

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

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

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Balkan Energy NEWS publication

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006	1022	Slovenia	2009	11358	1116	978	938
048	1134		2010	12287	1083	991	1054
081	1077		2011	12590	955	1051	1127

Annual electricity consumption in GWh

Year	Sum	1	2	3	4
2007	11182	1027	891	953	850
2008	11570	1094	998	1012	911
2009	10994	1099	932	963	816
2010	11722	1074	979	1016	910
2011	12186	1155	1038	1075	938
2008	34507	3399	2960	2837	2837
2009	32723	3351	3196	2636	2636
2010	31954	3486	3052	3021	2443
2011	33452	3475	3107	3087	2577
2008	17842	1680	1543	1570	1558
2009	17507	1625	1530	1551	1323
2010	17507	1625	1530	1551	1323
2011	17507	1625	1530	1551	1323
2009	53504	4652	4271	4401	3894
2010	53665	4666	4107	4327	3913
2011	53665	4666	4107	4327	3913
2007	5353	452	445	4423	3885
2008	5353	452	445	4423	3885
2009	5353	452	445	4423	3885
2010	5353	452	445	4423	3885
2011	5353	452	445	4423	3885
2009	7576	862	747	755	668
2010	7576	862	747	755	668
2011	7576	862	747	755	668
2009	54131	4733	4418	4660	4080
2010	54131	4733	4418	4660	4080
2011	54131	4733	4418	4660	4080
2009	50636	4736	4288	4473	3803
2010	53365	4774	4472	4727	4080
2011	53365	4774	4472	4727	4080

Country Reports on Energy Business in South Eastern Europe

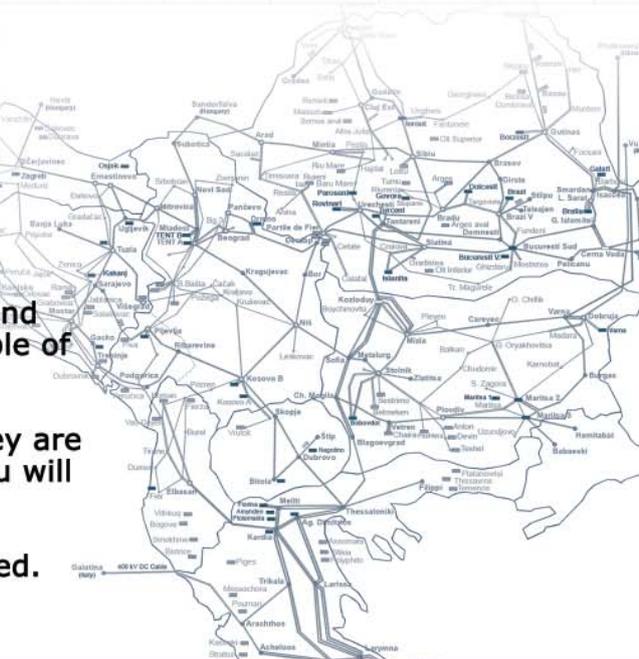
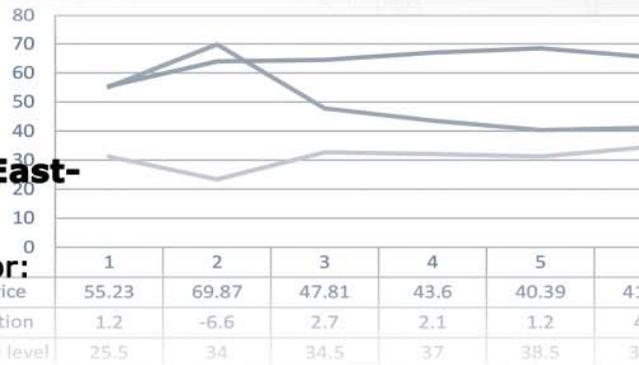
Country reports provide detailed overview of energy sector:

- 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

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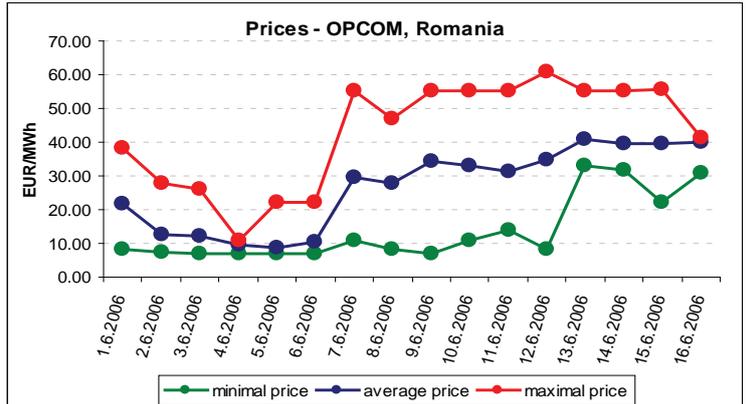
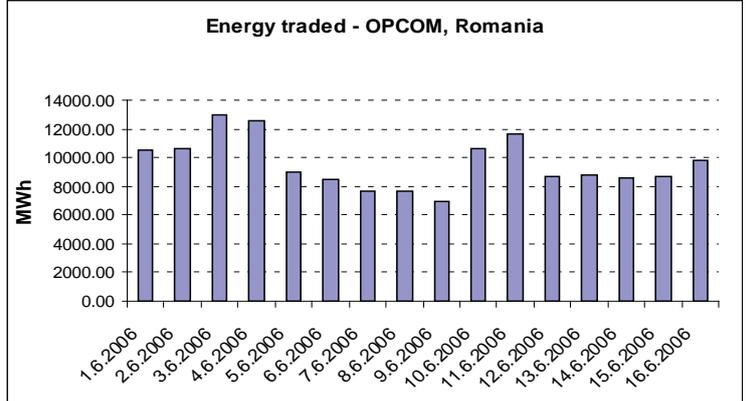
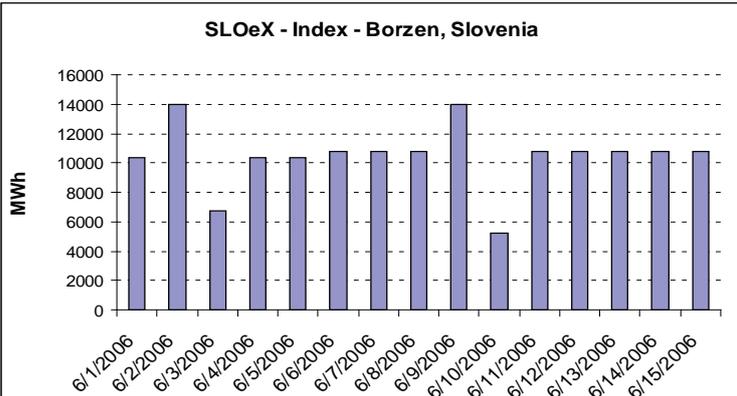
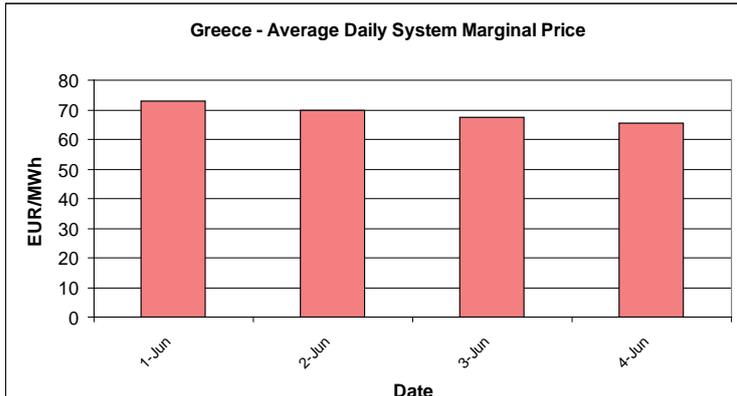
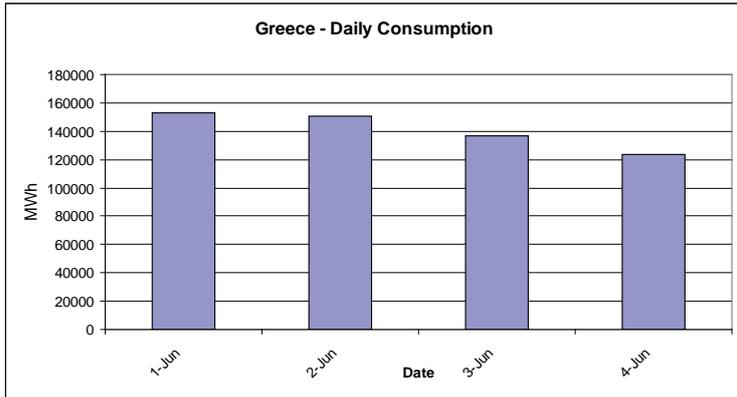
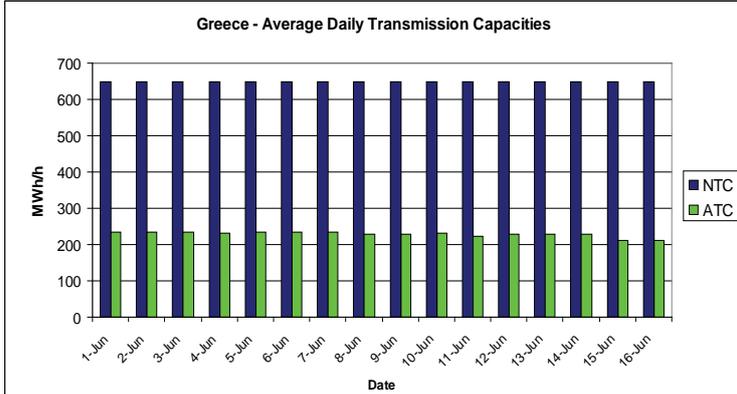


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Power exchanges data:



Analysis:

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Review of Power Sector in Romania

This is short intro-sample of the full report "Analysis of Power Sector in Romania" created by SEE Energy Assessment. Full report contains 36 pages. For more info about full report visit www.seeea.net

Romania

Area: 238,000 sq. km.

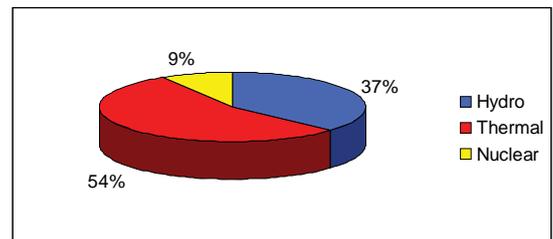
Population: 21.7 mil

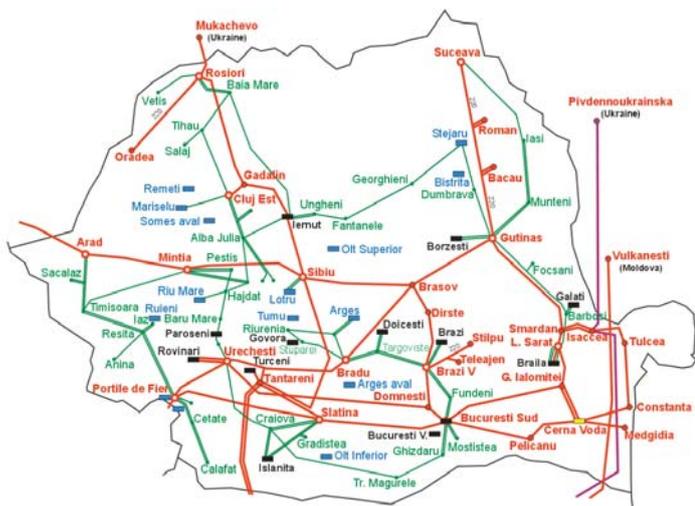
Installed capacity:

- Hydro 6300 MW
- Thermal 10600 MW
- Nuclear 700 MW

Electricity consumption (2005): 52225 GWh

Generation (2005): 54804 GWh





Romania has the largest power sector in SEE. Restructuring and privatization of the energy sector and creation of efficient energy markets is the most important task of the Romanian Government because they are aiming to fulfil conditions for becoming a member of European Union, but ailing energy sector seems to be the greatest obstacle in that way. Power sector of Romania is energy inefficient and cost inefficient. At the beginning of 2003 there were over 103,000 employees working in the production, transport and distribution of electricity, heat and gas. Large modifications of the power plants with the aim to implement efficient and clean technologies require huge investment that cannot be achieved without private investment. Favourable features of power sector in Romania are: well balanced structure of generation types (hydro, thermal, nuclear), highly exceeding installed capacity, and favourable geographic position for primary fuel imports and shipping transport of imported coal. Unfavourable features are: low efficiency of thermal generation capacities, age of installed capacities, and insufficient measures for environment protection at most of the power plants as compared to current European Union requirements. Additionally, great share of old existing lignite, gas and oil fired thermal power capacities is not operational and need comprehensive revitalisation.

