

June (2) 2006 issue of Balkan Energy NEWS, with limited data

Request free trial / latest issue on news@balkanenergy.com

Energy News on Southeast Europe • twice in a month • № 2006-VI/2

In this issue:

Analysis:

- » New lines and transfer capacities increase in SEE

News headlines:

- » CEZ opens local offices (Region)
- » European commission approved Nabucco project (Region)
- » Bankers Petroleum increase oil production (Albania)
- » German government is funding new substation (Albania)
- » Public invitation for construction of eight power plants (Bosnia and Herzegovina)
- » Cancellation of 25 concession contracts for hydro power plants (Bosnia and Herzegovina)
- » Memorandum of understanding signed by Plinacro and BH Gas (Croatia & Bosnia and Herzegovina)
- » Dispute between Vitol and Oil refinery in Brod (Bosnia and Herzegovina)
- » Signing the contract for construction of HPP Mostarsko Blato (Bosnia and Herzegovina)
- » EFT won the license for electricity trade and supply (Bosnia and Herzegovina)
- » Enel increases share in Maritsa East 3 project (Bulgaria)
- » NEK invests 30 million euros for new substations (Bulgaria)
- » President of Atomstroyexport expects decision on future constructor of NPP Belene (Bulgaria)
- » Dismantling of units 1 and 2 in NPP Kozloduy not before 2009th (Bulgaria)
- » Several heating utilities settled debts toward Bulgargaz (Bulgaria)
- » Russia demands 51 % share in Burgas – Alexandropoulos oil pipeline (Bulgaria)
- » No changes in electricity prices (Bulgaria)
- » Successful carrying out of modernization of NPP Kozloduy (Bulgaria)
- » 60 companies interested to buy electricity directly from NEK (Bulgaria)
- » HEP invests 1.2 billion euros in new power plants (Croatia)
- » Construction of the largest wind farm in 2007th (Croatia)
- » New level of opening of electricity market (Croatia)
- » 30 million euros for modernization of central heating systems (Croatia)
- » DEPA invest 1.5 billion euros (Greece)
- » Hellenic Petroleum expands petrol station network in Bulgaria (Greece)
- » PPC imposes fuel surcharge (Greece)
- » European Commission warned on violations in energy legislation (Greece)
- » Increased safety of power grid (Greece)
- » PPC allowed to continue with privatization of TPP Bobov Dol (Greece & Bulgaria)
- » Court dispute between government and Okta in Paris (Macedonia)
- » Makpetrol accepted joint management of gas pipeline (Macedonia)
- » Increased power consumption due to air conditioning (Macedonia)
- » End of the second phase of coalmine project (Macedonia)
- » 30 million euros of losses for EPCG (Montenegro)

- » EPCG announced large-scale projects (Montenegro)
- » Tender commission should invite EN plus to sign the privatization contract for TPP Pljevlja and coalmine Pljevlja (Montenegro)
- » Transelectrica's shares six times oversubscribed (Romania)
- » Three Electrica's subsidiaries and Craiova power complex to be privatized next (Romania)
- » Increase in natural gas prices from July (Romania)
- » 22 TWh of electrical energy produced in January-April 2006th (Romania)
- » Enel invests 180 million euros (Romania)
- » Possible fusion of Hydroelectrica and Termoelectrica (Romania)
- » 16 companies submitted letter of intentions for construction of units 4 and 5 in NPP Cernavoda, several offers rejected (Romania)
- » Increase in import of natural gas from Russia (Romania)
- » New private 900 MW CHP power plant in 2011th (Serbia)
- » EPS announced revitalization of CHP plant Novi Sad (Serbia)
- » Natural gas storage facility operational in the beginning of 2007th (Serbia)
- » Privatization advisor against the plans of management of NIS (Serbia)
- » Tender for new power plants in 2007th (Serbia, Kosovo)
- »

Contacts:

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

Balkan Energy News office
www.NEWS.BalkanEnergy.com
news@balkanenergy.com

Subscriptions:
news@balkanenergy.com
www.news.balkanenergy.com/request.php

Balkan Energy NEWS publication

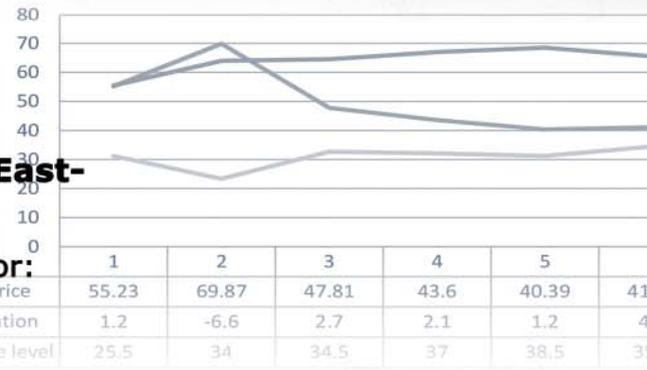
Balkan Energy NEWS service provides energy related news from countries of South East Europe. Covered countries are Albania, Bulgaria, Bosnia & Herzegovina, Croatia, Greece, FYR Macedonia, Montenegro, Romania, Serbia, Slovenia and Turkey. Besides all regional energy related news, we are giving you in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

On our website, you can find FREE SAMPLE issues and easily request FREE TRIAL issue.

The readers who will mostly benefit from the content of Balkan Energy News are: energy trading companies, investors, consulting companies, financial institutions, electricity generation companies, electricity distribution companies, transmission system operators, authorities, etc.

Country	Year	Sum	1	2	3	4
Slovenia	2007	11182	1027	891	953	850
	2008	11570	1094	998	1012	911
	2009	10994	1099	932	963	816
Bosnia and Herzegovina	2007	11722	1074	979	1016	910
	2008	12186	1155	1038	1075	938
	2009	34506	3309	2960	2960	2637
Bulgaria	2007	3272	3091	3198	2638	2638
	2008	31954	3486	3052	3021	2443
	2009	33452	3475	3107	3237	2677
Croatia	2007	17842	1680	1543	1570	1499
	2008	17507	1625	1530	1551	1323
	2009	45174	1555	1481	1552	1358
Greece	2007	4915	4539	4289	4105	3894
	2008	53504	4652	4271	4401	3894
	2009	53565	4666	4107	4327	3913
Romania	2007	50636	4736	4268	4473	3803
	2008	53265	4874	4472	4311	3885
	2009	54154	4735	4418	4660	4081

EU MWh



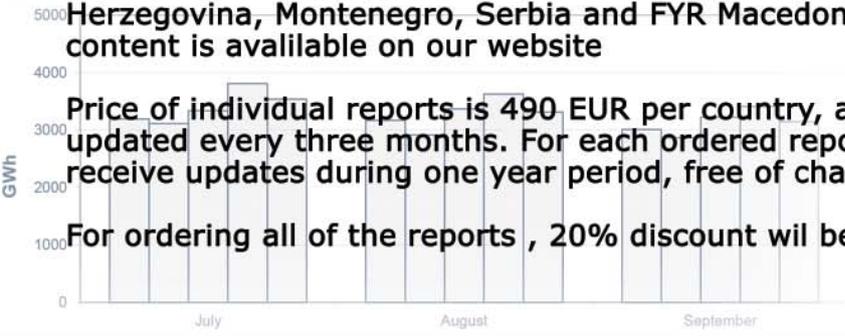
Country Reports on Energy Business in South Eastern Europe

- Country reports provide detailed overview of energy sector:
- Overview of the electricity market,
 - Consumption, production and export characteristics
 - Actualities - hot topics
 - Key market players,
 - Legislation and electricity market opening
 - Electricity prices and tariffs,
 - Potentials for investments in power generation,
 - Privatizations in power industry
 - Current state of RES sector

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

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

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



Subscription and info

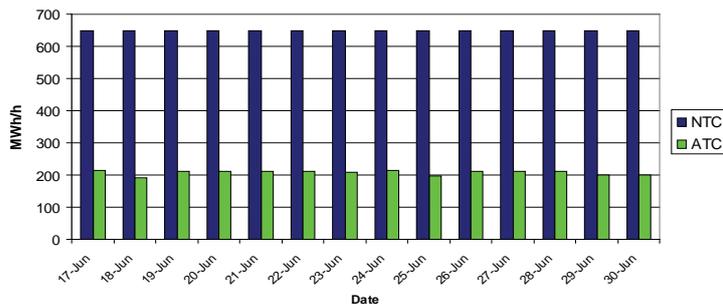
Disclaimer:

All rights reserved by Balkan Energy Solutions Team. No part of this publication may be reproduced, redistributed, or in any other way copied as a whole or partially without written permission of Balkan Energy Solutions Team. This includes internal distribution.

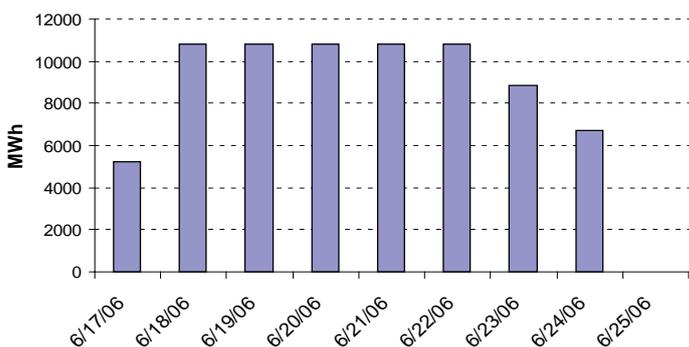
Balkan Energy Solutions Team does not warranty the accuracy of the published data contained in this document, although Balkan Energy Solutions Team did great efforts to collect the data from the respectable and accurate sources.

