rd, eight companies have submitted required documentation and the tender deadline was prolonged to June 1st.

Executive director of coalmine Pljevlja has earlier informed the public that tender for sale of 31 % of state-owned shares in coalmine and 100 % of shares in thermal power plant (TPP) Pljevlja (200 MW) would be postponed until May 27th.

The announcement of the postponing the tender came shortly after officials said that tender would be prolonged until April 27th. The latest extension of the tender deadline to June 1st was explained by the request of the several participants in the tender procedure

The extensions of the tender deadline were also explained by political reasons, i.e. by incoming referendum regarding legal and political status of Montenegro scheduled for May 21st.

It is expected that potential investors wanted to have clear picture on political status of the country where they wished to invest.

Officials from Greek Public power corporation (PPC) have visited Pljevlja in the beginning of April and, together with Contour Global, demanded for extension of the tender deadline in order to submit joint bid as a consortium.

The PPC intention was confirmed by the plans announced by management of the company for the investments in Balkans, where 500 million euros was allocated for those purposes, Greek sources said.

Contour Global is the energy company from New York, owned by private investment company Reservoir Capital. This would be first time for PPC to become the member of consortium in international tender.

Until mid April, TPP and coalmine have been visited by Czech companies CEZ, Slovenian HSE, EN plus from Russia, PPC, and tender documentation was bought by Austrian Verbund, Russian Belon Group, Contour Global from USA, ABS Holding from Serbia, German companies OstElektra and EnBV and Penta Investments from Czech Republic.

According to some sources, CEZ and HSE have also been considering option for establishment of consortium that would participate in the tender and it seems that they have hired consultants for this purpose.

The well-informed sources believe that announcements on new consortiums were attempts to become competitive to Russian companies that have expressed greatest interest so far for the TPP and coalmine.

As a reminder, both Russian companies have placed bids in the first, cancelled, tender procedure. Also, EN plus recently became the owner of the Aluminum factory in Podgorica, the largest industrial customer in the country (200 MW consumption). In case if Russian companies take over the TPP, which produces 35 % of electricity in Montenegro, it will become key players in energy sector in Montenegro.

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### **Condition of TPP Pljevlja before privatization (Montenegro)**

Thermal power plant (TPP) Pljevlja has stopped power production due to regular annual maintenance works in mid April. The maintenance works should last until end of May.

The maintenance works should have started on April 1st, but it was postponed for two weeks to in order to achieve production plant for the first quarter of this year.

Since the beginning of this year, TPP has produced 324.6 million kWh of electrical energy or 2 % above the plan.

Annual production plan for 2006th predicted production of 1 billion kWh of electrical energy, for which 1.35 million tons of coal will be needed.

Director of TPP announced that main works would be done at the coal supply facilities, transport system for coal ash and used coal, and at the boilers and electro filters.

The maintenance works are expected to be medium-range and capital renewal of the turbine will not be carried out, because that task would have lasted for three months.

The initial plans predicted capital renewal of the turbine, which should be carried out every four years, when the turbine should be opened in order to examine the state of material inside the turbine.

According to technical standards, turbine should be renewed after each 25,000 work hours and that has been done in 2001st for the last time in TPP Pljevlja. Capital renewal of entire TPP should be done after 123,000 hours after start of operation and 100,000 works hours.

In the recent period, the main problems for the TPP were noticed at the coal depot, transport system for coal ash and used coal, due to unfinished reconstruction works started three years ago.

The existing pumps in the ash transport system do not have sufficient capacity, and the sedimentation was increased in the pipelines due to increased presence of CO<sub>2</sub> in coal ash. The maintenance costs of the transport system have increased, which required the designing of new transport system.

In 2005th, production results of TPP were below expected and below the achieved operating level in the TPP due to well know problems in coal delivery.

