

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

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Balkan Energy NEWS publication

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

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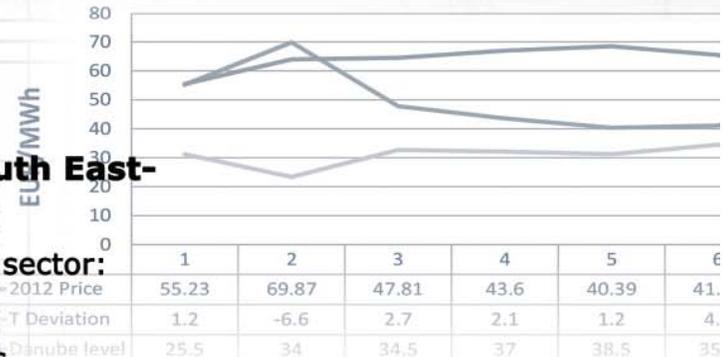
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Slovenia		2008	2009	2010	2011	2012	2013	2014
1022	1134	1077	12267	1083	991	1054	941	978
Annual electricity consumption in GWh								
Year	Sum	1	2	3	4	5	6	7
2007	11182	1027	891	953	850	911	910	938
2008	11570	1094	998	1012	911	910	910	938
2009	10994	1099	932	963	816	910	910	938
2010	11722	1074	979	1016	910	910	910	938
2011	12186	1155	1038	1075	938	910	910	938
2012	12590	1083	991	1054	941	978	910	938
2013	12590	1083	991	1054	941	978	910	938
2014	12590	1083	991	1054	941	978	910	938

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Country Reports on Energy Business in South Eastern Europe

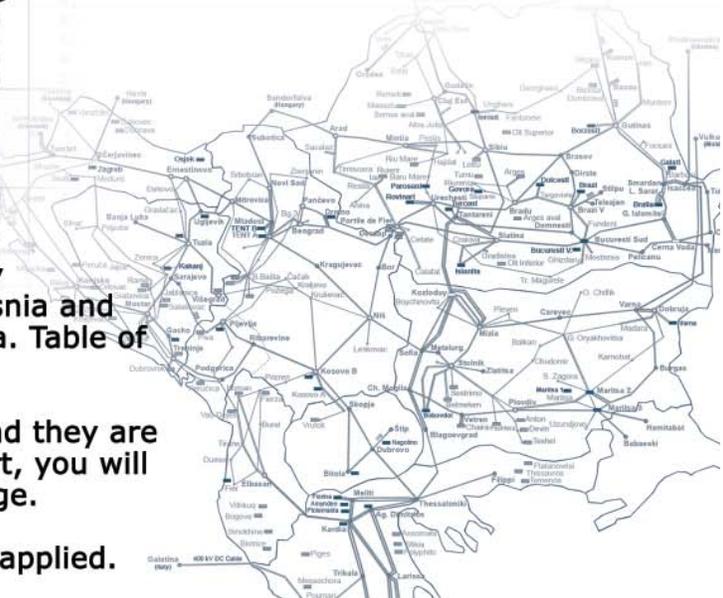
Country reports provide detailed overview of energy sector:

- Overview of the electricity market,
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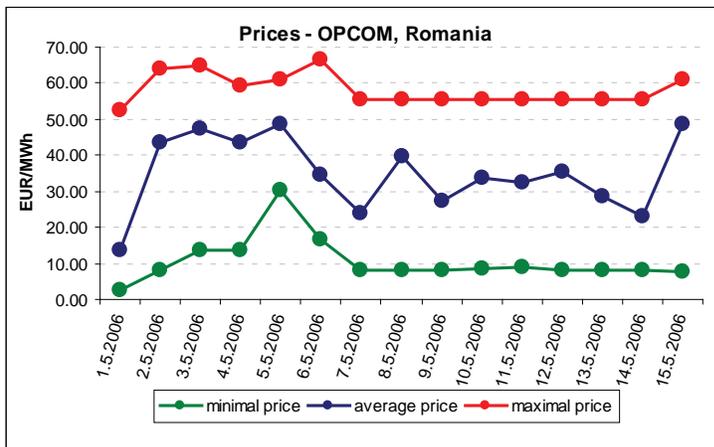
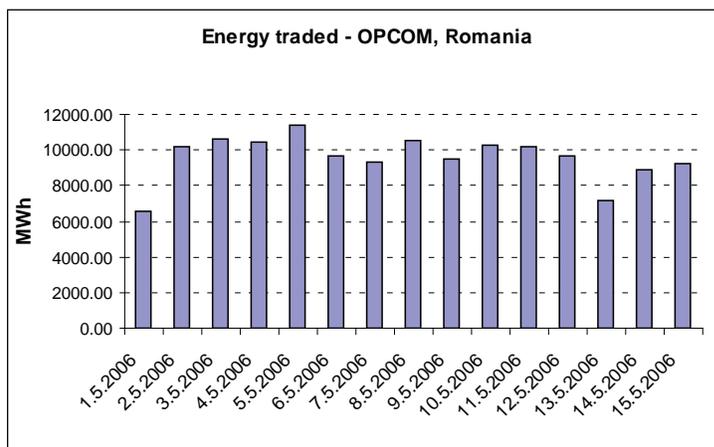
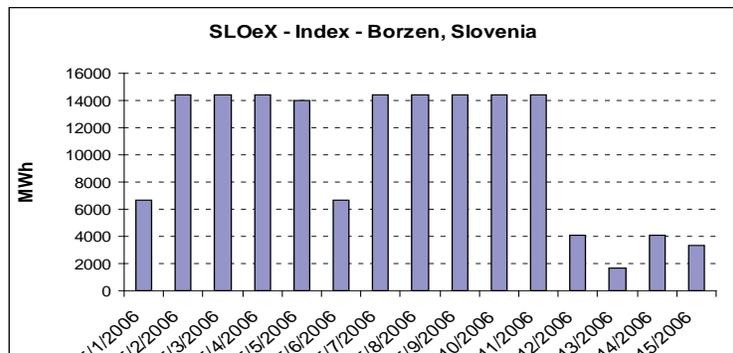
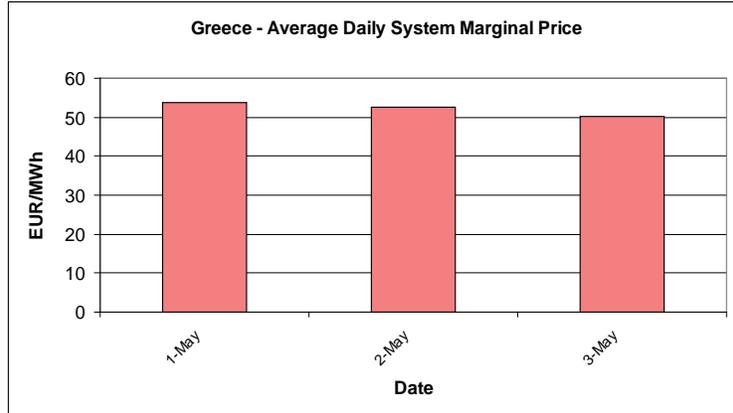
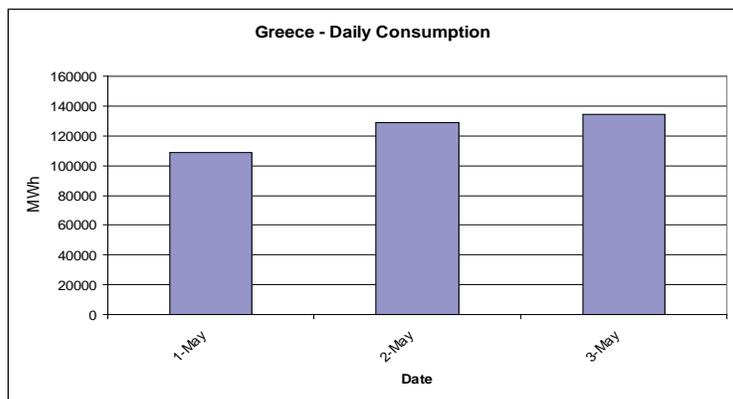
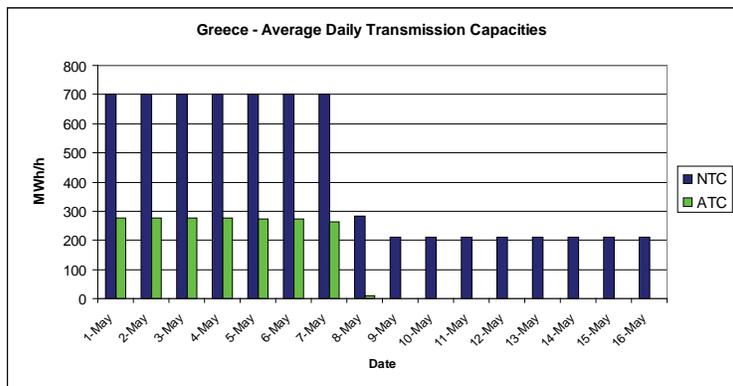


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Power exchanges data:



Analysis:

analysis.news@balkanenergy.com

Energy statistics of South East European countries in 2005

South East Europe (SEE): Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Greece, FYR Macedonia, Romania, Serbia and Montenegro



After resynchronization of 1st and 2nd UCTE synchronous zones in October 2004 and few months of uncertainty regarding regional strategies and energy trading trends, in 2005 SEE region showed its capabilities within European market. Many expectations about energy situation in this region and its balances towards rest of Europe are now clearer. Region as a whole achieved small deficit of electric energy that amounted 676 GWh for a whole 2005. In the beginning of 2005 region showed exporting trends towards rest of Europe, but starting from May region became net importer. Monthly export – import balances of SEE are shown on the following diagram 1 (positive values indicate exports).

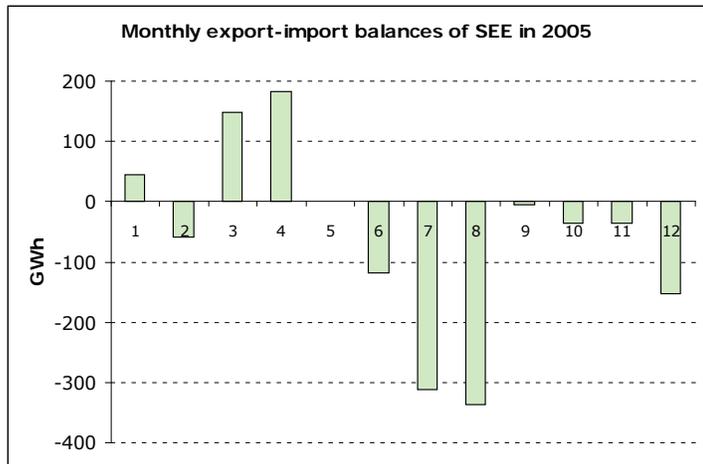


diagram 1

Regional deficits which started in June 2005 have been mainly caused by increasing needs of Greece due to tourist season startup. Another set of deficits which started in October 2005 have been mainly caused by extremely unfavorable hydrology in Albania that resulted in load shedding and large unexpected deficit of Albania.

Annual export – import balances of each SEE country are shown on the following diagram 2 (positive values indicate exports). On the annual basis Bulgaria, Romania and Bosnia and Herzegovina were exporters.

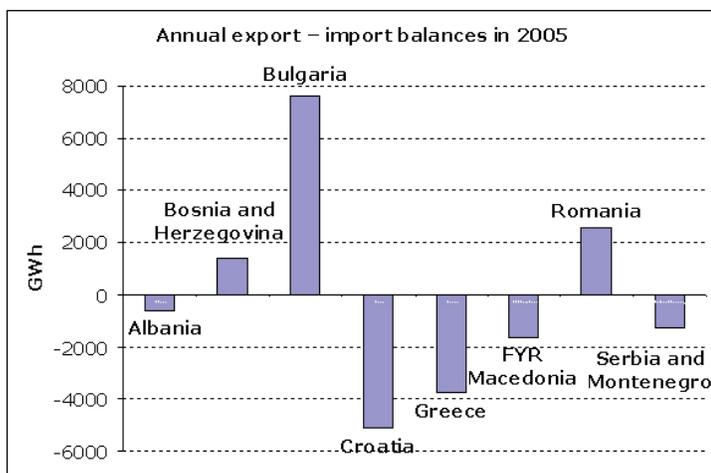


diagram 2

Monthly export – import balances of each SEE country are shown on the following diagrams 3-10 (positive values indicate exports).

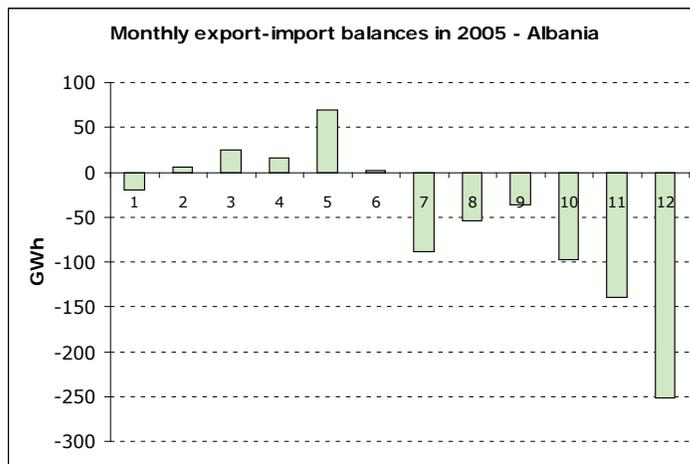


diagram 3

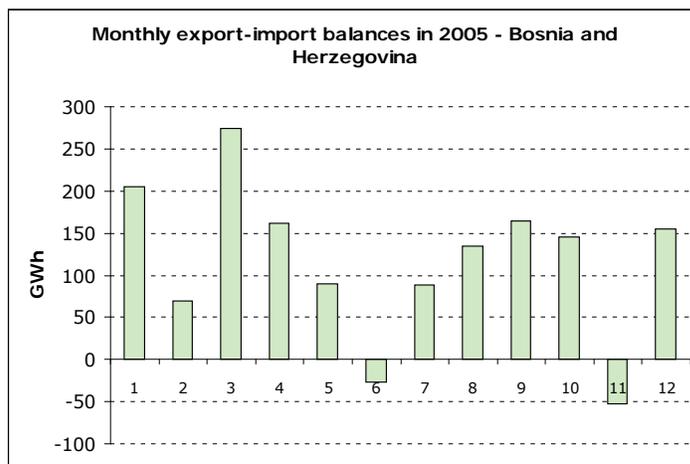


diagram 4

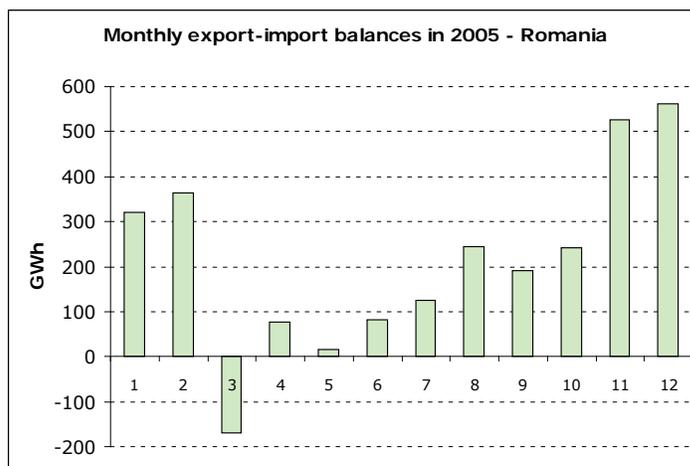


diagram 5

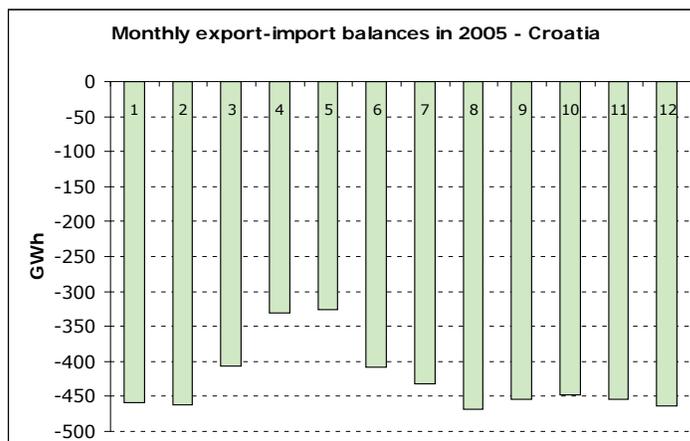




diagram 7

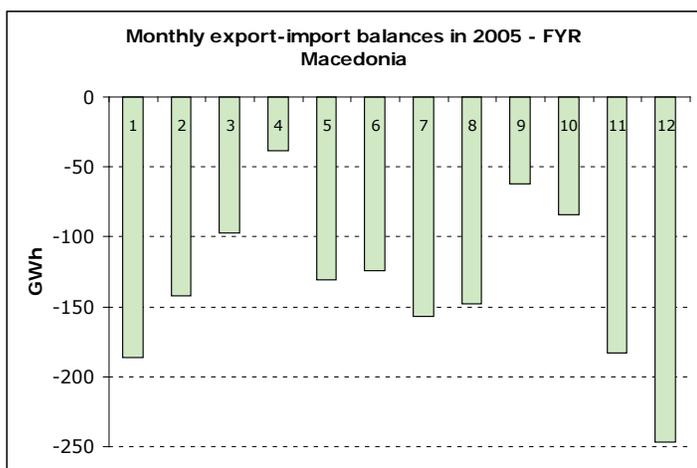


diagram 8

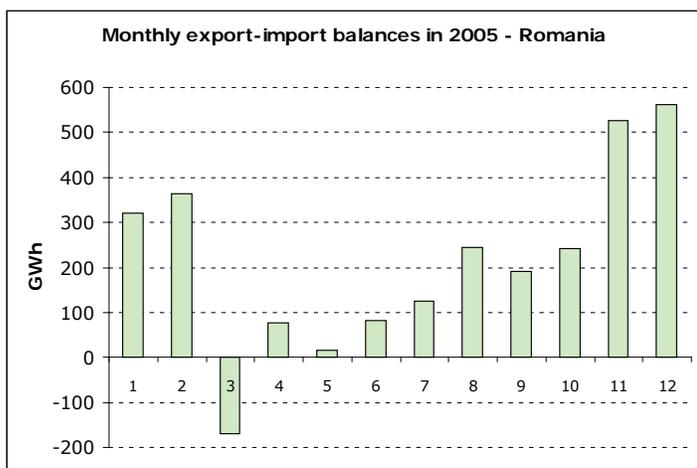
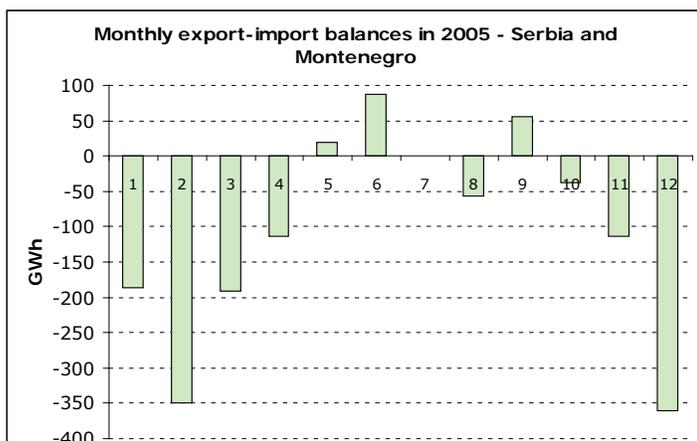


diagram 9



Regular importers were Croatia, FYR Macedonia and Greece. Only Bulgaria was exporter on the monthly basis through all year 2005. Romania was importer in March only.