Power exchanges data:

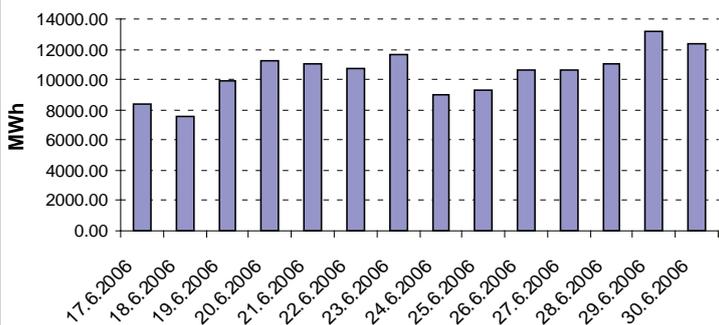
Greece - Average Daily Transmission Capacities



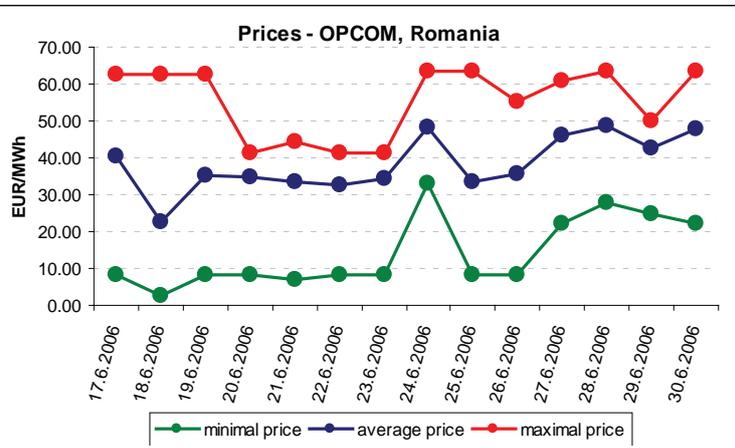
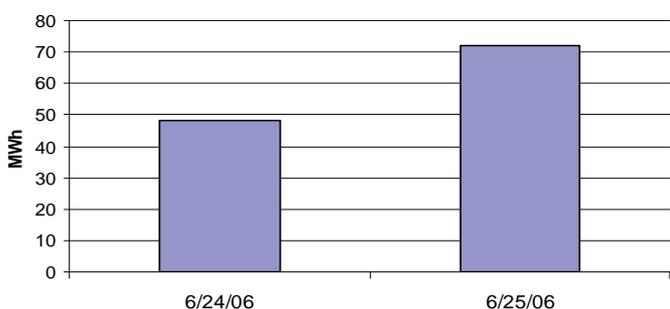
SLOeX - Index - Borzen, Slovenia



Energy traded - OPCOM, Romania



Base Load - Borzen, Slovenia



Analysis:

analysis.news@balkanenergy.com

New lines and transfer capacities increase in SEE

Transfer capacities allocation became one of the most important issues in whole Europe, and in in last 2 years in Southeast Europe (SEE) also, i.e. after resynchronization of UCTE zones I and II. Main congested borders in SEE are northern border of Greece, borders of FYR Macedonia, border between Serbia and Croatia and border between Romania and Serbia.

Northern border of Greece is congested due to imports of Greece, dominantly on border between Bulgaria and Greece. NTC value, defined for northern border of Greece is around 600 MW. This capacity is expected to be increased after construction of new 400 kv lines Podgorica (Montenegro) – Tirana (Albania) – Elbasan (Albania), Nis (Serbia) – Skopje (FYR Macedonia) and after upgrade of 150 line Bitola (FYR Macedonia) – Florina (Greece) on 400 kv.

Borders of FYR Macedonia are congested because of imports of FYR Macedonia and imports of Greece that directly affect congestions on borders of FYR Macedonia

Border between Serbia and Croatia is congested due to high imports of Croatia itself and transits over Croatia to Slovenia.

Border between Romania and Serbia became congested due to exports of Romania towards Croatian border and, additionally, towards FYR Macedonia and Greece.

New 400 kv line Ugljevik (B&H) – Sremska Mitrovica (Serbia) that has been put in operation on April 26th 2006, increased transfer capacity between Serbia and Bosnian and Herzegovina. Also this line has relieved loading of 400 kv interconnection line between Serbia and Croatia for around 100 MW.

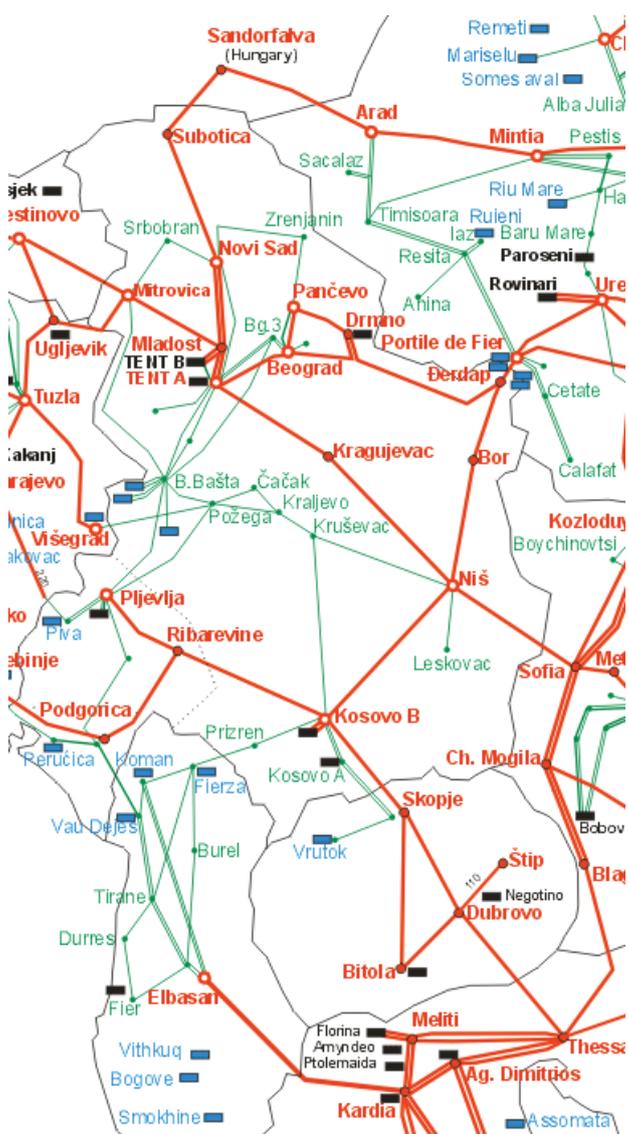
Upgrading of 150 kv line Bitola (FYR Macedonia) – Florina (Greece) on 400 kv will increase capacity on border between Greece and FYR Macedonia, but realistic transfer capacity in terms of exports to Greece will not be significantly increased due to existence of other problems in networks of FYR Macedonia, Albania, and Serbia. Completion of 400 kv line Nis (Serbia) – Skopje (FYR Macedonia) would only slightly increase transfer capacity towards Greece, for around 100 MW. Construction of 400 kv line Nis (Serbia) – Skopje (FYR Macedonia) has not started yet. Completion of 400 kv line Stip (FYR Macedonia) - Ch. Mogila (Bulgaria) will solve many problems related to congestions in this part of transmission network and transfer capacity to Greece would be increased significantly. And finally, completion of 400 kv line would bring additional increase of transfer capacity towards Greece for around 400 MW. With completion of this

planned scenario, transfer capacities towards Greece, Albania and FYR Macedonia will be hugely increased. Works on all mentioned lines are in progress or in preparations, so, having in mind realistic developments of these projects, all these lines could be completed in a 5-10 years period.

Capacity on border between Romania and Serbia will be increase after construction of 400 kV line Pančevo (Serbia) – Vršac (Serbia) – Timisoara (Romania). New line is the part of the larger project for Transelectrica, which is upgrading the power network in Southern Romania. The route Portile de Fier – Resita – Timisoara – Arad will be upgraded from 220 kV to 400 kV. After completion of this project, net transfer capacity on this border should be increased for around 500 MW, from existing 550 MW.

Romanian transmission system operator Transelectrica announced investment of 15 million euros for the construction of a new inter-connection line between Romanian city of Timisoara and Serbian city of Vrsac. Transelectrica and Serbia's transmission system operator, EMS, signed in Belgrade the Memorandum for the establishment of the legal framework and initiating the feasibility study regarding the construction of the line.

After completion of all these lines, cross border transfer capacities in SEE will be greatly increased and power trading will be easier. Process of capacity increase and construction of these lines will be gradual and slow, but in a reasonable period should be completed since all mentioned lines are in some stages of development and there are strong intentions for these projects to be completed.



News:

CEZ opens local offices (Region)

The largest Czech power company, the CEZ, has announced opening of local offices in Serbia and Serbia's province Kosovo during the June and July.

This announcement came after CEZ has successfully finished several privatization procedures in Poland, Romania and Bulgaria. New offices should support activities of CEZ in Southeastern Europe, the new area of interest for Czech company.

Spokesman of CEZ confirmed that company was interested for modernization of existing thermal power plants and construction of new ones, while CEZ announced participation in the tender for construction of two new TPPs in Macedonia.

CEZ expansion in the region started by takeover of three power distribution companies in Bulgaria, privatization of power distribution company in Romania and purchase of TPP Varna in Bulgaria. CEZ has opened local office in Budapest that will be responsible for electricity energy trade between Czech Republic, Bulgaria and Romania.

§ § §

European commission approved Nabucco project (Region)

European commission has approved the construction of Nabucco natural gas pipeline by signing the agreement during the meeting in Vienna, attended by representatives of European commission and energy minister from all interested countries.

New gas pipeline is aimed to transport natural gas from Central Asia and it should pass across Turkey, Bulgaria, Romania, Hungary and Austria, and it should diversify the sources of natural gas by reducing dependence of EU on import of natural gas from Russia.

The Nabucco project was started in 2002nd through a cooperation agreement between natural gas transport companies Botas from Turkey, Bulgargaz (Bulgaria), Transgaz (Romania), MOL (Hungary) and OMV Gas (Austria).

The Nabucco pipeline should be built until 2008th, it should be 3,300 km long and it would start to transport natural gas in 2011th, where maximum capacity of pipeline should reach 30 billion cubic meters per year. The worth of the project is estimated at 4.6 billion euros.

By the latest agreement, aimed to speed up the regulatory and legal framework for the project, EU wants to give clear political and financial support to future investors in the project.

EU has also ready for exemptions in some EU antitrust rules in order to attract potential investors and interested countries who wanted to sign 10 -12 years long-term contracts in advance. This was confirmed by energy commissioner, who said that certain long-term contracts, which normally were not allowed in gas sector, should be allowed due to high significance of the project.

EU energy commissioner pointed out significance of the future pipeline in terms of energy security, having in mind developments in past several years.

Officials from European Investment Bank (EIB) expressed their readiness to finance 20 to 30 % of the project, while European Bank for Reconstruction and Development (EBRD) and the International finance corporation should also finance the project.

The issue of Nabucco project became the point of dispute between EU, Russia, having in mind that future pipeline would transport natural gas from Caspian region (Azerbaijan), and it would bypass Russia. EU energy commissioner pointed out that Nabucco would remain energy priority of EU despite the announcement of Russia on development of alternative and rival gas pipeline.