As a reminder, TPP Pljevlja has produced 890 billion kWh of electrical or 17 % below the plan in 2005th, for which 1.2 million tons of coal and 2,247 tons of fuel oil was spent. The coal delivery was far below the plan.

In the certain periods of year, the production was reduced because the National Dispatching Center (NDC) restricted production of electricity in the TPP in accordance to the needs of the power system. The consumption of fuel oil was in accordance to plan, and it was slightly increased comparing to 2004th, due to frequent restarts of the operations and fluctuations in coal quality.

According to the director of TPP, the power production could have been higher by 320 million kWh if the coal delivery had been regular. In that case, the threshold price of the electricity produced in the TPP would be 6 % lower than planned and it would have been 35.88 euros per MWh.

The aforementioned problems have led to the final price of 40.34 euros per MWh or 5.6 % higher than planned price of 38.20 euros.

Officials in TPP believe that privatization procedure has been prolonged for to long, and employees are unsatisfied with the terms of the social package defined by the tender.

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### **Vertical integration of CEZ (Romania)**

CEZ Romania, local subsidiary of CEZ, has expressed interest for buying the power plants in Rovinari, Turcenti and Craiova. In the same time, CEZ has earlier announced its participation in privatization procedure for power distribution company Electrica Muntenia Sud.

Aforementioned plans are the part of the CEZ strategy to become independent from the wholesale power suppliers, director of CEZ Romania explained. According to director, CEZ has invested about 3 billion euros for the acquisitions and investments in Balkans in the last three years.

The main problem for CEZ was that process of unbundling the utilities in electricity sector into generation, transmission and distribution utilities was not over yet and that market was not still transparent enough, director said.

Many of customers in the market have been state-owned, without obeying market rules. In addition, there were many long-term supply contracts under very low tariffs.

Director was unsatisfied by the fact that Electrica Oltenia, majority owned by CEZ, has lost many of its large customers after the takeover, because those customers were not ready for the electricity tariffs in private sector.

In the related news, Electrica Oltenia has published the plans for doubling EBITDA (earnings before interest, taxes, depreciation and amortization) in 2006th at 51 million euros.

In 2005th, Electrica Oltenia has achieved 340.5 million euros worth sales and EBITDA of 26.6 million euros. According to data presented by CEZ, Electrica Oltenia has finished last year with net loss of 3.2 million euros.

In 2004th, company has achieved higher sales of 387.8 million euros and EBITDA of 67.9 million euros, with net profit of 45.1 million euros.

Electrica Oltenia intends to increase the sales to large customers and to continue the restructuring in the company after appointing new management in the last year.

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### **Distrigaz Nord becomes E.ON Gaz Romania (Romania)**

Natural gas company Distrigaz Nord, which was taken over by German company E.ON in June 2005th (51 % of the shares), has announced changes of the company's name into E.ON Gaz Romania.

In the same time, company has announced 44.8 million euros worth investment program in 2006th.

The half of the funds will be invested for the replacement of 350 km of the natural gas network. It was estimated that about 40 % of the gas network operated by Distrigaz Nord was over aged.

The rest of the funds should be invested for upgrade of other equipment, development of new IT systems, hardware and software.

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### **Decrease in prices for natural gas from new deposits (Romania)**

Romanian minister of economy and commerce announced that industrial customers that use natural gas from new deposits would pay 120 euros per 1,000 cubic meters instead of current average price of 174 euros.

The price of natural gas from new deposits would not exceed 80 % of price of imported natural gas but it would be 8.2 euros higher than the price of natural gas produced in Romania, minister confirmed.

The decision on new prices was aimed to support companies that use natural gas in production process.

In the same time, National Settlement Authority in the Natural Gas Sector (ANRGN) has approved the 3.6 % increase in natural gas prices for households customers starting from April 1st.

It implies that households' customers in first category (consumption below 2,400 cubic meters per year) will pay 237 euros per 1,000 cubic meters.