Situation in Albania changed dramatically through year 2005. In first six months Albania had its export-import balances around zero, but due to droughts its imports were constantly increasing starting from July and amounted more than 250 GWh in December. Due to insufficient transmission network capacities and insufficient offered energy in the region in these months, load shedding was introduced in Albania. So, real demands for imports of Albania were much bigger than achieved.

Comparative annual export – import balances of each country for 2004 and 2005 are shown on diagram 11. It is noticeable that all exporting countries achieved higher exports in 2005 than in 2004. Serbia and Montenegro and Greece had reduced imports comparing to 2004, while Albania and Croatia had increased imports.

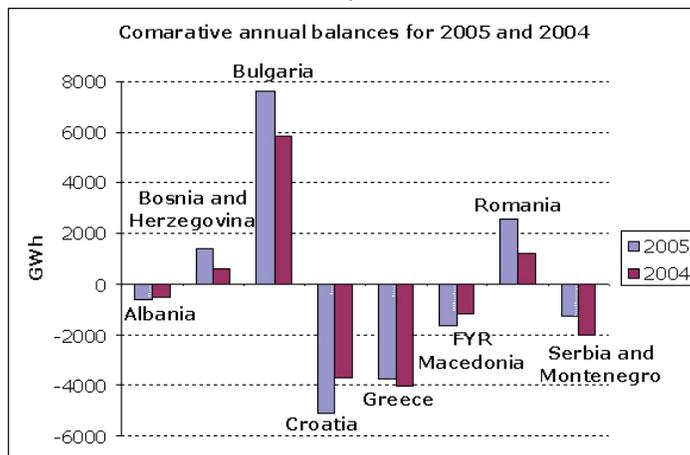
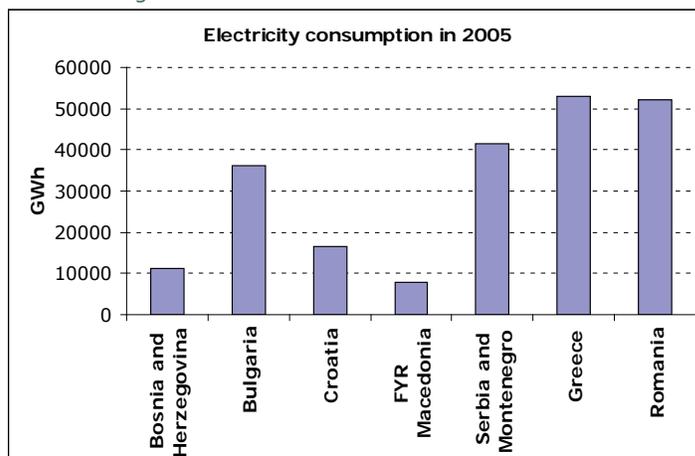


diagram 11

In 2005 electricity consumption increased in all countries comparing to 2004. The lowest increase is achieved in Bulgaria, while the highest was in FYR Macedonia. Following table summarizes electricity consumption increase in Southeast Europe. Electricity consumption increase for Albania does not represent a value that can be indicator because of significant load shedding. Regional electricity consumption increase amounted 3.4%.

Country	Consumption increase 2005/2004 (%)
Bosnia and Herzegovina	6.42 %
Bulgaria	1.99 %
Croatia	2.87 %
Macedonia	7.79 %
Serbia and Montenegro	3.01 %
Greece	4.08 %
Romania	2.91 %

Achieved annual electricity consumption in 2005 in each country is shown on diagram 12.



Achieved annual electricity generation in 2005 in each country is shown on diagram 13.

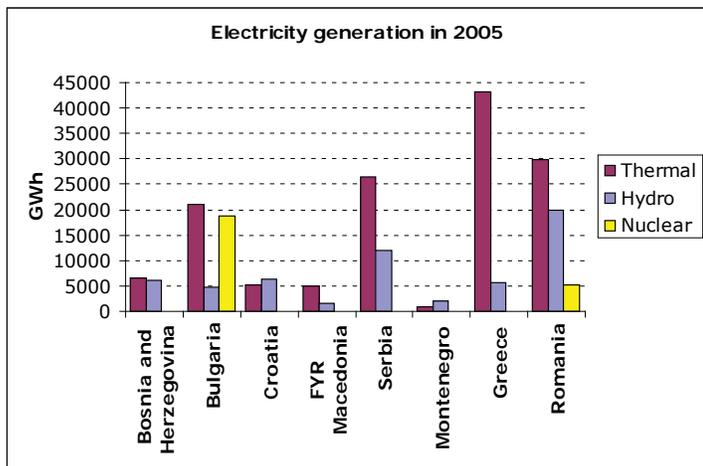


diagram 13

Monthly electricity generation is presented on diagrams 14-21.

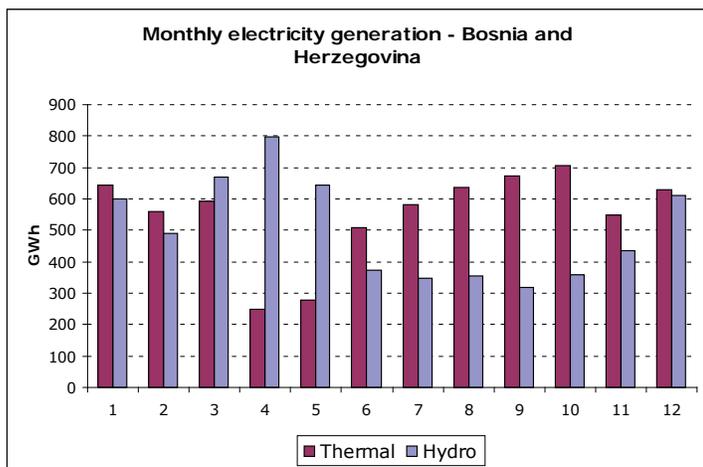


diagram 14

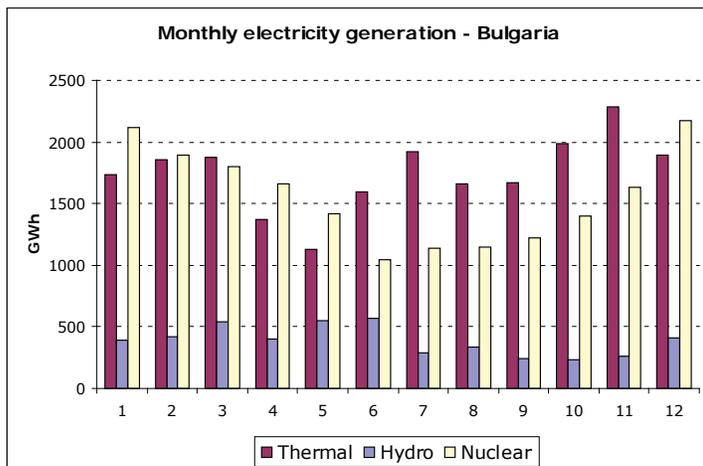


diagram 15

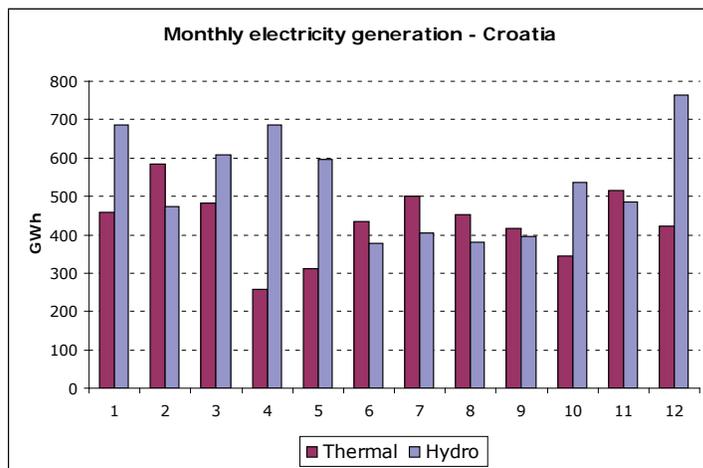


diagram 16

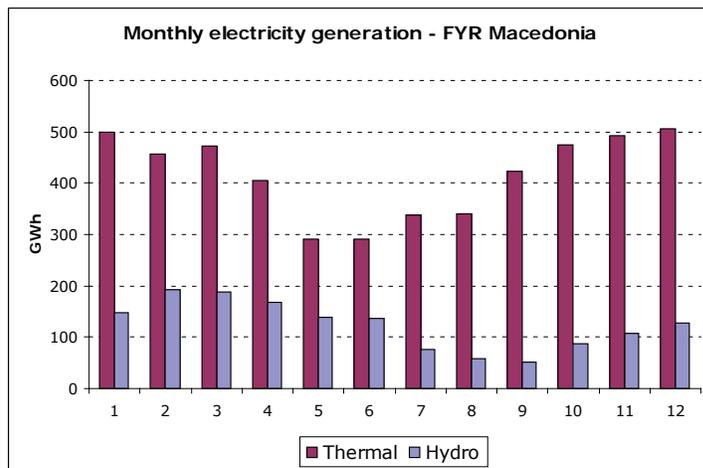


diagram 17

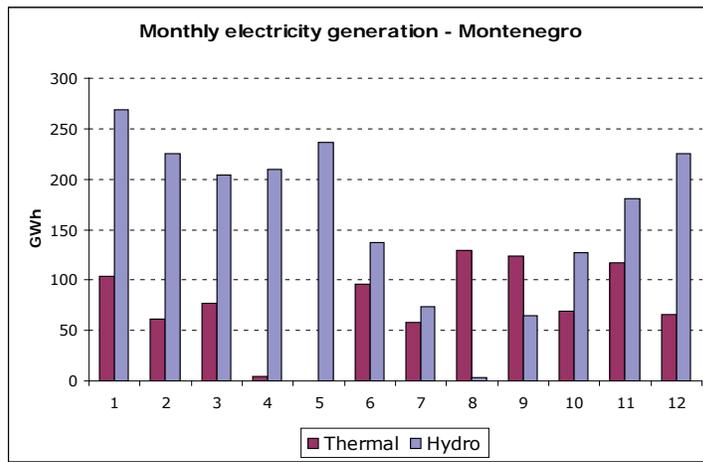
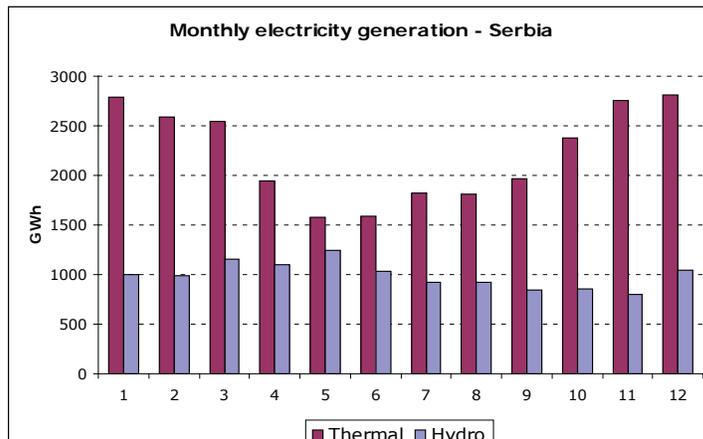


diagram 18



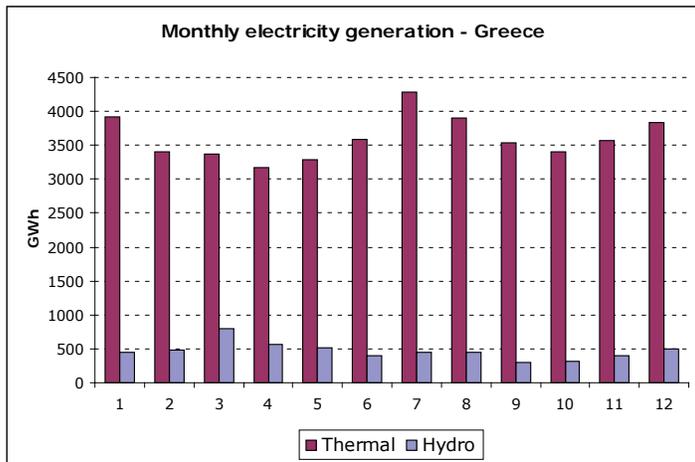


diagram 20

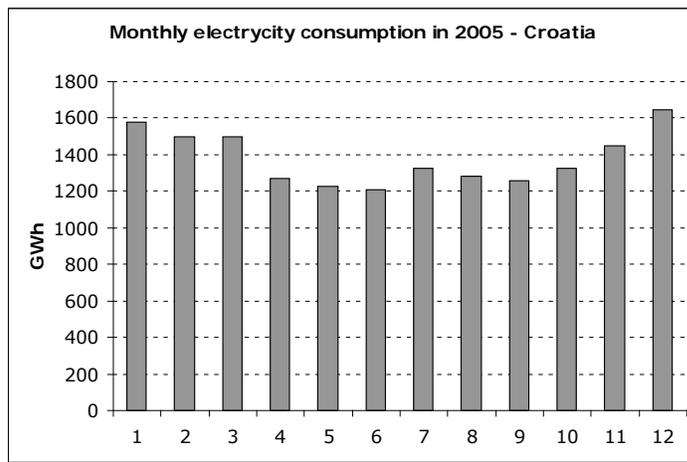


diagram 24

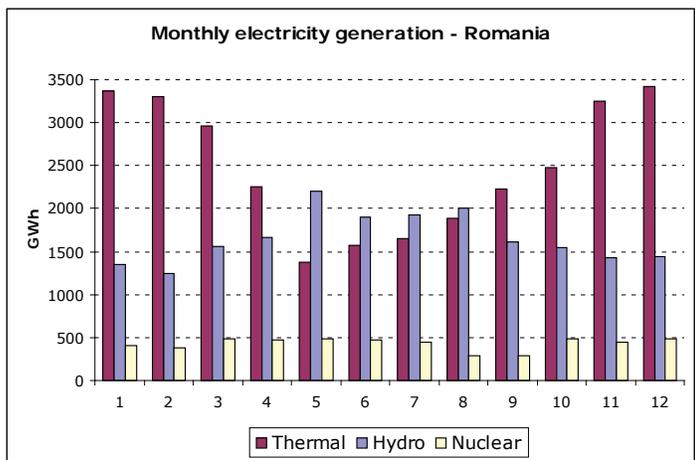


diagram 21

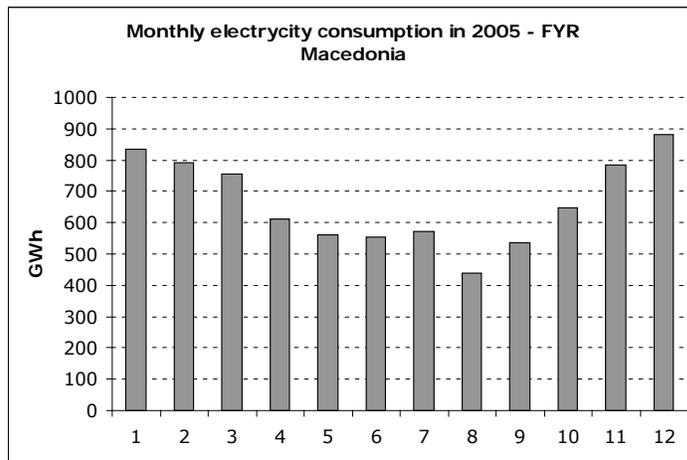


diagram 25

Monthly electricity consumption in each country is presented on diagrams 22-28.