In the recent period, Russian state-owned monopoly has been trying to persuade potential investors in Nabucco project to participate in project for extension of Gazprom's Blue Stream pipeline under the Black Sea toward Turkey. Gazprom and MOL have decided to establish joint venture that would carry out the study for extension of Blue stream pipeline. Some analysts believe that Russian intentions could seriously endanger Nabucco project.

On the other hand, EU energy commissioner believes that there are enough reasons to build both pipelines, where Russian project was far behind Nabucco.

He supported its claims by the estimation that EU would need additional amount of 200 to 300 billion cubic meters per year in the next 25 years.

§ § §

Bankers Petroleum increase oil production (Albania)

According to the latest press release of Canadian oil company Bankers Petroleum (BP), BP's oil production in Albania in 2006th should rise to 4,200 barrels of oil per day (bopd).

The strong rise in production is related to increase in production due to take-over and redevelopment of oil wells from Albania's oil company Albpetrol.

Since the beginning of 2006th, BP has took over some 50 oil wells, where 35 wells have been put in operation, increasing the overall production of BP in Albania by 50 % from 2,302 bopd (at the end of 2005) up to present value of 3,450 bopd.

Due to positive development in oil production BP has revised its earlier estimation on production target at the end of this year from 3,800 up to aforementioned 4,200 bopd.

Albania has been considered as important part of BP's growth plans, president of BP confirmed.

BP has two sale contracts in Albania, which mitigate possible oil price fluctuations.

Local sales contract in Albania have defined ceiling and floor price, determined by the formula referenced to the price of Brent crude oil. On the other hand, export contracts are directly linked to Brent crude oil prices.

§ § §

German government is funding new substation (Albania)

Albanian officials have announced start of the reconstruction of one of the largest substations in the southern part of country in Gjirokastra. The 110 kV substation should be fully reconstructed and it should improve electricity supply in that part of Albania.

The worth of the project is 3.7 million euros, and it is the part of larger, 33.7 million euros worth project Energy supply for southern Albania. The project has been funded by German government and KfW bank.

In the related news, at the end of June, Albanian power corporation (KESH) has imposed daily seven-hour power cuts in capital Tirana that will last until August due to repair works in distribution stations.

§ § §

Public invitation for construction of eight power plants (Bosnia and Herzegovina)

Ministry of energy, industry and mining of Federation of Bosnia and Herzegovina (BiH) has published public invitation for construction of eight new power plants in the country.

Those plants are hydro power plants (HPPs) Ustikolina (3 x 22 MW), Vranduk (21 MW), Rmanj (2 x 36 MW), Vrilo(42 MW) and thermal power plants (TPPs) Tuzla (370 MW) , Kakanj (250 MW), Bugojno (2x300 MW) and Kongora (2x275) MW.

According to the minister of energy, aforementioned projects would be the projects of the highest priorities in the country. Overall worth of all projects is estimated at 2.5 billion euros, while some 50,000 workers could be employed for completion of the projects and another 5,000 would be permanently employed after end of the projects. BiH believes that considerable benefit for the country will be profit earned by the export of electricity.

By inviting strategic partners, BiH's officials want to provide security and stability of investments. Ministry of energy has also sent eleven direct invitations for cooperation to two domestic and nine foreign companies, which have already expressed interest for cooperation in energy sector. The invitations have been also sent to 19 embassies in BiH, with petition to embassies to inform and invite companies from those states to send their offers for the projects.

The deadline for submission of letters of intentions is August 21st, and Federation of BiH expects that large number of interested companies will be applied.

Ministry of energy will be in charge for selection of the best offers, and minister believes that the best option for BiH was that foreign partners provide funds, while BiH should return funds through production of electrical energy in the future power plants.

New power plants should be state-owned, according to preliminary proposal. However, depends on the offers from potential strategic partners, the state of BiH would be willing to allow 30 % of the plants to be privatized.

Two power utilities in Federation of BiH, the Power utility of BiH (EP BiH) and Power utility of Herzeg Bosnia (EP HZHB), will have a key role in selection of strategic partners.

§ § §

Cancellation of 25 concession contracts for hydro power plants (Bosnia and Herzegovina)

Government of Republic of Srpska (RS) has decided to cancel 25 concession contracts for construction of small hydro power plants (HPPs).

The decision was reached due to fact that several interested companies for concession contracts did not fulfill required procedures, i.e. they did not pay required concession fees or they did not submit valid guarantees.

Ministry of economy, energy and development of RS has left 10-day deadline for particular companies to fulfill their obligations. Otherwise, government of RS would launch procedure for final cancellation of the contracts.

§ § §

Memorandum of understanding signed by Plinacro and BH Gas (Croatia & Bosnia and Herzegovina)

President of management of Plinacro (Croatian transmission natural gas company) and director of BH Gas (Gas company of Bosnia and Herzegovina (BiH)) have signed Memorandum of understanding in the presence of minister of economy of Croatia and minister of foreign trade and economic relations of BiH.

MoU should be the foundation of cooperation of two neighboring states in natural gas sector and connection of two natural gas networks.

In order to link two gas networks, Croatia should build natural gas pipeline Slavonski Brod - Donji Miholjac – Dravserdahely (Hungarian border), while BiH should build natural gas pipeline between Bosanski Brod, Zenica and Ploce and underground storage facility near Tuzla.. Two systems should be then connected through the gas pipeline Slavonski Brod – Bosanski Brod.

In this moment, both Croatia and BiH have only one supply route for natural gas and by the end of this project, two countries would create alternative supply routes.

Croatian officials have confirmed that they would initiate the start of the project on their side by the end of this year.

BH Gas has confirmed that pre-feasibility study on economical aspects of the project was already carried out, and by the end of this year, experts from European Bank for the Reconstruction and Development (EBRD) should prepare the financial feasibility study. Overall costs of the project for BH Gas are estimated at 100 million dollars.

§ § §

Dispute between Vitol and Oil refinery in Brod (Bosnia and Herzegovina)

British company Vitol, a former partner of Oil refinery in Brod, has demanded from refinery 115 million dollars compensation due to violation of the contract for the oil refinement services. The request was based of Vitol's forecasted lost of profit.

General manager of refinery confirmed that Vitol has sent compensation request in the beginning of June. He believes that compensation amount is too high and that court in London (the court agreed for the disputes in the contract) will validate the fact that Vitol has failed to deliver agreed amount of crude oil to refinery.

Minister of energy of Republic of Srpska (RS) expressed its doubts regarding the validity of contract with Vitol that could be fatal for the current privatization process of oil refinery.

The contract between Vitol and refinery did not determine the quality of supplied crude oil, while refinery was banned to process crude oil from other suppliers.

According to RS's officials, disputable contract did not prescribe who should be paying operational costs during the refinement process. Auditor's report showed that refinery paid all operational costs.

The report also showed that overall debts of refinery reached 135 million euros, while, only in the last year, the refinery had 38 million euros of losses.

§ § §

Signing the contract for construction of HPP Mostarsko Blato (Bosnia and Herzegovina)

In the end of June, Power utility of Herzeg Bosnia (EP HZHB) and consortium Koncar Mostar - Engocontrol- Zagreb have signed contract for purchase, delivery, installation, testing and putting in operation of power and mechanical equipment for new hydro power plant (HPP) Mostarsko Blato. The worth of the contract is 28 million euros, and the funds were provided through 15-year loan.

The plans for construction of new HPP, with power output of 60 MW and estimated annual production of 170 GWh of electrical energy (10 % of annual production of EP HZHB), have been initiated long time ago.

New facility will have its multifunctional purpose, where apart from production of electricity, HPP will have significant influence to agriculture and water management in the area.

General manager of EP HZHB has pointed out great significance of new HPP in situation where power company has annual deficit of 2.2 TWh and pays average 50 euros/MWh for import of electricity.

The construction of new tunnel, which should evacuate floodwaters (which will be used for power production) from Mostar field (3,500 hectares), which is flooded at least five months per year. The construction of tunnel is considered as the most sophisticated part of the project and it should last three years.

§ § §

EFT won the license for electricity trade and supply (Bosnia and Herzegovina)

State regulatory commission for electrical energy of Bosnia and Herzegovina (BiH) (DERK) has issued first electricity trade and supply license for internal market of BiH to the EFT Group. This decision marked the end of monopoly for electricity supply in the state.

By granting the license, EFT, along with three power utilities in the state, is allowed to supply qualified customers in BiH.

Executive director of EFT believes that EFT's presence would increase competition in electricity market, which should result in positive influence in energy sector and entire economy in the country.

§ § §

Enel increases share in Maritsa East 3 project (Bulgaria)

Italian power company Enel has announced purchase of 40 % share from Entergy (USA) in Energiyna Kompaniya Maritsa Iztok 3, the

owner of thermal power plant (TPP) Maritsa Iztok 3 (860 MW), and the company in charge of the renewal coal fired TPP in Southern Bulgaria. Enel has paid 47.5 million euros for this transaction.

In this way, Enel has increased its share up to 73 % in Energiyna Kompaniya Maritsa Iztok 3, while the rest is owned by National transmission system operator (NEK).

NEK and Energiyna Kompaniya Maritsa Iztok 3 have signed 15-year contract for the purchase of the electrical energy produced from renewed TPP.

This acquisition is considered as Enel's expansion in Bulgaria, where company intends to strengthen its position in power production sector and energy market, CEO of Enel confirmed. He said that Enel could double the existing capacity in the TPP. CEO also said once again that Enel was highly interested for the participation in construction of nuclear power plant Belene and construction of gas pipeline from Caspian Sea to Southeastern Europe.

Earlier in this year, it was decided that Enel and RWE would replace previous contractor in charge for renewal of units 1,2 and 4, the DSD Dillinger Stahlbau GmbH due to 18 month delay in the renewal project. The deadline for the end of the project was moved from 2006th to 2008th. The worth of the renewal project is 600 million euros.

§ § §

NEK invests 30 million euros for new substations (Bulgaria)

National transmission system operator (NEK) has announced 30 million euros of investments for construction of large number of substations in tourist resort areas with voltage problems in Southern Black Sea coast, Plovdiv and Varna,

NEK intends to acquire 50 % of the necessary funds through the loan arrangements.

Executive director of NEK said that project could be financed by Swedish banks under newly signed bilateral agreement for cooperation in energy sector between Bulgaria and Sweden. The power equipment should be delivered by ABB.