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### **Highest electricity prices in Europe (Romania)**

After recent report published by Eurostat, the report published by Romanian ministry of economy and commerce confirmed that Romania was the country with highest electricity prices for industrial customers in Europe. The comparison in prices was carried out in 29 countries in Europe.

According to data, industrial customers in Romania, with annual consumption below 50 MWh, paid average price of 17 eurocents per kWh in the first quarter in 2005th. Only Ireland and Cyprus have larger prices for this category of customers.

In the next category of customers, with annual consumption between 50 MWh and 160 MWh, Romania had the second highest prices.

Ministry has announced 80 % increase in electricity taxes starting from July 1st, which was in accordance to the Fiscal code project for harmonization of legislation to the EU standards.

Tax for the industrial customers will be 0.26 euros per MWh instead of 0.14 euros, while the tax for the households' customers will be increased from 0.3 euros to 0.52 euros per MWh.

In the related new, Ministry has presented information that power producer Hidroelectrica would hire a law company in order to charge four million dollars of penalties from VA Tech Hydro due to delay in the repair works in hydro power plant Portile de Fier.

The contract regarding the repair of equipment was signed in 1996th and 2000th. In 2005th, large number of failures has been noticed in the power equipment in the plant. Swiss company VA Tech Hydro did not want to comment the request for penalties, saying that they had paid 633,000 euros in 2005th, minister of economy and commerce said.

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### **Iberdrola and CEZ interested for Electrica Muntenia Sud (Romania)**

Spanish company Iberdrola has expressed the interest for purchase of the power distribution company Electrica Muntenia Sud.

High official of Iberdrola said that the price of 750 million euros, the price at which Electrica recently evaluated its subsidiary, was reference price and that Iberdrola would not pay higher amount for the Muntenia Sud than it was worth.

Iberdrola is also interested for participation in other privatizations in energy sector in Romania, such as Electrica Muntenia Nord, Electrica Transilvania Nord, Electrica Transilvania Sud and thermal heating plants of Turceni, Rovinari and Craiova.

Another qualified bidder in the tender, Czech CEZ has also commented the price required for Muntenia Sud saying that that it would be excellent price for Romanian state if it were achieved in the tender. CEZ is ready to pay realistic price for the company also. In the autumn last year, CEZ has bought Romanian power distribution company Electrica Oltenia for 166.5 million euros.

CEZ has also expressed interest for the purchase of Turceni, Rovinari and Craiova thermal power complexes, as well for the signing the contract with the Hidroelectrica, the power producer in Romania with lowest electricity prices.

As a reminder, state of Romania has been selling 67.5 % of the capital in the Electrica Muntenia Sud. The new owner should buy 50 % of the share capital and it will be obliged to invest funds for the capital stake increase in order to acquire 67.5 %.

The privatization commission has selected five companies in the second phase of privatization procedure: CEZ (Czech Republic), Enel (Italy), Gaz de France, Iberdrola (Spain) and RWE Energy (Germany).

The deadline for the submission of the final bids was postponed from April 12th to May 2nd, because potential owners have not received the final financial results of the Muntenia Sud for 2005th.

Electrica Muntenia Sud supplies more than one million customers in the capital Bucharest and two neighboring counties. In 2005th, company had turnover of 314 million euros and net profit of 24.7 million euros. In 2004th, company has achieved 8.3 million euros of losses.

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### **Petrom should sell 8 % of shares to employees, takeover of MOL Aviation Romania (Romania)**

Romanian government should reach decision on the procedure for sale of 8% of shares in oil company Petrom to the employees. The decision should be made after agreement with the banks interested for this transaction.

The first variant predicts the sale of shares strictly to the employees, employed in the company in the period from establishment of the company until the privatization of the company.

The second option, proposed by the ministry of commerce, predicts the sale of the shares through the associations of the employees.

Prime minister of Romania called for more banks, willing to finance employees to buy share, to be included in this operation rather than to have the single bank in this procedure.