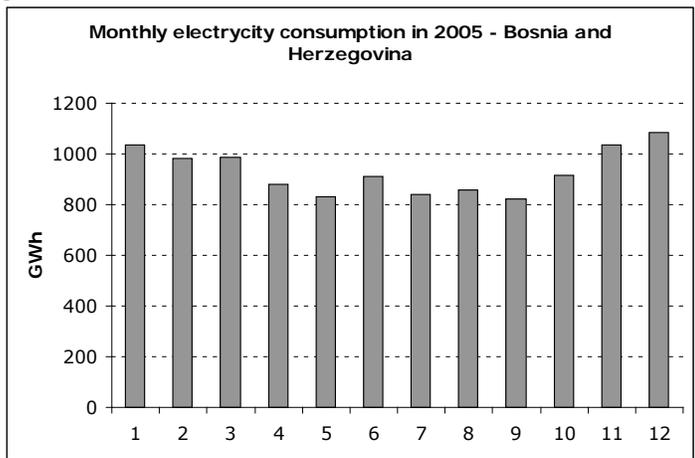


diagram 22

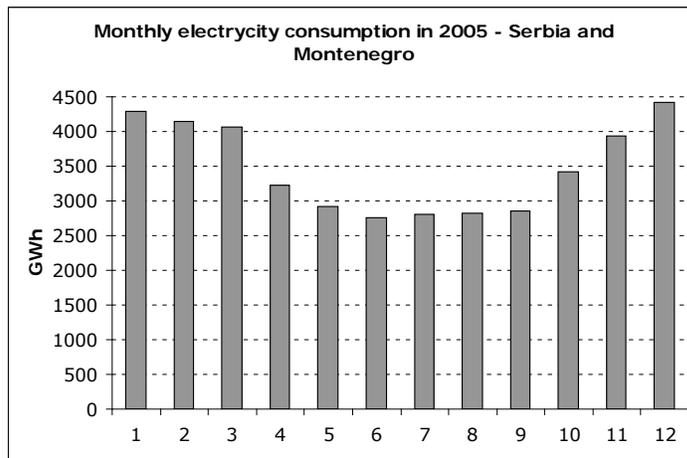
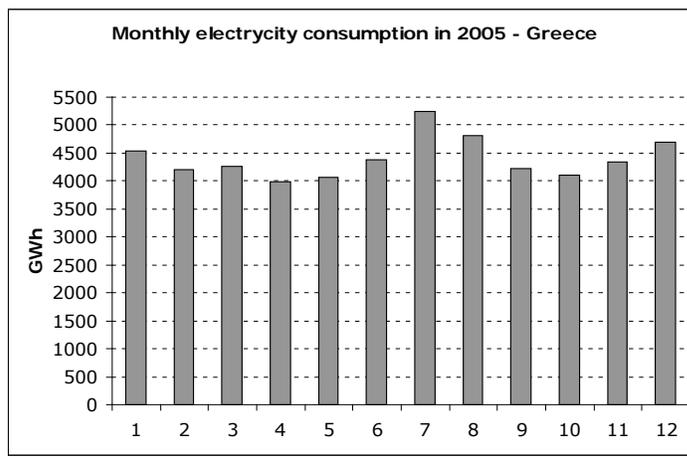
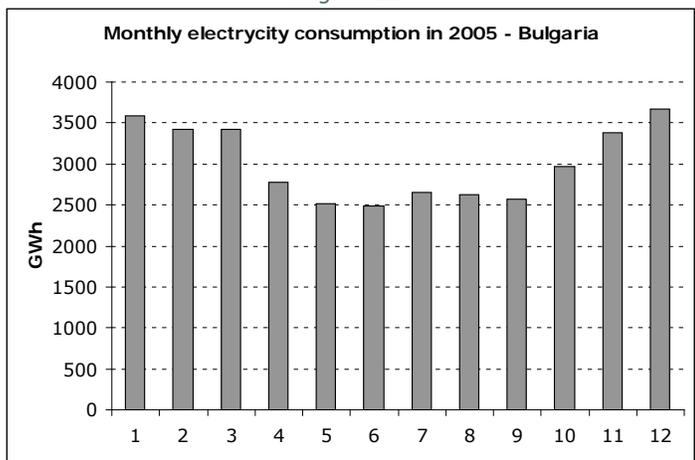


diagram 26



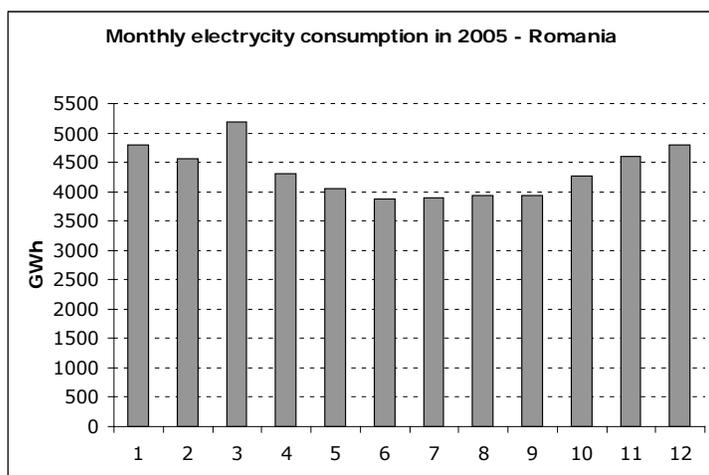


diagram 28

Cross border NTC values

Following table shows calculated indicative cross border NTC values in SEE in 2005. Minimal calculated value of two values provided by each of cross border countries is presented. (Data source: ETSO)

Table: Calculated indicative cross border NTC values

Country 1	Country 2	NTC (MW) Winter 2004/2005	NTC (MW) Summer 2005	NTC (MW) Winter 2005/2006	(MW) Summer 2006
Albania	JIEL*	100	200	300	200
Albania	Greece	250	10	120	0
B & H	Croatia	600	600	550	600
B & H	JIEL	350	900	300	600
Bulgaria	JIEL	935	1000	950	1100
Bulgaria	Greece	500	460	n.a.	n.a.
Bulgaria	Romania	1135	750	800	800
Bulgaria + JIEL	Greece	700	600	600	n.a.
Croatia	B & H	500	600	550	650
Croatia	JIEL	300	500	600	700
Croatia	Hungary	100	300	1000	1000
Croatia	Slovenia	1000	1200	1000	900
Greece	Albania	130	80	0	0
Greece	JIEL	600	0	100	150
Greece	Italy	500	0	500	450
Greece	Albania + Bulgaria + JIEL	600	0	600	500
JIEL	Albania	250	400	200	250
JIEL	B & H	450	750	700	650
JIEL	Bulgaria	950	550	1000	800
JIEL	Croatia	300	600	500	500
JIEL	Greece	200	140	600	n.a.
JIEL	Hungary	650	800	400	400
JIEL	Romania	1050	1000	1300	1200
Romania	JIEL	1350	900	700	1100
Romania	Bulgaria	765	650	950	900
Romania	Hungary	800	800	400	350
Romania	Ukraine	750	750	600	600
Ukraine	Romania	600	600	250	600

*JIEL = Serbia, Montenegro and FYR Macedonia

News:**20 billion euros for investments in energy sector in Balkans (Regional)**

The special coordinator of Stability pact for Southeastern Europe (SEE), Erhard Busek, has announced that about 20 billion euros should be invested in the projects for modernization of old power plants (in accordance to the EU environmental standards) and construction of new power lines in the SEE in the next 15 years. This was said during the International energy conference held in Munich in the beginning of May. The conference was attended by eight countries from SEE and heads of the largest power companies from Germany and Austria.

The SEE, the market with 55 million people, has the large potential for investments in energy sector, Busek pointed out. He invited the countries from entire region to establish cooperation, after the period of wars in Croatia, Bosnia and Herzegovina and Kosovo. Busek said that World Bank has already allocated 1 billion dollars for the new energy projects. According to the sources, the conference was organized in order to engage the politicians and industrialists into the joint projects.

§ § §

World Bank anticipates increase in electricity prices in Southeastern Europe (Regional)

According to the latest study report of World Bank (WB), the price of electrical energy will be considerably increased in the countries in Southeastern Europe (SEE) in the nearest future. The study of WB has been referring to the period of the next five years.

The price increases will be a consequence of the increasing liberalization of electricity markets and rising operational costs of power distribution companies, which are expected to speed up the investments in the modernization of power grids in order to reduce technical and economical losses in the future. The largest price increases are expected in Macedonia, Albania, Bulgaria and Serbia, where the power transmission and distribution companies should increase their investment activities.

WB recommended to the SEE countries granting the concessions for construction and usage of hydro power plants, the increase of collection rate of power bills and protection of the most vulnerable population by allowing special discounts. WB's experts also insisted on construction of new power lines and revitalization of existing power network.

According to WB, increase in electricity prices could seriously affect those countries with lack of power production facilities.

§ § §

AMBO Corporation announces the start of the pipeline construction by the end of 2006th (Regional)

According to the announcements from Macedonia press, the construction of AMBO (Albania-Macedonia-Bulgaria oil) pipeline should

Macedonia's high official from AMBO Company, the company in charge for the construction of the pipeline, announced the signing the Memorandum for the AMBO pipeline by the representatives of three countries in mid May. After three countries have harmonized their standpoints on the pipeline, the AMBO Company will also sign the memorandum. The text of the memorandum has been prepared, and it is expected that Bulgarian officials should convene the meeting in mid May, when the final version of the memorandum will be defined.

By signing the memorandum, Albania, Macedonia and Bulgaria should harmonize all legal, technical and ecological issues regarding the pipeline construction. In addition, the tax and customs relief and financial incentives for the AMBO pipeline for the period of 25 years should be defined. The granting of the financial support was one of the main requests of AMBO Company for starting the project. The requested relief is related to the import of raw materials for construction of the pipeline, and lower income tax.

The representatives of Albania and Bulgaria have announced their support for the project during the conference about the Balkans pipelines held in Belgrade in April. Macedonian official from ministry of economy also announced that Macedonia would grant all necessary support requested by the AMBO Company. The director of the Albania's Energy agency said that endpoint of the pipeline could be in Albanian port of Drac, instead in Valona (Vlora) as it was originally predicted, from where the oil will be transported by tankers.

AMBO Company has managed to provide 900 million euros of loans for the project, while the shareholders will provide another 300 million euros. The largest creditor of the project is the US Exim Bank.

AMBO has been finalizing the negotiations with two large German companies that will be in charge for construction works. The large number of the local companies should be employed as subcontractors, after conduction of the tender procedure. Out of 1.2 billion dollars that will be invested in the project, about 400,000 should be invested in Macedonia.

The AMBO pipeline should be 950 km long, with two pumping stations in Bulgaria and another station for lowering the oil pressure in Albania. The pipeline should be operational in 2009th.

§ § §

Privatization of KESH starts in the next year (Albania)

Albania's minister of economy, commerce and energy, has announced that government would launch privatization procedure for Albanian power corporation (KESH) in the beginning of the 2007th. According to the minister, privatization should be carried out in several phases, where the power distribution division should be privatized during the first phase. KESH is considered as the strategically most important utility in the country with bookkeeping value of several hundred million dollars.

Albanian prime minister has met the World Bank's (WB) coordinator for Southeastern and Central Europe. During the meeting, prime minister promised that Albania would build new thermal power plant in (TPP) Vlora. The construction of new TPP was one of the conditions set by WB. In the same time, Albania decided to relocate construction of other energy facilities in Vlora to some other suitable sites in Bisht Poro and Porto Romano.

As a reminder, the construction of TPP and other energy facilities in Albania's tourist resort in Vlora has led to the mass protests by environmental organizations in the country in the past period.

§ § §

New criteria for qualified power customers (Albania)

The Commission for production activity, commerce and environment has approved the draft law called Changes and supplements to the electrical energy sector. According to the amendments, annual power consumption of over 100 GWh will not be anymore the main criteria for qualified power customers. New criteria should be determined by Energy Regulatory Entity (ERE). The law predicts that ERE should determine the criteria for qualified customer in the beginning of every year. Changes in the law are aimed to reduce the level of annual power consumption for qualified customers, depending on the market conditions and it should enable the larger number of customers to choose another supplier different from KESH (Albanian Power Corporation).

§ § §

New subsidies in electricity prices for households and price reduction for industrial customers (Albania)

Albania's minister of economy, commerce and energy has presented new subsidized electricity tariffs for the households. The purpose of new subsidy scheme was to establish the social protection due to announced 13 % increase in electricity prices in 2006th proposed by Albanian power corporation (KESH). New subsidy tariffs should be applied for about 25 % or 200,000 households' customers in Albania. Government has announced that number of households that would be entitled for subsidies would be expanded in the second half of 2006th.

As a reminder, KESH has demanded from Energy Regulatory entity (ERE) to allow the increase in electricity tariffs from 3.85 eurocents per kWh up to 4.5 eurocents for the households with monthly consumption below 180 kWh and from 7.7 eurocents up to 8.5 eurocents for the households with monthly consumption over 180 kWh. In addition, KESH has proposed reduction of monthly power consumption limit from 210 kWh down to 180 kWh.

In the same time, during the meeting with Albanian businessmen, Albanian's prime minister announced that electricity tariffs for industrial customers would be reduced. He said that industrial tariffs in Albania were twice higher than regional average. The reduction in tariffs was confirmed by the general manager of KESH.

§ § §

Albanian delegation visited China and discussed power projects (Albania)

Delegation from Albanian the Ministry of Economy, Trade and Energy visited China where they presented various oil sector and mining projects. With representatives of China International Water & Electric Corporation they discussed projects of transmission system development, construction of new hydro plants and the rehabilitation of the existing ones. China International Water & Electric Corporation expressed interest to take part in these projects.

Draft resolution on construction of AMBO pipeline (Albania)

The commission for foreign affairs in Albanian parliament has adopted draft resolution on construction of AMBO (Albanian-Macedonian –Bulgarian oil) oil pipeline. The resolution was proposed by the opposition Socialist party, which considers the construction of AMBO as one of the most important strategic projects for the country.

The construction of the oil pipeline from Burgas in Bulgaria, across Macedonia to the Albanian port Valona should cost about 1 billion dollars. The pipeline should transport oil from Caspian region to Albania, and further toward Western Europe.

The AMBO pipeline should be finished in 2008th or in 2009th.

§ § §

ARMO raised price of oil derivatives, oil refinery in Balsh shut down for a month due to malfunction (Albania)

In the beginning of May, Albanian state-owned oil company ARMO has announced increase in prices of oil and oil derivatives produced in their facilities. The price of oil should increase by 7.7 eurocents up to 0.88 euros per liter. The price increase will be applied for the wholesale buyers with purchases of more than 1 million liters.

The ARMO's move was explained by the need to harmonize the price of domestic oil products with the imported ones. The private oil suppliers have recently asked from government to force ARMO to increase its prices in accordance to the market reality. Oil importers claim that they have been importing oil at market prices, mostly from Eastern Europe, and they were forced to increase retail price by 8.5 eurocents in the April and May. In the same time, ARMO, had considerably low prices at its petrol stations.

At first, the director of ARMO refused to change the price of oil products, saying that government did not instruct him to do so. Nevertheless, private oil importers believe that increase of ARMO prices is not sufficient, having in mind ARMO's influence in oil market.

After end of maintenance works in oil refinery in Balsh, ARMO has restored its full production capacity and supplied 25 % of Albanian market in April this year. Along with the price increase, ARMO has stopped production in oil refinery in Balsh due to malfunction of high voltage transformer in refinery. According to the announcements, the repair works in Elbasan transformer maintenance facility would last for a month. Officials blamed over aged equipment for the malfunction. ARMO is in the process of revitalization of the oil refinery, for which 8 million dollars should be invested.

This latest accident in oil refinery will have strong affect to the domestic oil prices, analysts expect, although the director of ARMO said that company had sufficient oil reserves during the shutdown of the refinery. In the same time, ARMO was obliged to sell oil to the farmers and fishermen under subsidized prices, within the governmental program. ARMO's director has warned government that company should be compensated for this reduction in incomes. On the other hand, he said that costs of the oil drilling and refinement process have not been increased in the past period.

In the March and April, increase in fuel prices in Albania reached 40 %. The price of D1 diesel reached 1.11 euros per liter, while the price of gasoline reached 1.2 euros. In the related news, Albanian officials have been closed several petrol stations due to low quality of oil derivatives and lack of documentation. The inspections by energy

beginning of this year, analyses have shown that out of 970 petrol stations, 80 % where illegal, especially in the capital Tirana.

§ § §

Financial reports of three power utilities (Bosnia and Herzegovina)

According to the published financial results of three power utilities in the country, only the Power utility of Republic of Srpska (EPRS) has achieved net profit in the last fiscal year. The majority shareholder in EPRS is the government of Republic of Srpska, with 66 % share. Two other power companies, the Power utility of Bosnia and Herzegovina (EPBiH) and Power utility of Herzeg Bosnia (EPHZHB) ended the last year with business losses.

Joint stock company EPBiH, the largest power company in BiH, had business losses of 20.11 million euros in 2005th, which was reduction of losses of 24.3 % comparing to the 2004th. Overall incomes of EPBiH reached 280.82 million euros and overall expenditures were 319.47 million euros. The active capital of EPBiH stood at 1.83 billion euros, and overall capital reached 1.47 billion euros. Long-term liabilities of the company were 156.546 million euros, and short-term liabilities stood at 206.715 million euros. At the end of the last year, company had 5,877 employees, with average salary of 430 euros. The majority shareholder in EPBiH is the government of Federation of Bosnia and Herzegovina, with 90 % of shares. Since 2001st, company has cumulative negative business losses of nearly 200 million euros. General manager of EPBiH has promised that company would achieve profit in this year.

Commenting the latest business results of EPBiH, newspaper in BiH brought the news that hydro power plant (HPP) Jablanica (165 MW, the second largest HPP in EPBiH) has been overflowing the water over the dam, implying once again the financial losses.