Privatization process of distribution companies and then generation capacities started few years ago. Government's strategy was to privatize generation facilities and distribution companies and privatization is in progress. For years 2004 and 2005 plan was to privatize 25 – 40% of thermal generation capacities.

Regulator (The National Electricity and Heat Regulatory - ANRE) is established and it is responsible for issuing of licenses for the Romanian market. Eligible customers that have to fulfil ANRE requirements of: 1 GWh annual consumption, creditworthiness, absence of debts to former national company CONEL. Electricity market opening program is presented in table below.

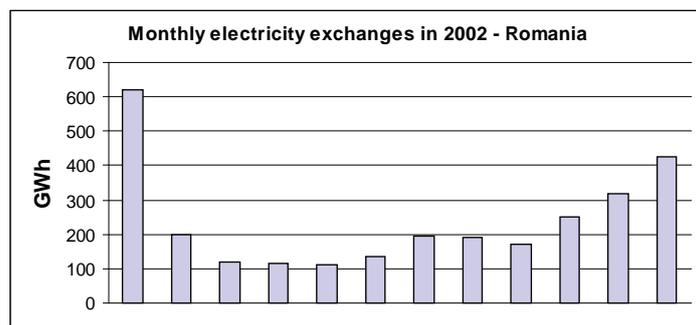
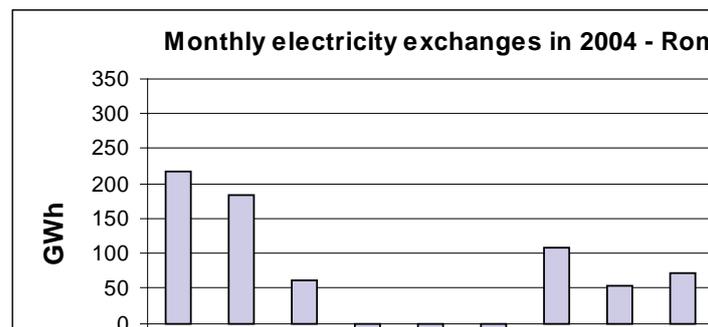
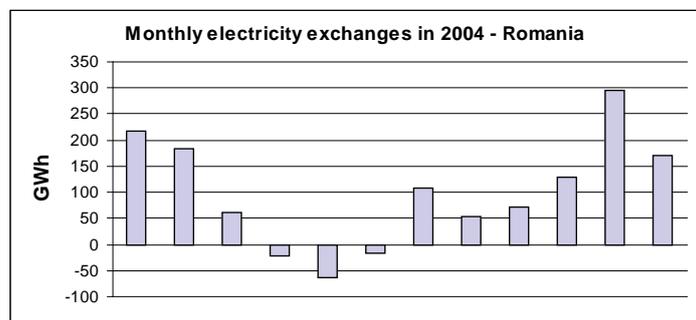
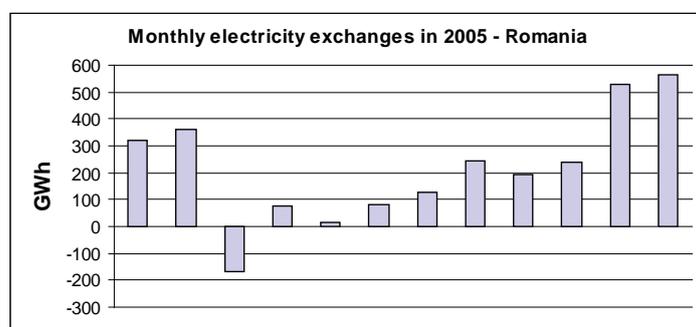
10 % opening	2000
15 % opening	2000
25 % opening	2001
33 % opening	2002
40 % opening	2003
55 % opening	2004
83 % opening	July 2005
100% opening - industrial	01.01.2007
100% opening - domestic	01.07.2007

Romanian transmission system is strongly interconnected with all neighbouring countries what enables very high and miscellaneous export or import possibilities. The strongest interconnection is with Bulgaria where there are three 400 kV lines crossing the border. There is a 750 kV interconnection line with Ukraine and 400 kV line

on Serbian and Hungarian border. New interconnection 400 kV line Oradea (Romania) - Bekescaba (Hungary) is planned and expected to be completed soon in order to facilitate exports to central and west Europe.

In the 1980s Romania experienced big energy crisis. Despite the impressive generation growth of about averagely 8.3% annually, power industry could not follow growth of consumption, mainly industrial. Power industry operated poorly in economical sense during the 1980s seriously damaging country's economy. Besides inefficient generation facilities, industry that consumed more than 70% of country's electricity demand was also very inefficient. During the transition industry collapsed and also electricity consumption dropped. Today electricity consumption in Romania is about 65% of electricity consumption in the year 1989. Due to such high decrease of national electricity consumption, Romania became exporter and it is now holding 2nd Place in SEE in electricity exports, just after Bulgaria.

Exports of electric energy will probably keep ascending trend in the future. Monthly electricity balance of Romania in 2002, 2003, 2004 and 2005 is shown on the following diagrams.



Full report Analysis of Power Sector in Romania contains 36 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:

Investments in power grid (Albania)

Italian company AEM Milano has signed Memorandum of understanding with Albanian power corporation (KESH) regarding the development and upgrade of Albania's power grid and power plants.

It was the first ever contract signed by AEM with a company in Balkans, which should be future important area of interest for Italian company. AEM should be particularly interested for development of renewable energy sources.

According to MoU, AEM and KESH should invest in power plants in Albania, which has large hydro potentials, but also the large problems in production and distribution of electrical energy, KESH's general manager confirmed.

AEM did not want to reveal any financial details of the MoU.

In the beginning of June, Chief executive officer (CEO) of AEM gave an interview to the Reuters. CEO announced that company had plans to become the one of the key players in electricity and natural gas sector in Italy, but also had important plans for Balkans, particularly in Greece.

AEM became the biggest regional power company in Italy after merger with France EDF and takeover of the second biggest Italian power utility Edison.

AEM Milano is 42 % owned by city of Milano. In the first quarter of 2006th, company has reported earnings before interest, tax, depreciation and amortization (EBITDA) of 411 million euros.

In the related news, Germany has granted 9.2 million euros worth loan to Albania, which will be mainly used for the revitalization of small HPPs.

§ § §

Natural gas supply from Algeria (Albania)

Albanian minister of economy, trade and energy believes that Algeria could become important partner for Albania in energy, mining and hydrocarbons sectors.

Minister said this after recent visit to Algeria, where he met Algeria's finance minister. Albania is particularly looking forward to possible natural gas supplies from Algeria.

§ § §

Public institutions late with paying of power bills (Albania)

Albanian power corporation (KESH) has filed complaint to public institutions due to delays in paying of power bills, which cause serious problems for the company.

According to KESH, public institutions owed some 7.7 million euros for the electricity spent during the first quarter of 2006th, while another 18 million euros has been owed from the previous period. The main debtors are water supply and telephone companies, local authorities, police stations, schools, universities, courts, hospitals, taxation and customs offices.

In 2006th, KESH managed to collect 80 % of the bills from households' customers and 96.5 % from small enterprises.

State owned power company has warned also the bars and clubs that power cuts could be imposed in the country in the middle of Soccer World Cup coverage, thus trying to force the owners to pay the debts as soon as possible.

§ § §

Signing the contract for construction of small-size HPP (Bosnia and Herzegovina)

Minister of agriculture, forestry and water management of Zenica-Doboj County and owners of the company Tunel from Tuzla have signed concession contract for construction of small-sized hydro power plants (HPP) on river Gostovic.

This was the first signed contract out of eight already granted concessions for construction of small HPPs in the County.

According to the contract, future owners of the HPP are obliged to prepare the blueprints for the project, acquire all necessary licenses, build the HPP and put it in operation two years after signing the contract.

New HPP should have power output of 1.5 MW, where annual production should reach 9.9 GWh of electrical energy. The concession was granted for period of 30 years.

Government of Federation of Bosnia and Herzegovina (BiH) has recently granted several concessions for construction of small HPPs and requested documents related to the construction of large HPPs and thermal power plants (TPP).

The concession for construction of small HPPs on river Neretva was granted to Intrade company from Sarajevo. The contract was signed despite strong protests from environmental organizations.

Government requested from Power utility of BiH (EP BiH) to submit technical documentation for construction of HPPs HE Ustikolina, Vranduk i Rmanj Manastir, Vrilo, Kongora and for revitalization and enlargement of TPPs Tuzla, Kakanj and Bugojno.

§ § §

Agreement for privatization of Energopetrol reached (Bosnia and Herzegovina)

The commission for privatization for Sarajevo oil company Energopetrol and consortium INA (Croatian oil industry)- MOL (Hungarian oil company), the first ranked bidder in the privatization tender, have successfully harmonized sale contract after several months of hard negotiations.

Government of Federation of Bosnia and Herzegovina (BiH) should approve the final sale contract on the next session.

According to privatization contract, 67 % shares in Energopetrol, the leading oil distributor in BiH, will be sold to INA-MOL, while government of BiH will keep 22 % stake in the company. Minority shareholders will maintain 11 % share in the company.

Overall funds invested by INA-MOL in recapitalization of Energopetrol should reach some 115 million euros, where 76.7 million would be invested in next three years in Energopetrol, 31.7 million euros would be paid for the Energopetrol's debts toward several banks and Tax administration of BiH. 4.83 million euros will be paid directly to the Federation of BiH, and 2.2 million euros would be spent for the dismissal wages.

If the federal government approves the draft contract, Shareholders assembly of Energopetrol should officially reach decision for recapitalization of the company.

§ § §

Five interested companies for Oil refinery in Brod (Bosnia and Herzegovina)

Minister of economy, energy and development of Republic of Srpska (RS) has confirmed that five companies have submitted the most serious bids for takeover of Oil refinery in city of Brod.

Those companies are NI Group from France, Noreast Petroleum (Nigeria), Centrex Europe Energy and Gas (Austria), and Kaza Munai (Kazakhstan).

Minister said that Russian Lukoil has also expressed interest for purchase of refinery.

Oil refinery in Brod employs 1,500 workers and it has been out of service for a year. Estimated debts of the company have reached some 150 million euros, while the business loss in the last year reached 77 million euros. It is expected that the processing capacity of the refinery could be increased at 5 million tons of oil per year, with proper investment, in the nearest future.

§ § §

German ambassador visited EP BiH (Bosnia and Herzegovina)

German ambassador in Bosnia and Herzegovina (BiH), accompanied with chief of economic department of the embassy, has visited Power utility of Bosnia and Herzegovina (EP BiH) in the end of May. German officials wanted to be acquainted with restructuring, investments and privatization procedures in energy sector in BiH.

Minister of energy, mining and industry of BiH, chairman of the supervisory board of EP BiH and general manager of EP BiH have in-

formed guests from Germany on 1.5 billion euros worth investment plans of EP BiH.

Particular projects are related to construction of three new hydro power plants (HPP), the HPP Vranduk on river Bosnia, HPP Rmanj Manastir on river Unac i HPP Ustikolina on river Drina.

EP BiH plans also to build 29 small HPPs, new generator units in the existing thermal power plants (TPP) Tuzla and Kakanj and to build new TPP Bugojno.

General manager of EP BiH pointed out that all projects would be carried out in cooperation with government of BiH, which could led to the 100 % increase in power production in the country.