In the same time, private owners of 7 power distribution companies in Bulgaria have also announced investments for construction of new substations.

E.ON, the owner of power distributors in Varna and Gorna Oryahovitsa, plans to build new substations on the Black Sea.

CEZ, the owner of power distributors in Sofia, Sofia district and Pleven, announced the construction of new substation in ski resort Bansko.

§ § §

President of Atomstroyexport expects decision on future constructor of NPP Belene (Bulgaria)

President of Russian company Atomstroyexport, the one of the two bidders for construction of nuclear power plant (NPP) Belene, said at the interview that decision on future constructor of NPP should be brought in the mid August. The second bidder is the consortium led by Czech Skoda Alliance.

Official from Russian company believes that their bid is better in financial and technical way and he expects that Atomstroyexport will certainly sign the construction contract with Bulgarian authorities. He pointed out that in either way, Russian technology would be

installed in new NPP, having in mind that Czechs have also offered to install Russian VVER type of nuclear reactors. The same type is installed in NPP Temelin in Czech Republic.

Atomstroyexport would offer improved version of nuclear reactor, the type NPP-92 with new safety systems, president of Atomstroyexport said.

Russian official also said that liberalized electricity market in Central and Eastern Europe would be very attractive for Russian company, being the traditional area of interest with several NPPs already built by Atomstroyexport and with plans for development of nuclear sector.

§ § §

Dismantling of units 1 and 2 in NPP Kozloduy not before 2009th (Bulgaria)

Decommissioned units 1 and 2 (440 MW each) in nuclear power plant (NPP) Kozloduy could not be dismantled before 2009th, new general manager of NPP confirmed.

Head of Nuclear regulatory agency (NRA) added that process had to be previously approved by NRA through the official procedure, where whole process could last about two years.

The latest report by European commission required from Bulgaria to take actions in order to ensure the EC that units would be certainly dismantled, which was agreed in the accession agreement for Bulgaria..

The EC's demand was considered as lack of confidence in Bulgaria, as the EU rapporteur for Bulgaria in European parliament said.

In the related news, unit 5 in NPP Kozloduy was shut down in mid June due to planned maintenance works and refueling of NPP. Units 3 and 6 have been working at full capacity, while unit 4 was also shut down earlier due to maintenance works. Unit 5 should be back in operation in the beginning of September.

§ § §

Several heating utilities settled debts toward Bulgargaz (Bulgaria)

District heating companies located in Sofia, Plovdiv and Burgas have reached agreements for paying debts toward state-owned gas monopoly Bulgargaz. Bulgargaz has agreed to allow delay in paying the gas bills.

Bulgargaz has earlier requested from heating companies either to sign the agreements or to face cuts in gas supplies. According to agreement, Sofia heating company should pay 36 million euros until the September. By the end of March this year, Sofia heating company has owed some 58 million euros to Bulgargaz.

Plovdiv heating company was allowed to delay payment of 6.5 million euros of debts, while Varna heating company should pay some 1.2 million euros of debts.

Privately owned heating companies in Burgas, Pleven and Vratsa should reach similar agreement with Bulgargaz. Burgas heating company owes some 3.8 million euros.

Bulgargaz has cut gas supplies to Shumen heating company, which customers have been left without hot water, after the company refused to pay 3 million euros of debts.

The debts for unpaid gas bills jumped from 24 million euros up to 77.3 million in the period from November 2005th until April 2006th.

In the related news, major of Sofia confirmed that financial abuses in Sofia heating company reached over 6 million euros. He demanded that prosecution should start inquiry against the head of the company.

In the beginning of June, Bulgarian economy and energy minister has announced that Sofia heating company would be privatized. Future owner will be obliged to cover some 51.5 million euros of losses in the company.

§ § §

Russia demands 51 % share in Burgas – Alexandroupoulos oil pipeline (Bulgaria)

Bulgaria could be left out from the international company that will be in charge for the Burgas- Alexandroupoulos oil pipeline project, if it refuses to accept that Russian side receives 51 % share in the project. The news was published by Bulgarian press, which quoted unofficial sources from Russian side after negotiations on the project.

In the beginning of June, Russians have presented their proposal on the participation share in the project during the meeting held in Moscow.

Bulgarian companies Universal Terminal Burgas (UTB) AD and Bulgargaz, the state-owned gas monopoly, have recently established consortium named Projektna Kompania Neftoprovod Burgas-Alexandroupolis - BG AD, where UTB controls 75 % of the shares.

Bulgaria's officials have announced that consortium should control at least 24.5 % of the share in the pipeline project, which is equal to the half of 49 % and it goes along with Russian proposal.

Russian, Greek and Bulgarian side have initially agreed that each side should control 33 % in the project so it would be uncertain how would Greek side respond to this new proposal. Greece has established Thraki company as its representative in the project.

According to sources, representatives of TNK-BP, one of the three companies that represent Russian in the project (with Gazprom and Rosneft) has presented this idea for the project, which was not supported by other Russian companies.

Sources believe that Bulgaria could accept Russian proposal, which will be considered as compromised solution of dispute between Gazprom and Bulgaria related to the long-term barter agreement for supply of natural gas. According to the agreement, Bulgaria receives natural gas at fixed price and Gazprom pays the transit services by barter. Gazprom has several times requested changes in the agreement in order to increase the price of natural gas and to pay transit services in cash.

It is estimated that Bulgargaz and UTB should provide 240 million euros for the project.

Overall costs for the construction of 300 km long oil pipeline is estimated at 700 million euros.

§ § §

No changes in electricity prices (Bulgaria)

Head of the State Energy and Water Regulatory Commission (SE-WRC) has confirmed that price of electricity for end-customers would remain the same, despite the 5.4 % increase in prices at which power plants sell electricity to National transmission system operator (NEK).

SEWRC's head also said that electricity prices on free market would be raised.

Nuclear power plant (NPP) Kozloduy has earlier demanded 15 % increase in electricity prices for power produces. NPP's management forecasted that 5.4 % increase would imply 7.5 million euros of losses for the NPP at the end of 2006th. In 2005th, NPP has suffered some 15 million euros of losses.

According to the latest information, NPP Kozloduy was allowed to sell 1.4 TWh of electricity to eligible customer in 2006th, SEWRC decided.

NPP currently sells electrical energy to copper smelters Cumerio Med, Asarel Medet, Elatsite Med and Chelopech Mining, chemical works Polimeri and oil refinery LUKoil Neftochim.

After the latest increase in selling quota for NPP Kozloduy, new NPP's customers would become Duropack Trakia Papir, Berg Fitingi-Montana and licensed power traders.

New minimum power consumption for eligible customers will be set at 9 GWh per year starting from July 1st, where SEWRC estimated that there would be 92 of such customers.

In this moment, there are 5 licensed power traders and 14 eligible customers in the country.

§ § §

Successful carrying out of modernization of NPP Kozloduy (Bulgaria)

Head of Upgrading and investment department from NPP Kozloduy has confirmed that project of modernization of units 5 and 6 in NPP, which is mostly related to the improving the safety of reactors, has being successfully implemented since 2001st.

During the media presentation, NPP's official showed that 91 % of the modernization program was already completed and that modernization would extend operational life of units by at least 15 years. Overall costs of the modernization are 491 million euros, where 455 million euros have been already spent under strict control of EU.

Units 5 and 6 are now only 1,000 MW units in the World with replaced turbine condensers that increased units' power output by 10-15 MW. Due to successfully carried out upgrade until now, NPP has reduced period of regular maintenance works by 115 days in the last three years, which resulted in higher profit from electricity sales by 50 million euros.

During the presentation, officials from USA Westinghouse Electric Company have presented progress in modernization of control and information systems in the NPP.

Westinghouse company has been currently engaged in replacement of old Russian control systems with new digital systems.

Westinghouse's officials said that their participation in NPP Belene project would be logical extension of the upgrade of NPP Kozloduy.

USA company should be subcontractor in Skoda led consortium that submitted a bid for construction of second Bulgarian NPP.

§ § §

60 companies interested to buy electricity directly from NEK (Bulgaria)

Over 60 local companies in Bulgaria have expressed an interest for purchase of electrical energy directly from National transmissions system operator (NEK) instead from power distribution companies, their current suppliers. This was confirmed by executive director of NEK.

All companies are directly connected to the NEK's power grid, where several companies have already signed contracts with NEK expecting some 33 % of saving from new contracts.

The option for NEK to become supplier of companies directly connected to NEK's power grid was strongly opposed by all private distribution companies, which consider this provision in Energy law as violation of their licenses granted by regulatory body.

The power distribution companies also believe that new energy law should more precisely define the border between transmission and distribution networks.

New energy law has expanded the definition of transmission network and included mid-voltage grid, previously supplied only by distribution companies, to be part of the transmission network.

According to officials from CEZ, which operates power distribution companies in Sofia, Sofia district and Pleven, the changes in Energy law were against the rules determined by the privatization contracts of seven distribution companies.

Private owners of distribution companies have warned that changes in Energy law would led to the increase in electricity prices of 7.5 % in average.

§ § §

HEP invests 1.2 billion euros in new power plants (Croatia)

According to the Croatian prime minister, growth in electrical energy consumption in Croatia is almost twice the European average, having in mind that increase in electrical energy consumption in 2005th was 4 % comparing to 2.5 % in rest of the Europe.

In last 20 years, Croatian power utility did not build any of new power plants, while large number of existing ones is near end of their operational lives. Experts estimated that Croatia would be missing about 12-13 TWh, or 2,500 MW of power output, in 2020th if no power plants were built. Because of that, HEP's management has launched large scale investment cycle for period 2006th -2012th, where some 275 million euros should be invested, mostly for new power plants.

The first projects to come are the construction of hydro power plant (HPP) Lesce (42 MW, 60 million euros worth project) and enlargement of thermal-heat power plant Zagreb by building a new 100 MW unit, for which 70 million euros should be spent. Preparation works for those two projects have already started.

Until 2012th, HEP plans to build new units in thermal power plants (TPPs) Sisak, with new gas fired 250 MW unit (150 million euros), in TPP Osijek, also with new gas fired 250 MW unit (170 million euros),

and in TPP Plomin, where new coal fired 500 MW unit (600 million euros) should be built.

Overall power output in aforementioned power plants should be 1,142 MW.

The last project incorporated in new investments plans is the possibility of construction of 175 million euros worth gas fired TPP near future liquefied natural gas terminal (LNG) on island of Krk.