As a reminder, HPP Jablanica has recently released the used transformer oil into the Neretva River by accident. EPBiH was obliged to pay the damage caused to the fisherman and other affected parties. Nevertheless, the main problem for EPBiH, according to the experts in BiH, was the unfavorable contract for exchange of electricity with Power utility of Croatia (HEP). According to the sources, only in the last year, EPBiH has lost about 35 million euros due to difference of market and contractual price of electricity. Calculations made by several employees from EPBiH several months ago showed that company has been losing 170,000 to 200,000 euros per day, depending on the daily hydrology. They strongly demanded from government to break up contract with HEP. The cumulative losses should reach over 240 million euros by the expiration of contract on April 1st 2009th. In the same time, company has invested about 40 million euros for the revitalization of the largest 230 MW unit in the thermal power plant (TPP) Kakanj (578 MW, the second largest TPP in EPBiH). The project should have been finished in May last year, but the deadline was prolonged until present time.

The EPHZHB, the power utility of Croatian canton with head office in city of Mostar, had 19.43 million euros of business losses in the fiscal year of 2005th. Overall incomes of EPHZHB reached 142.382 million euros and overall expenditures were 142.752 million euros. The active capital of EPHZHB stood at 731.92 million euros, and overall capital reached 616.98 million euros. Long-term liabilities of the company were 99.66 million euros, and short-term liabilities stood at 15.13 million euros. At the end of the last year, company had 1,814 employees, with average salary of 540 euros. The majority shareholder in EPHZHB is the government of Federation of BiH with 90 % of control.

General manager of EPHZHB said that unpaid debts toward the com-

are companies Elektrobosna and Vitezit. He announced disconnection from power grid for those companies in order to provide sufficient amount of electricity for regular paying customers. EPHZHB import about two-third of its power needs.

§ § §

Banja Luka Stock Exchange prepares new indices for power companies (Bosnia and Herzegovina)

In the past two months, both small and large investors have expressed increased interest for purchase of shares of ten companies in holdings of Power utility of Republic of Srpska (EPRS), along with shares of national phone company. Nominal worth of some of the shares in EPRS (three hydro power plants, two thermal power plants and five power distribution companies) has increased by even 10 % in past two months. Due to increased trade and interest, BLSE has announced introduction of new stock exchange index assigned to aforementioned ten power companies.

§ § §

Five new small-sized HPPs (Bosnia and Herzegovina)

Government of Republic of Srpska (RS) has granted 20-year concession for construction of small-sized hydro power plant (HPP) Medna Sana 1 on River Sana with power output of 4.9 MW. The HPP will be built by company Energy MBA from Banja Luka.

The concession fee will be 7.1 % of annual profit. At the same time, concession for construction of small-sized HPPs Cijevna 1, 2, 3 and 4 with power output of 5 MW was granted to the Norwegian company Techoenergy.

There are six operational small-sized HPPs in Bosnia and Herzegovina, while 15 others are in the construction phase.

§ § §

Presentation of wind power potential, study financed by Spain (Bosnia and Herzegovina)

On May 10th, Power utility of Herzeg Bosnia (EPHZHB) has presented the results of study related to the wind power potentials in Bosnia and Herzegovina. The study was financed by embassy of Spain in BiH. During one-year period, numerous wind measurements have been carried at 10 micro locations, where three of them have been found suitable for commercial power production. Usage factor on those sites was about 40 %, which was considerably higher than in the most profitable wind farms in Europe. Official from embassy of Spain even believes that BiH could be regional leader in wind power production.

General manager of EPHZHB said that 128 million euros needs to be invested in three aforementioned sites, while period for return of investments would be 7 years.

In the same occasion, general manager asked from federal government to grant the approval for continuation of construction of hydro power plant Mostarsko blato, which along with new wind farms would increase power production from renewable energy sources in EPHZHB. EPHZHB imports about two-third of its power needs.

§ § §

The hydro-geological study for construction of HPP Mostarsko Blato approved (Bosnia and Herzegovina)

On May 15th government of Federation of Bosnia and Herzegovina (BiH) has approved the hydro-geological study regarding the construction of hydro power plant (HPP) Mostarsko Blato. The study, which should also evaluate environmental impact of the new HPP, will be carried out by the Power utility of Herzeg Bosnia (EP HZHB). The strategic partners of EP HZHB in this project are Croatian Koncar and Energocontrol, which should deliver the 31.39 million euros worth equipment. EP HZHB has provided the funds for the construction of the HPP through the 30 million euros loan from Zagreb Bank. Future HPP Mostarsko Blato should have power output of 60 MW and annual production of 167 GWh of electrical energy.

§ § §

Energopetrol had 2.43 million euros of losses in 2005th (Bosnia and Herzegovina)

Joint stock company Energopetrol Sarajevo, the largest oil distributor in Bosnia and Herzegovina (BiH), had 2.43 million euros of business losses in 2005th. Overall incomes of company reached 77.03 million euros, and overall expenditures were 67.85 million euros. The active capital of Energopetrols stood at 31.58 million euros, and overall capital reached 10.85 million euros. Long-term liabilities of the company were 1.55 million euros, and short-term liabilities stood at 28.65 million euros. At the end of the last year, Sarajevo oil company employed 1,032 workers, with average salary of 260 euros.

The majority owner of the company is the government of Federation of BiH, which is still in the long and exhausting process of negotiations with INA-MOL consortium regarding the privatization of company. As a reminder, Croatian-Hungarian consortium did not want to accept to pay additional debts of Energopetrol, which, according to them, had not been the part of original tender requirements. Government also needs to resolve the problems regarding the mortgage over 25 the most profitable petrol stations of Energopetrol. The holder of the mortgage is Bank Austria Creditanstalt.

In the related news, the chairman of the Commission for privatization of Energopetrol has recently informed the federal prime minister about the threats against him and his family in March and April this year. He accused the some intelligence-mafia underground groups from Croatia, involved in oil business, for the threats. Chairman has requested protection from police forces.

As a reminder, chairman of the privatization commission has criticized possibility that INA-MOL could become the monopolistic oil supplier in BiH. He also demanded from INA to pay the tax fees to the federal government, for the INA's business operations in BiH during the past period.

§ § §

Oil refinery in Brod could be sold in two months (Bosnia and Herzegovina)

According to the new minister of economy, energy and development of Republic of Srpska (RS), the new owner of oil refinery in city of Brod will be known in two months. Minister believes that privatization of refinery will resolve problems in the company, which should boost entire oil industry in RS. New owner will be obliged to

tion. The government has not published the tender for sale of the refinery, yet the government has invited interested companies to send the letters of intentions.

Minister confirmed that several large oil companies had expressed interest for the refinery, but he did not want to reveal the names of the companies. The names will be revealed when the potential buyers have paid the advance payment. Minister pointed out that refinery has favorable geographic position near Sava River and it is connected to the oil pipeline, implying the safe transport of crude oil.

According to the Law of privatization, the oil refinery must not be sold below the bookkeeping worth, but RS's officials hope that they could achieve much higher price for the company. The head of trade unions in the refinery confirmed that several companies from Europe, Asia, and Russia have recently visited the refinery.

§ § §

CEZ finally bought TPP Varna (Bulgaria)

Czech power company CEZ has finalized acquisition of 100 % of shares in coal-fired heat and electricity generation power plant Varna (6x210 MW) in the beginning of May.

The deputy chair of board of directors of CEZ and Bulgarian energy minister have signed the memorandum of the sale of TPP Varna for 206 million euros (359.63 euro per share), which should be paid in the period of 90 days. By this acquisition, production capacity of the CEZ group will be increased by 10 %. TPP Varna mostly runs on imported Russian and Ukrainian coal.

In the same time, CEZ and Bulgarian ministry of economy have signed another memorandum regarding the investments of 40 million euros in the energy projects in the country in the next four years. This was the requirement of Bulgarian authorities needed for approval of the sale contract of TPP Varna to CEZ and the first memorandum of that kind signed in Bulgaria.

As a reminder, CEZ was the second ranked bidder in the initial tender procedure for sale of TPP Varna. After unsuccessful negotiations with first ranked bidder, Russian state owned power company RAO EES, Bulgarian officials invited CEZ to negotiate on the sale of TPP Varna. CEZ has also increased its initial offer of 192 million euros up to 206 million euros. The Czech power company should invest another 100 million euros for increasing the capital stake by 16 %, and thus the overall price paid for TPP Varna will reach 306 million euros.

CEZ has announced 200 million euros investments in TPP Varna in order to install new sulfur dioxide removal equipment and electro filters. In the period of the next three years, CEZ will be obliged to preserve main line of business of the TPP Varna and to obey the rules regarding the environmental pollution.

According to the first announcements, CEZ will keep current staff in the TPP. This was confirmed by the CEZ official who said that main criteria for them would be profitability, competitiveness and cost reduction of the TPP. CEZ wants to reduce costs in TPP by 25 %.

CEZ officials see Bulgaria as the priority area of investments claiming that they are interested in other power companies in the country, but they did not give any details on their plans. In Bulgaria, CEZ already owns 67 % stakes in three power distribution companies in capital Sofia, Sofia district and city of Plovdiv. CEZ has paid 291.5

customers, with achieved sales of 7.981 TWh of electrical energy in the last year.

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Increase in electricity prices from July (Bulgaria)

Bulgarian economy and energy minister announced increase in electricity prices in Bulgaria starting from July this year, when the State Energy and Water Regulation Commission (SEWRC) should approve the tariff adjustments. Minister believes that price increase should be within reasonable limits, even after decommissioning of units 3 and 4 in nuclear power plant (NPP) Kozloduy. He pointed out that, despite the constant requests for the increases in electricity tariffs, the last price increase occurred in October last year. On the other hand, the price of electricity, natural gas and oil derivatives were amongst lowest in Europe, minister said.

The price increase was initiated by the requests of the largest power producer in the country, the NPP Kozloduy, which asked 5 % increase in electricity tariffs from July, and by the National transmission system operator (NEK), which demanded 15 % increase in wholesale electricity tariffs due to increased coal prices.

According to the last year's report of NPP Kozloduy submitted to SEWRC, NPP has achieved the business losses for the first time due to non-validation of operational costs by the power regulator. At the same time, NPP succeeded to maintain full operational capacity and to carry out annual maintenance works on time.

The losses of NPP reached 14 million euros in 2005th, and because of that, management demanded new price. Management of NPP repeated once again that Bulgaria would be only country in the World that did not want to modernize the units after expirations of the operational life, but it decided to shut down the units. Director of NPP quoted examples in Russia, Hungary and Finland that managed to prolong operational life of older units by 15, 20 and 5 years respectively.

In the same time, the mayor power distributors have also demanded for increase in electricity tariffs. The German E.ON, the owner of power distribution companies in Varna and Gorna Oryahovitsa, asked for average increase of 6.7 % for households' customers, 18 % for medium-size enterprises (that use low-voltage power grid) and 24 % price increase for large industrial customers. CEZ, the owner of the power distributors in capital Sofia, Sofia district and city of Plevan, demanded for average increase 11.9 % in electricity prices, with 19.4 % increase for large industrial customers, 15 % increase for medium-size enterprises and 6.9 % increase for household customers. Both E.ON and CEZ, have proposed introduction of electricity meter fee of 0.75 eurocents per month for households' customers and 50 euros for or medium-size enterprises and large industrial customers. The fee was explained by the operational costs for providing of uninterrupted power supply. Austrian EVN, which owns power distribution companies in Plovdiv and Stara Zagora, also demanded average increase in electricity prices of 8.5 %.

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AES starts the construction of 670 MW power plant (Bulgaria)

On May 8th, US company AES announced start of the construction of the 670 MW coal-fired thermal power plant (TPP) in Bulgaria. The

Maritsa Iztok 1 and the worth of the project was estimated at 1.4 billion dollars. The project is the largest green field investment in Bulgaria as well as one of the largest in the Southeastern Europe. The AES was granted 35-years concession from Bulgaria's State Energy and Water Regulation Commission and the Environment Ministry.

New TPP Maritsa Iztok 1, located near city of Galabovo, will be the first large power plant build in Bulgaria in the last 20 years. The AES's subcontractor will be French company Alstom SA, which will be in charge for construction works. The plant would have two units with power output of 335 MW, and Alstom would be obliged to use environmentally sound technologies.

New TPP should be operational in 2009th, and AES estimates that new TPP will bring 300 million dollars of annual profit starting from 2010th. Bulgarian transmission system operator (NEK) and AES have earlier signed contract of purchase of electrical energy produced in TPP Maritsa Iztok 1 at fixed price in 15-years period. The contract for the purchase of the coal was also signed and it is expected that Maritsa East mines would earn about 40 million euros per year from the coal sales.

The construction project would be financed by AES, which has provided 30 % of funds, while the consortium of banks made of Calyon, ING, BNP Paribas, EBRD, and several Bulgarian banks would provide the rest of the funds.

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German Bank Bayerische Landesbank step out the Belene project (Bulgaria)

German Bank Bayerische Landesbank has announced not to finance the project for the construction of nuclear power plant (NPP) Belene due to strong pressure from environmental organizations.

According to the official from Bulgarian government, the bank has recently announced its interest for participation in the project. Bulgarian official from Information and Training Ecology Center confirmed the latest decision of the bank.

The German environmental organizations, along with Greenpeace and CEE Bankwatch Network, have announced to increase the pressure on other banks that are to participate in the project, the Citibank from USA, UniCredito from Italy, KBC from Belgium and Deutsche Bank. Deutsche Bank has even denied any contacts with Bulgarian officials.

Two bidders for the construction of the NPP are the consortium led by Russian AtomstroyExport and consortium led by Czech Skoda. In the end of April, Bulgaria's national transmission operator (NEK) has started talks related to the technical issues of construction of NPP Belene with the consortium led by the Scoda Alliance. The negotiations with the second bidder, the consortium led by Russian AtomstroyExport, should start in May. Russian media have confirmed that AtomstroyExport was closely related to the Gazprom. Tendering commission should select the constructor in June.

§ § §

Resolved cause of failure in NPP Kozloduy (Bulgaria)

In the beginning of May, Board of Directors of nuclear power plant (NPP) Kozloduy held a press conference in order to clarify the cir-

the official explanation, the accident, which happened on March 1st, was caused by the unforeseen fault in the power equipment that has not been predicted even by the producer of the equipment, the Russian Gidropress, the main designer of the reactor protection system of unit 5.

Deputy Manager of NPP said that fault has even prolonged safe operation of unit 5. The accident occurred when three control nuclear rods, the part of the reactor protection system, which were inactive for 197 days in a row, have been stalled. The longest period when control rods in other three units in NPP have not been moved was 55 days. When the fault was noticed, the NPP's staff carried out the procedures according to the book and shut down units for 10 days. NPP's management was satisfied with the reactions of the staff saying that only five minutes went between failure and the actions of the staff. The later simulations showed that even with three inactive rods, unit could remain operational without any risks.

Management of NPP demanded from Gidropress to pay 213,560 euros as a penalty for three faulty rods and for replacement of five of them, because two of them will be broken during the testing on the causes of the failure. Russian company will also be obliged to cover the 1.4 million euros of losses for the undelivered electricity energy to the National transmission system operator (NEK) during the ten-day shutdown of unit 5. The head of NPP Kozloduy did not exclude an option for lawsuit against the Gidropress.

Unit 5 is the only unit in NPP that operates with the aforementioned type of rods, while the unit 6 should receive new set of rods by the end of 2006th. After the latest accident, the delivery of the new rods should be followed by the firm guarantees for covering the potential faults. If not, unit 6 could be also shut down due to security reasons.

Gidropress and Bulgarian experts have been investigating the reasons for fault and until the exact cause was determined, the rods will be moved every week. The results on the cause of the accident should be ready until May 18th. NPP's officials have confirmed that rods were tested in accordance to all regulations, but rods were never tested after such long period of inactivity.

Officials from the NPP explained that the news on failure has been presented two months after the event, due to fact that the fault was regular problem that had been handled in professional manner.

§ § §

Government abandoned the consortium; Burgas-Alexandropoulos project continues (Bulgaria)

On May 3rd, Bulgarian government decided to abandon the consortium "Trans-Balkan Oil Pipe line Bulgaria (TOPB)" for construction of Burgas – Alexandropoulos oil pipeline. Bulgarian minister of economy pointed out that Bulgaria will continue to support the pipeline project, saying that TOPB did not have any real link to the project.

TOPB was established two year ago by Bulgarian companies MG Energy and Natural Resources, LUKoil Bulgaria, Monolit 3, Industrial Holding Bulgaria, KZU and Magnum 07, where each company had a 14.2% share. Government, with one share in consortium, justified its decision by the fact that majority of the members in consortium were the construction companies and not the investors, without clear vision on the project, which was the main concern of Greek and Russian partners. In addition, several members of the consortium have different interest on the project, government said

In 2004th, all members in the consortium have agreed to establish the international company that will be responsible for carrying out the project. Bulgarian officials believe that after establishment of international company, the existence of consortium would become disputable. The future of TOPB should be decided on the general shareholders meeting, when it could be decided that consortium would be involved only in construction activities.

Bulgarian government has recently announced establishment of new company, 25 % owned by state gas monopoly Bulgargaz and the rest by Universal Terminal Bourgas (UTB), which should participate in the pipeline project. UTB was created in 2005th by the government for the purpose of participation in the projects Burgas – Alexandropoulos and Burgas – Vloria oil pipelines. UTB is 55 % owned by state company Technoexportstroy.

§ § §

Cancellation of tender for construction of HPP Lesce (Croatia)

State commission for supervision of public procurements has cancelled the tender published by Croatian power utility (HEP) for construction of hydro power plant (HPP) Lesce (43 MW) on river Dobra. Two Croatian companies have submitted bids in the tender, the consortiums led by Koncar and Ingra. Koncar offered to build the HPP for 65 million euros and Ingra demanded 57.8 million euros for construction works. State commission explained that both companies have submitted incomplete tender bids, while HEP has carried the tender procedure in improper way. According to source, although the Ingra's offer was favorable than Koncar's, lobbying for Koncar led to the cancellation of tender.