§ § §

State officials do not want to discuss requests for delay of decommissioning of units 3 and 4 in NPP Kozloduy.. (Bulgaria)

During the international conference Atomic Energy and Ecology held in Varna in the beginning of June, executive director of nuclear power plant (NPP) Kozloduy pointed out that decommissioning of units 3 and 4 (each 440 MW) would lead to the energy and social instability in the Balkans.

According to him, overall costs for Bulgaria due to decommissioning would reach some 500 million euros. Director of NPP is in favor for postponement of decommissioning, saying that Bulgaria would be only country that would pay such large price for accession to EU.

Bulgaria's economy and energy minister, who also attended the conference, said that issue of decommissioning was closed and it should not be raised again. Minister believes that raising the issue again could only be damaging for Bulgaria. According to him, previous government has ratified EU accession treaty without leaving an option for flexible solution of the problem.

Although he thinks that concerns expressed by head of NPP Kozloduy were reasonable, high official from Coalition for Bulgaria and Chairman of the Commission for Energy in the Parliament confirmed that decommissioning could not be delayed under any circumstances, having in mind obligations in the signed contract.

On the other hand, official from the United Democratic Forces (UtDF), and former Foreign Minister believes that former and current government was responsible for not protecting the national interests and not providing the energy independence for Bulgaria. According to official, decommissioning of units 3 and 4 was not approved by the government, as one of the conditions for EU accession, and it had not reached any of agreement with EC, yet it was sole decision of former Prime Minister Simeon Saxe-Coburg, who approved unconditional decommissioning of units.

According to the economy minister, dismantling of units 1 and 2 could begin in July, which would not be related to the storage of spent nuclear fuel. This activity is in accordance to the action plan and it should be clear respond to the criticism expressed in the report of European commission in May this year.

It was also announced that operational licenses for units 3 and 4 could be changed, after request made by EU. Existing operational licenses are valid until 2011th and 2013th respectively, and they leave an option for Bulgaria to restart the units after Bulgaria becomes EU member. The request for change of operational licenses must be submitted at least six months in advance.

The rapporteur for Bulgaria of the European Parliament has expressed concerns over the requirement for Bulgaria to dismantle units 1 and 2 in NPP Kozloduy. According to him, it was the sign of skepticism toward Bulgaria.

Rapporteur has also demanded discussion on decommissioning of units 3 and 4 in 2006th. He said that he would try to find flexible solution for this issue and continue to support nuclear sector in Bulgaria.

In the same time, two officials from European Commission (EC) have visited NPP Kozloduy. The officials from EC Directorate General Economic and Financial Affairs met with the management of the NPP to discuss the progress in upgrading the reactors.

Two officials are in charge for a loan agreement with the European Atomic Energy Community for financing a program for upgrading units 5 and 6 in the NPP.

During the working meeting, management of the NPP informed the EU officials on the implementation stage of the project. According to NPP's officials, 190 planned actions out of overall number of 212 related to the upgrade of units 5 and 6 have been completed until May 31st. The upgrade program was scheduled to finish in 2007th.

The last analyses of the highest Bulgarian officials showed that first five years after Bulgaria becomes EU member would be critical for energy sector.

Head of National transmission system operator (NEK) believes that Bulgaria will no longer be an exporter of electrical energy after 2007th, which will also affect neighboring countries that rely on electricity import from Bulgaria. In the same time electricity prices in the country, which are expected to rise in any case because of global influences on electricity prices, will be additionally increased

The first unit in new NPP Belene (2x 1,000), which should substitute NPP Kozlduy's power production, could be operational during period of 2013th -2015th.

§ § §

Speeding up the NPP Belene project (Bulgaria)

Bulgaria's economy and energy ministry has announced that nuclear power plant (NPP) Belene would be built two years prior the originally set deadline. The shortening of the deadline was requested and pressed by National transmission system operator (NEK).

According to new plans, future constructor of the NPP will be obliged to put the first unit in operations six years (instead of eight years) after signing the contract, while second reactor should be operational in eight years (instead of ten).

Two potential constructors, the consortium led by Czech Skoda and consortium led by Russian Atomstroyexport, are currently negotiating with the government and it is expected that final contractor should be selected by end of June.

NEK did not give any official explanation for its request. Officials from Skoda announced changes in their bid due to latest changes in timetable of the project.

Skoda's partners in consortium are Skoda Praha, Skoda Nuclear Engineering and the Czech Nuclear Research Institute.

The NPP Belene project was restarted last year, when NEK invited potential constructors either to submit offers for construction of entirely new two VVER 1,000 MW units or to present bid that would

include utilization of already delivered Skoda reactor to the construction site in 1990s.

Skoda believes that it would be able to utilize 60 % of the equipment delivered to the Belene construction site. Czechs plan to provide 100 % funding of the project by participation of Citibank, UniCredit, non-life insurance company EGAP, the Czech Export Bank and Ex-Im Bank of the USA.

Director of Skoda Nuclear Engineering confirmed that there were no talks with Atomstroyexport regarding the joint bid for the project, as Russians said it recently.

Director believes that only Bulgarian government could request such partnership; however, Skoda was capable for carrying out the project alone, he said.

Director of Czech Export Bank (CEB) confirmed that consortium of banks would request support without state guarantees from Bulgarian government. On the other hand, Czech government should provide 50 % of state guarantees for the plant's equipment and the Czech Export Guarantee & Insurance Corporation is willing to insure the entire project.

According to the latest announcements, Bulgaria should sign contract with future constructor of NPP by the end of the year. NEK's official has confirmed that preparations for the start of the construction are in accordance to the schedule.

Technical advisor in construction of NPP Belene, Parsons Europe, confirmed that bids should be ranked by the beginning of July. The price of produced electricity in NPP should not exceed 4 eurocents per kWh, executive director of Parsons believes.

§ § §

Electricity tariffs for households' customers should remain regulated after 2007th (Bulgaria)

Electricity tariffs for households' customers and small enterprises would remain regulated by Bulgaria's State Energy and Water Regulatory Commission (SEWRC) after 2007th, the year when electricity market should be liberalized.

This announcement is the part the law that would be the amendment of the Energy law submitted to the Bulgarian parliament.

In 2007th, National transmission system operator (NEK) will lose monopolistic position in Bulgarian electricity sector.

Starting from July 2007th, households' customers will have a right of free choice of electricity supplier, while the industrial customers will be granted such right in the beginning of 2007th.

New amendment establishes a term end-suppliers, which is the common name for all existing power distribution companies and power traders in the country.

The end-suppliers would have the right to sell electrical energy to households' customers and to the industrial customers, which have at least 50 employees and annual turnover over 10 million euros.

In the same time, power distribution companies would have the right to buy electricity from power traders and independent power producers instead of NEK.

The options predicted for major industrial customer, directly connected to the power grid of NEK, to buy directly electricity from NEK

instead of power traders, has already caused arguing between two parties. Power traders consider this option to be violation of their trade licenses, while NEK could earn some 1 billion euros from those customers if the law was adopted.

SEWRC will be authorized to establish and to register export quotas for the trades and producers in order to provide the stability of the power system.

§ § §

Start of construction of TPP Maritsa Iztok 1 (Bulgaria)

Bulgaria's economy and energy minister has officially announced the start of the construction of 670 MW replacement capacity at the site of thermal power plant (TPP) Maritsa Iztok 1, near city of Galabovo.

TPP Maritsa Iztok 1 project is the largest Greenfield investment in Central and Eastern Europe. The project was started in 2001st, but it was delayed due to lack of funding. In addition, it would be first large TPP built in Bulgaria in the last 20 years.

The investor, US company AES should invest some 1.4 billion euros in the project, where 30 % of the funds was provided by AES and the rest of the funds was secured by consortium of banks led by ING, Calyon and BNP Paribas. European Bank for the Reconstruction and Development is expected to invest some 150 million euros in the project.

The TPP will be build through the turnkey project by Alstom, that will use clean technologies for construction of two 335 MW units, with two boilers, two steam turbines, and particularly new desulphurization equipment, which would make 12 % of overall costs of the project.

AES said that new TPP would be built in accordance to EU environmental standards, where 95 % of harmful particles will be removed from the TPP's emission gases. US ambassador, who attended the ceremony, believes that new TPP will be the most efficient and cleanest fossil fuel TPP in the country. The presence of the ambassador was considered as a great support for the future investments in Bulgaria.

TPP should be operational in 2009th, it should be operational for 40 years and it will use lignite from the coalmines Maritsa Iztok,

According to the latest agreement, Bulgarian government managed to reduce by 14 % the sale price of electricity from the new TPP, comparing to the original agreement. Bulgarian state and AES have signed 15-year electricity sale agreement and 15-year coal supply agreement.

AES has been negotiating the project for more than five years with two different Bulgaria's governments. It is expected that 10,000 new jobs would be created by the project.

New TPP Maritsa Iztok 1 is considered as the replacement for two 440 MW units in nuclear power plant Kozloduy (which should be shut down before Bulgaria becomes EU member) that should enable Bulgaria to maintain its position of leading power exporter in Southeastern Europe

§ § §

Government fired executive director of NPP Kozloduy (Bulgaria)

Bulgaria's economy minister, as a representative of Bulgaria's government, has fired executive director of nuclear power plant (NPP) Kozloduy and replaced him with former deputy executive director.

The layoff was related to the warnings from EU regarding the delays in dismantling the earlier shut down units 1 and 2 in NPP as well to the future shut down of units 3 and 4, sources say.

Former director of NPP had failed to establish good relations with European bank for the reconstruction and development, which was another reason for his dismissal, economy minister said to the press.

Former director of NPP held several managerial positions in NPP since 1992nd, and it was deputy general director of National transmission system operator (NEK). In the recent period, he declared himself strongly in favor of delay of decommissioning of units 3 and 4 due to strong economical and social impact in Bulgaria and region, which was main motive for his dismissal. He was one of those Bulgaria's experts who claimed that those units are safe to work for many years.

Another motive, according to the economy minister, is the latest incident in NPP, occurred on March 1st this year, where the incident was not presented and explained in proper way and in time to the Bulgarian public.

After letter sent by the European Enlargement Commissioner, who demanded from Bulgaria to show its commitment to shut down two reactors by the end of 2006th as it was agreed, Bulgaria's economy minister confirmed that Bulgaria would partially dismantle units 1 and 2 as a guarantee that Bulgaria would not try to restart those units after EU accession.

NPP Kozloduy has spent 14 million euros for decommissioning of units 1 and 2 so far, where the majority of funds were invested for the construction of dry storage of nuclear waste. NPP was granted 500 million euros funds for decommissioning of units 1-4 and for safe management of spent nuclear fuel.

§ § §

NPP Kozloduy requested increase of electricity sales in free market (Bulgaria)

Nuclear power plant (NPP) Kozloduy announced request to the State Commission on Energy and Water Regulation (SCEWR) regarding the increase in electricity sale amounts in free market from 8 to 10 % of the power output in the second half of 2006th.

Currently, NPP has 8 customers in free market (two of them are power traders), while the rest of the power output was sold to the National transmission system operator (NEK) at fixed price. NPP had profit rate of 25 % in the free market, official from NPP confirmed.

In the related news, unit 3 (440 MW) in NPP was put back in operation in the beginning of June, after regular maintenance works. The unit 3 was out of service since April 22nd, during which period other three units have been operating at increased power output. Unit 3 was refueled for operation in new fuel cycle and it went through the preventive maintenance works.

Several days after, unit 4 was switched of the power grid due to planned maintenance works. 440 MW unit will also be refueled for new fuel cycle, and repair works should be finished by mid of July.

§ § §

EBRD's loan for TPP Maritsa East 2 (Bulgaria)

European bank for reconstruction and development (EBRD) has granted the loan for financing the installation of desulphurization equipment (Flue Gas Desulphurization -FGD) in units 5 and 6 in thermal power plant (TPP) Maritsa East 2 in Southern Bulgaria.

The EBRD's loan should cover 42 % of the 80 million euros worth project, while 45 % of the costs will be funded by the loan from European Commission under ISPA Financial instrument, and the rest of 13 % will be financed by TPP itself.

The project is crucial for Bulgaria to meet the requirements under the Sulfur Protocol and the EU accession agreement.