The future consortium of the banks should advise the government on the best options for sale of the shares directly to employees. The banks should be mediators in the sale if the government decided not to transfer the shares through the employee associations.

Prime minister advised employees not to buy the shares through third persons.

In the August last year, Petrom Employees Association has established a consortium with investment bank Credit Suisse First Boston and law firms Squires, Sanders and Dempsey; and Voicu and Filipescu in order to negotiate share purchase with the government.

Credit Suisse First Boston was authorized by Employees Association to invest 235 million euros for the purchase of shares.

As a reminder, the Petrom's privatization contract prescribed that 8 % of shares had to be sold to the employees at the same price paid by the new owner OMV Group, but the method for carrying out the transaction was not specified. The worth of the 8 % of shares is 235 million euros, having in mind the price paid by OMV of 5.25 eurocents per share for majority share package.

In the related news, Petrom announced taking over the MOL Aviation Romania together with 30 gas stations (15 located in capital Bucharest) of the MOL's subsidiary in Romania. Petrom will offer to MOL 11 Petrom's and OMV gas stations and cash.

The worth of the cash amount will not be made public, two parties have agreed. Some sources said that Petrom would pay to MOL 20 to 30 million euros in cash for this acquisition.

The gas stations owned by MOL had belonged to Shell Romania SRL, purchased by the Hungarian oil group November 2004th.

Petrom plan to modernize those gas stations under PetromV brand. According to company's plans, the number of gas station should be increased to 250 until 2010th in order to meet the target market share of 30 % and annual fuel sale of 2.9 million liters.

Petrom operates network of 550 petrol stations in Romania, 82 gas stations in Moldova and Hungary. The network would be enlarged by 178 petrol stations in Romania, Bulgaria, Serbia and Montenegro, which was bought from majority owner OMV in January this year.

Petrom is the largest oil company in Romania with annual turnover of 3

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**Gazprom interested for Margineni gas deposit (Romania)**

Russian gas company Gazprom has expressed interest for the natural gas deposit in Margineni in eastern Romania.

Vice president of Gazprom has announced visit to Romania in May to discuss this issue and import of natural gas from Russia.

Romanian economy minister announced the talks on old Romanian-Russian agreement on natural gas import and establishment of joint venture from the gas delivery.

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**Report on EMS business plans, 100 million euros invested in current projects (Serbia)**

The overall worth of current contracted projects in public company Serbia's transmission system operator (EMS) was 100 million euros, general manager of EMS confirmed.

During the presentation of EMS business strategy in Chamber of commerce of Serbia, general manager said that aforementioned funds had been provided from loans and donations. Until 2015th, including current project, overall amount, of 350 million euros should be invested for the upgrade of EMS.

Director of strategic development department of EMS said that European Bank for Reconstruction and Development (EBRD) has granted 60 million euros loan for construction of three new large 400 kV substations in Belgrade, Jagodina and Sombor, enlargement of 400 kV substations in Mitrovica and Subotica, construction of three new power lines and reconstruction of 170 km of existing power lines. All projects should be finished until 2008th, director said.

Another 59 million euros was approved by EBRD for reconstruction of eight substations in Belgrade, Nis, Novi Sad, Leskovac, Krusevac, and Srebobran, with the deadline until 2010th.

European Agency for Reconstruction (EAR) has granted donation of 21 million euros that would be invested for construction of new interconnection power line Nis –Skopje (Macedonia). The power line should be built until 2010th.

The project for upgrade of dispatching center of EMS was supported by Switzerland with donation of 15.3 million euros, while EBRD and European Investment Bank have granted 31 million euro loan for new IT system of EMS.

Until 2010th, EMS officials expect that new 400 kV interconnection power line between Serbia and Romania is going to be built. In the same period, two substations in Vranje and Bistrica are going to be built, while the 200 kV substation Smederevo would be enlarged.