In addition, HEP wants to increase the share of TPPs in its overall power output (in this moment HPP and TPP have similar power output) in order to increase the stability of power system, which would be less dependent on hydrology and weather conditions.

HEP should provide funds for the project by its own profit, through the settlement of clearing debts of former USSR and through the loans and foreign investments.

§ § §

Construction of the largest wind farm in 2007th (Croatia)

In 2007th, near city of Benkovac, company Castel International should start construction of the largest wind farm in Croatia, with overall power output of 80 MW.

50 million worth project should also include agriculture farms, stone factory and system for recycling of biological waste.

The first phase of the project includes construction of 10 wind generators with overall power output of 20 MW in 2008th. In each year until 2011th, 10 wind generators should be built. 95 % of the produced electrical energy should be sold to the Power utility of Croatia (HEP).

§ § §

New level of opening of electricity market (Croatia)

In accordance to the planed timetable for opening of electricity market in Croatia, starting from July 1st, all customers with annual consumption over 9 GWh would be granted a status of qualified customers.

New qualified customers would have a privilege to choose its power supplier, which was, since December 2004th, allowed only for customers with annual consumption over 20 GWh.

§ § §

30 million euros for modernization of central heating systems (Croatia)

Croatia's power utility (HEP) will invest 30 million euros for modernization of heating systems, particularly for replacement of heating systems in capital Zagreb and city of Osijek. The modernization projects should reduce large technical losses in distribution heat networks.

The largest part of the funds, 24 million euros, will be provided by the loan from World Bank (WB), while the rest should be provided by HEP.

According to HEP's data, there are 140 malfunctions per year in 400 km long heat network, where heat losses amounted to 10 % comparing to EU average of 5-6%. Average age of heat pipelines in Croatia is 30 to 40 years, and this was the main reason for aforementioned problems.

§ § §

DEPA invest 1.5 billion euros (Greece)

Public gas company (DEPA) should invest 1.5 billion euros in development projects until 2010th, Greece's development minister confirmed.

The funds should be used for increase of number of households' natural gas users up to 1 million (200 % increase) and increase of number of industrial customers up to 500 (100 % increase).

The aforementioned funds do not include the costs of the construction of pipeline connections with Turkey and Italy, the cost of the expansion of natural gas networks in 3 new gas distribution companies in eastern Macedonia-Thrace, Central Macedonia and mainland Greece and the costs for connection of households' customer to the gas network.

Minister said that procedure for listing of DEPA's shares in Athens Stock Exchange has started, but the first, new subsidiary of DEPA in charge for natural gas transmission system should be established, according to new law.

§ § §

Hellenic Petroleum expands petrol station network in Bulgaria (Greece)

Hellenic Petroleum's (HP) subsidiary in Bulgaria, the EKO –ELDA, has announced expansion of network of petrol stations. EKO has signed long-term lease agreement for management of another 23 petrol stations in Bulgaria, thus increasing the overall number of petrol stations operated by EKO up to 37 in the country.

HP plans to expand its retail network in Bulgaria by at least 40 new petrol stations in the next three years. HP has recently opened 20 new petrol stations in Macedonia under brand name Okta, and company plans to increase the number of petrol stations in Greece up to 220 in the next year.

§ § §

PPC imposes fuel surcharge (Greece)

Public Power Corporation (PPC) has announced introduction of fuel surcharge due to high fuel prices and it has informed the Ministry of development on this issue.

PPC has submitted request for the fuel surcharge to the Regulatory agency for energy (RAE), where PPC requested 5 % increase in electricity tariffs.

It is expected that increase could be approved after the summer season.

§ § §

European Commission warned on violations in energy legislation (Greece)

European Commission (EC) has sent final warning to Greece before filing the lawsuit at the European Court due to violation of two EU laws related to the environmental and energy issues.

The first violation of EU legislation is related to the delay in adoption of directive on energy performance of buildings in Greece. All buildings should have energy certificate that should confirm that every building obey clauses in directive for energy savings in terms of lightning, heating and air conditioning.

The Greece, Cyprus and three other member states failed to adopt new directive until January this year.

The second warning is related to the non-sending the 2005th annual report one use of biofuels. EU directives on biofuels proposed that share of biofuels in oil markets of member states should increase from 2 % in 2005th up to 5.75 % in 2010th.

§ § §

Increased safety of power grid (Greece)

Greece's development minister said that power network in Greece was in much better shape in this year and that it would be able to supply much greater power consumption than the last year's peak consumption of 9,650 MW. Minister believes that there will be no blackouts in this summer season.

New power savings measures in public sector will start to apply from July 3rd until August 5th. Minister strongly supported savings saying that peak consumption, which would be achieved only during 30 hours in year, would require 250 million euros of additional costs for operation of power plants.

Minister announced new legislation on renewable energy sources (RES) by the end of the June, which would mark a new era for RES in Greece and legal support for building of new power plants.

§ § §

PPC allowed to continue with privatization of TPP Bobov Dol (Greece & Bulgaria)

Bulgaria's Supreme 5-judge panel administrative court has reached final decision which allows Greece's Public power corporation (PPC) to continue with privatization of thermal power plant (TPP) Bobov Dol (630 MW).

The privatization procedure was stopped in the last year, after Privatization agency (PA) cancelled tender due to low offered prices, after which the first ranked bidder, the PPC, filed official complaint to the Supreme Court. PPC has offered 105.2 million euros in cash and investments for the TPP.

The latest court decision could not be appealed and PPC is free to continue with privatization procedure. Verdict was based on audit report from Ernst & Young, which estimated worth of TPP's shares at 65-300 euros per share, while PPC offered 285 euros per share. Court said that there was no tender condition related to the minimum sale price.

Head of PA said that PPC would be soon announced as the winner in the tender and that privatization procedure will be continued very soon. On the other hand, PPC officials did not comment the latest development.

§ § §

Court dispute between government and Okta in Paris. **(Macedonia)**

Officials from government of Macedonia and representatives of oil company Okta, owned by Hellenic Petroleum (HP), went to Paris arbitration court to the first court appearance in the counter lawsuit submitted by the government.

It is expected that all witnesses in the process would be examined by the end of June, and court should reach final decision by the end of year.

At first, Okta has decided to sue the government for cancellation of exclusive rights granted by the privatization contract. Okta demanded 70 million euros of compensation from state of Macedonia.

Government of Macedonia responded with counter lawsuit against Okta due to unfulfilled obligations prescribed in the privatization contract for Skopje oil refinery.

According to privatization contract, Macedonia's government was obliged to purchase annual amount of 500,000 tons of fuel oil from refinery, which did not happen in the last four years, according to Okta. Officials from oil refinery said that government still did not solve all problems related to the land rights of privatized petrol stations and oil pipeline.

In the same period, the state of Macedonia did not receive 20 % of profit achieved by oil pipeline Skopje – Thessalonica, having in mind that government owns 20 % of the shares in the pipeline.

Government did not exclude friendly solution of the dispute, while Okta in the meantime revoke its request regarding the 70 million dollars of compensation from Macedonia

§ § §

Makpetrol accepted joint management of gas pipeline. **(Macedonia)**

Oil and gas distributor Makepetrol has accepted government's proposal for joint management of the gas network in the country until solution of dispute regarding ownership rights over gas network.

Makpetrol has hired legal experts in order to prepare the restructuring of public gas company Gama into the joint stock company, where government and Makpetrol each should own 50 % of shares.

Joint management of gas network was agreed after government did not manage to carry out the court verdicts by first-degree court and appellate court, which decided that government owned 55 % of the gas network.

Nevertheless, few days after it has accepted the proposal, Makpetrol has filed official complaint at the Supreme Court against latest decision of Appellate court.

§ § §

Increased power consumption due to air conditioning. **(Macedonia)**

The latest analyses showed that power consumption in Macedonia related to the air conditioning devices reached 200 MW/h, which is equal to the power production of one unit in the largest power plant in Macedonia, the TPP Bitola (3x200 MW).

Daily power consumption in capital Skopje reached 4,700 MW, which was 4.3 % higher comparing to the last year. Officials from Power utility of Macedonia (ESM)-Distribution said that influence of air conditioning devices was noticed mostly in Skopje, Bitola and few other larger cities in the country, while there was no significance influence in rural areas.

§ § §

End of the second phase of coalmine project (Macedonia)

Macedonian power plants (ELEM) have put in operation new 110 kV substation and 110 kV power line for the open pit coal mine Brod Gneotino.

New substation and power line will provide power supply for coal transport system. This marked the end of the second phase of the project and new coalmine should provide coal for thermal power plant (TPP) Bitola for another 20 years. The worth of the latest investment was 1.6 million euros, and until now, 3 million euros was invested in the project.

In the third phase of the project, German companies Man Takraf and Krupp should deliver mining equipment.

It is expected that first coal supplies from new mine could be delivered for the key power producer in the Macedonia in the beginning of 2008th.

§ § §

30 million euros of losses for EPCG (Montenegro)

During the latest Shareholders meeting of Power utility of Montenegro (EPCG), members of the management board have presented information on almost 30 million euros of losses in 2005th, which was three times higher comparing to 2004th. EPCG has achieved 170.6 million euros of incomes and 199.6 million euros of expenditures in 2005th.

According to EPCG officials, main reason for losses were the low collection rate of electricity bills and electricity thefts. Minority shareholders (privatization funds control some 20 % in the company) were not convinced by this explanation, having in mind that production results were in accordance to plans. Shareholders were particularly surprised by high phone bill of the company of 1.3 million euros.

Executive director of EPCG said that production of electrical energy reached 2.5 TWh in 2005th, which was in accordance to plans, but 17 % lower comparing to 2004th due to lower production of TPP Pljevlja. The expenses related to the import of electrical energy were 13 % higher due to interruption in operation of TPP Pljevlja,

and the lower than planned import of qualified customers, the Aluminum factory and Steel factory.

Overall electrical energy consumption in Montenegro reached 4.543 TWh in 2005th. In the same time, power losses in distribution network were increased by 26 % and by 3 % in transmission network.

Director said that unsatisfactory business results was also related to low electricity prices, interruptions in coal supply, increase in electricity import and increase in average salaries in the company. In 2005th, overall amount of 38.8 million euros was allocated for paying of average net salaries of 475 euros. The business results were also affected by negative balance with Power utility of Serbia (EPS).

Unpaid debts to EPCG at the end of 2005th were 117.4 million euros, where Aluminum factory owed 16.1 million euros, Railway Company owed 286,000 euros and distributive customers owed 95.4 million euros.