Chairman of HEP said that the construction works would be delayed three to four months and that final price for construction would be lower than in previous tender. According to the unofficial sources, in order to speed up the construction of HPP Lesce, government of Croatia could approve direct agreement of HEP with both companies, which would submit joint bid for construction. In the same time, several environmental organizations have protested against construction of HPP Lesce.

In this way, the official start of this turnkey project, announced for May this year, will be delayed due to bureaucracy reasons. The HPP should be the first new power plant built in Croatia, after becoming an independent state in 1991st.

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Possible introduction of RES fee (Croatia)

According to the unofficial sources, in the beginning of autumn this year, price of electricity in Croatia will be increased. The price increase should be related to the fee of 0.7 eurocents per kWh for the renewable energy sources (RES). The RES fees would be invested in projects for construction of wind farms and other RES in the country. It is estimated that RES fees would provide about 140 million euros of funds per year.

Croatia, as an EU member candidate, started to promote RES and it is expected that RES fee should rise over the years. Croatian officials and experts expect considerable increase in electricity prices after July 1st 2008th, when the monopoly of Croatian power utility (HEP)

analyses, some 20 % of Croatian citizens have difficulties with paying the power bills.

§ § §

Protests against the construction of hydro power plants in Slovenia (Croatia)

Protests against the planned construction of 8 hydro power plants (HPPs) in Slovenian part of Mura River have been intensified in Croatia, Slovenia and other neighboring countries. The main concerns of the protesters are the environmental problems that could arise during the construction of HPPs.

Last year, Slovenian government has granted the concession for Drava power plants Company to build the HPP cascade on Mura, for which 278 million euros should be invested. Slovenian officials said that construction of HPP, besides the increased production of electricity, would stop the devastation of the Mura River mainly caused by the construction of the power plants on Austrian part of the river.

On the other hand, Croatian local officials believe that construction will cause environmental, industrial and demographical disaster in Croatian territories near Mura River, which has been declared as the protected part of nature and very important tourists resort. Local officials have organized signing the petition against the construction of HPPs.

According to the Slovenian officials, the chairman of the Croatian part of permanent Croatian-Slovenian commission for water industry has been informed on the planned construction of HPPs.

After the latest protests of Croatian, Slovenian, Hungarian and Austrian ecological organizations, Slovenian industry minister said that the final decision about the construction of the HPPs should be reached after detailed analyses. According to some previous reports, Croatia and Austria have not been informed on time regarding the plans for construction of HPPs in Slovenia. Slovenian officials said in April this year that Croatian territory would not be affected by the construction works.

§ § §

Koncar Industry increased profit by 80.4 % in the first quarter of 2006th (Croatia)

According to the report from Zagreb Stock Exchange (ZSE), Koncar Industry has achieved net profit of 454,040 euros in the first quarter of 2006th, which was 80.4 % higher comparing to the last year. At the same period, Koncar has achieved overall incomes of 79.99 million euros (43.5 % increase), where domestic incomes reached 44.27 million euros (56.2 % increase), and incomes on foreign markets reached 31.16 million euros (46.5 % increase). 77.1 % of overall incomes were achieved by the branch Energy and transport, Trade branch achieved 8.5 %of overall incomes and Industry branch has achieved 5.8 % of overall incomes of Koncar. Overall expenditures of the company stood at 78.67 million euros, which was 43.3 % higher comparing to the same period last year.

As a reminder, overall net profit in 2005th of Koncar industry was 1.64 million euros, which was 61.1 % increase comparing to the 2004th. The Koncar Group consists of 21 dependent and 4 affiliated companies, with 4,000 employees. Koncar is involved in manufacturing the electrical devices, equipment, plants and services for electrical

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Signing of contract for construction of LNG terminal in Omisalj (Croatia)

Official from Croatian oil industry (INA) has announced that contract for construction of liquefied natural gas terminal in Omisalj at Adriatic should be signed by the members of consortium ALSCo in Vienna in mid May. The worth of the investment is estimated at 1 billion euros, where the capacity of LNG should be 5 billion of cubic meters in the first phase, where 10 % of the capacity would be used by Croatia.

The members of consortium ALSCo are the Austrian OMV, French Total, Slovenian Geoplin and INA. According to the recent announcements, German E.ON should join the consortium. E.ON is interested for 28 % of shares in the consortium. In the same time, Croatian power utility, (HEP) has expressed interest for the participation in consortium demanding 10 % of shares. HEP has plans for construction of gas-fired power plant near the LNG terminal. The HEP's request could postpone the signing of the contract, because INA should decide whether it will reduce its stake in consortium in behalf of HEP.

Despite announced construction of LNG terminals near Venice and Trieste in Italy and in Croatian port Ploce, which should be used by Bosnia and Herzegovina (BiH), INA's officials believe that LNG terminal in Croatia would have its purpose. According to INA, terminal in Venice would supply Italian market, construction of terminal in Trieste is still in question and LNG terminal in Ploce would have small capacity due to small natural gas consumption in BiH.

Director of Croatian gas transmission company Plinacro said that LNG would be part of development projects of Croatian natural gas system in period 2006th until 2010th. Plinacro plans to invest more than 500 million euros in gas pipelines construction, which would transport natural gas from LNG terminal to Croatian mainland and neighboring countries.

§ § §

12 km of undersea gas pipeline was built (Croatia)

Croatian oil industry (INA) announced that construction works at the undersea gas pipeline in Northern Adriatic have been going in accordance to schedule. Out of overall 42 km of oil pipeline, 12 km was laid down at the sea bottom. In the same time, in the beginning of April, the construction works on continental part of the pipeline have started.

INA has been carrying out the complex works regarding the start of gas production at the sea platform in Northern Adriatic. New gas pipeline would transport, for the first time, natural gas from Croatian gas fields in Adriatic directly to Croatian mainland.

§ § §

Hungarian MOL interested both for NIS and for INA (Croatia & Serbia)

According to the newspapers in Serbia, Hungarian oil and gas company MOL, the owner of 25 % of shares in Croatian oil industry (INA)

has expressed once again interest for privatization of Oil industry of Serbia and continuation of privatization of INA.

In addition, MOL is still interested for construction of large storage facility for natural gas in Serbia (in city of Banatski Dvor), despite some announcements that Russian Gazprom will be strategic partner in this project. The MOL's intentions were confirmed by the officials from Hungarian ministry of industry and transport.

If MOL succeeds to acquire the ownership share in NIS, it would continue to invest in mining projects. MOL already operates several petrol stations in Serbia, and by acquisition of NIS, MOL would become dominant oil company in the countries of former Yugoslavia.

As a reminder, during 2003rd, 25 % of shares plus 1 share of INA was sold to MOL, by which the first phase of privatization of INA ended. The state of Croatia still controls significant stake in INA (25 % plus 1 share), which should be sold before Croatia becomes EU member. MOL has more than once expressed its interest for purchase of additional stake in INA.

§ § §

Delays in the revitalization of oil refineries of INA (Croatia)

Officials from the Croatian oil industry (INA) said that revitalization projects in two of INA's refineries would be delayed due to different estimations made by experts. Due to latest scandal on the sale of low quality type of gasoline on INA's petrol stations, once again, the issues related to the revitalization of oil refineries came in headlines.

Initial modernization plans from 2000th predicted that modernization of two oil refineries in Sisak and Rijeka should have been finished until January 1st 2006th. Former general manager of INA believes that if the modernization had been done in time, INA could have earned some 400 million dollars more. In the same time, main INA's competitors in Croatia, the OMV and Trifon (imports oil from MOL's refinery in Hungary), have increased their offer of high quality gasoline, thus reducing the INA's profit.

According to INA's plans, 900 million dollars should be invested for modernization of oil refineries, where 400 million dollars would be invested in refinery Sisak and 500 million in refinery in Rijeka. The start of the modernization in Rijeka was scheduled for September this year, the first phase of the modernization projects in both refineries should be finished until 2009th, and complete modernization projects should end in 2011th.

§ § §

EFT announced expansion (Greece)

EFT Hellas, the part of EFT Group that has business in 15 European countries and one of the largest electricity traders in Southeastern Europe, has announced increased business activities in Greece. EFT Hellas has won the trade license for 150 MW in Greece in July 1st 2005th.

EFT Group has international offices in the UK and Switzerland, and a regional network in six Southeastern European countries, i.e. license for trading in Hungary, Slovenia, Bulgaria, Greece, and with offices in Serbia, Bosnia and Herzegovina, Albania and FYROM. In year 2003, EFT has traded 7.1 TWh of electrical energy to 13 countries through-

According to the managing director of EFT Hellas, the company intends to connect the South European electricity market with the Western European electricity markets in the next five years, where the EFT should be one of the key players. EFT plans to conduct electricity trading in Germany, Austria, Hungary, Slovenia, Italy, Turkey and Greece, which should contribute to the development of Pan-European electricity market. In past two years, EFT has intensified its activities in Greece by signing the contracts for the delivery of electrical energy at the Greece's borders with the Public power corporation (PPC) and with several private companies, such as Aluminium Greece, Heracles, Titan Cement, and Heron Thermolectric S.A, Verbund Trading Ltd, Cinergy Global Trading Ltd and Edison Trading Spa. EFT official said that company has allocated 50 million euros for the market development, with portfolio of variety energy assets, particularly long-term contract for night and day delivery of electrical energy.

Having in mind the constant annual growth of 4 % in electricity demand in Greece, EFT has been considering the investments in generation facilities. EFT Hellas has already filed the request for construction of 200 MW in Western Macedonia in Greece. The plant should use fuel mixture of biomass and lignite. At the same time, EFT Hellas has been interested for financing the construction of interconnection lines toward Macedonia.

As a reminder, Greece has been producing about 54.6 TWh of electricity energy per year, where 74 % was produced in thermal power plants (mostly coal-fired, with several fuel oil fired), 23 % in hydro power plants and 3 % in solar power plants. The most of new planned production facilities will be natural gas fired. 95 % of production was controlled by PPC. According to the estimations of RAE, about 6,000 MW should be built to provide sufficient power capacity until 2015th. Greece, as the only EU member country in the region and with interconnection links toward Bulgaria, Macedonia, Italy, Albania and expected new interconnection line toward Turkey (400 kV line Filippoi and Hamidabad should be built by the end of 2006th), could be the energy hub and connection between South-eastern European energy networks and the EU energy market.

§ § §

PPC expects increased profit after the restructuring (Greece)

According to the official five-year business plans, after restructuring of the company, Public power corporation (PPC) is looking forward to the cumulative EBITDA (earnings before interest, taxes, depreciation and amortization) of 2.2 billion euros in a fiscal year 2010th. The increased EBITDA should be the result of increased incomes and improved costs control. The conduction of new business plans should begin very soon and it should last in the next 24 to 36 months.

The exact measures for restructuring are not specified in detail, and PPC expect that 40 million euros increase in incomes in 2006th, 390 million euros in 2007th, 480 million in 2008th, 580 million in 2009th and 680 million in 2010th.

In 2010th, PPC expects 680 million euros of incomes due to fuel surcharges, PSO (Public Service Obligation) repayments, and tariffs adjustments, another 190 millions from reduction in non-personnel costs, where 100 million euros will be related to the capacity replacements and 150 million euros from reduced personnel costs.

In aforementioned period, PPC forecasted rise in electricity tariffs

price of 66 dollars per barrel, EUR/USD rate of 1.2, PSO recovery of 25-30% of total 495 million euros. The number of employees should reduce from 25,800 down to 23,700 due to natural attrition. PPC also expects to invest between 500 and 800 million euros for the investment projects in foreign markets.

PPC officials expect that payroll costs will be set at 6 to 7 %, same as for the first quarter of 2006th. The first step in the increase of incomes should be fuel surcharge of 2 %, which was recently supported by the head of the Regulatory authority for energy (RAE) due to high fuel prices in global markets. The fuel surcharges should start from 2007th, while carbon costs should be negligible in 2006th. In 2007th, PPC forecasted to buy 2 to 3 million euros of carbon credits.

The capital expenditure for the period until 2010th, includes 520 to 525 million euros for mining investments, 1.65 billion euros for thermal power plant, 0.35 billion euros for hydro power plants, 480 million euros should be invested in transmission and 1.65 billion euros is going to be invested in power distribution sector. Another 200 million euros should be invested for the headquarters development.

PPC should have market share of 91 % in power production in Greece, but the international projects should compensate the loss in domestic market share. Currently, PPC has 95 % market share in power generation in Greece.

Analysts believe that main problem for PPC in five-year period will be the achievement of PSO recovery, the fuel surcharges and control of the costs. High oil prices in the future could affect PPC performance in the greatest extent, analysts say.

Several market analysts have commented the PPC's business plans. Morgan Stanley was the most critical to the management plans, saying that company could not reduce costs and that it could not be restructured. Credit Suisse, on the other hand, said that the predicted increase in share target price from present value of 20 euros to 26 euros was possible to achieve. Officials from Proton believe that PPC plans are aggressive and with high risks involved. The analysts from Aspis say that PPC's plans for cost reduction could be achieved, but they consider that increase in incomes would be highly related to the influences from development ministry. Eurobank was satisfied with the PPC's plans, which happened to be optimistic and with high risks.

As a reminder, PPC has reported 54 % decrease in net profit in the net profit in the last year, reaching 135.7 million euros, while EBITDA stood at 907 million euros (24.9 % decrease). The lower than expected business result was explained by the increase in fuel prices, energy import and low, state regulated electricity tariffs.

§ § §

Mytilineos invests in renewable energy sector (Greece)

By two latest acquisitions, Mytilineos S.A., the holdings industrial group active in the sectors of metallurgy, energy, and defense, has made significant expansion into the renewable energy sector. In beginning of May, Mytilineos S.A., has announced purchase of 100 % shares in Spider Energy S.A. The worth of the sale contract is 9.1 million euros, and Spider Energy S.A. is involved in development, construction and operation of wind farms and small-sized hydro power plants. According to the data presented by Marfin analysts, the purchase of Spider Energy will provide 66.55 MW of new wind energy licenses and 6.79 MW of hydropower energy licenses for Mytilineos

in wind farms. Spider energy has recently filed request for another 195 MW of energy licenses in wind farms. In the same period, Mytilineos has acquired the majority stake in Delta project, which owns 60 MW of wind energy licenses and another 30 MW in hydropower energy licenses. The Mytilineos has paid 16.2 million euros for 52 % of shares. The purchase of shares was agreed with the main shareholders, and Mytilineos intends to continue with Initial public offer in order to acquire all shares in Delta project.

Rokas (electricity producer, 49.9 % owned by Iberdrola SA) has also expressed interest for acquiring a Delta Project subsidiary, the Delta Energy. The deal should be approved by new Delta management.

§ § §

GEK-Terna invests in new wind farms (Greece)

In the beginning of May, GEK-Terna company has presented the business plans that will concentrate on energy projects and concessions, particularly in construction sector and development of wind farms.

According to the Marfin analysts, the construction of new wind farms was in accordance to the development plans of the group, despite the low return rates and difficulties related to the land planning laws associated to the acquisition of the suitable construction sites.

In this moment, Terna is in the process of construction of 58 MW in wind farms, which will increase overall wind power capacity of the company at 143 MW by mid 2006th.

By the end of 2006th, overall wind power capacity (operational and installed) should reach 155 to 170 MW according to company's plans or 123 MW according to Marfin. Strategic plans of the management forecasted 450 MW in renewable energy sources, both wind and hydro energy, by 2009th. In the beginning of 2006th, the accumulated funds of Terna from construction activities reached 400 million euros, while the current cash position of GEK reached 70 million euros. GEK plans to use funds in incoming concession tenders.

The management of the company needs to decide what it will do with Heron.

Heron Thermo-Ilektriki, is a subsidiary of GEK- TERNNA, which has signed an agreement with the HTSO for the construction and operation of gas-fired thermal power plant, with power output of 147 MW, in Viotia. The availability capacity payment contract ends in the end of 2006th, and management should decide whether it would invest in expansion of availability capacity payment contract, which should be negotiated with Greek state, and possible transformation of Heron in combine cycle power plant, similar to Hellenic Petroleum's power plant in Thessalonica area.

GEK-Terna was founded in 1999th, after merger of GEK and Terna. GEK was involved the construction sector and Terna was involved in construction of railway and highway networks, of high - quality office buildings, hospitals, museums, resorts, hydro-electric plants, dams, harbors, industrial facilities. Today, TERNNA is the construction and energy company of the GEK Group involved in construction of wind parks, hydro power plants, biomass and waste energy units, gas- fired plants, thermal power plants and cogeneration units.

§ § §

Hellenic Petroleum signed the contract for concession in Egypt (Greece)

According to the press release of the company, Hellenic Petroleum (HP) has won the concession contract for oil exploration and production in the West Obayed desert area in Egypt, 1,840 square kilometers large. HP has outbid the Gas de France, ENI, Oil India and Petrobras. HP has placed bids for two out of thirteen areas offered for concession contract by state-owned Egyptian Petroleum Corporation (EGPC) last year. The West Obayed concession is the natural gas deposit too.

The official signing of the contract between HP and EGPC took place during the visit of Greece's development minister in May, accompanied by officials from HP and Public gas corporation (DEPA). This will be the first time that HP has been involved in exploration and production as an operator. The neighboring deposit, operated by Shell, has the estimated reserves of 28 billion cubic meters. In the first three years of the concession contract, HP will be obliged to carry out the seismic tests and to drill three wells (the first in June 2007th).