EMS was established in July 1st 2005th by the decision of government of Serbia where the sectors responsible for transmission and management of power system have been separated from Power utility of Serbia (EPS) into new company.

EMS has 1,400 employees and company is in charge for transmission of electrical energy, management of transmission system and organization of electrical energy market in Serbia.

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**German KfW Bank granted 46 million euros for ecology projects in EPS (Serbia)**

German KfW Bank and Power utility of Serbia (EPS) have signed 46 million euros worth loan protocol for two ecological projects in thermal power plant (TPP) Nikola Tesla A and TPP Kostolac A. The agreement should be ratified by the parliaments of Germany and Serbia and Montenegro.

The overall worth of the projects is 55 millions euros. EPS is going to invest 9 million euros of its funds, 10 million euros is a donation from German Bank, and the rest of 36 million euros would be provided by favorable loan from KfW.

Director of investment department of EPS said that loan would be used for renewal of 16 coal mills in TPP Nikola Tesla A (1500 MW), which should resolve the ecological problems for the longer period in nearby city of Obrenovac. In the same time efficiency of the TPP should rise by 2%

The second project was related to installation of new ash removal system in TPP Kostolac A. The project should reduce level of ash pollution by 15 times and it should reduce the pollution of underground waters.

Both investments will be carried out in the next three years and it should be repaid in 5 years in average, director said.

According to the deputy of energy minister, in the next ten year, several billion euros would be needed for Serbia to reach EU environmental standards.

KfW and EPS have been cooperating since 2002nd. The first loan of 25.5 million euros was used for repair of dredger at surface coalmines Kolubara and for capital renewal works of unit 2 in TPP Nikola Tesla B (2x600 MW).

In 2003rd, KfW has granted 25 million euro for coalmine Kolubara again, and in 2005th 30 million euro loan was granted for renewal of hydro power plant Bajina Basta, which should be realized in April this year.

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**Experts propose sale of minority share in EPS and NIS (Serbia)**

Serbian energy experts believe that, due to efficient and unhindered development of electrical energy sector in Serbia, the price of electricity should reach economical, i.e. market value.

In the same time, regional electricity market should be established in 2 to 3 years, experts propose.

According to experts, in this moment in Serbia there are two, opposed, opinions regarding the privatization of public energy companies. One side believes that energy companies should be sold to private investors, while other side wants to keep those companies under state control.

On the other hand, experts propose the model for sale of minority stake in energy companies, particularly in Power utility of Serbia (EPS) and Oil industry of Serbia (NIS), to the strategic partners.

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**Significantly improved characteristics of EPS (Serbia)**

The high power consumption tendency was continued in Serbia in the first three months in 2006th.

Power consumption in March was 300 million kWh above the forecasted values and EPS was forced to import electrical energy in that period. Nevertheless, import was considerably lower than planned amount of 90 million kWh, because EPS has imported only 7 million kWh of electrical energy, mostly during the emergencies in power system.

In the end of March, the electrical energy stored in accumulation lakes was 684 million kWh, which was 198 million kWh above the planned amount, while the coal reserves were in accordance to plan.

The maintenance works in this year have started with the renewal of the unit 5 in thermal power plant (TPP) Nikola Tesla on March 11th and in TPP Morava on March 21st.

According to the energy balance, power consumption in Serbia would reach 3,300 GWh in April, and entire amount should be produced by EPS.

Hydro power plants (HPP) should produce 67 million kWh less comparing to the preliminary plans, while accumulation HPPs should produce 139 million kWh above the plan. Coal-fired TPPs should produce planned amount of 1,600 GWh of electrical energy.

Current production results of EPS are equal to the production achieved in 1990s although the power system is 15 years older.

In period from 2001st until 2005th, EPS has increased power production by 6.3 %, operational availability was increased by 13 %, while the coefficient of forced standstills was reduced by 45 %.