Average price of electricity for all customers in EPCG was 4.1 eurocents per kWh, without import included, or 4.62 eurocents/kWh, when expenses for import of electricity were included.

EPCG has delivered 31 million euros worth electrical energy to direct customers, where Aluminum factory, the largest importer of electricity, has paid 27.6 million euros for import of 1.282 TWh (average price of 2.15 eurocents), Steel factory paid 2.08 million euros for 78.6 GWh (2.654 eurocents per kWh), Railway paid 1.29 million euros for 22.8 GWh (5.561 eurocents per kWh).

Average price for distribution customers, was 6.54 eurocents, with import expenses included, where distribution customers spent 1.7 TWh of electrical energy.

Management of EPCG proposed to shareholders assembly to cover 11.09 million euros of losses with the undistributed profit from past several years. Shareholders have voted new members in the Board of director of EPCG because the mandate of several members of board has expired.

§ § §

EPCG announced large-scale projects (Montenegro)

Executive director of Power utility of Montenegro (EPCG) has confirmed that construction of hydro power plants on Moraca River was rather certain. Director said to the Montenegro's press that delegation from Norwegian Statkraft, with which EPCG recently signed Memorandum of understanding, have been satisfied with preliminary information and insight in Moraca and Komarnica rivers. The preliminary plans predicted construction of hydropower systems on Moraca river, where large part of research activities was already done, unlike in Komarnica river, where large part of the works still needs to be done.

The future construction of power plants would be certainly related with environmental issues of all potential projects, but EPCG's director believes that there will be no significant problems.

§ § §

Tender commission should invite EN plus to sign the privatization contract for TPP Pljevlja and coalmine Pljevlja (Montenegro)

Privatization council has decided to invite first ranked bidder, the Russian EN plus Group, to start final negotiations for signing the

privatization contract for sale of 100 % of shares in thermal power plant (TPP) Pljevlja and 31.11 % shares in coalmine Pljevlja. The decision was made after adoption of tender list made by Tender commission.

Tender list was made by Tender commission in mid June, according to tender ranking, Russian EN plus Group was on the head of the list with 66.08 points, Holding of Slovenia's power plants (HSE) was on the second place with 57.16 points, while third ranked was the Russian Belon group with 39.26 tender points.

En plus has offered 45 million euros in cash for TPP and another 5 million euros for 31.11 % of state-owned shares in coalmine Pljevlja. Russians have also offered 195 million euros of investments for TPP and 78.7 million euros for coalmine.

HSE has offered 16 million euros and 572 million euros of investments for TPP, and 4.6 million euros and 42.9 million euros of investments for coalmine.

Belon group has offered 11 million euros and 207.5 million euros of investments for TPP, and 1 million euros and 118.3 million euros of investments for coalmine.

Investment offshore fund, En plus, registered on British island of Jersey, and Salomon Enterprise, which bought Aluminum factory in Podgorica and Bauxite factory in December last year, are the members of Basic element, owned by Russian tycoon Oleg Deripaska. By this potential acquisition, Russian businessman would become an owner of companies that made 40 % of GDP in Montenegro.

Basic element is the third largest producer of aluminum in the world and owns 15 power plants. Company has announced construction of 1 billion euros worth hydro power plant in Russia, Montenegro press reported.

According to the director of Raiffeisen bank in Montenegro, which was privatization advisor in the tender procedure, Russians have offered construction of second unit with 225 MW power output in the next five years, i.e. in 2011th, where worth of the unit would be 170.9 million euros. On the other hand, HSE has offered to build 340 MW unit 330 millions euros worth, where unit should have been operational in 2013th.

The majority of investments offered by EN Plus should be made in the period of 4th until 7th year of ownership, which was, beside cash offer for the TPP, the thing that decided winner of the tender.

According to the original tender terms, in the next three years, future owner of TPP should sell 1 TWh of electrical energy to EPCG at the price related to the prices of Leipzig power exchange, and in the period 2013th until 2020th, EPCG is obliged to buy 2 TWh per year if the new owner offered so.

However, EN plus has offered considerable reduction in guaranteed purchase of electrical energy until 2009th and it has proposed an option for EPCG reduce guaranteed amount of purchase or to even cancel this condition. From 2010th, EN plus did not demand guaranteed purchase of electricity from TPP.

Earlier, Russians have announced that they would deliver electrical energy to Aluminum factory, which spends some 2 TWh per year, or two times the current annual production of existing 200 MW unit in TPP Pljevlja. New owner will have to obey collective employees' agreement and to improve environmental standards in the TPP until 2012 at the latest.

Executive director of Power utility of Montenegro (EPCG) said that 45 million euros for TPP Pljevlja was good offer, and that money would be spend for revitalization of existing power plants and increase of power production in the country. He announced construction of unit 8 in hydro power plant Perucica (300 MW).

After the latest announcements, several economic analysts in the country and political parties have expressed their concerns for having one company or one man to own so many strategic companies in Montenegro.

§ § §

Transelectrica's shares six times oversubscribed (Romania)

According to the latest results from Bucharest stock exchange (BSE), 34.22 million euros worth 7.32 million shares offered by Transelectrica (Transmission system operator) through Initial public offering (IPO) in period June 14th -28th were six times oversubscribed.

After end of the subscription period, potential investors have offered 194.5 million euros for the shares.

The shares have been offered in two portfolios, one for the large investors (60 % of shares), whose subscription was 8 times higher than offer, and the second one for small investors (40 % of shares), whose demand was 3.5 higher, head of the Transelectrica's capital market department confirmed.

Majority of investors seemed to be Romanian citizens, where Alpha Bank Romania, BRD-Groupe Societe Generale and Raiffeisen Bank brokered the IPO. Some analysts estimated that some foreign pension funds would be willing to buy Transelectrica's shares.

The shares should be allocated to future investors through pro-rata method, where this method should give equal chances to all investors, officials from Transelectrica said. Transelectrica also plans to float 10 % of shares on BSE

The listing of Transelectrica shares planned for August 7th, would be important event for BSE, which market capitalization is about 15 billion euros.

Brokers estimated that nominal worth of Transelectrica's shares was determined in fair way, and that their worth would not be decreased after the listing. Overall share capital of Transelectrica was estimated at 340 million euros.

§ § §

Three Electrica's subsidiaries and Craiova power complex to be privatized next (Romania)

According to the privatization strategy, three power distribution companies, subsidiaries of Electrica, and power complex in Craiova are expected to be the next power companies that should be privatized. In addition, Romanian officials have announced restructuring of power companies into the combined nuclear, hydro and thermal power holdings.

Italian Enel, AES (USA), CEZ, World Bank (WB) and European Bank for the reconstruction and development (EBRD) have expressed their interest in privatization of the Craiova power complex, general director of the company confirmed.

The advisors in the privatization, consortium led by Deloitte and Romanian-USA investment fund have prepared privatization strategy, which should be soon approved by the government.

Craiova complex has overall installed power output of 930 MW, which is about 6 % of overall Romanian power production capacity. It still needs to be decided whether the thermal power plant (TPP) Craiova 2 would be transferred from Ministry of economy to the local authorities. TPP Craiova 2 comprise one third of overall power capacity in the complex.

Ministry should transfer the ownership over the 8 TPPs in Bucharest, Constanta, Craiova and Galati to the local authorities. Those TPPs are CET Sud, CET Vest, Progresul, Grozavesti and Titan (Bucharest), Craiova II, Electrocentrale Galati and CET Palas (Constanta). TPPs produce both heat and electrical energy and provide about 15 % of overall electrical energy production in Romania. The production of heat energy should be responsibility of local authorities, ministry of economy believes.

Craiova power complex has reported 200 million euros of turnover in 2005th, which was 20 % higher comparing to 2004th, and 4.2 million euros of profit (50 % increase). The power complex is comprised of TPPs and coalmines. The complex was established in the beginning of 2005th, along with similar power complexes in Rovinari and Turceni during the restructuring of National Oltenia Lignite Company and Termoelectrica.

The last three power distribution companies in Electrica that have not been privatized, the Electrica Muntenia Nord, Electrica Transilvania Nord and Electrica Transilvania Sud will be sold in a package according to the privatization strategy. Overall market share of those power distributors is 33 % and companies should be privatized until the end of 2007th, general manager of Electrica confirmed. The advisor in this privatization procedure will be Rothschild financial group, which should present privatization model by September this year.

Several options are possible such as direct sale of majority stake in the companies or the sale of the minority stake followed by capital stake increase. Director expects that state would get favorable price for the companies having in mind that Enel has recently paid 820 million euros for Electrica Muntenia Sud.

§ § §

Increase in natural gas prices from July (Romania)

The price of natural gas for the households customers, delivered by all of 31 gas distribution companies in the country would rise by 1.54 % starting from July 1st, National Authority for Natural Gas Settlement (ANRGN) announced.

The increase was earlier announced and it is related to the increase in prices of imported of natural gas and adjustment of transmission gas tariffs. For example, households' customers with annual consumption below 2,400 cubic meters per year supplied by Distrigaz Sud will pay 240 (no VAT included) euros per 1,000 cubic meters or 239 euros if they were supplied by E.ON Gaz Romania.

In period July –September 2006th, the price of domestic natural gas would remain unchanged at 93 euros per 1,000 cubic meters.

In addition, ANRGN announced 1.65 % increase in natural gas price for the public institutions and companies, which are not eligible customers, starting also from July 1st.

ANRGN reminded that July 1st was the date set for the opening of national gas market from level of 65 % up to 75 %. It implies that all non-households' customers, which are not already eligible customers, will be declared as eligible and it will have the right to choose natural gas supplier. Companies with annual gas consumption above 12,400 cubic meters per year will also become eligible customers starting from July 1st.

Natural gas market in Romania should be fully liberalized until July 1st 2007th.

§ § §

22 TWh of electrical energy produced in January-April 2006th (Romania)

In period January – April this year, Romania has produced 21.996 TWh of electrical energy, which was 1.4 % or 306 GWh higher comparing to the same period last year, according to the data of National Statistics Institute.

14.004 TWh was produced in thermal power plants (4.1 % increase), 6.059 TWh was produced in hydro power plants (2.8 % increase), while nuclear power plant Cernavoda has produced 1.932 TWh (56.1 % decrease). In the same period, Romania has imported 0.389 TWh of electrical energy and exported 2.187 TWh.