The contractor for installation of FGD equipment would be selected in the tender procedure in accordance to the EBRD's procurement policies and rules.

TPP Maritsa East 2 is lignite fired TPP, with 8 units and overall power output of 1,470 MW (4x150 MW, 2x210 MW, 2x215 MW). Units 7 and 8 are already retrofitted with FGD equipments.

TPP uses coal from Maritsa East mine complex and provides 15 % of power production in the country. It is considered as one of the most important power plants in the country.

TPP Maritsa East 2 and National transmission system operator (NEK) have signed 5 –year electricity purchase agreement. The tariffs paid by NEK cover all investments programs. Also, TPP was allowed to sell up to 900 GWh per year in the liberalized electricity market.

§ § §

Privatization of Sofia heating utility (Bulgaria)

The 100 % of shares in Sofia heating utility should be sold to a strategic partner, who will be willing to pay company's debts toward natural gas supplier Bulgargaz, it was announced after the meeting of Bulgaria's economy and energy minister and local municipality.

The debts toward Buglargaz have reached 55 million euros at the end of 2005th.

Sofia major has also met the officials from European bank for the reconstruction and development (EBRD) and World Bank and discussed the healing strategy for heating company and most likely privatization of 53% shares in the company majority owned by the city municipality.

The heating utility is near bankruptcy, and Russia's Gazprom, CEZ of the Czech Republic, Austria's EVN and France's Dalkia have earlier expressed their interest for privatization of the utility.

In the related news, State Energy and Water Regulatory Commission (SEWRC) has approved increase in heating price of 6 % in Bulgaria starting from July 1st. The heating companies demanded increase

of 7 to 9 %, and the price were increased due to higher natural gas prices.

§ § §

Higher gas production in Adriatic (Croatia)

Croatian oil industry (INA) has confirmed that natural gas production in Adriatic Sea has exceed production in Croatia's mainland for the first time.

The production of natural gas in Adriatic reached 4.2 million cubic meters per day, while the gas production on mainland was 3.3 to 3.4 million cubic meters. Higher gas production at sea platforms was related to the start of operation of new gas field Marica, with daily production of 600,000 cubic meters per day, and the start of test production in gas fields Ika and Ida. Ika and Ida, two smaller gas fields, have been connected with the largest INA's gas field in Adriatic, Ivan, and their overall production reached 3.5 million cubic meters.

Natural gas production in Adriatic is managed by joint Croatian-Italian company INAGIP and the profit would be equally divided, until Italian company Agip returned large investment in this project. It is expected that, during this or in the next year, INA's share in the joint venture would exceed 50 %, until it gradually reached 73 %.

Overall number of INAGIP's gas platforms in Adriatic reached 12, and the last one was put in operation in the beginning of June. Another gas platform should be put in operation until end of this year.

The increase of gas production in Adriatic Sea is particularly important for Croatia, having in mind that production in mainland will gradually decrease due to long lasting exploitation.

In the same time, natural gas consumption in Croatia is expected to rise by 40 to 50 % over the next few years. Households' gas consumption will rise due to construction of several regional gas pipelines and planned construction of several gas-fired power plants in Zagreb, Sisak, Osijek and possible near future liquefied natural gas terminal on island of Krk.

In this moment, Croatian gas produced in Adriatic has been transported to Italian shore, and further through the pipelines across Italy and Slovenia, due to lack of direct undersea gas pipeline from gas fields toward Croatia. INA has been speeding up the construction of new undersea gas pipeline, where 25 km out of 44 km of the pipes had been placed at the sea bottom, while the rest should be finished until the mid July.

In the same time, INA and state-owned company in charge for natural gas pipeline transport, Plinacro, have been constructing the gas pipeline from Pula to Karlovac, which should be connected to the main transport network until the next winter season.

§ § §

Without electricity price increase in 2006th (Croatia)

During the visit to the Vukovar –Srijem County, chairman of the management board of HEP said that there would be no electricity price increase in Croatia in this year.

Power utility of Croatia (HEP) plans to invest some 40 million euros until 2010th in the County, where 8 million euros should be invested per year. Third of the amount would be invested for construction

of new substations, power lines and office buildings, while the rest would be invested for revitalization of existing high and mid voltage power network.

§ § §

Urgent changes in Law for privatization of INA (Croatia)

Until end of the June this year, government of Croatia should present to the parliament proposal for urgent change of Law for privatization of Oil industry of Croatia (INA).

Government believes that current law is doubtful and unrealistic in many points and that, without changes, it would be difficult to carry out the second phase of privatization, which predicts a sale of 22 % of shares. Out of that number, 7 % belongs to the current and former employees, while 15 % of shares will be sold through the Initial public offering (IPO) procedure.

According to the sources from the government, financial advisor Merrill Lynch has finished the proposal for privatization and it should present all privatization options to the government, which should declare itself on the proposal until the beginning of summer.

The start of the second phase of the privatization of INA was scheduled for September this year.

The main problem for the government is that current privatization law gives the right to former employees in all parts of former Yugoslavia, regardless of their current citizenships, to purchase INA's share at privileged prices.

It is estimated that some 70,000 to 80,000 people in Serbia, Slovenia, Bosnia and Herzegovina and Macedonia, instead of 14,000 current and former employees living in Croatia, could be interested and entitled to the INA's shares.

Through the law changes, government intends to protect the national interests, but also to control future INA's privatization process and to enable clustering the shares by the largest investors.

It is expected that several thousands of former INA's employees would dispute the latest government's plan.

§ § §

HEP and ELES signed Memorandum of understanding (Croatia)

In the beginning of June in Ljubljana, Croatian power utility-Transmission system operator (HEP-OPS), the member of the HEP Group, and Slovenian transmission system operator (ELES) have signed Memorandum of understanding on business cooperation. The agreement was signed by the member of the management board of HEP and director of ELES.

The agreement was intended to set the basic guidelines for business cooperation, which should be improved in technical and economic areas. The agreement has predicted establishment of joint work groups for particular issues, which should be supervised by joint 4-member Management board.

In the related news, HEP-OPS and Hungary's transmission system operator (MAVIR) have started joint NTC (net transfer capacity) auctions on Croatian – Hungarian border on June 8th. Two operators

have published NTC values for month July. The detailed information could be found on www.mavir.hu.

In the related news, second meeting of Executive board of SUDEL (association of transmission system operators in the South-East European interconnected system), during the two-year presidency of HEP-OPS, was held in Bucharest on June 1st and 2nd.

During the meeting, Transmission system operator of Bosnia and Herzegovina (NOS BiH) has officially become 12th member of SUDEL.

Executive board of SUDEL has reached decision for establishment of work group Market and Operation Issues and adopted new agenda called Strategic document.

§ § §

Six wind farms until 2010th (Croatia)

New subsidiary of Croatian power utility (HEP) that would be involved in renewable energy sources should be established by the end of June.

New company should be particularly involved in construction and development of wind power generation and small hydro power plants.

In this moment, Croatia has only one wind farm with power output of 6 MW, located in island of Pag. Construction works in wind farm Trtar Krtolin near city of Sibenik with power output of 9 MW and wind farm Jesenice (11 MW) near city Obrovac are close to the end.

Three large wind farm projects in Croatia are currently underway.

The Croatian company Valalta and German partner Wallenborn Projektentwicklun should invest 80 million euros for construction of 34 wind generators with overall power output of 80 MW. Wind farm should be located on the 1,000 meters altitude on side of mountain Cicarija. The preparation works should start in 2007th and construction should start in 2008th.

The construction of wind farm Vratarusa near city of Senj, with 22 generators and power output of 66 MW should start next year. The worth of the project is estimated at 70 million euros.

Valalta and German partners also plan to build wind farm Mazin near city of Gracac. The project, 80 million euros worth, is in preliminary phase.

If all aforementioned projects are done in accordance to plans, Croatia will have some 170 MW of power output in wind farms until 2010th. Overall power output in conventional power plants in Croatia in this moment is about 4,000 MW.

§ § §

Hellenic Petroleum disappointed by new power plant (Greece)

Management of Hellenic Petroleum (HP) has expressed disappointment with the investment in the new gas fired thermal power plant (TPP) (390 MW) in Thessalonica having in mind low profitability rate of the plant.

As a reminder, HP has put in operation its first TPP in the end of the last year. This was the first large production capacity in Greece not operated by Public Power Corporation (PPC). In the very beginning, HP's first power plant experienced problems related to uncompetitive prices comparing to prices of electricity offered by PPC, where HP has accused PPC on unfair price practice. Due to such development, HP's power plant was forced to stay out of operation in many times.

Chairman of the HP Group was dissatisfied with the government's policy of giving incentives to the new-gas fired TPPs in Southern Greece, while HP's TPP in northern part of the country continued to be loss-making.

HP's chairman also demanded from the government to present, as soon as possible, clear strategy for Public gas corporation (DEPA), where HP has 35 % stake.

§ § §

PPC announced 35 million euros in TPP Bobov Dol (Greece & Bulgaria)

Greece's Public power corporation (PPC), the potential owner of the thermal power plant (TPP) Bobov Dol (630 MW) is ready to invest 35 million euros for the modernization of TPP and upgrade of power output.

PPC could export TPP's surpluses to Greece in case if the electrical energy was not sold in Bulgaria.

The privatization procedure for TPP Bobov Dol has been currently stuck in the court, after Privatization agency (PA) cancelled the tender in May 2005th due to low offered prices by both bidders, the PPC and Italian company Enel.

PPC offered 36.17 million euros for 51 % of shares in TPP and 35 million euros for capital stake raise, where the rest of the shares should be purchased for 34.75 million euros by 2007th.

PPC filed complaint to the Bulgaria's Supreme Administrative Court and 3-judge panel had voted in favor of PPC.

PA has filed complaint to the 5-judge panel of Supreme Administrative Court, whose decision should decide the future of privatization process. If the decision is in favor of PPC once again, Greek company expects that privatization contract should be signed very soon.

PPC has denied rumors on possible import of lignite from Greece for the purpose of power production in TPP and confirmed that it would use coal from Bobov Dol coalmines. In fact, PPC officials have expressed possibility for purchase of coalmines in Bobov Dol.

§ § §

Meeting on Burgas – Alexandroupoulos oil pipeline held in Moscow (Greece & Bulgaria)

On June 7th, the major companies from Greece, Bulgaria and Russia met in Moscow for the first time to discuss the joint funding of the Burgas – Alexandroupoulos oil pipeline.

The meeting was considered as the first big step forward for the start of the project after signing the Memorandum of understanding in 2006th by governments of Greece, Bulgaria, Russia, and representatives of Greek, Bulgarian and Russian companies.

Hellenic Petroleum, the Latsis Group and Thraki SA consortium, represented Greek side, while Bulgarian side was represented by Universal Terminal Burgas (UTB) AD and Bulgargaz. Two Bulgarian companies have recently established consortium named Projektna Kompania Neftoprovod Burgas-Alexandroupolis - BG AD,, where UTB controls 75 % of the shares.

The Russian side was represented by TKN-BP, Gazprom and Gazprom-Neft.

The Moscow meeting was focused on financial side of the project, where preliminary idea is that three parties should finance one third of the project each. The next meeting should be held in the Sofia in the second half of June.

The new pipeline will be 300 km long and the construction costs are estimated at 700 million euros. The pipeline should have initial transport capacity of 15 million tons per year, which would rise to 35 million tons in the future.

The pipeline will transport Russian oil from Bulgarian port Burgas that will be shipped from Russian Black sea port Novorosisk. Oil pipeline should be alternative route to the congested and overloaded Bosphorus straits.

In the related news, Aktor construction company, the construction unit Hellenic Technodomiki TEV, said it has signed contract with Gazprom for the construction of Burgas – Alexandroupoulos oil pipeline.

§ § §

Construction of 400 kV Stip - Chervena Mogila started (Macedonia & Bulgaria)

The prime ministers of Macedonia and Bulgaria have officially announced a start of construction of new 40 million euros worth 400 kV interconnection power line between cities of Stip (Macedonia) and Chervena Mogila (Bulgaria) on June 3rd. In this moment, two countries are directly connected with two 110 kV power lines, which do not have sufficient power capacity.