In the same period, coal removal was increased by 79 %, the losses in transmission network were reduced by 17 %, electricity import was reduced by 44 %, and collection rate of power bills was increased from 65 % to 94 %.

EPS officials believe that one of the best achievements in the aforementioned period is the fact that the costs per produced kWh of electrical energy were reduced by 16 %.

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### **New gasification plan for 400,000 households (Serbia)**

Serbian minister of energy and mining announced that 400,000 households in Serbia would be included in the gasification projects in the next eight years.

Minister pointed out that Serbia was the only country in Southeastern Europe with the national gasification plan. National gasification plan forecasted 70 million euros of investments in Serbia until 2008th.

Serbia expects to use the favorable geographical position in the region, with eight energy borders, and by new projects toward Croatia, Romania, Bulgaria and Macedonia.

The construction of the new natural gas pipeline between Serbia and Bulgaria should start this year and it should be finished in 22 months. The worth of the construction of the part of the pipeline on Serbian soil, between Nis and Dimitrovgrad, should be between 55 and 60 million dollars. Bulgaria gave assurance that it would build the part of the pipeline between Dimitrovgrad and Dupnica, 80 km long.

According to the preliminary plans of European Union, the gas pipeline Serbia-Bulgaria should have provided 4 billion cubic meters of gas per year. The gas would be distributed to the Southern part of Serbia, Kosovo and the parts of Eastern and Western Serbia.

After the recent problems in natural gas supply, EU changed the plans and new pipeline should transport 25 billion cubic meters of gas per

year, while the gas pipeline should be built toward Macedonia, Bosnia and Herzegovina and Croatia.

In the same time, Serbia should finish the first phase of the construction works in the underground storage facility for natural gas in Banatski Dvor by the July 1st, for which 10 million euros was invested so far.

Serbian gas company Srbijagas should select the best bidder that should pump the natural gas into storage facility until the July 1st.

Another three years will be needed for the end of the second phase of the construction works, and the funds should be provided by the strategic partners.

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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 Co-operation 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>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 Contract Implementation Progress</b>	
Content:	<p>The Kazakhstan Electricity Grid Operating Company (KE-GOC) 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.</p> <p>Phase I</p> <p>1.1 Supervision of quality assurance by Contractor and PIU during implementation of survey work and design estimates.</p> <p>1.2 Quality and the accepted technical solutions assessment during elaboration of design estimates.</p> <p>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.</p> <p>Phase II</p> <p>2.1 Managerial and monitoring support during contracting.</p> <p>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.</p> <p>2.3 Quality assurance surveillance by the Contractor and PIU during implementation of the construction and erection works.</p> <p>2.4 Environmental measures monitoring during implementation of the construction and erection works.</p> <p>2.5 Verification of implementation according to the PIP and review of any changes to the PIP.</p> <p>2.6 Verification of the proper use of available funds.</p> <p>2.7 Submit periodic activity reports as may be requested from time to time by KEGOC.</p> <p>Phase III</p> <p>3.1 Confirmation of the Project Completion in accordance with the PIP and preparation of a Project Completion Report</p>

Company / organization:	<b>EAR, related Croatia</b>
<b>Supply of Equipment for Wind and Solar Energy Resource Assessment in a Pilot Croatian Region</b>	
Content:	<p>Delivery of Equipment for Wind and Solar Energy Resource Assessment in a Pilot Croatian Region</p> <ul style="list-style-type: none"> <li>• Measurement mast and equipment to be installed on masts will be located:</li> </ul> <p>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 Sniježnica in the Municipality of Konavle</p> <p>Solar radiation measurement location: Split</p> <ul style="list-style-type: none"> <li>• the equipment to process the data will be installed at the Energetski institut Hrvoje Požar, Savska cesta 163, HR-10001 Zagreb</li> </ul>
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:** **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 - BE-GRAD d.o.o. zone of operation for a period of three years (2006/2008). The total dinar value of the planned procurement is 600,000,000 dinars