13.778 TWh or 61.6 % was spent by industrial customers, 3.107 (13.9 %) were used in households and 0.234 TWh (1 %) was used for public lightning. The technical consumption and losses in power plants and power network was 3.073 TWh (13.7 %), which was 2.7 % higher comparing to the last year.

§ § §

Enel invests 180 million euros (Romania)

Italian power company Enel has announced 180 million euros to be invested for modernization of power distribution network in Romania in the next four years.

General manager of Enel confirmed that company has invested 20 million euros for electricity services in 2005th, while company should invest 80 million euros in this year. Enel's official believes that considerable funds still needs to be invested for improvement of power distribution networks in Romania.

In July 2004th, Enel has purchased Electrica Dobrogea and Electrica Banat for 127 million euros and it has paid 820 million euros for Electrica Muntenia Sud in the beginning of June. Enel now controls some 25 % of power distribution sector in Romania.

§ § §

Possible fusion of Hidroelectrica and Termoelectrica (Romania)

Minister of economy and trade of Romania requested from Institute of Power Studies and Design (ISPE) to reconsider recently proposed six options for restructuring of thermal, nuclear and hydro power plants into holdings companies and to present new option for fusion of Hidroelectrica and Termoelectrica, after clearing of all debts of Termoelectrica.

Minister proposed that Termoelectrica and Hidroelectrica should become one company, where some of the power plants should become ownership of the local communities. New company should be restructured lately, and in the beginning, hydro power plants (HPPs) Portile de Fier and Lotru will become incorporated in new company.

In order to make possible the aforementioned fusion, ministry of economy has submitted request and necessary documentation to the Competition council for the purpose of write-off of 1.2 billion euros of debts made by Termoelectrica.

According to ministry, the write-off was also justified by the EU authorities, who also believed that majority of the debts were incurred due to social protection scheme over the past years, and not due to inadequate management of the company.

After transfer of managerial rights for several combined heat and power plants (CHP) from ministry of economy to the local authorities, minister confirmed that Craiova II power plant would remain part of the Craiova Energy Complex.

On the other hand, CHPs, the CET Palas from Constanta, Progresul and Titan from Bucharest as well as Electrocentrale Galati will become administered by local authorities.

In the related news, ministry of economy and trade said that privatization of Turceni power complex would not be initiated because privatization strategy, adopted in June 2005th, had not been officially approved by the government yet. The final approval should be granted after adoption of energy policy strategy for period 2006th – 2009th.

§ § §

16 companies submitted letter of intentions for construction of units 4 and 5 in NPP Cernavoda, several offers rejected (Romania)

Operator of nuclear power plant (NPP) Cernavoda, the Nuclearelectrica has received 15 letters of intentions from 16 companies interested for construction of units 3 and 4 in NPP.

Interested companies are Electrabel (Belgium), Electrica (Romania), RWE Power (Germany), E.ON Energy (Germany), Enel (Italy), Iberdrola (Spain), KHNP (South Korea), AES Romenergia (USA), Ansaldo (Italy) in a consortium with AECL (Canada), Unit International (Belgium-Turkey), Cerna Hora (Czech Republic), Gabriel Resources (Canada), AFEN (Romania) Alro (Romania), ASAM-TESS Conex Iasi (Romania).

According to the minister of economy, several interested companies were rejected due to their request to sign long-term contracts for purchase of electricity with power distribution company Electrica.

Deputy executive manager of Nuclearelectrica confirmed that Romania's authorities intended to shortlist four or five companies to enter second phase of the negotiations.

All companies that have submitted letters of intention should have been contacted by the end of June.

The companies selected by ministry of economy and trade should submit tender bids until the end of July. The selected companies will be obliged to pay 50 million euros as a contribution to the project company.

Nuclearelectrica, the possible operator of units 3 and 4, will provide the buildings on the construction site, including the land and possibly the first supplies of heavy water to the new company.

The project company must have initial capital of about 650 million euros, which is equal to the 30 % of overall 2.2 billion euros worth of the construction project. The rest of the funds should be provided through loans. BRD-Groupe Societe Generale, Merrill Lynch, Calyos and Fortis Bank have already expressed their willingness to finance the project.

The project company must be established by the end of October as a legal entity in accordance to Romania's laws.

Ministry of economy has earlier proposed simultaneous construction of units 3 and 4, and it is expected that construction works of unit 3 could start on January 1st 2008th, while the construction of units 4 might start in September same year.

Investors will return investment by purchasing electricity at the price of production costs, where estimated price of electricity produced in units 3 and 4 ranges between 30 and 45 euros.

The first tender for construction of units 3 was organized at the end of 2004th, when LNM Holding, Enel and Ansaldo, AECL, Hidro Nuclear & Power, Grupul Tender and AEFM were selected to participate in construction project.

Tender was resumed after ministry of economy and trade decided to change some tender conditions by allowing more bidders to participate and by introducing condition for contribution in the project in cash exclusively.

The main constructor should be selected by the end of the year. NPP Cernavoda was originally designed with 5 CANDU type reactors, each with 700 MW output, where only unit 1 is in operation.

According to the latest announcements, unit 2 should be operational in June 2007th, managing director of Nuclearelectrica confirmed. The putting in operation will be delayed three months due to recently noticed malfunction at important part equipment bought in 1990s.

Unit 2 in NPP Cernavoda was considered as a priority of Romania's energy sector. The worth of the project will amount to 910 million euros, with the latest delay of three months.

According to the official data presented by Nuclearelectrica, unit 1 has produced over 44 TWh of electrical energy since putting in service in 1996th until the end of 2005th.

In 2005th, unit 1 has produced 5.555 TWh of electricity, which was the highest production achieved during the commercial operation, while unit 1 has also achieved the record time in operation of 7,904 hours.

§ § §

Increase in import of natural gas from Russia (Romania)

In the first five months of this year, import of natural gas from Russian Gazprom to Romania increased by 30 % comparing to the last year and stood at 2.68 billion cubic meters of gas.

Romania has earlier announced plans for decrease of dependency on import of natural gas from Russia. Annual natural gas consumption in Romania ranges between 17 to 18 billion cubic meters of gas, where 30 % is delivered by Gazprom. The main domestic producer, the Romgaz, supplies some 12.9 billion cubic meters of gas.

§ § §

New private 900 MW CHP power plant in 2011th (Serbia)

The construction of large combined heat and power plant (CHP) thermal power plant (TPP) with 900 MW output near city of Novi Sad could start in the next year, and new gas fired TPP should be operational in 2011th. The worth of the project is estimated at 600 million euros.

Until the start of construction works, legal and economic documents, and all necessary licenses will be acquired. This was confirmed by the sources from investor and project company, the Swiss based Mentor energy and Russian state-owned Tehnopromexport. According to information, the investors have bought the land for new plant, near Danube river and very close to existing CHP power plant Novi Sad (200 MW) owned by Power utility of Serbia.

Russian Gazprom should carry out the feasibility study regarding the supply of natural gas from Russia for new power plant. The latest statement of Russian ambassador in Serbia, that new plant is the energy facility of great significance that will contribute to future good relations between Russia and Serbia, is considered as a confirmation of Russian influence and interest in the project.

Commenting critics, that natural gas network and power network in Serbia does not have sufficient capacity for new power plant, investor said that all those critics were unfounded having in mind geo-strategic position of Serbia and future establishment of large electricity market in this part of Europe.

§ § §

EPS announced revitalization of CHP plant Novi Sad (Serbia)

Power utility of Serbia (EPS) has recently announced plans regarding CHP power plants. In the open letter, EPS has invited strategic advisors and strategic partners in the project for reconstruction and modernization of existing CHP power plant Novi Sad (200 MW).

Until the end of May, US-Australian company Parsons, German consortium Lahmeyer&Roland Berger and Austrian companies Verbundplan and EPIC have applied to be strategic advisors in this project.

EPS wants to find strategic investor able both to provide funds for the project and to provide technical expertise to implement required technical and technological solutions.

In this moment, CHP Novi Sad, which uses both fuel oil and natural gas as engine fuel, is highly expensive production capacity, with price of produced kWh of 6 eurocents, where current average price of electricity in Serbia is 3.8 eurocents per kWh. CHP was in operation only during extremely cold weather, when it was necessary to produce additional amount of heat energy for city of Novi Sad.

According to the director of Investment and strategic department of EPS, there are three options defined by EPS for the reconstruction, where ongoing feasibility study should decide which of them would be the most favorable.

All three options for reconstruction include construction of new gas turbine. In two cases, new turbine would be added to the existing facility, which would result in upgrade of existing power plant into the modern CCGT (combined cycle gas turbine) power plant. Third

option envisaged construction of separate CCGT unit, which should be one of the largest green field investments in Serbia.

EPS has also invited potential partners to submit their own technical proposal for the project, which should be in accordance to the EPS requirements regarding production of heat energy and technological steam.

Current overall efficiency of the CHP Novi Sad now is 30 %. It was estimated that after construction of new gas turbine efficiency could increase at over 40 %.

According to EPS's official, the highest profitability of reconstructed plant would be achieved through the combined production of electricity, heat energy for city of Novi Sad and production of technical steam for oil refinery Novi Sad. One of the reasons why EPS decided to initiate this project was the necessity to solve problems with heat energy in Novi Sad. EPS expects positive response and partnership with local authorities in Novi Sad and management of oil refinery.

Commenting the latest announcement on construction of new CHP plant by Russian Tehnopromexport, director said that Russian company was well-know and respectable company, but the power output and profitability of new plant was rather questionable.

EPS has cooperated in the past with Russian company, which certainly was able to construct any kind of power plant, but in this moment, EPS was interested in the first place to find the partner willing to provide the funds for reconstruction CHP Novi Sad, director of investment and strategic department of EPS concluded.

§ § §

Natural gas storage facility operational in the beginning of 2007th (Serbia)

Underground natural gas storage facility in city of Banatski Dvor should be operational in January 2007th according to the officials from Serbia's public gas company Srbijagas.

In July this year, certain quantities of natural gas, necessary for commercial operation, will be pumped into the storage facility. Srbijagas has been negotiating with several potential investors in order to provide missing amount of 11.3 million euros for the project. It is expected that storage facility would reach its full operational capacity in 2014th.

§ § §

Privatization advisor against the plans of management of NIS (Serbia)

According to the sources from Serbian press, privatization advisor for Oil industry of Serbia (NIS), the consortium Merrill Lynch – Raiffeisen Investment, insists that state-owned oil company should not take any of loans until the end of privatization process, i.e. the selection of strategic partner.