The Greece's minister and high officials from oil and gas companies have been on a tour accompanying the Greece's president and discussing the energy issues with the officials in Saudi Arabia, Qatar and Bahrain. In Saudi Arabia, HP officials talked on crude oil supplies, in Qatar, the third largest producer of natural gas (after Russia and Iran), officials from DEPA negotiate on purchase of liquefied natural gas.

§ § §

Hellenic Petroleum and Motor oil accused on abusing with price of aviation fuels (Greece)

The International Association of Airlines (IATA) has accused Greek oil companies, the Hellenic Petroleum (HP) and Motor Oil (MO) on creating the price cartel in aviation fuels. HP and MO were called up before the Greek Competition Committee to make statements on the latest charges of IATA on May 11th. The inquiry procedure could last two to three months. The sales incomes from aviation and bunkers comprise about 25 % of overall sales of oil derivatives in Greece.

§ § §

Preparation of tender for construction of HPP Cebren (Macedonia)

According to the latest announcements, government of Macedonia has been preparing tenders for construction of two hydro power plants (HPPs), the pump storage HPP Cebren, the first of a kind in Macedonia, and HPP Galiste on Black River. The government has established special commission in charge for preparation of tender documentation, where the ministry of economy would coordinate the project.

For that purpose, ministry of economy has been carried out consultations with World Bank in order to prepare the necessary documentation. It is expected that ministry will hire advisors that will prepare the tenders, which should incorporate the results from feasibility studies for both HPPs. The worth of the investments in both HPPs is estimated at 600 million euros.

Commenting the incoming parliamentary elections, minister of economy pointed out that those two projects should be carried out

eral project documents regarding the utilization of hydro potential of Black River. In 2001st, EU has financially supported preparation of tender documentation for construction of HPP Cebren, which included all necessary technical parameters.

The project for construction of pump storage HPP Cebren is 40 years old. It envisages construction of one of the highest dams in Europe of 192.5 meters. According to the study results, HPP Cebren should have sufficient power capacity and production of energy for covering the electrical energy deficit in Macedonia. The planned power capacity of HPP varies from 300 MW to 800 MW, depending on the choice of the turbines. It implies that depending on the invested funds (approximately 300 million or 800 million euros), HPP Cebren could produce electrical energy for export purposes and FYR Macedonia could benefit some 120 million euros per year according to some calculations. This was confirmed by economy minister, who said that investments in new HPPs should boost growth of Macedonian economy by 2 % per year. The construction works should last five to seven years, according to him. With 800 MW, HPP Cebren would be the largest power plant in the country and it would provide minimum 30 % of the overall power production. Nevertheless, it seems that government has been preparing the tender for construction of HPP Cebren with power output of 340 MW, for which some 350 million euros should be invested.

According to the unofficial information, several companies from Greece, China and Turkey have expressed interest for construction of HPP Cebren. In 1997th, when government of Macedonia has published the letter of intention regarding the construction of HPP Cebren, 28 companies from France, Italy, Iran, Greece, China and other countries have expressed interest for participation in the project. Recently, Russian ambassador has announced that Inter RAO, subsidiary of RAO EES, was also interested for the project of HPP Cebren.

At the same time, almost all experts in Macedonia are in favor of construction of HPP Cebren. The head of the expert's team that has carried out feasibility study on pump storage HPPs in Macedonia in 1980s said that HPP Cebren and HPP Galiste along with existing HPP Tikves should become one hydro system. He also believes that 600 million euros needs to be invested for construction of both HPPs. Overall capacity of HPP Cebren's storage lake should be 37,000 to 40,000 cubic meters. HPP Galiste should have power output of 190 MW and annual production of 257 GWh,

§ § §

Five companies in second phase of tender of TPP Negotino (Macedonia)

Government of Macedonia has announced that five foreign companies have qualified for the second phase of the tender for privatization of fuel oil fired thermal power plant (TPP) Negotino (200 MW), the second largest power plant in Macedonia. Austrian companies EVN AG, the new owner of the ESM Distribution (power distribution company) and Verbund, the Canadian companies Hatch and Energy resources and Russian Inter RAO, subsidiary of RAO EES, will be the qualified bidders in the tender.

Tender commission has rejected the bid of Macedonian company Feni industry due to reported annual incomes of company below 200 million euro in the last two fiscal years.

The bid from Ukrainian company Bela Crkva was rejected due to incomplete tender documentation.

International tender for privatization of TPP Negotino was published

redesigned to use natural gas or coal as engine fuel in order to become more profitable and competitive.

According to the sources, new owner of ESM, the Austrian EVN has serious intention for investments in gas market in Macedonia. As a reminder, two key players, the Makpetrol and public gas company Gama are still in the court dispute regarding the ownership over gas network. The submission of bid for privatization of TPP Negotino could be the first step of EVN in gas sector in Macedonia. EVN did not want comment their future plans, yet they said that all options were at stake.

§ § §

Government approved 57.4 million euros loan for HPP Matka 2 (Macedonia)

Macedonian power plants (ELEM) should sign the 54.7 million euros loan contract with Cyprus Defa bank, after the latest decision of Macedonian government to provide the state guarantees for the loan. The loan will be used for continuation of construction of hydro power plant (HPP) Matka 2 also known as Sveta Petka. New HPP should have power output of 33 MW with estimated annual production of 53 GWh of electrical energy. Slovenian company Riko would carry out the second phase of the construction project. It is expected that new road toward the plant's dam should be finished during the autumn this year.

§ § §

HPP Kozjak increased power output (Macedonia)

Hydro power plant (HPP) Kozjak has increased power output by 10 MW per each of two units in the HPP. The constructor of the generators, the Alstom, and the Chinese company CVE, which has installed two units, issued the certificate on the increase in power output. Officials from Macedonian power plants (ELEM) confirmed that power output of each unit was increased from 40 MW up to 50 MW, after systematic analyses of the previous operation of the power plant. The increase in power output should contribute to the overall power stability in Macedonia, ELEM said.

The unit 1 in HPP Kozjak was put in operation on June 30th 2004th, and unit 2 on September 30th same year. In 2004th, HPP has produced 45 GWh of electrical energy and in 2005th 162 GWh. In the first four months this year, HPP has produced 80 GWh of electrical energy.

§ § §

ELEM got the approval for loan contract after all (Macedonia)

After the refusal in April this year, in the beginning of May, parliament of Macedonia has decided to vote for Law on loan contract for purchase of mining equipment by ELEM (Macedonian power plants). ELEM will sign 14.5 million euros worth loan contract with German KfW Bank, with annual interest rate of 4.5 % and payment period of 11 years. The loan guarantees will be provided by three domestic banks. ELEM will buy the mining equipment from German company Man Takraf.

The mining equipment would be used for continuation of exploration works in new coal mine Brod Negotino. 200 million tons of coal

producer in the country, the thermal power plant Bitola (3x200 MW), for the next 20 years. The exploitation of the new coalmine have been particularly important, having in mind that current coal reserves of mine for TPP Bitola could be sufficient for only five years of operation.

During the previous session, the parliamentary financial committee claimed that the loan was unfavorable, but at the session in May, members of parliament have pointed out the significance of the new coalmine for the stable power production in the country.

§ § §

Import of electricity increased eight times since 2000th (Macedonia)

Government of Macedonia has adopted the document, which confirmed the dependence on electricity import in period from 2000th until 2005th. Because of that, government has pointed out the needs for investments in electrical energy sector having in mind constant growth in power consumption in Macedonia.

In 2000th, overall import of electricity reached 0.287 TWh or 4.4 % of overall power consumption in the country, while the estimates on import in this year stood at 2.994 TWh or 33.53 % of overall consumption. In order to meet the increase in power demand in the incoming period, Macedonia plans to build large and small sized hydro power plants, interconnection power lines, combined gas fired power plants and internal transmission and distribution gas network. Ministry of economy will be in charge, along with other institutions in the country, for attraction of foreign investments for aforementioned energy projects, while the Macedonia's transmission system operator (MEPSO) will be obliged to speed up the activities related to the construction of new interconnection power lines.

§ § §

The dispute between Makpetrol and Gama continues (Macedonia)

Court experts should once again perform the audit regarding the invested funds in Macedonian gas network. Two parties in the dispute, the Public gas company Gama, i.e. government of Macedonia and oil and gas company Makpetrol have filed official complaints to the latest experts' report. Because of that, court ordered a new audit procedure.

Makpetrol's officials claimed that their company owns 57 % of the gas network, which is more than 45 % determined by court experts. The state of Macedonia, on the other hand, demands 70 % of the ownership instead of 55 % determined by experts. Officials from Makpetrol claimed that experts have made miscalculations of 13 million euros, and thus reduced Makpetrol's ownership share.

New audit will prolong a decade long dispute once again. The postponement of the final decision regarding the pipeline has stopped the plans for gasification of Macedonia.

The Macedonian citizens and companies, which were unable to use natural gas, have been affected the most by the lack of investments in gas network due to ownership dispute. Original plans predicted that natural gas network in Macedonia would be successfully constructed by 2005th. A gas network has only being built in city of Kumanovo, where the local authorities decided to make independent investments in gas sector. Government claims that investment

dispute. According to the governmental investments plans, in the next two years, construction of gas network should start in Western Macedonia. The funds for the project have still not provided, and government has been considering the establishment of joint ventures or public-private partnerships.

It is estimated that due to legal dispute and blockade of Gama's activities in the last three years, the state of Macedonia has been losing 200,000 euros per year.

§ § §

Bankers Petroleum officials in visit (Macedonia)

Officials from Canadian-British oil company Bankers Petroleum (BP) have visited Macedonia in order to decide whether they will start oil and gas explorations in Macedonia and to continue their activities in the region. As a reminder, in the beginning of April, BP has received the approval for production in Patos Marinza Oilfield in neighboring Albania in the period of the next 25 years.

BP and Macedonian ministry of economy should sign the draft contract, after which BP would start exploration in Eastern part of Macedonia. BP has requested from Macedonian officials to provide them an access to archive results about the oil researches conducted in Macedonia in 1950s. The chair of the BP said that company has only limited information on the oil reserves in Macedonia, but after gathering of all relevant data, BP should present detailed plan on the future researches. The exploration will be financed by BP's own funds. In Albania, BP has been conducting the oil explorations for almost two years, for which 20 million euros was invested.

Macedonian minister of economy said that BP's proposal would certainly be favorable for Macedonia, which does not have its own funds for exploration projects. BP would establish whether there is oil in the country and if the results were positive, Macedonia would strengthen the energy sector.

§ § §

EPCG and EPS still need to decide on the long-term contract for operation of HPP Piva (Montenegro & Serbia)

Executive director of Power utility of Montenegro (EPCG) has announced that the future of long-term contract for usage of hydro power plant (HPP) Piva (3x 100 MW, the property of EPCG) by the Power utility of Serbia (EPS) should be decided by the end of June. HPP Piva employees 204 workers and produces the 30 million euros worth annual amount of electrical energy.

According to the long-term contract, EPS operates storage type HPP Piva and in returns delivers band electrical energy for EPCG in pre-defined schedules during the entire year. EPCG is also allowed to deposit electrical energy to EPS and later to use it for its purposes. The worth of the long-term contract is estimated at 45 million euros per year.

During the joint meeting of two power companies in city of Budva in Montenegro in the end of April, the less disputable part of the contract has been defined. The main problem remained the model for depositing the electricity by EPCG and usage of unit 4 in HPP Bajina Basta (owned by EPS). EPCG claims the right to use the unit 4 due to invested fund in that unit.

Director of EPCG said that in case the contract is not renewed, HPP Piva would become the operational part of the EPCG. In addition, the HPP Piva could be offered to some interested companies from Western Europe to be operated in similar manner as it was operated by EPS.

Director believes that the future decision regarding the political status of Montenegro, that should be decided on referendum on May 21st, would not affect the final decision on long-term contract having in mind that two power companies have been completely separated since 2002nd. Montenegro has established its Regulatory energy agency, which is responsible for determining the independent regulations and tariff policy. The last extension of the long-term contract between EPCG and EPS was signed in 1991st for the period of 25 years.

According to the data from EPCG, in period of 30 years until end of March this year, HPP Piva has produced and delivered to EPS 22.4 TWh of peak energy. That amount of energy was delivered by EPS to EPCG in the aforementioned period was multiplied by 1.82 until 1991st and by 1.41 after 1991st, thus reaching the value of 36.4 TWh.

EPCG is not satisfied with the current terms in the contract claiming that it is not market based. The aim of the changes in the contract, for EPCG, is to modify the contract in accordance to market conditions. Officials from EPCG claimed that current contract was designed for the past period, with the entire different environment in energy sector.

§ § §

Revitalization of power facilities, loan from World Bank (Montenegro)

Power utility of Montenegro (EPCG) has announced start of urgent projects for improvement of power supply. The projects will be financed by foreign loans and donations and by EPCG's own funds. EPCG announced modernization of hydro power plant (HPP) Perucica (300 MW) and substations in Mojkovac and Andrijevic, construction of 400/110 kV substation Ribarevina and 110/10 kV substation in capital Podgorica, construction of new 400 kV interconnection line Podgorica – Elbasan (Albania).

Government of Montenegro and EPCG should invest overall amount of 16 million euros in aforementioned energy projects. The government has decided to sign the 9 million euros loan contract with World Bank (WB). The payment period will be 20 years, with grace period of 10 years and interest rate of 0.5 %. The rest of 7 million euros will be provided by EPCG. The loan of WB is the part of the 1 billion euros investment project within the Southeastern European Energy community.

EPCG has been still negotiating with WB regarding the loan for revitalization of HPP Piva (300 MW), The HPP has been operational for more than three decades. The worth of the revitalization project of HPP Piva is estimated at 70 million euros. According to WB officials, WB could grant 36 million euros for the first phase of the project.

The modernization project of HPP Perucica has been financed with the 5 million euros donation from government of Germany and loan from German KfW Bank of 3,8 million euros. The funds have been used for reconstruction of four units with power output of 38 MW. The reconstruction of units 1 and 2 has started in April this year and it should be finished until end of this year, while two other 38 MW units would be revitalized during the next year. HPP Perucica has

pected that revitalization would prolong the operational life of the plant for another 20 years. Slovenian companies Rudis, Litostroj and Andino from Slovenia will deliver the 5 million euros worth equipment for the plant.

§ § §

Aluminum factory pays 10.6 million euros to EPCG (Montenegro)

Aluminum factory from Podgorica (KAP), the largest industrial customer in the country (200 MW), has decided to pay the debts for electrical energy to Power utility of Montenegro (EPCG). Until the September this year, KAP should pay 10.6 million euros of debts, without interest rates included, which was agreed by KAP and EPCG in the end of March. The debts of KAP were the subject of court procedure prior the agreement.

KAP would pay the debts by the loan from Montenegro Commercial Bank in 6 equal payments of 1.75 million euros or in three payments of 3.5 million euros. The interest rate in the second options would be paid in equal shares by KAP and EPCG. It is expected that EPCG would considerably improve its financial situation after KAP has paid the debts.

§ § §

Small-sized hydro power plants as a long-term strategy (Montenegro)

The minister of economy of Montenegro has repeated once again that development and construction of small-sized hydro power plants (HPPs) should be one of the main priorities of the energy sector. The construction of HPPs is the part of the strategic plans that would resolve the problems of electricity import and could even make Montenegro to become the exporter of electricity by utilizing all hydro potentials in the country.

In April this year, minister of economy of Montenegro announced that government would publish a tender for granting concessions for construction of 15 small-sized hydro power plants (HPPs). The construction of HPPs should start by the end of the year at the sites determined by the strategy of development of small-sized HPPs, adopted by the government of Montenegro in mid March. Montenegro should built overall number of 70 HPPs with overall power output of 240 MW, which could substitute current electricity import in the country. Until 2015th, the share of produced electrical energy in small HPPs should be increased at 2.5 to 4.2 %.

§ § §

Delay of the construction of unit 2 in NPP Cernavoda (Romania)

The construction works on the unit 2 in nuclear power plant (NPP) Cernavoda are most likely to be delayed for at least a year. The reason for the delay is the recently discovered malfunctions in the stored equipment, delivered at the construction site during 1980s and 1990s. The problems were noticed at the two parts of the equipment produced by Fecne-IMGB. Romanian authorities have requested from the company that have installed the equipment, the US company Babcock & Wilcox, to find the solution to repair or to install the proper parts. The main problem with the particular parts of the equipment is the fact that it is not being produced in Romania

it would take most likely year or two to produce them, Romanian officials estimated.

Another problem in NPP is related to Nuclearmontaj, the one of the contractors, whose bank account was confiscated by National Authority for Fiscal Administration (ANAF) due to unpaid debts. The Nuclearmontaj was obliged to finish their part of the construction works by the end of July. The minister of economy said that selection procedure for another constructor could take too much time.

The meeting between representatives of ANAF, Nuclearmontaj, the Ministry of the Economy and Nuclearelectrica, the operator of the NPP Cernavoda, should take place in May in order to find solution for insolvency of Nuclearmontaj. One of the solutions could be confiscation of other assets of the company instead of the bank accounts.

The latest problems in NPP should be discussed in the meeting of Romanian government in mid May. Government has recently authorized ministry of finance to sign the 217 million euros worth loan contract for the purpose of completion of construction works at In the same time, ministry of economy has proposed simultaneous construction of units 3 and 4, for which additional 2.2 billion euros is going to be needed. The simultaneous construction of two units was the best solution according to the feasibility study.

According to the latest announcements, China's company China's Beijing Jianhuan would deliver pressure-testing equipment for the unit 2 in nuclear power plant (NPP) Cernavoda. The pressure-testing equipment should measure the pressure in the reactor building, which is the standard procedure before nuclear unit became operational. Chinese company was selected due to very favorable price, while some parts of the testing equipment would be rented. In the same time, Jianhuan has a great experience with the CANDU type of reactors.