**Contact:** Milos Hadzic, Tel: +381 11 3471-572

**Company / organization:** **Elektroprivreda, related Bosnia and Herzegovina**

**Works and delivery of equipment for needs of 110 KV units in steam power plant Kakanj**

**Deadline:** 24. 4. 2006, until 10:00 hrs, local time

**Contact:** Alen Kulenovic  
E-mail: a.kulenovic@elektroprivreda.ba

**Company / organization:** **Steam Power Plant Ugljevik - AD Ugljevik, related Republic of Srpska**

**Construction works on overhaul of block in steam power plant Ugljevik**

**Deadline:** 3. 5. 2006, until 10:00 hrs, local time

**Contact:** Mrs. Vaselic Milka  
Tel: 055/774-600  
Fax: 055/771-183

**Company / organization:** **Elektrodistribucija Pale, related Republic of Srpska**

**Works on reconstruction of 10 KV unit substation 35/110KV, delivery of new equipment and its installation into existing unit**

**Deadline:** 5. 5. 2006, until 11:00 hrs, local time

**Contact:** Mrs. Savic Radmila  
Tel: 057/224-832  
Fax: 057/224-832  
E-mail: komercijala@edbpale.com

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

**PURCHASE OF VALVES for needs of capital overhaul in Steam Power Plant Nikola Tesla**

**Deadline:** proveriti!

**Contact:** Jelena Mihajlovic, phone number: 011/875-50-11, extension 321.

**Company / organization:** **Assembly of City of Kragujevac, related Serbia**

**CONSTRUCTION SMALL HYDROELECTRIC POWER PLANT on Accumulation Lake Gruza**

**Content:** The City of Kragujevac intends to award the contract for construction of 80 kW small water power plant on Accumulation lake "Gruza" in the village of Pajsijevic (Knic), Republic of Serbia.  
The procurement will be co financed from the funds of EU "CARDS" programs.

Description of contract (subject of procurement): production of the main project design, execution of construction works, supply and installation of machine and electric equipment, commissioning and production of as built drawings.

Tender documents (in English) can be obtained from the office of the City of Kragujevac, City Administration for Economy and Finances – Public Procurement Unit, till April 25, 2006, at the latest, during working days from 7:30 till 15:00 h, against presentation of proof for payment of non-refundable CSD 5,000.00 to account no 840-135647-05 at UT – Branch office in Kragujevac, ref. no. 97 64-049-4000, purpose: "Purchase of tender documents for construction of small water power plant on the Lake of "Gruza".

Informative meeting with potential tenderers will be held on April 26, 2006, in room 105/I of the Assembly of the City of Kragujevac at 11:00 h, and after that an organized visit to the location of construction site will be organized.

**Deadline:** 15 May 2006 at 12:00 local time

**Contact:** Tel (381 34) 306-103 or 306-287,  
Fax 333-146,  
e-mail: sukkg@EUnet.yu

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

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

**Content:** **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.**

**Deadline:** 19 April 2006 at 17hrs00 (CET)

**Contact:** luisa.lopez@ear.eu.int , majlinda.statovci@ear.eu.int

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

**Investment for national measurement laboratories (electrical quantities, roughness, density)**

**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: <ul style="list-style-type: none"> <li>- possibilities for decreasing the costs and increasing the profit,</li> <li>- improving the organization and administrative functions and other services,</li> <li>- improving the strategy for investments and management with the investments,</li> <li>- possibilities for entrance of foreign capital.</li> </ul> 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 Električeska 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: <p>A.2.2. Construction of HV line 400 kV Zlatitsa -Plovdiv, and Re-routing of existing 110 kV Lines.</p> 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: <p>(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;</p> <p>(b) Works for the installation of the aforementioned items;</p> <p>(c) Consulting services to support the three Project Implementation Units established by the three power utilities</p>
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:	<b>EBRD, related Kozloduy Nuclear Power Plant Bulgaria</b>
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:	<b>EBRD, related Romania</b>
<b>Romania - CFR Traction Energy Network Management Project</b>	
Content:	CFR SA and its subsidiary CFR Electricare 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: EBRD – European Bank for Reconstruction and Development, related Serbia

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

Content: 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.