New power line will be 150 km long, where 71 km will go across Macedonia and 79 km part of the line will be built in Bulgaria. Macedonia will finance the project through the 40.7 million euros loan granted by the European Bank for Reconstruction and Development (EBRD), where the loan should be repaid in the period of 15 years, with grace period of three years included.

The worth of the construction project on Bulgarian side is estimated at 20 million euros.

Bulgaria's transmission system operator (NEK) will invest 1.2 million euros for the project and Bulgaria would pay the rest of its part of the construction costs by delivering electrical energy to Macedonia.

The delivery of electrical energy was regulated by the special contract between Macedonia's transmission system operator (MEPSO) and Bulgaria's transmission system operator (NEK).

German company SAG, the subsidiary of German power company RWE, is the project leader with Macedonian company EMO as sub-contractor for the construction of Macedonian part of the line. The worth of the contract with SAG is 19.054 million euros.

The power line should be operational in June next year, having in mind that project should be finished in period of 18 months after

signing the construction contract, which took place in January this year.

Macedonia would use EBRD's loan for the construction of new high voltage substation in Stip, that should be put in operation in the same time as the new power line.

Officials from MEPSO pointed out significance of new power line for Macedonia in terms of security and stable power supply and increase of transit of electrical energy, which would imply financial benefits for MEPSO.

In fact, power line would certainly have regional significance in terms of stability and increase in cross border trade, according to the MEPSO.

400 kV line Stip – Chervena Mogila is the part of corridor 8 that should connect Macedonia, Albania and further Italy through the undersea power cable. Macedonia hopes that it would become significant regional player in electrical energy sector when corridor was completed. According to officials of MEPSO, Italy has expressed interest for the project for which feasibility study should be prepared.

§ § §

Tender for 19 small-sized HPPs (Macedonia)

Ministry of economy of Macedonia has published international tender for construction of 19 small-sized hydro power plants (HPPs) with overall power output of 20 MW. All HPPs should be built in the river confluences in western Macedonia.

The largest number of HPPs will be build on Black Drim river, where three hydro power cascades will have overall number of 8 HPPs. Participation in the tender was allowed for all domestic and foreign legal persons with turnover of 100 euros per kW of installed power capacity. The deadline for opening of the bids should be later defined.

Winners in the tender will be granted concessions for usage of HPPs in period of 20 or 30 years, depending on the power output of particular HPP.

Tender was published despite the recent recommendation of World Bank not to publish the tender before all necessary preparations have been carried out.

§ § §

Government and Makpetrol will jointly manage gas network (Macedonia)

Despite the verdict of Appellate court, that public gas company Gama is entitled for management of natural gas transport network in the country (which is also prescribed by new energy law), government of Macedonia and current operator of the gas network, Makpetrol, agreed on joint management of gas network on equal basis.

According to the agreement, two parties would share profit equally until final solution of dispute. Similar idea for solution of long lasting dispute between government and Makpetrol was proposed by Macedonia's vice prime minister a year ago.

As a reminder, Makpetrol has filed the compliant to the Supreme Court after first-degree court and Appellate court decided that Gama is the majority owner of the transport gas network.

In the same time, Regulatory energy agency has granted license for transport of natural gas to the Gama, while Makpetrol was granted license for trade and distribution

The latest decision of the government is against the energy law that prescribed that management of natural gas transmission network should be carried out by the public, i.e. state-owned company.

The press media in Macedonia see the latest announcement as another victory of Makpetrol.

In order to finalize the agreement, public company Gama should be restructured into joint stock company until the beginning of July, where the government and Makpetrol should hold equal stake. Two parties have obliged themselves to accept final decision of the Supreme Court regarding the ownership of the gas network in the country.

Natural gas network in Macedonia has 100 kilometers of transmission gas pipelines, 25 kilometers of distribution gas pipelines and 40 kilometers of urban gas pipelines.

§ § §

OKTA opens 10 new petrol stations (Macedonia)

Oil refinery OKTA, owned by Hellenic Petroleum (HP), has promoted ten new petrol stations under new name OKTA in Macedonia.

OKTA officials announced that ten more petrol stations with new brand name would be opened until end of the summer, where overall number of petrol station should reach 40 in the next two year. Macedonian oil market is dominated by Makpetrol, which owns 120 petrol stations. General manager of HP said that the latest investment would increase competition and decrease the prices in oil sector in the country. He believes that all problems between OKTA and the state will be solved very soon.

As a reminder, HP and Macedonian government are in the middle or arbitrage procedure in Paris court, after government took back the exclusive rights given to HP, which demanded several millions euros of compensation from the state.

Government responded with counter lawsuit due to unfulfilled obligations predicted by the privatization contract of OKTA. According to privatization contract, HP was obliged to build 30 new petrol stations.

HP's officials said that negotiation with the government were underway that should lead to the friendly solution of the dispute, where investment in aforementioned petrol stations was seen as the beginning of investment cycle prescribed by privatization contract.

Macedonia's economy minister hopes that the latest investment by HP is the proof that Macedonia is becoming interesting place for investors.

General manager of OKTA has confirmed that, in the last year, company has achieved profit of 11.2 million euros (70 % increase). This was the highest profit ever since the HP took over the refinery in 1999th, while the good business results have continued in the first quarter of this year. Average salaries in the company will have in-

creased by 6 %, which was in accordance with agreement between company and trade unions.

In 2005th, OKTA's sales rose by 59 % up to 387 million euros. OKTA has sold 634,000 tons of oil derivatives (8 % increase), while export increased by 57 %. Overall amount of oil transported by the Skopje-Thessalonica oil pipeline reached 961,000 tons, which was 16 % increase comparing to the 2004th.

Company should invest 8.5 million euros for new equipment for production of sulfur, which should reduce the emission of sulfur dioxides in air. In this year, OKTA would carry out feasibility study for construction of new production facilities able to produce oil products in accordance to the EU standards.

§ § §

EVN new owner of TPP Negotino (Macedonia)

Austrian company EVN, owner of Power utility of Macedonia –Distribution (ESM), should become new owner of fuel oil fired thermal power plant (TPP) Negotino (2x100 MW).

This was decided by the Macedonia's government at the latest session, when government adopted score list in the tender presented by the tender commission. The decision of official winner in the tender should be confirmed after parliamentary elections.

EVN has offered 4 million euros in cash for TPP, which was the lowest offer in the tender offered by five companies.

On the other hand, EVN has offered to invest even 751 million euros in the TPP. This was by far the best investment part of the bid in the tender, which decided the winner.

A Canadian company Energy resource was disqualified in the tender due to irregularities in financial reports submitted in the bid.

Austrian company Verbund has offered 480 million euros, Canadian Hatch offered 325 million euros and Russian RAO EES offered 31 million euros for the TPP.

The purchase of TPP and recent takeover of ESM could imply monopolistic position of EVN in energy sector in Macedonia.

In the meantime, government has leased TPP to the Greek-owned company OKTA for period of several months in order to compensate obligation toward OKTA. OKTA provides fuel oil for the TPP, and electricity has been exported to Greece at the price of 110 euros per MWh.

TPP was considered as unprofitable due to high price of fuel oil and it is expected that future owner of the TPP should invest in switching the TPP to gas fired power plant.

§ § §

Second phase of construction of HPP Matka 2 (Macedonia)

The second phase of the construction of hydro power plant (HPP) Matka 2 (also known as Sveta Petka) has started in the beginning of June.

The river Treska was diverted into the tunnel, which enable the start of construction of the dam and main engine room of the HPP. The

Slovenian company Riko, which has acquired the 42 million euros loan (with state guarantees) from the German DEPFA bank for the project, will carry out the construction works.

Slovenians were obliged to entrust 44 % of the construction works to the domestic companies. Macedonian companies Beton and Granit are most likely to become subcontractors in the project.

The dam of HPP Matka 2 will be gravity arch concrete type, 70 meters high, 127 meter long and it will be able to store some 24,600 cubic meter of water. The new plant will be located between two existing HPPs, Kozjak and Matka 1. Three HPPs will make the new hydropower system on river Treska, where HPP Matka 2 would be the run of the river type of HPP and it would process water from HPP Kozjak. Joint annual production of these two HPPs should reach 250 GWh.

HPP Matka 2 will have two units; each with power output of 18.2 MW, with estimated annual production of HPP of 90 GWh. Estimated average price of produced electricity in HPP is 6 eurocents per kWh. HPP Matka 2 should be operational during summer of 2008th. When the HPP Matka 1 was revitalized, new hydropower system on river Treska will be the second largest in Macedonia with 150 MW output.

Director of Macedonian power plants (ELEM) confirmed that company has invested some 20 million euros during the first phase of the project. The one of the benefits from new HPP will be improvement in water regulation of river Treska, which will now have three hydropower cascades.

§ § §

European prices of electricity from January 1st 2015th (Montenegro)

Officials from the government of Montenegro confirmed that price of electricity for the households' customers in the country and entire Southeastern Europe would not reach EU average prices until January 1st 2015th, which would be in accordance to the Energy treaty. At first, electricity market will be partially liberalized on September 1st 2008th.

The electricity prices would be increased gradually, taking into consideration both interests of citizens and power companies.

It is expected that Montenegro would ratify energy treaty in third quarter of 2006th, government's officials said. The Energy treaty will be in power when two third of the signatories from Athens have ratified the agreement. Until now, the treaty was ratified by Macedonia, Bulgaria, Romania and Greece.

Government said that costs of accepting the treaty would reach 16 million euros for Montenegro, but on the other hand, country would be entitled to apply for EU and World Banks funds for support of the renewable energy sources (RES) and for revitalization of power network.

Montenegro officials quoted the data from EU, where average price of electrical energy for households is 11.5 eurocents per kWh, where Denmark is the country with the highest prices of 22 eurocents per kWh. The lowest price of electricity in the region is in Bulgaria and Bosnia and Herzegovina with 3 eurocents per kWh. In Montenegro, average price for households is 4.06 eurocents.

§ § §

Legal framework for renewable energy sources in July. (Montenegro)

Ministry of economy of Montenegro should prepare the legal framework for construction of renewable energy sources (RES), particularly hydro power plants (HPP), in July this year.

Ministry should prepare Regulation on concessions, price methodology for electricity produced in small HPP and rules for connection of small HPPs to the power grid.

The price of electricity produced in small HPPs should be economical, officials from ministry confirmed and quoted the example of Slovenia (which has 200 small HPPs) with price of 10 eurocents per kWh.

Ministry has confirmed that seven offers for the construction of small HPP were already submitted. It is expected that tender for construction of 15 small HPPs, which location sites were determined by Strategy of development of small HPPs, would be published in this year, while construction should start until end of the year.

Strategy has defined overall number of 70 potential construction sites, where potential power output is 250 MW, which is equal to the current energy deficit in Montenegro.

§ § §

New owner of TPP and coalmine Pljevlja to be decided in the second half of June (Montenegro)

According to the unofficial information, new owner of the thermal power plant (TPP) Pljevlja and 31 % shares coalmine Pljevlja should be decided after June 16th.

Until that time, tender commission should evaluate all bids and it should prepare tender ranking. Three days after, government should officially invite winner to start final negotiations for signing the sale contract.

Sources said that Russian Enel plus Group is in the lead by 6 to 7 tender points ahead of Holding of Slovenian power plants (HSE). Nevertheless, the decision on the best business plan, which was not reached yet and which brings overall number of 25 tender points, should decide the winner.

HSE plans to realize investments in the period of the next 10 years, as different from Russian who offered investments immediately.

EN plus, the majority owner of Rusal, which owns the largest industrial customer in the country (200 MW), the Aluminum factory (KAP) in Podgorica, has offered 45 million euros in cash (the highest offer) and 195 million euros of investments for TPP and 5 million euros in cash and 78 million euros investments for the coalmine.

HSE has offered 16 million euros in cash and 572 million euros of investments (highest investment bid), and 4.6 million euros and 42.9 million euros of investments for coalmines.

The third bidder, Russian Belon group has offered 11 million euros and 210 million euros of investments for TPP, and 1 million euros and 120 million euros of investments for coalmine.

The cash offers for TPP Pljevlja bring overall number of 30 tender points; the offers for state-owned shares in coalmine brings 5 points, the investments bid, including construction of central heating system in city of Pljevlja and construction of second generator in TPP,

bring 30 points. The offers for coalmine bring overall number of 10 tender points, and investment program will bring 25 points.