NPP Cernavoda was designed to have 5 units Canadian type technology CANDU, each with 700 MW power output. In this moment, only unit 1 is operational providing 10 % of Romanian power consumption. After unit 2 became operational, NPP Cernavoda will have provided 18 % of power consumption in Romania. The first operational tests of unit 2 should have started in December this year, and the unit was scheduled to be operational in the beginning of March 2007th.

§ § §

Restructuring of the power production companies by the end of year (Romania)

The ministry of economy and commerce has announced intentions for restructuring of the national power production companies until the end of this year. The restructuring should imply joining certain number of thermal power plants (TPPs) with some hydro power plants (HPPs), minister of economy and commerce announced. The feasibility study on restructuring of the power companies has been initiated by Institute for Energy studies and design several months ago. The study should determine the best options for merging the particular HPPs and TPPs.

One of the options is to create regional companies, called Carpati and Muntenia.

Romanian officials believe that one of the advantages of the Romanian TPPs, the majority producers in the country, is the fact that they are mostly owned by the state.

According to the plans of the Romanian authorities, the main aim of the restructuring is to provide the proper balance in power production and to keep the electricity prices at competitive level.

The restructuring should create the price of produced MWh of 31 to 32 euros in Nuclearelectrica, and 36 to 37 euros in future restructured power holdings. According to minister of economy, every price below 40 euros per MWh could be considered as favorable.

Development of entire projects depends on the approval of European Commission (EC) and Competition Council (CC). The CC needs to write of the debts of the Termoelectrica, in order not to have built-in debts in new power holdings. Thermoelectrica's main line of business is the production of electricity and heat energy (to the cities of Bucharest, Constanta, Galati, Deva and Jiu Valley) from the fossil fuels. EC should issue the approval in the next month or two, which should enable establishment of new power holdings in the summer and making it ready for the next winter season. If both involved authorities do not give the approval, the entire project will be postponed until the next spring.

§ § §

The final bids for Electrica Muntenia Sud submitted (Romania)

All five interested companies, which have qualified for the second phase of the tender for privatization of power distribution company Electrica Muntenia Sud, have submitted final bids on May 9th. The bids were submitted by Czech CEZ, Enel from Italy, Gaz de France, Iberdrola from Spain and RWE Energy from Germany. Privatization commission should decide on the winner in the tender by the end of May. The second ranked bidder could also become future owner of the company, in case if the negotiations with the first ranked bidder fail.

Future owner should acquire 67.5 % of the shares in the company, where 50 % of shares should be bought directly and rest will be acquired through the capital stake increase, similar to the previous privatization procedures of the power distribution companies. According to the sources, competition would be very strong having in mind that all companies have submitted very similar financial offers. As a reminder, because of that, government has decided to select all five companies in the final stage of privatization, instead of one of them, as it was predicted by the original tender terms.

In March this year, Romanian officials have estimated the worth of 67.5 % of shares in Electrica Muntenia Sud at 750 million euros, which would be record value for privatizations in Romanian energy sector. In fact, that would be twice the higher than overall amount paid for other four power distribution companies, the Electrica Banat, Electrica Dobrogea, Electrica Oltenia and Electrica Moldova. Electrica Muntenia Sud supplies electrical energy to the capital city of Bucharest and two neighboring counties

Although several bidders considered such price expectations as too high, Romanian minister of economy and commerce has confirmed that two of finalists have offered more than 750 million euros for the Electrica Muntenia Sud. Two bidders, the CEZ and Enel have already active in Romania. The CEZ has purchased 51 % of shares in Electrica of Electrica Oltenia for 151 million euros last year, while Enel is the majority owner of Electrica Banat and Electrica Dobrogea.

Despite the announcement of high sale prices, some analyst believe that privatization of Electrica Muntenia Sud could become another loss making transaction for Romanian state. Experts particularly refer

OMV. According to them, government has allowed to future investors to include all investments in the final price for the privatization of the companies without mechanism to check the real amount of investments. Romanian experts demanded from private owners of power companies to make public their development plans.

Electrica Muntenia Sud is considered as the best and most important power distribution company in Romania. In the last year, company has reported 24.7 million euros of net profit, after 8.3 million of loss in 2004th. In the same time, Electrica SA in whole has reported record net profit, for the state-owned company in Romania, of 197 million euros in 2005th. The increased profit of Electrica was the result of increase in electricity tariff and the privatization incomes from selling four of its aforementioned branches.

§ § §

Transelectrica obliged to provide open access to the electricity market (Romania)

Minister of economy and commerce has demanded from the Romania's transmission system operator, the Transelectrica, to organize the monthly and annual tenders for the available transmission capacity on all Romanian interconnection power lines.

The announcement on liberalization of allocation of electricity export and import capacities was made during the meeting of the minister of economy with the representatives of Regulatory Authority for Energy (ANRE) and Transelectrica. The tenders should take place after the July 1st, when the ANRE approves the new procedures.

§ § §

Economy minister requested the inquiries in electricity market (Romania)

Minister of economy and commerce has requested from his colleagues in the finance ministry to start the inquiry on the certain number of the electrical energy sales made by the power complexes in Rovinari and Turceni and by Hydroelectrica. According to the economy minister, the state-owned power production companies have sold the large amount of the electricity to the private companies that have resold it to the power distribution companies Electrica and Electrica Transilvania Nord at considerably higher prices.

Minister claimed that prices for power distribution companies were 33 % higher. i.e. private companies have paid 27.6 euros per MWh and Electrica bought the electricity at 39.5 euros per MWh. According to the data, in the first quarter of 2006th, Turceni has sold the electricity at the price 25 % below the market price, and lost 4.3 million euros of profit.

Minister was dissatisfied by the fact that managers of the state-owned power production companies avoided to make the business arrangement with other state-owned companies, thus creating the negative economical effects to both power production and distribution companies. Minister announced possible cancellation of all disputable contracts. Economy ministry will propose that all power transaction in electricity market should be carried out through the Romanian Electricity Market Operator (OPCOM), exclusively.

§ § §

Transelectrica put in operation new 400 kV substation (Romania)

Romania's transmission system operator, the Transelectrica, has put in operation new 400 kV substation Brazi West. The new substation is the highly sophisticated gas-insulated type (GIS), with Sulfur hexafluoride (SF6) insulation. The substation is located near the petrochemical company and the thermal power plant Brazi. The new substation represents the first stage of the modernization projects of the 400/220 kV substation in Brazi West. New substation was the priority project related to the development of high voltage power grid in the industrial areas in Romania.

The 400/220 substation Brazi Vest should be entirely finished in mid 2007th. The main contractor is the Japan consortium Itochu-Toshiba-Mitsubishi, and the worth of the investment is 30.5 million euros. The project has being financed by the loan from JBIC (International Japanese Bank for Cooperation) and Transelectrica's own funds.

§ § §

The problems with fake equipment in Hidroelectrica (Romania)

Romanian ministry of economy has expressed the doubts that power producer Hidroelectrica has purchased several fake parts of equipment in period from 2003rd until 2005th. Ministry has hired audit company to perform the financial analysis in order to resolve suspicions. The audit was started after the request of Hidroelectrica. Minister of economy confirmed that it seems that several purchase contracts were signed at below market prices, but the exact worth of fake equipment would be known after the audit was finished. The overall worth of the equipment purchased by Hidroelectrica in 2004th reached 2 million euros, and the further purchase of the equipment has been stopped in 2005th.

§ § §

8 % of Petrom's shares will be sold directly to the employees (Romania)

According to the announcements of the minister of economy and commerce, the ministry has prepared a draft law on sale of 8% of the shares in oil company Petrom, which was the obligation prescribed in privatization contract of Petrom.

The law prescribes that shares have to be sold to the employees directly and not through the third parties or employees' associations. According to the minister, the most of the employees have not been in favor of buying the sales through the associations, this had been the wish of certain directors in Petrom.

After this announcement, the price of the shares of Petrom in Bucharest Stock Exchange increased by 4.6 %, on up to 16 eurocents euros per share.

The draft proposal of the economy ministry should be endorsed by several others ministries and the representatives of the banks. The economy minister believes that proposal will be approved by the government very soon.

In August last year, the Petrom Employees Association has established a consortium with the investment bank Credit Suisse First

of the shares. In that moment, government had not decided on the model for sale of the shares.

The Petrom privatization law has prescribed that employees should pay the shares at same price paid by OMV in 2004th, i.e. 5.25 eurocents per share. Thus, the worth of the minority stake of 8% of shares was set at 235 million euros. Credit Suisse First Boston was authorized to buy 235 million euros worth package, and in return, it would have the part of shares. Recently, Romanian prime minister asked from Romanian Banking Association (ARB) to find the solution for transfer of the shares directly to employees, which should be done by several banks willing to finance the employees.

According to the Romanian economy analysts, direct sale of the shares could cause certain difficulties to Petrom, for which it could be difficult to collect 8% of the stake.

On the other hand, OMV, majority owner of Petrom, has been preparing the funds for the purchase of the shares in case if employees decide to sell the shares in large extent. OMV wants to preserve the stability of the Petrom's shares.

Although the privatization contract of Petrom has not restricted the extent and the time for sale of shares by employees, the analysts have been speculating, that price of the shares could rise up to 17 eurocents, if the employees were restricted to sell the shares, or 14 eurocents if there were no time restrictions on the share.

In this moment, about 10 % of Petrom's shares have been traded in the market reaching 1.9 million euros worth trade (70 % of overall trade in stock exchange), where another 8 % of shares could double the trade.

According to the latest information, The National Securities Commission (CNVM) has decided to block for two weeks, starting from May 12th, the trade of 1.13 % of Petrom's shares due to court procedure related to the capital stake increase.

As a reminder, in the November last year, general shareholders assembly of Petrom decided to increase the capital stake by 18 million euros, but the minority shareholders opposed such decision.

OMV controls 51.1 % of shares in Petrom, ministry of economy 30.8 %, e Proprietatea Fund 9.8 %, European Bank for the Reconstruction and development 2.02 % and several minor shareholders owns the rest of the stake.

In the related news, leader of Democratic Party of Romanian has accused Romanian state that privatization of Petrom was the worst privatization ever done in Romania.

In the same time, high officials of Petrom-OMV said that privatization contract of Petrom could be made public, but in that case, all privatization contracts in Romanian should be also made public.

In July 2004th, OMV has paid 669 million euros for 33.34 % of shares, and later has invested 830 million euros for increase the capital stake increase in order to become the majority shareholder.

§ § §

MOL invests 8 million euros in 2006th (Romania)

The officials of MOL (Hungarian oil and gas company) has announced the continuation of 40 million euros worth investments in Romania until 2007th. The investments have started in 2005th, when some 20 million euros were invested

In 2006th, MOL intends to open six new petrol stations, through the Greenfield investments with overall worth of 8 million euros. In 2007th, another 12 million euros is going to be invested for expansion of petrol station network. MOL Romania is operational since 1995th, and some 150 million euros was invested in 100 petrol stations all around the country.

The announcements of investments in Romania have been announced during the general shareholders meeting of MOL. MOL officials were satisfied with the business results of the company in 2005th saying that stock exchange capitalization reached 10 billion dollars.

The cost of construction of the 280 km long pipeline Burgas – Alexandroupolis, with initial capacity of 35 million barrels per year, is estimated at 700 million euros.

§ § §

Distrigaz Sud reported 400,000 euros of losses in 2005th (Romania)

Gas company Distrigaz Sud has reported 400,000 euros of losses in 2005th, after reporting the net profit of 1.8 million euros in 2004th. The losses in 2005th were explained by the providing funds for uncertain debts of 15.7 million euros, company's officials said

In the same period, company has increased turnover by 20.9 % from 626 million euros up to 757 million euros, and the indebtedness rate company reduced from 33 % down to 17 %. The investments rose by 23.4 % from 61.77 million euros up to 76.2 million euros, where 50 % of the funds were allocated for the modernization of gas network. The overall length of the gas network has increased by 3 % up to 14,261 km.

The number of the customers of Distrigaz Sud was increased by 8.3 %, with their average consumption of 1417 cubic meters of gas. In 2006th, Distrigaz Sud plans to invest 102.5 million euros, where 53 % would be invested in modernization of gas network. As a reminder, Gaz de France has purchased majority stake in Distrigaz Sud in October 2004th, and the transaction was finalized in summer 2005th. The worth of the privatization contract reached 311 million euros.

§ § §

High delegation of Gazprom in visit, Russian company interested for Romgaz (Romania)

The delegation of Russian gas giant Gazprom, led by the vice president of the company, has met the Romania's minister of economy and commerce on May 12th. Two parties have discussed cooperation in energy project, where two of the main subjects were the construction of natural gas storage facility in Roman-Margineni in Neamt County and establishment of joint venture for delivering of natural gas to the Romanian market.

Gazprom and Romgaz have signed an agreement on establishment of joint venture that will be in charge for the construction of Roman-Margineni storage facility. In the incoming period, two parties should discuss the technical issues of the construction, and it was estimated that between 120 and 258 million euros could be invested in the project.

According to the Romanian plans, Roman-Margineni should have storage active capacity between 600 billion and 2 billion cubic me-

ters of gas would be pumped as an inactive capacity. In the same time, Gazprom has expressed high interest for privatization of Romanian natural gas producer Romgaz. The privatization procedure for Romgaz still has not been prepared and published. According to the preliminary plans, Romanian government would sell at least 51 % of shares in Romgaz owned by ministry of economy and commerce. The exact details on the privatization procedure should be known after the presenting the proposal of the official advisors for privatization of Romgaz, the consortium of Credit Suisse First Boston, Linklaters and FRAI. Ministry of economy owns 85 % of the shares in Romgaz, while 15 % of shares were transferred to the Proprietatea Fund. Romgaz's shares should be listed on the Bucharest Stock Exchange and on international stock exchanges.

Beside Gazprom, several other companies, such as Mol from Hungary, Gaz de France, Lukoil from Russia, Ruhrgas and Wintershall from Germany, have also expressed interest for privatization of Romgaz. In February this year, government of Romania has excluded option for selling the Romgaz to the strategic advisor in order preserve control over its domestic gas fields. Romgaz produces about 6.2 billion cubic meters of natural gas per year, which is 50 % of the domestic gas production.

Gazprom and aluminum company Conef have signed long-term natural gas supply contract for the period of 25 years, which would be longest ever supply contract signed by Gazprom. Russian company should deliver 50 billion cubic meters of gas to Conef that would resell the gas on the local market. Overall quantity agreed in the contract represents the amount equal to the three-year natural gas consumption in Romania.

Gazprom officials have also expressed the interest for participation in Nabucco gas project, saying that such ambitious project could be hardly achieved without Russian company. Gazprom is also interested for construction of gas fired thermal and heat power plants and the cooperation in nuclear energy sector in Romania.

§ § §

Announcement of construction of 900 MW combined gas heat-power plant, controversy on the project (Serbia)

On May 10th, Russian state-owned company Tehnopromexport, the part of Russian ministry of economic development, the Swiss company Mentor energy, and Mentor energy Serbia (subsidiary of Mentor energy) have signed the contract for construction of 900 MW CCGT(combined cycle gas turbine) heat and power plant in Novi Sad. The worth of the project is 600 million euros.

The future power plant called Novi Sad 2006 should have 2 gas turbines, one steam turbine and two 450 MW units, while along with the power plant, 2.5 km long pipeline for transport of heat energy toward city of Novi Sad would be built. The construction works should be finished in the period of three years, for which 5,000 to 6,000 workers would be employed. New power plant should have 500 people staff when it becomes operational. The representative from Russian company said that the same type of power plant has been building near Sankt Petersburg.

The interesting thing is that new power plant should be built near the existing heat and thermal power plant Novi Sad (200 MW) operated by Power utility of Serbia (EPS). The news on the project has caused a bit of shock and controversy in Serbia. The officials from EPS, Serbian gas company Srbijagas as well as ministers of energy, industry, capital investments and others were quite surprised by the latest announcement on the greatest green field investment in

None of the government officials has been informed on the project. Some of them expressed the doubts that 900 MW power plant could be built for only 600 million euros, saying that minimum of 1 million euros per MW should be invested. In the same time, the transport capacity of gas pipeline between Hungary and Serbia, the main supply route for Serbia, would not be sufficient for supplying this one of the largest gas power plants in the Europe, officials said. The spokesman of Ministry of energy and mining said that local authorities had the right to build power production facilities, but the ministry needs to grant energy license for construction. Along with energy license, future investors need to acquire necessary licenses from ministry for capital investments and ministry of science and environmental protection. According to the spokesman, nobody has contacted ministry on this issues.

On the other hand, according to adopted energy strategy, Serbia needs to build 800 MW of new power production capacities until 2012th in order to meet the increase in power demand. New Energy law of Serbia, in fact, stimulates the construction of new power production facilities by foreign investors, especially the construction of new modern, environmentally sound power facilities. Several experts in Serbia never heard for Swiss company who registered its subsidiary in Serbia on May 8th. Unofficially, the Mentor energy AG was registered in Switzerland on 28th February this year, and previously has changed the name and head office for several times. On the other hand, Russian company Tehnopromexport is one of the largest companies involved in construction of power plants.

Officials from EPS did not want to comment the construction of new power plant. Unofficially, they were surprised that local authorities in Novi Sad wanted to build new plant near existing heat and power plant. In fact, EPS has recently invited potential strategic partners willing to invest in capital revitalization and reconstruction of existing power plant.

Some analysts believe that announcement of construction of new plant was the first conflict between Russian and US investors in Serbia. According to sources, one US company has been interested for revitalization project of EPS's heat and power plant in Novi Sad.

§ § §

EPS looking for strategic partners for construction of new production facilities (Serbia)

In the beginning of May, Power utility of Serbia (EPS) has published the international advertise in Financial Times, i.e. letter of intentions regarding the invitation of strategic partners willing to participate in the construction of new power generation facilities and revitalization of existing ones.