The Purchaser now invites sealed tenders from eligible Tenderers for the following contracts to be funded from part of the proceeds of the loan:

Measuring Equipment for Electro distribution Companies

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.

The Goods to be delivered in accordance with the Contract include, but are not limited to the following:

- a) Supply of calibrated meters with instruction manuals
- b) Technical documentation
- c) Installed software programming instructions and tools
- d) Staff training for software utilisation and meter connection

Deadline: 28 April 2006 at 10:00, local time

Contact: Mr. Nikola Rakić  
Tel: 381 11 361 1251  
Fax: 381 11 688 835

Company / organization: EBRD – European Bank for Reconstruction and Development, related Bulgaria

**Sofia District Heating Rehabilitation Project - Supply of Frequency Converters and Associated Services for Sofia East Power Plant**

Content: This Invitation for tenders follows the General Procurement Notice for this project, which was published on EBRD' Web site on 30 January 2006. Toplofikacija Sofia AD hereinafter referred to as the Purchaser, intends using part of the proceeds of a grant from the Kozloduy International Decommissioning Support Fund (KIDSF), administered by the European Bank for Reconstruction and Development (the Bank), towards the cost of Sofia District Heating Rehabilitation Project.

The Purchaser now invites sealed tenders from suppliers for the following contract to be funded from part of the proceeds of the grant for supply of four VFD (Variable Frequency Drive) systems for the engines of existing network pumps and associated services including related installation works.

Deadline: 1 Jun 2006 at 14:00, Sofia time

Contact: Mr. Vassil Petrov, Ph.D.  
Fax + 359 (2) 958 1264  
Phone +359 (2) 8598166

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## Oil and Gas

Company / organization: **INA, related Croatia**

**Down hole production equipment**

Deadline: May 03, 2006 at 11.00 hrs, local time

Contact: Mrs.V. Bigač, tel.++385 1 6451050, fax:++385 1 6452048, e-mail: vlatka.bigac@ina.hr

Company / organization: **INA, related Croatia**

**Well head & X-MASS tree complete assem. 10 000 W.P. & 5 000 W.P.**

Deadline: May 05, 2006 at 11.00 hrs, local time

Contact: Mrs.V. Bigač, tel.++385 1 6451050, fax:++385 1 6452048, e-mail: vlatka.bigac@ina.hr

Company / organization: **INA, related Croatia**

**PCP Downhole Pumps for Oil Well according to technical specification no. 083/06 - SP**

Deadline: May 10, 2006 at 11.00 hrs, local time

Contact: Mrs.V. Bigač, tel.++385 1 6451050, fax:++385 1 6452048, e-mail: vlatka.bigac@ina.hr

Company / organization: **INA, related Croatia**

**Plungers for Subsurface Sucker Rod Pumps according to technical specification no. 069/06 - SP**

Deadline: May 3, 2006 at 12.00 hrs, local time

Contact: Mrs.V. Bigač, tel.++385 1 6451050, fax:++385 1 6452048, e-mail: vlatka.bigac@ina.hr

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## Coal

Company / organization: HEP, related **Croatia**

**Supply of Steam Coal**

Content: Steam Coal in the quantity of approx. 195.000 metric tons

Contact: Hrvatska elektroprivreda d.d. Mr. Dalibor Blazevic fax 00385-1-6171-296 e- mail: dalibor.blazevic@hep.hr

RWE Power AG Mr. Stefan Egyptien fax 0049-201-12-22010 e- mail: stefan.egyptien@rwe.com

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