Czech CEZ, Austrian Verbund and Greek-USA consortium PPC- Contour Global have also qualified in the final stage of the tender, but they did not submit final bids.

Officials in Montenegro have been particularly surprised that CEZ did not submit offer, having in mind that CEZ has submitted offer in the previous tender procedure, with 18 million euros in cash and 43.8 million euros of investments.

CEZ officials explained in the letter sent just before the tender deadline, that they believed their previous offer was the highest offer CEZ was willing to pay for TPP and coalmine. According to CEZ, tender was transparent, but Czech company believes that investment of several hundreds million euros could not be profitable for them in the reasonable period.

EN plus has offered in the bid option for TPP to supply KAP with electrical energy. Annual power consumption of KAP is about 2,000 GWh, which is twice higher than annual average production of TPP Pljevlja.

HSE did not reveal what it would do with majority of produced electrical energy. Experts believe that in case if HSE became new owner of TPP, majority of electricity would be sold in Slovenia's power exchange.

Some estimation showed that TPP produces electricity at average price of 4.8 eurocents, which is higher than price paid by Montenegro for electricity import.

According to tender requirements, future owner of TPP and coalmine, will be obliged to produce and sold 1,000 GWh of electrical energy in period until 2012th, and 2,000 GWh after potential construction of second units in TPP (in 2011 or 2012th) to Power utility of Montenegro (EPCG) at the price related to the price of electricity in Lepzig power exchange. It implies that TPP will deliver one annual power production to EPCG in the next 5 to 6 years.

EPCG expect that purchase price, related to the Lepzig prices that are combination of prices from hydro, thermal, nuclear facilities, would be favorable, and 20 % lower than price produced in TPP Pljevlja.

Sources say that no one of three bidders offered possible construction of cement factory, but all three bidders are willing to build new generation unit in the TPP.

Certain non-governmental organizations have accused the government on favoring the EN plus, claiming that Russians have stipulated the takeover of KAP by later takeover of TPP and coalmine Pljevlja. Government has strongly denied such accusations.

§ § §

Feasibility study carried by Statkraft and EPCG (Montenegro)

Norwegian companies Statkraft, Power utility of Montenegro (EPCG) and Agency for investments (MIPA) have started feasibility study on economic justification of construction of new power production facilities in Montenegro. The study should be finished until the end of October.

EPCG's officials said that the study should offer answers on particular technical, organizing, legal and other issues.

Director of investment department in EPCG believes that Montenegro, with proper investments, could become exporter of electrical energy in the future. EPCG sees the Statkraft, the second largest producer of electricity from renewable energy sources in Europe, as a reliable and respectable partner.

Two companies have signed Memorandum of understanding in March this year.

§ § §

29 million euros of profit for Transelectrica in 2005th (Romania).

Romania's transmission system operator Transelectrica has reported 29 million euros of profit in 2005th, while the annual turnover reached 476 million euros. In 2004th, company has achieved net profit of 21.3 million euros.

Transelectrica has recently decided to offer 7.33 million shares for public sale on Bucharest stock exchange on June 9th, where overall worth of shares should reach 34.8 million euros (4.75 euros per share). Overall share capital of the company is 190 million euros.

In 2005th, Transelectrica has carried out audit procedure that has corrected certain account errors, officials said.

Transelectrica has eight branches that manage 78 large substations with overall capacity of 33,000 MVA as well as 8,800 km of high voltage power lines (220 kV, 400 kV and 750 kV).

§ § §

8.5 million tons of coal produced in first quarter of 2006th (Romania).

The production of net coal (or prepared coal) reached 8.503 million tons in Romania in first quarter of 2006th. Net mineral coal production reached some 670,000 tons and net lignite production reached 7.834 million tons, data from by the National Statistics Institute showed.

The highest coal production was reported in March, when 3.208 million tons was produced (253.831 tons of mineral coal and 2.954 million tons of lignite and brown coal).

At the end of March, coal reserves reached 239,000 tons, out of which 11,000 tons of mineral coal and 229,000 tons of lignite and brown coal.

In period January- March 2006th, Romania has imported 6.29 million euros worth coal, which was 25.7 % reduction comparing to the last year. Coal production sector in Romania at the end of March has employed some 28,200 workers that have received average salaries of 390 euros.

§ § §

Affair on unfair power practice in electrical energy trade continues (Romania).

Romania's ministry of economy has recently published the report that has showed several violations related to the electrical energy transactions agreed between power producers in Rovinari and Turceni and electricity traders in 2005th and 2006th.

Because of the report, members of the management board in both power complexes should be replaced and the clauses in the delivery contracts for 2006th would be revised.

As a reminder, in the beginning of May, minister of economy initiated this subject saying that power companies in Turceni and Rovinari had delivered electricity to the private companies that have resold it to the power distribution companies Electrica and Electrica Transilvania Nord at considerably higher prices.

According to minister, private companies have paid 27.6 euros per MWh and Electrica bought the electricity at 39.5 euros per MWh. He announced that power transaction in electricity market should be carried out exclusively through the Romanian Electricity Market Operator (OPCOM).

In the same time, one of the leaders of Social-democrat party (PSD) has accused minister of economy on being involved in latest power price affair, while he was general manager of electricity trading company Grivco.

Minister strongly denied such claims, saying that he was only business development manager of the energy trading company between 2001st and 2003rd. Minister said he would file the lawsuit against PSD's leader if he has not presented evidences for his claims.

PSD leader has published list of electricity trading companies that have bought electricity from power producers Rovinari and Turceni, at favorable prices, and later resold it to the state-owned power distribution company, the Electrica, at even four time higher prices.

According to PSD, Grivco is owned by the leader of Conservative party (CP), the party to which minister of economy belongs to. Leader of CP rejected those claims saying that Grivco has bought electricity on Bulgarian market or on power exchanges.

PSD also accused several members of Liberal party in Piatra Neamt, which were shareholders in Green Energy, for purchase of electricity from Turceni and resale the electricity to Electrica at considerably higher prices.

Green Energy also rejected accusations saying that all purchase contracts with Turceni had been signed in accordance to law and regulations.

During another press conference, PSD leader has confirmed that he had in his possession documents that proved all of his claims. He invited his party colleagues to report all illegal actions related to the resale of electricity, even if they were made by PSD's members. According to PSD official, Economic Policies Commission will question minister of economy on this issues.

PSD also claimed that similar violation had been made in National Coal Company (CNH) of Petrosani, where certain people acquired fortune while making the unfair contracts with the company. In the same time, large number of employees in Petrosani was laid of due poor economic condition in company.

The claim of PSD have been later repeated by senator from Democratic party (DP), and minister of economy and trade said that claims of Grivco had not been 100 % true regarding the origin of sold electrical energy.

Grivco announced lawsuit against senator from DP by claiming 2 million euros as compensation for damage made to the company.

§ § §

Italian Enel winner in the tender for privatization of Electrica Muntenia Sud (Romania)

According to the decision of Privatization commission, assisted by Advisory Consortium managed by PricewaterhouseCoopers, Italian Enel has submitted the best bid for purchase of 67.5 % shares in power distribution company Electrica Muntenia Sud. The second ranked bidder in the tender procedure was Spain's Iberdrola

Enel has offered 820.009 million euros for the shares or 41.28 euros per share. The price is even higher than expected value of 750 million euros, mentioned by several Romania's officials.

The funds paid for Electrica Muntenia Sud is more than twice higher than the overall sum of 400 million euros paid for four power distributors that have been privatized before, the Electrica Banat, Electrica Dobrogea, Electrica Moldova and Electrica Oltenia.

According to the privatization model, 50 % of the shares will be sold to Enel, while the rest of the funds will be invested for the recapitalization of the company, so that Enel could acquire 67.5 % stake. Romanian state will receive some 400 million euros in cash from this acquisition at the end.

Ministry of economy and trade should make public the privatization contract, except for the business plan.

The privatization contract should be first approved by the government, and afterwards by the Competition council regarding anti-trust rules. Officials of Enel believe that there would be no anti-trust decision having in mind that Enel now would cover less than 30 % of electricity market in Romania.

The contract must also be approved by the parliament of Romania.

Electrica Muntenia Sud has reported net turnover of some 400 million euros in 2005th, while net profit stood at 20.1 million euros. At the end of 2005th, company had 2,093 employees and 1.1 million customers in capital Bucharest and neighboring counties.

Ministry of economy and trade of Romania believes that privatization was transparent and competitive having in mind high bids, which showed high confidence in Romanian economy, particularly in energy sector.

The final bids for the Electrica Muntenia Sud were submitted (and later improved) by CEZ from Czech Republic, Enel SpA (Italy), Gaz de France International (France), Iberdrola S.A. (Spain) and RWE Energy AG (Germany).

After the latest takeover of Electrica Muntenia Sud and previous purchases of power distribution companies the Electrica Dobrogea and Electrica Banat in July 2004th (both companies for 127 million euros), Enel controls some 25 % of energy market in Romania, with overall number of 2.5 million customers. Overall investment of Enel in energy sector in Romania reached some 1 billion euros.

According to director of Enel, earnings before interest, taxes, depreciation and amortization (EBITDA) reached 16 million euros for Enel Electrica Banat and 20 million euros for Electrica Dobrogea.

Enel has announced 380 million euros of investment for upgrading power network in Romania in the next four years. In the last year, Enel has invested 20 million euros in Romania and it should invest some 75-80 million euros in 2006th.

Enel should keep the electricity prices set by the government, official from Enel confirmed.

Director of Enel said that Romanian electrical energy sector needs to be restructured and modernized, with construction of new production units. He also supported the latest announcement of minister of economy and trade regarding the restructuring hydro, thermal and nuclear facilities into power holdings.

Enel's director called for construction of wind power and geothermal energy sources in Romania.

Enel has also expressed interest for further privatization of power distribution companies in Romania, the construction of unit 3 and 4 in nuclear power plant Cernavoda and investments in renewable energy sources.

Italian press brought the news that Enel plans acquisitions in power generation in Bulgaria and in power distribution sector in Turkey.

Romania plans to privatize last three power distribution companies that remained in the state hands, the Electrica Muntenia Nord, Electrica Transilvania Sud and Electrica Transilvania Nord. It is expected that privatization strategy for those companies would be approved in autumn this year.

§ § §

3.8 billion euros for central heating systems (Romania)

Ministry of finance of Romania has announced 3.5 billion loans for the revitalization and construction of central heating systems in the country. Total worth of the project is estimated at 3.8 billion euros.

The funds will be able to use starting from 2007th by the local municipalities, which would be based on submitted projects. The loans would be granted for 15-year period, where the government would repay 50 % of the loans and the municipalities would pay the rest.

EU will provide another 158 million euros for the reconstruction of thermal insulation in Romanian households, minister of public works and territory management confirmed.

§ § §

10 billion euros needed for upgrade of energy sector (Romania)

Romanian experts have estimated that country would need some 10 billion euros of investments in order to modernize and revitalize electrical energy system.

In this moment, Romania has 60 % of overall installed power output in thermal power plants (TPP) and 35 % in hydro power plants (TPP).

The highest production costs of 64 euros per MWh are reported in crude oil fired TPPs, while the lowest production costs are in HPPs of 20 euros per MWh.

Data showed that per each MWh of transited electrical energy Romania has cost of 10 euros and operational costs in power network made 45 % of overall costs.

Out of eight-power distribution companies four of them are privatized and average electricity price for household customers is 80 euros per MWh.

Average production costs in Romania of 40 euros per MWh should rise by 5 euros per MWh after installation of desulphurization equipment in TPPs in the nearest future, experts estimated.

§ § §

3-month delay in construction of unit 2 in NPP Cernavoda (Romania)

Unit 2 in nuclear power plant (NPP) Cernavoda should be operational by June next year, instead of April as it was originally planned, director of Nuclearelectrica, the operator of NPP, said.

The postponement was confirmed by Atomic Energy of Canada Limited (AECL), the project leader, and by company Ansaldo the contractors for construction of unit 2 in their revised project timetable.