Management of NIS has earlier announced acquiring pre-privatization loan of 200 million euros for the purpose of modernization of production facilities in order to increase the capital value of the company. In the same time, NIS has announced 50 dollars of investments for the reconstruction of refinery in Novi Sad, which should start to produce sufficient amounts of euro diesel 4 for oil market in Serbia.

Advisor is also against the action plan for modernization of oil refineries by investing another 50 million dollars in order to improve environmental protection in cities of Novi Sad and Pancevo.

Government of Serbia has recently fulfilled a request of privatization advisor to prolong the bylaw on ban of import of all types of fuels, apart from euro diesel, for any other companies except NIS until 2010th, i.e. until NIS should remain majority owned by the state. It implies that future strategic partner of NIS would have same privileges in the aforementioned period.

Since 2002nd, average annual oil refinement in Serbia was 3.5 million tons, where NIS has charged 52 dollars per ton in the beginning down to current value of 32 dollars per ton. It is estimated that overall incomes of NIS, from 2002nd until present time, for the oil refinement has reached some 720 million dollars.

According to sources, a proposal of privatization advisor to sell 35 % of shares in NIS to the strategic partner was still not accepted by government's officials and other experts in Serbia. If the government of Serbia accepted the proposal, tender for privatization of NIS could be launched in July this year, and privatization contract could be signed by the end of the year. Merrill Lynch believes that NIS should be privatized as whole and not in parts.

According to the unofficial sources, Merrill Lynch has earlier presented its proposal to the government, according to which NIS would be privatized in three phases. In the first phase, state should sell 35 % of shares to strategic partner; certain amount of shares should be transferred to the employees in the second phase until 2010th, while the rest of the shares would be offered to strategic partner through the stock exchange after 2010th in the final phase of privatization.

Despite the minority stake, strategic partner should have considerable managerial rights, including the right of veto, as well as to appoint the most the directors in the management board.

In the related news, minister of economy and privatization of Serbia has had talks with representatives of Russian Lukoil regarding the future privatization of NIS. According to official press release, Lukoil has expressed its interest for participation in privatization procedure of NIS and presented its plans for oil market in Serbia.

§ § §

Tender for new power plants in 2007th (Serbia, Kosovo)

Energy minister of Kosovo provisional government announced the selection of bidder for construction of new thermal power plant (TPP) Kosovo C, with power output of 1,800 to 2,000 MW.

Minister confirmed that several companies from USA, Germany, Italy, France, Russia and Turkey have already expressed interest for the projects.

The Kosovo province has large coal reserves, and two power plants, TPP Kosovo A (600 MW) and TPP Kosovo B (1200 MW), which production was far below their possibilities due to lack of investments and maintenance in the past period.

By construction of new TPP, Kosovo wants to solve energy problems and to avoid frequent power cuts in the future.

UN official in charge for energy sector confirmed that potential investors would be invited in mid July, and that tender for selection of investor should be launched later this year.

It is estimated that construction of new plant, revitalization of old plants and the opening of new lignite mine would be completed by the end of 2012th, where 3.77 billion dollars would be invested.

§ § §

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:	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 Serbia
Belgrade District Heating - Pumps and Electro Motors	
Content:	The Municipality of the City of Belgrade intends using part of the proceeds of a loan from the European Bank of Reconstruction and Development (the Bank) on a Programme for the rehabilitation of the Belgrade District Heating (DH) system. The proposed Programme, which has been allocated a total of EUR 20 million, will be implemented by JKP BEOGRADSKE ELEKTRANE, a wholly owned company of the City of Belgrade, hereinafter referred to as "the Purchaser". The Purchaser now invites sealed tenders from suppliers for the following contract to be funded from part of the proceeds of the loan. Contract for the Supply of Pump aggregates and Electro motors for TO Dunav, TO Konjarnik TO Vozdovac and TO Novi Beograd The contract will comprise the following: LOT I Supply of 16 Pump aggregates with associated services LOT II Supply of 7 Electro motors for distribution pumps with associated services Tenders are invited for two lots. Each lot must be priced separately. Tenders for more than one lot may offer discounts and such discounts will be considered in the comparison of tenders.
Deadline:	14 Aug 2006 at 12:00, Belgrade time
Contact:	Ms. Gordana Stanković Tel: +381 11 20 93 443 Fax: +381 11 20 93 601 e-mail: tender@beoelektrane.co.yu

Company / organization:	EAR, related Kosovo
Assignment of Engineer for Major Overhaul of Overburden System for Sibovc South West Mine	
Content:	The aim of this project is to assume the function of Engineer as set out in FIDIC, "Conditions of contract for Plant and Design-Build", during the implementation of the project for the major overhaul of one overburden system (including bucket wheel excavator, conveyer line and the spreader) for Sibovc South West Mine. The scope of the services comprises three phases: coordination and supervision prior to construction, coordination and supervision of construction, commissioning services and testing activities at site and coordination and supervision during one year defect liability period. The direct beneficiary of this contract is: Kosovo Electrical Corporation, Joint Stock Company (Korporata Energjetike e Kosovës –KEK) The indirect beneficiary of this contract is: Ministry of Energy and Mining Maximum budget € 650,000.00
Deadline:	17.00 hours C.E.T. on 24 July 2006
Contact:	The European Agency for Reconstruction Procurement Unit Attn: Head of Procurement Unit 1 Kosova street, Pristina, Kosovo – UNMIK Tel: +381 38 51 31 200

Company / organization:	EBRD, related Romania
Romania - CFR Traction Energy Network Management Project	
Content:	CFR SA and its subsidiary CFR Electrificare have applied for a loan from the European Bank for Reconstruction and Development and intends to use its proceeds towards the cost of a project to continue modernisation and introduce cost-savings measures in management of its traction energy network. The proposed project, which has a total estimated cost of EUR 27 million equivalent (EUR 22.5 m from the Bank and EUR 4.5m in VAT and other taxes), will require the procurement of the following goods, works and services; Supply and installation of equipment sets consisting of traction substations, switching equipment, railway station distance control equipment, and central dispatching equipment and communication facilities; Supply of catenary maintenance vehicles; and Consultancy services for contract supervision. Tendering for the above contracts is expected to begin in the first quarter of 2006. Contracts to be financed with the proceeds of a loan from the Bank will be subject to the Bank's Procurement Policies and Rules and will be open to firms from any country. The proceeds of the Bank's loan will not be used for the purpose of any payment to persons or entities, of for any import of goods, if such payment or import is prohibited by a decision of the United Nations Security Council taken under Chapter VII of the Charter of the United Nations or under a law of official regulation of the Purchaser's country.
Deadline:	22 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 Kosovo
Further training to improve Technical and Management skills in KEK Kosovo	
Content:	This project will provide further assistance to deliver an effective training programme for KEK, the power utility of Kosovo. The training programme is based on KEK Training Plan and aims at strengthening the capacity of the trainers in KEK Training Centre and upgrading the technical skills of KEK workforce. The training programme will include training for KEK Training Centre staff on electrical, mechanical and welding technologies, training for KEK employees of network, power generation and coal mines divisions at site and to EU power utilities. The direct beneficiary of this contract is: Kosovo Electrical Corporation, Joint Stock Company (Korporata Energjetike e Kosovës -KEK) The indirect beneficiary of this contract is: Ministry of Energy of Mining Energy Regulatory Office Kosovo Trust Agency Maximum budget 500,000 EUR
Deadline:	17 July 2006 at 17hrs00 CET,

Contact:	The European Agency for Reconstruction Procurement Unit Attn: Head of Procurement Unit 1 Kosova street, Pristina, Kosovo - UNMIK Fax: +381 38 51 31 308
----------	---

Company / organization:	EBRD, related Romania
Railway Power Network Modernisation	
Content:	S.C. ELECTRIFICARE C.F.R. - S.A. intends using the proceeds of a loan from the European Bank for Reconstruction and Development (the Bank) towards the costs for acquisition of vehicles for catenary maintenance and the modernisation works for electric supply for railway traction in four Electrification Units. The main objective of the assignment shall be: (i) acquisition of vehicles for catenary maintenance: • observance of the contract provisions (ii) modernization works for electric supply for railway traction • accurate Technical Design for modernization traction power supply to the Electrification Units - CE Timisoara, CE Caransebes, CE Craiova and CE Targu JIU; • efficient and transparent selection of contractors, through adequate tender documents for the procurement of the works contracts for the modernization traction power supply and completion of the entire procurement process for selection of the constructors, in line with EBRD requirements; • observance of the contract provisions through the supervision, under FIDIC procedures, of the modernization works for traction power supply. The composition of team required: - Project Manager - Resident Engineer - OHLE - Project Programming & Financial Control expert - Environmental specialist - Contract coordinator - Engineer Operation/Logistic expert - Long-term Experts - Inspectors - Other Short-term Experts
Deadline:	21 July 2006 at 17:00, Bucharest time
Contact:	Mr. Ionel TRUICA, Tehnic Manager Fax: +40 21 311 98 38 Tel.: +40 0722 693 020 e-mail ionel.truica@cfr.ro

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

§ § §

Oil and Gas

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

Low profile aircraft refuellers 30.000 litres capacity for JET A-1, pcs.2 (SN-948/06)

Deadline: July 13, 2005, until 12.00 hrs.

Contact: Mrs. Tajana Češljaš, tel: 01/6451127, fax: 01/6452116) every working day from 12 to 14 hours.

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)

Company / organization: EAR, related Romania

Technical and Economic Study of a SCADA System for the Gas Network

Content: Transgaz is managing the National Gas Transmission System and acts as the technical operator to the gas transmission system. In this capacity, it is essential for Transgaz to develop the capability to have a thorough system for data acquisition and supervisory control (SCADA).

The current project will have to identify the requirements that should be served by the SCADA system, review available technologies and architectures and assess their feasibility under the specific conditions and sizing of the Romanian gas transmission network and conclude with the technical design and technical specifications which would enable Transgaz to procure and install the SCADA system.

The project work should also include the assessment of the requirements stemming from the need of interfacing the SCADA system to the Information System to be developed for the Gas Market Operator and with the existing Information System of Transgaz.

Maximum budget
500 000 EUR

Deadline: 24th of July 2006, 16:00 hrs local time

Contact: Daniela Tala, Project Officer
Tel: 0040 21 326 55 55
Fax: 0040 21 326 87 30, 0040 21 326 87 09

§ § §

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.

§ § §