Nevertheless, the delay is shorter than the pessimistic prediction of one-year delay after Romanian authorities found the flaws at the previously stored (in 1990s) equipment for NPP. According to the latest news, the flaws have been identified and it would be repaired in one-month period.

NPP Cernavoda should have 5 CANDU type of reactor, each with 700 MW output. Currently, only unit 1 is operational and it provides 10 % of power consumption in the country. It is estimated that NPP would cover 18 % of national consumption when unit 2 has become operational.

§ § §

Increase in gas prices from July 1st (Romania)

As it was recently announced by minister of economy and trade, natural gas prices for households' customers would rise by 1 to 2 % starting from July 1st.

This was confirmed by one of the officials from National Authority for Natural Gas Settlement (ANRGN). According to him, ANRGN's Consultative Council must approve price increase.

The reason for price increase is the depreciation of national currency over US dollar, which resulted in higher prices of imported natural gas.

In the same time, average price of the imported gas from Russia during the first quarter of this year reached 290 dollars per 1,000 cubic meters, while the estimated price for the next quarter is 295 dollars.

The natural gas prices for households' customers and other regulated customers rose by 17 % since January 1st 2006th.

§ § §

9.1 million euros worth electricity export in May and June for EPS (Serbia)

During the May and June this year, Power utility of Serbia (EPS) has contracted 9.1 million euros worth electricity export, company press release said.

According to the director of recently founded Department for electrical energy trade of EPS, worth of the export contracts was higher than the worth of import contracts for EPS, having in mind that EPS has imported 9 million euros worth electricity in first three months of 2006th.

The largest amount of electrical energy will be exported to Macedonia, where overall amount of 4.3 million worth electricity would be exported during these two months.

EPS officials said that besides contractual monthly amounts, Serbian power company has been exporting weekly and daily surpluses of electrical energy.

The export of electricity was the consequence of successful operation of both thermal power plants and hydro power plants, and optimized power production, having in mind that power consumption in Serbia was 5 % higher than planned.

The profit from export activities should provide realization of business plans in 2006th, press release said.

EPS has recently established new Department for electrical energy trade in order to give the same treatment to the trading activities as it was given to the production and distribution branches in the company.

Although the main task for EPS is to provide stable power supply for tariff customers in Serbia, EPS wants to create environment for export of electricity surpluses in order to achieve additional profit for the company in the future. The profit should be used for investment in power production facilities.

Director of trade department believes that trade activities would certainly increase the company's profit and efficiency. According to him, EPS is able to produce the majority of electrical energy needs in Serbia, while during the summer season company has considerably electrical energy surpluses.

Commenting the obligation of EPS toward liberalization of regional electrical energy sector in accordance to the Energy community treaty, EPS official said that improvement of electrical energy trade was the first step for equal and possible leading position of EPS in regional market.

§ § §

EPS and Statkraft signed cooperation contract (Serbia)

Power utility of Serbia (EPS) and Norwegian company Statkraft have signed Cooperation protocol in the premises of Ministry of energy and mining of Serbia. The cooperation protocol was signed by deputy general manager of EPS and executive director of Statkraft.

The protocol is related to the preparation activities for renewal of hydro power plant (HPP) Zvornik (100 MW) as well as to the closer cooperation of two companies in the electrical energy trade sector.

High EPS's official has informed management of Statkraft on investment potentials of EPS, particularly in hydropower sector.

The meeting was attended by Serbia's minister of energy and mining and ambassador of Norway. Minister pointed out good cooperation of two countries in energy sector in the past, saying that coop-

eration should be continued in hydropower as well as in renewable energy sources.

§ § §

The first wind generator (Serbia)

Private company MTC plans to install very soon the first wind farm in Serbia, near the city of Indjija.

The wind farm will be installed despite the fact that wind power production would be hardly payable in Serbia, having in mind that price of electricity from wind farm would be between 4 to 6 euro-cents, while the power plants in Serbia produce electricity at lower price.

On the other hand, official from Department for strategic development and investments of Power utility of Serbia (EPS) believe that environment for wind power could change very soon.

According to the feasibility study on wind generation potentials in Serbia, financed by EPS, there are large numbers of suitable sites for wind power production.

Study has shown that Serbia could install 1,316 MW in wind farms with annual production of 2.3 TWh, which is some 15 % of annual power consumption in the country. In the same time, costs of installation of wind farm have been constantly decreasing, where, in this moment, 1 million euros need to be invested for construction 1 MW of power output in wind farms.

Although Serbia has adopted new Energy law, subordinate legal acts regarding wind power generation sector still have not been reached.

§ § §

Minister of energy and mining and officials from EPS visited Brussels (Serbia)

During the two-day visit to Brussels, Serbian minister of energy and mining has met European Commissioner for Energy and handed over to him a text of the convention of sustainable energy development in Balkans.

By this, Serbia wants to initiate new relationships between Balkans' states through energy sector. EU commissioner considered the latest initiative of Serbia as another incentive for EU to intensify the support to the Balkans states in implementing the Energy treaty. EU official was particularly interested for ratification of Energy treaty, signed in Athens in 2005th, which should be approved by Serbian parliament in June.

Serbian minister hopes that energy convention, with the help from EU, would be introduced in Vrnjacka Banja in Serbia this autumn, during the meeting of energy ministers of Southeastern Europe.

EU commissioner and minister have discussed on problems in natural gas supply and plans for construction of oil pipeline Konstanza – Trieste (Pan European oil pipeline –PEOP).

Officials from Oil industry of Serbia (NIS) have recently announced negotiations for possible establishment of joint development company in charge for carrying out the PEOP project. Serbia expects that EU commissioner would personally support signing of memorandum of understanding for construction of

PEOP (which was delayed for some time), for which feasibility study should be done in the next two years.

EU official has supported gasification projects in Serbia, particularly the construction of gas pipeline toward Bulgaria and the construction of underground gas storage facility in Banatski Dvor.

Serbia's minister has also met the Secretary General Energy Charter Secretariat, where two officials have discussed on the revival of activities for the Serbia's membership in Energy charter, protocols for energy efficiency and environmental issues.

In the same time, officials from Power utility of Serbia (EPS), who accompanied the minister, have met the officials from Eurelectric, the association of leading power companies in Europe with affiliates in the World, and discussed on future cooperation.

Officials from Eurelectric pointed out that their association would have key role in defining the energy policy in EU.

EPS's officials believe that cooperation with Eurelectric will result in efficient development of national power company. EPS also wants to incorporate Eurelectric's experiences in creating the energy policies and rules in energy sector in EU, by which EPS want to become integral and active part of European energy sector.

§ § §

Refusal for building the gas fired TPP with Russian investors (Serbia, Kosovo)

According to the ministry of energy and mining in interim Kosovo government, Russian Gazprom has recently offered to Kosovo authorities to build gas fired thermal power plant (TPP) in the province, where Russian company would provide natural gas for the plant.

The offer was rejected because officials from ministry believe that such project would be against the energy strategy of Kosovo, having in mind large coal reserves in the Kosovo.

Advisor in ministry of energy confirmed that several companies expressed interest for cooperation with Kosovo in energy sector, but the construction of natural gas fired TPP was never approved by Kosovo's authorities, having in mind that Kosovo does not have source of natural gas.

Deputy head of the Kosovo Energy Corporation (KEK) confirmed that construction of such plant would not be in Kosovo's interest.

In the same time, managing director of KEK had discussed possible construction of new TPP, the TPP Kosovo C with several different unnamed investors.

Kosovo has two TPPs, the TPP Kosovo A, with 5 units and overall installed power output of 600 MW, and TPP Kosovo B, with 2 units and 600 MW power output.

Due to lack of the investments and regular maintenance works in the last 15 years, those two TPP produce electricity way below their possibilities and Kosovo has been frequently faced with power cuts.

In the related news, ministry of energy and mining has acquired support of Kosovo interim government to find new investors in energy sector, .i.e. for construction of TPP Kosovo C. It is expected that new investor would be selected by the end of the year through the tender procedure.

On the other hand, officials from UNMIK (UN mission in Kosovo) believe that selection of investors has been carried out too speedily.

The tender for TPP Kosovo C could not be carried out before 2007th as it was earlier planned, UNMIK officials believe. UNMIK wants tender procedure to be in accordance to the international standards, if not project would not be acceptable.

§ § §

Energy licenses (Serbia, Kosovo)

Energy regulator office (ERO) has announced that June 24th would be the deadline for all electricity suppliers, including Kosovo energy corporation (KEK), to apply for energy licenses.

Member of the Board and head of ERO's Legal Issues and Licensing Department confirmed that ERO Board approved the licensing rules for energy activities in February.

ERO has earlier published conditions, divided into the general and special ones, needed for granting the energy licenses. Future suppliers need to have technical and financial expertise, material and human resources and managerial structures in accordance with ERO's requirements, as well as the ownership rights or legal rights to use energy facilities for their activities.

Energy suppliers should operate in accordance to the Energy Strategy, approved by the interim Kosovo Government. ERO officials confirmed that KEK has met most of the criteria, while the ERO would give time to KEK to meet the rest of them.

§ § §

Merrill Lynch submitted privatization strategy of NIS (Serbia)

In the beginning of June, Oil industry of Serbia (NIS) has confirmed that privatization advisor, the consortium of Merrill Lynch and Raiffeisen Investment has submitted final proposal for privatization strategy of national oil company.

Until the end of June, proposal would be presented to the government of Serbia that should reach final decision on privatization of NIS.

In the meantime, the proposal would not be presented to the public in Serbia. General manager of NIS believes that recent unofficial, incomplete and incorrect information on privatization strategy presented by several newspapers in Serbia have only made damage to the privatization process.

Head of NIS said that company has achieved the best financial results in the first quarter of this year comparing to the last several years. Net profit of NIS reached 13 million euros, while in the same time NIS has paid its entire obligations toward state budget and foreign debtors.

According to the recent statement of ministry of finance, privatization of NIS will be done in two phases.

During the first phase in autumn this year, minority stake should be sold to the strategic partner, which would be followed by recapitalization of the company. In addition, certain amount of the shares should be transferred to the employees.

In the same time, state of Serbia should preserve 51 % shares in the company. The second phase of privatization should start in three years.

Newspapers in Serbia have continued to publish unofficial information on privatization strategy of NIS. According to sources, 49 % of shares will be sold to the strategic partner in the first phase of privatization, which would include chemical factory Petrohemija also.

Strategic partner would be obliged to invest some 700 to 800 million euros for the modernization of the company, and after 2010th, state would be obliged to sold the shares to the strategic partner, which would become majority owner of NIS.

According to sources, government will accept the proposal of advisor to sell 49 % of shares at most, although some ministers are not willing to sell the majority stake in the company in the future.

According to other sources, privatization strategy proposed by Merrill Lynch is not definite, even regarding the sale of state owned shares in NIS.

The most mentioned companies, interested for privatization of NIS are Lukoil, MOL, OMV, Hellenic Petroleum and Petrol, while British Petroleum will not participate in the future tender.

The oil company Shell also will not participate in the tender having in mind that Shell's experts have been engaged in evaluation of complexity of facilities and optimization of business activities in order to increase profitability of the NIS.

Economy advisor in USA embassy in Belgrade was one of the first officials that commented the latest announcements for privatization of NIS. He believes that majority stake in NIS should be sold during the first phase of privatization, in order to provide control and management in the company for the future partner. He believes that concept of NIS's management, the modernization prior the privatization, could be related to many risks due to possible abuses in such privatization model.

On the other hand, analysts from NIS said that Romania was only country in the region that has sold the majority stake in national oil company (Petrom was sold to OMV) after strong guarantees that Romania would soon become EU member. They have again quoted example of Croatia, where only minority stake in INA was sold to MOL during the first phase of privatization.

§ § §

Tenders:

Electricity

Company / organization:

EBRD, related Romania

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

Content:

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

Phase I

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

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

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

Phase II

2.1 Managerial and monitoring support during contracting.

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

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

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

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

2.6 Verification of the proper use of available funds.

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

Phase III

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

Company / organization:

EBRD – European Bank for Reconstruction and Development, related Bulgaria

Power Transmission - Goods, works, services

Content:

Natsionalna Elecktricheska Kompania (NEK) intends using the proceeds of a loan from the European Bank for Reconstruction and Development [the Bank] for a project to rehabilitate its transmission network, including development of their MIS system, construction of a HV line, reconstruction and extension of a 400 kV s/st, modernisation of SCADA/EMS systems and providing of metering, testing and data processing systems. The proposed project, which has a total estimated cost of EUR 20 million equivalent, will require the procurement of the following goods, works and services:

A.2.2. Construction of HV line 400 kV Zlatitsa - Plovdiv, and

Re-routing of existing 110 kV Lines.

Tendering for the above contracts is expected to begin in the fourth quarter 2005. The Bank financed packages will be procured as single-point responsibility supply-and-install contracts with fixed price).

Contracts to be financed with the proceeds of a loan from the Bank will be subject to the Bank's Procurement Policies and Rules and will be open to firms from any country. The proceeds of the Bank's loan will not be used for the purpose of any payment to persons or entities, or 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:

EPS, Serbia

Call for offers for consulting services regarding restructuring of the EPS power utility

Content:

Study shall contain the analyses, opinion and recommendations regarding:

- possibilities for decreasing the costs and increasing the profit,
- improving the organization and administrative functions and other services,
- improving the strategy for investments and management with the investments,
- possibilities for entrance of foreign capital.

The study shall acquire and grade the influence of the formerly recommended measures for future total costs of EPS and its position at the Southeast Europe Regional Electricity market.

Deadline:

Job completion shall be with the end of 2006.

Contact:

Mr. Aleksandar Jakovljevic, tel: +381 11 3972 994, e-mail: aleksandar.jakovljevic@eps.co.yu JP "Elektroprivreda Srbije", 11000 Beograd, Vojvode Stepe No.412. – Direction for Strategy and Investments

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

Company / organization:	EBRD, related Kozloduy Nuclear Power Plant Bulgaria
Content:	This project is to support the policy of Supply Division of KEK (the Kosovo Power Utility) aiming at improving the revenue collection. The scope of the project consists of four Lots and includes the following: supply and installation of hand held units and docking stations as well as the software; supply of IT infrastructure for hand-held units (computers, printers, servers, and plotters); supply and installation of the Geographic Information System platform; supply of vehicles, and training for KEK staff. The equipment and services in this project will be used to plan commercial activities and improve payment control in the Sales Department/Supply Division of KEK.
Deadline:	1 Aug 2006 at 24:00, Kozloduy time
Contact:	Mr. Michel Levy, KPMU Commercial Manager Kozloduy Nuclear Power Plant Kozloduy Bulgaria Fax. + 359 973 74508 e-mail: kpmu@npp.cit.bg With a copy to: Mr. Georgi Kirkov Head of Trade Division Kozloduy Nuclear Power Plant Kozloduy Bulgaria Fax. + 359 973 76008 e-mail: KIRKOV@npp.cit.bg

Company / organization:	EPS, related Serbia
MEDIUM AND LAW VOLTAGE BANKS OF CAPACITORS	
Content:	Public Enterprise "Elektroprivreda Srbije", having its head office at Cacire Milice 2, Belgrade, invites all interested tenderers to take part in the public procurement of "medium and law voltage banks of capacitors with accompanying equipment and devices necessary for installation of the said banks of capacitors in distribution substations" for needs of electricity distribution business companies operating within the system of the Public Enterprise "Elektroprivreda Srbije".
Deadline:	19 June 2006, 11:00 hrs, local time
Contact:	Slobodan Kujovic (E-mail: slobodan.kujovic@eps.co.yu) and Fedora Loncarevic (E-mail: fedora.loncarevic@eps.co.yu) Tel. + 381 11 3971918

Company / organization:	EBRD, related Romania
Romania - CFR Traction Energy Network Management Project	
Content:	CFR SA and its subsidiary CFR Electricitare 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 July 2006
Contact:	Mr. Tiberiu Angelescu, Director of Foreign Financing Directorate, Compania Nationala de Cai Ferate CFR – SA, 38, Dinicu Golescu Blvd., 3rd floor, room no. 26, 010873 Bucharest 1, Romania, Tel.: +40 21 224 84 06, Fax: +40 21 222 14 45

Company / organization:	EAR, related Bulgaria
Supply of specialised software and hardware	
Content:	Contract title: Creation of operating means for Transmission System Operator in relation to the administration of a competitive electricity market: Supply of specialised software and hardware Delivery, installation, commissioning and testing of a specialized IT system for administration and control of the electricity market by the Bulgarian Transmission System Operator (TSO), including maintenance within the warranty period.
Deadline:	10 July 2006 at 15:00, local time
Contact:	Central Finance and Contracts Unit (CFCU) Ministry of Finance 102, G. S. Rakovski St., 1040 Sofia fax +359 2 9859 2773 e-mail: cfcu@minfin.bg

Company / organization:	EBRD, related Bulgaria
Maritza East 2 Thermal Power Plant - Technical Adviser	
Content:	<p>EBRD requires a consultant to act as Technical Adviser and to monitor the Project in the following three phases.</p> <p>Phase I: review of procurement and contracting The Consultant will review the tender documents prepared by ME2 to advise the Bank in respect of compliance with EBRD procurement rules and good practice. The Consultant will subsequently assist the Bank in reviewing ME2's Tender Evaluation Report and Contract Award Recommendation to ensure compliance with the Tender Documents.</p> <p>Phase II: construction and performance test monitoring The Consultant will visit the site and provide a quarterly review of project construction progress and quality, to include a review of the contractor's procedures, schedule variance, and quality assurance/quality control implementation. Additional, site visits may be required for major project milestones and if necessary to confirm specific details or to witness particular events or to attend important meetings if instructed. The Consultant will also review the test plans and procedures and provide an assessment of their adequacy to meet accepted industry standards. During contractor's acceptance testing, the Consultant will be required to visit the site to observe the tests. The Consultant will witness the tests and assess procedural adherence. The Consultant will provide an opinion as to whether the acceptance tests have been passed, and will recommend whether or not to accept the plant as completed.</p> <p>Phase III: annual operations review The Consultant will review the ME2's operating management and cost plans on an annual basis. The Consultant will assess and compare operating and maintenance costs with similar plants. The adequacy of management and operator staffing and training will also be evaluated. The overall plant performance will be evaluated.</p>
Deadline:	20 June 2006,
Contact:	EBRD's contact person: Angela Levitsky Tel: + 44 207 338 6363

Company / organization:	EBRD, related Bulgaria
Sofia District Heating Rehabilitation - Supply of 2588 District Heating Substations and Associated Services	
Content:	<p>This Invitation for Tenders follows the General Procurement Notice for this project, which was published on the EBRD's Web site on 30 January 2006. Toplofikacia Sofia AD hereinafter referred to as the Purchaser, intends using part of the proceeds of a loan from European Bank for Reconstruction and Development (the Bank) and a grant from Kozloduy International Decommissioning Support Fund (KIDSF) towards the cost of Sofia District Heating Rehabilitation Project.</p> <p>The supply of 2588 district heating substations and associated services is divided into three separate lots as follows:</p> <p>Lot 1 refers to 1213 substations located in DHR (hereinafter District Heating Region) "Sofia East" (south-east part of Sofia city) and DHR "Zemlyane" (south part of Sofia city);</p> <p>Lot 2 refers to 869 substations located in DHR "Sofia" (central and north part of Sofia city) and DHR "Liulin" (north-west part of Sofia city);</p> <p>Lot 3 refers to 506 substations located in DHR "Liulin" and DHR "Sofia".</p> <p>Tenders are invited for one or more lots. Each lot must be priced separately.</p>
Deadline:	June 29, 2006 at 14:00, local time
Contact:	Mrs. Anastasiya Markova Fax + 359 (2) 958 1264 Phone +359 (2) 8593171

Company / organization:	EAR, related Serbia
Technical Assistance to the Serbian Energy Regulatory Agency Republic of Serbia, State Union Serbia and Montenegro	
Content:	<p>Technical assistance will be provided to the Serbian Energy Regulatory Agency (the independent energy regulator) to further build and develop the capacity of the Agency (building on earlier capacity building TA). This assistance will relate to aspects of the secondary legislation necessary to create an electricity market in Serbia and in the South East Europe region and particularly to:</p> <ul style="list-style-type: none"> - Support for the implementation of tariff methodologies and tariff reviews for regulated businesses (including analysis of justified costs) and the development and implementation of incentive based tariff methodologies; - Review of existing and drafting of new outlines of technical codes; - Developing market monitoring guidelines; · Development of necessary information system / data base; · Training. <p>Maximum budget € 1,500,000</p>

Deadline: June 20 2006, 16:00 hrs, local time

Contact: The European Agency for Reconstruction
Procurement Unit, 3rd floor
Vasina 2-4,
11000 Belgrade
Serbia and Montenegro
Fax no.: +381 11 3023 466

Company / organization: EAR, related Bulgaria

Supply of specialised software and hardware

Content: Contract title: Creation of operating means for Transmission System Operator in relation to the administration of a competitive electricity market:
Supply of specialised software and hardware

Delivery, installation, commissioning and testing of a specialized IT system for administration and control of the electricity market by the Bulgarian Transmission System Operator (TSO), including maintenance within the warranty period.

Deadline: 10 July 2006 at 15:00, local time

Contact: Central Finance and Contracts Unit (CFCU)
Ministry of Finance
102, G. S. Rakovski St., 1040 Sofia
fax +359 2 9859 2773
e-mail: cfcu@minfin.bg

Company / organization: H.T.S.O., related Greece

Supply of specialised software and hardware

Content: The Hellenic Transmission System Operator S.A., (H.T.S.O.) is publishing the summary of the Tendering Procedure No 12/2006 for the conclusion of Capacity Availability Contracts for a new Generation Unit. The summary has been sent to the Official Journal of the European Union for publication.

The complete text containing the specifications and additional documents of the H.T.S.O. Tendering Procedure No 12/2006 can be obtained during working days from 16/5/2006 up to 10/7/2006 from 10:00 to 13:00.

Tendering Procedure Documents cost is 300 € and the potential participants must demonstrate an identification document. They must also notify H.T.S.O. their communication details e.g. address, telephone and FAX number.

Contact: Potential participants can obtain the complete tender documents from the offices of H.T.S.O. AMFITHEAS AVENUE 11, N. SMYRNI 17122

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Oil and Gas

Company / organization: INA, related Croatia

AUTOCLAVE FOR CORROSION TESTING (SN-997/06, INA Specification No. 085/06)

Deadline: June 27, 2006 at 14:00 hrs, local time

Contact: Mrs. Ljubica Šupe, tel: +385-1- 64 51 007, fax +385 (0)1 64 52 048) every working day from 12 to 14 p.m., local time.

Company / organization: INA, related Croatia

Spare Parts for Turbocharger DELAVAL

Deadline: June 28, 2006 at 11.00 hrs, local time

Contact: Mr.M. Kuzmanić , tel: +385-1- 64 51 089, fax +385-1-64 52 048

Company / organization: PPC, related Greece

Consulting services for the development of PPC's natural gas sourcing strategy

Content: Public Power Corporation S.A. launches an international Call for Tenders, under the open procedure, with sealed tenders and award criterion the lowest price among all technically acceptable offers for the selection of the Consultant for the project «CONSULTING SERVICES FOR THE DEVELOPMENT OF PPC'S NATURAL GAS SOURCING STRATEGY».

Deadline: 5 July 2006 at 11:00hrs, local time

Contact: Mr. D. Metikanis (+30-210-3808333)
Mr. K. Chronis (+30-210-3827025)

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Coal

Company / organization: EPS, related Serbia

Development of study

Content: THE PUBLIC INVITATION to tender in the open procedure for the service - development of the Study 'Preliminary Program with the Feasibility Study for the Introduction of the System for Operational Management and Coal Quality Control on Tamnava Open Pit Mines' Procurement subject: Development of the Study 'Preliminary Program with the Feasibility Study for the Introduction of the System for Operational Management and Coal Quality Control on Tamnava Open Pit Mines' – Public procurement 05/06/DSI.

Contact: Ms. Radmila Zivojinovic, D. Sc., phone number +381 11 3971 960, e-mail: radmilaz@eps.co.yu.

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