The first option proposed in the letter is the continuation of construction of thermal power plant (TPP) Kolubara B (2x350 MW). In the same time, EPS has invited potential partners to propose the Greenfield projects for construction of new power plants in Serbia. EPS is also looking for strategic partners in the project of capital revitalization of combined heat and thermal power plants in Vojvodina province (300 MW). Officials from EPS stated that publishing the letter of intentions was the first step in the selection of strategic partners, which has been the part of the tenders for selection of financial advisors in aforementioned projects.

New power production capacities are necessary to built in order to meet the increase in power demand forecasted until 2012th. The public invitation should be opened until the end of 2006th, when

tion of strategic partner is expected to take place during 2007th. With the latest decision, EPS intends to solve two of its large problems, the investment in TPP Kolubara B, which has been stalled for 15 years, and modernization of combined power plants.

EPS has offered several options for inclusion of strategic partners. One of the options is the establishment of joint venture, where the ownership would depend on size of the invested funds. The other options are the direct investments, recapitalization and other models of investments, which would require restructuring of the new company. TPP Kolubara B or new power plant with designed power output of 700 MW will be obliged to use coal from coalmine Kolubara. One of the options for strategic partners is the investment in mining projects. Until now, 350 million euros has been invested in the project of construction of TPP Kolubara B. According to estimations, another 800 million euros still needs to be invested, where 550 million euros should be invested in TPP and 250 million euros in new coalmines that would provide coal for the TPP. The Greenfield investment in entire new TPP would imply investing of much greater funds.

Combined heat and thermal power plants should be reconstructed into the modern and highly efficient CCGT(combined cycle gas turbine) facilities that would continue to produce heat and electrical energy. EPS expected that city of Novi Sad and Oil refinery in Novi Sad could be interested for the participation in the project as one of the largest buyers of heat energy and industrial steam, respectively.

§ § §

Government approved establishment of Energy community (Serbia)

In the beginning of May, government of Serbia has presented the Law proposal for ratification of contract for establishment of Energy community between EU and Albania, Bulgaria, Bosnia and Herzegovina, Macedonia, Montenegro, Romania, Serbia and Interim UN mission in Kosovo. The law should be approved by the Serbian parliament.

§ § §

Oil summit in Novi Sad (Serbia)

On May 4th and 5th, two-day oil summit was held in Novi Sad, the center of Serbian province Vojvodina. The summit was attended by the oil companies from Scout Group for Eastern and Central Europe. NIS representatives announced that NIS is looking forward to establishment of business relations and direct cooperation with other oil companies, members of Scout group.

The main task of the Scout group for Eastern and Central Europe is to establish the cooperation and voluntarily exchange of data regarding the oil production and exploration in the region, which should provide options for joint ventures between member countries. The group was founded in 1993rd by the oil companies from Albania, Armenia, Azerbaijan, Belarus, Bulgaria, Croatia, Czech Republic, Greece, Kazakhstan, Hungary, Lithuania, Latvia, Poland, Moldova, Russia, Romania, Slovenia, Slovakia, Turkey, Ukraine and Serbia and Montenegro.

§ § §

Srbijagas and MOL signed new contract for delivery of natural gas (Serbia)

On May 5th, the representatives of MOL's subsidiary for transport of natural gas and Serbian gas company Srbijagas have signed extension of the contract for delivery of natural gas. According to the contract, Serbia will import average amount of 10 million cubic meters of natural gas per day during the winter season, and 6.2 million cubic meters per day during the summer season. The deliveries from MOL could be reduced only if the main supplier, the Russian Gazprom, has reduced natural gas deliveries to MOL. The contract, considered as favorable by both companies, should provide stable and continual supply of natural gas to Serbia until December 31st, 2017th, while the aforementioned amount of natural gas will be delivered to Serbia in the period from 2006th until 2010th. The officials from Serbian public gas company have pointed out that new contract would reduce costs by 80 % and save 14 million dollars per year for Serbia.

The first contract between MOL and Serbia was signed in 1998th and it was constantly enlarged by new amendments in order to reduce transport fees. The last extension of the contract expired in April this year.

§ § §

INA and NIS agreed on cooperation in oil projects in Egypt (Serbia & Croatia)

Croatian oil industry (INA), i.e. INA's subsidiary Croscop, in charge for exploration and exploitation of oil fields, and Serbian oil industry (NIS) have reached preliminary agreement on cooperation in the Egyptian oil fields. This was announced during the meeting of minister of economy of Croatia, and ministers of industry and privatization and energy and mining of Serbia, held in Belgrade on May 9th. Ministers did not present any details on the worth and the exact start of the project because agreement was still in preliminary phase. It is expected that NIS will provide oil-drilling equipment, while INA will be in charge for know-how technologies.

Serbia and Croatia still needs to resolve the issues regarding the former petrol stations of INA in Serbia, which were transformed in new company Beopetrol, now owned by Lukoil. Minister of energy and mining of Serbia has also announced increased cooperation between two national power utilities, Power utility of Serbia (EPS) and Power utility of Croatia (HEP).

§ § §

OMV, Gazprom and MOL in battle for gas market (Serbia)

According to the newspapers in Serbia and Croatia, Austrian oil company OMV and Russian giant Gazprom are in the middle of the behind-the-scene struggle for the Serbian oil and gas market.

Source said that Serbian public gas company Srbijagas and OMV had been close to the signing the memorandum on strategic partnership. The agreement was stopped in the last minute by the state officials due to conflicted interest of the several coalition partners in the government. Opposition Democratic Party and opposition Socialist party (which grants the limited support to the government) are in favor of strategic partnership with OMV because they believe that future gas pipeline from Iran toward Western Europe could have extension toward Serbia. In the same, agreement with OMV would

of current situation where the natural gas supplies come only from Russia, democrats and socialists believe.

On the other hand, ruling parties are in favor of publishing the tender for particular oil and gas projects in the country. The competition between Gazprom and OMV came in the middle of plans for the two vital natural gas projects, the construction of natural gas storage facility in Banatski Dvor and construction of new natural gas pipeline from city of Nis toward Bulgarian border. Both, OMV and Gazprom, have offered strategic partnership in these projects, exchange of information and modern technology.

One of the coalition parties in the government has strongly opposed the recent offer of Gazprom for strategic partnership in the construction of storage facility in Banatski Dvor prior the tender procedure.

After the recent signing of contract between MOL and Serbia for supply of natural gas until December 31st, 2017th, Hungarian company has strengthen its position in Serbia and again expressed its interest for the participation in the project for construction storage facility in Banatski Dvor as well for the privatization of Oil industry of Serbia (NIS).

§ § §

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:

EPS, Serbia

Installation Works On Substations X/10kv

Content:

PRIOR NOTICE on the intention to initiate a restricted procedure for the public procurement of electric assembly works on x/10kV transformer stations for the needs of the maintenance and re-construction of electric power facilities situated in the ELEK-TRODISTRIBUCIJA - BEGRAD d.o.o. zone of operation for a period of three years (2006/2008). The total dinar value of the planned procurement is 600,000,000 dinars

Contact:

Milos Hadzic, Tel: +381 11 3471-572

Company / organization:

Government of the Republic of Montenegro

Sale of Thermal Power Plant "Termoelektrana" Pljevlja

Deadline:

Contact:

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

Company / organization:

Government of the Republic of Montenegro

Sale of Thermal Power Plant "Termoelektrana" Pljevlja

Content:

The subject-matter of this tender (hereinafter: "Tender") is the sale of the thermal power plant "Termoelektrana" Pljevlja as assets of the public electricity company of Montenegro, "Elektroprivreda Crne Gore" a.d. Nikšić, and sale of 1.575.632 shares, i.e. 31,1117% of the share capital of the company "Rudnik uglja" A.D. Pljevlja, owned by the Republic of Montenegro, to a single buyer.

Basic information on "Termoelektrana" - Pljevlja is available at the following Internet address:

<http://www.epcg.cg.yu>

Basic information on "Rudnik uglja" A.D. - Pljevlja is available at the following Internet address:

<http://www.rupv.com>

Deadline:

May 27 2006

Contact:

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Company / organization:

EBRD - European Bank for Reconstruction and Development, related Bulgaria

Power Transmission - Goods, works, services

Content:

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

A.2.2. Construction of HV line 400 kV Zlatitsa -Plovdiv, and Re-routing of existing 110 kV Lines.

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

Contracts to be financed with the proceeds of a loan from the Bank will be subject to the Bank's Procurement Policies and Rules and will be open to firms from any country. The proceeds of the Bank's loan will not be used for the purpose of any payment to persons or entities, of for any import of goods, if such payment or import is prohibited by a decision of the United Nations Security Council taken under Chapter VII of the Charter of the United Nations or under a law of official regulation of the Purchaser's country.

Deadline:

24 November 2006 at 23:00, Sofia time

Contact:

Lubomir Velkov - Head of Investment division
Tel: +359 2 987 9154
Fax: +359 2 986 12 88

Company / organization:	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: <ul style="list-style-type: none"> - 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: <ul style="list-style-type: none"> (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:	EBRD, related Romania
Romania - CFR Traction Energy Network Management Project	
Content:	CFR SA and its subsidiary CFR Electricare have applied for a loan from the European Bank for Reconstruction and Development and intends to use its proceeds towards the cost of a project to continue modernisation and introduce cost-savings measures in management of its traction energy network. The proposed project, which has a total estimated cost of EUR 27 million equivalent (EUR 22.5 m from the Bank and EUR 4.5m in VAT and other taxes), will require the procurement of the following goods, works and services; Supply and installation of equipment sets consisting of traction substations, switching equipment, railway station distance control equipment, and central dispatching equipment and communication facilities; Supply of catenary maintenance vehicles; and Consultancy services for contract supervision. Tendering for the above contracts is expected to begin in the first quarter of 2006. Contracts to be financed with the proceeds of a loan from the Bank will be subject to the Bank's Procurement Policies and Rules and will be open to firms from any country. The proceeds of the Bank's loan will not be used for the purpose of any payment to persons or entities, of for any import of goods, if such payment or import is prohibited by a decision of the United Nations Security Council taken under Chapter VII of the Charter of the United Nations or under a law of official regulation of the Purchaser's country.
Deadline:	22 Jul 2006
Contact:	Mr. Tiberiu Angelescu, Director of Foreign Financing Directorate, Compania Nationala de Cai Ferate CFR – SA, 38, Dinicu Golescu Blvd., 3rd floor, room no. 26, 010873 Bucharest 1, Romania, Tel.: +40 21 224 84 06, Fax: +40 21 222 14 45

Company / organization:	EPS, related Serbia
Transmission System Rehabilitation	
Content:	This Invitation for Tenders follows the General Procurement Notice for this project which was published in the Official Journal of the European Communities on 13 August 2003. and the Invitation for Tenders published in the same publication on 22 March 2005. This previous tender has been cancelled.
	Section 1: Connectors, Fittings, Insulator Strings, Conductors, Earthing System and Steel Profiles Section 2: 220 V d.c. system Section 3: auxiliary transformers, 400/230 V a.c. switchgear, Diesel generator, MV switchgear Section 4: Cables, terminal blocks with accessories for conductors
Deadline:	June 12, 2006 at 12:00, local time
Contact:	Mr Veselin Koprivica Tel: 381-11-32 38 536 Fax: 381-11-32 42 414

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

Company / organization:	European Investment Bank- EIB, related Bulgaria
Procurement of 220 kV equipment in several lots	
Content:	<p>The Natsionalna Elektricheska Kompania (NEK EAD)(hereinafter referred to as "the Borrower) has received a loan from the European Investment Bank- EIB (hereinafter referred to as "the Bank") toward the cost of Project "Energy 2".This International Invitation for Bids relates to the contract for procurement of 220 kV equipment for rehabilitation of transmission network</p> <p>This contract will include procurement of 220 kV equipment according to IEC standards in lots as follows:</p> <ul style="list-style-type: none"> - Lot 1 Circuit breakers - Lot 2 Disconnectors - Lot 3 Current transformers - Lot 4 Voltage transformers - Lot 5 Combined transformers - Lot 6 Surge arresters
Deadline:	June 15, 2006 at 12:00, Sofia time
Contact:	Mrs Ludmila Vitanova Tel.+359 2 9263552 Fax: +3592 9861288 Email: lvitanova@nek.bg

Company / organization:	EAR, related Romania
Construction of the over head line 400 KV single circuit Arad-Nadab Location - Romania	
Content:	<p>The project aims to provide technical assistance for supporting Transelectrica –Romanian Power Grid Company, in supervising the implementation of construction works under FIDIC Yellow conditions for the Arad-Nadab high voltage overhead line. The Consultant will provide assistance for the supervision of the performance of the works contractor, acting as 'Engineer' as defined in the FIDIC Condition of Contracts</p> <p>Maximum budget 400.000 euro</p>
Deadline:	29 May 2006, 16:00, hrs, local time
Contact:	<p>Central Finance and Contracts Unit (CFCU), Ministry of Public Finance,</p> <p>Mircea Voda Avenue, no.44, B entrance, Sector 3, Bucharest, Romania Phone: + 40 21 326 55 55 (switchboard) Fax: 00 40 21 326 87 30 / 326 87 09</p>

Company / organization:	EAR, related Serbia
Technical Assistance to the Serbian Energy Regulatory Agency Republic of Serbia, State Union Serbia and Montenegro	
Content:	<p>Technical assistance will be provided to the Serbian Energy Regulatory Agency (the independent energy regulator) to further build and develop the capacity of the Agency (building on earlier capacity building TA). This assistance will relate to aspects of the secondary legislation necessary to create an electricity market in Serbia and in the South East Europe region and particularly to:</p> <ul style="list-style-type: none"> - Support for the implementation of tariff methodologies and tariff reviews for regulated businesses (including analysis of justified costs) and the development and implementation of incentive based tariff methodologies; - Review of existing and drafting of new outlines of technical codes; -Developing market monitoring guidelines; · Development of necessary information system / data base; · Training. <p>Maximum budget € 1,500,000</p>
Deadline:	June 20 2006, 16:00, hrs, local time
Contact:	<p>The European Agency for Reconstruction Procurement Unit, 3rd floor Vasina 2-4, 11000 Belgrade Serbia and Montenegro Fax no.: +381 11 3023 466</p>

Company / organization:	EAR, related Bulgaria
Assistance to the Bulgarian Nuclear Regulatory Agency (BNRA) in capacity building in the areas of regulatory guides, assessment capabilities, staff training and quality management	
Content:	<p>As a part of PHARE program, the aim of the present project is to provide EU experience in the fields of development and enforcement of regulatory safety guides, performing safety assessments and review of licensee safety documentation, and improvement of BNRA self sustainability in drawing regulatory training programs. An additional focus is placed on the improvement of BNRA capacity through staff training, transfer of knowledge and capabilities, improvement of BNRA regulatory requirements, assessment capabilities and practices, including quality management systems in respect to the enforcement of the New Act on the Safe Use of Nuclear Energy.</p> <p>The transfer of knowledge and capabilities will allow the BNRA to handle the above-mentioned issues by itself in the future and actively contribute to the continuous improvement of nuclear safety and radiation protection in the community. Indicative Maximum budget EUR 1 050 000</p>
Deadline:	19 May 2006, 16:00, hrs, local time
Contact:	Central Finance and Contracts Unit (CFCU) Ministry of Finance, 102 Rakovski St., 1040 Sofia, Bulgaria

Company / organization:	EAR, related Kosovo
Studies to support the development of new generation capacities and related transmission	
Content:	<p>The contract should provide a knowledge base for decision makers in Kosovo and potential bidders for new thermal generation capacity in Kosovo.</p> <p>The activities to be performed through the contract include a power market analysis (based on regional and domestic demand and supply forecasts, and an assessment of potential off-take opportunities for the new power plant); a transmission system impact assessment, including regional transmission system assessment and its development plans up to 2020, and analysis of the impact of the new power plant on the local and regional transmission networks; and new power plant siting (including environmental and social impact), technical analysis (including technology and unit size review), economic and financial analysis, and development of a work plan for new generation capacity.</p>
Deadline:	6 June 2006, 17:00, hrs, CET
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 – European Bank for Reconstruction and Development, related Bulgaria
Sofia District Heating Rehabilitation Project - Supply of Frequency Converters and Associated Services for Sofia East Power Plant	
Content:	<p>This Invitation for tenders follows the General Procurement Notice for this project, which was published on EBRD' Web site on 30 January 2006. Toplofikacija Sofia AD hereinafter referred to as the Purchaser, intends using part of the proceeds of a grant from the Kozloduy International Decommissioning Support Fund (KIDSF), administered by the European Bank for Reconstruction and Development (the Bank), towards the cost of Sofia District Heating Rehabilitation Project.</p> <p>The Purchaser now invites sealed tenders from suppliers for the following contract to be funded from part of the proceeds of the grant for supply of four VFD (Variable Frequency Drive) systems for the engines of existing network pumps and associated services including related installation works.</p>
Deadline:	1 Jun 2006 at 14:00, Sofia time
Contact:	Mr. Vassil Petrov, Ph.D. Fax + 359 (2) 958 1264 Phone +359 (2) 8598166

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Oil and Gas

Company / organization:	INA, related Croatia
API Sucker Rod 5/8" x 25 ft and API Sucker Rod 3/4" x 25 ft. Grade D, for mild corrosive conditions	
Deadline:	May 30, 2006 at 11.00 hrs, local time
Contact:	Mrs.V. Bigač, tel.+385 1 6451050, fax:+385 1 6452048, e-mail: vlatka.bigac@ina.hr

Company / organization:	INA, related Croatia
Spare parts for MUR equipment (SN-588/06)	
Deadline:	May 25, 2006 at 11.00 hrs, local time
Contact:	Mrs.S.Milas, tel: +385 1 6451010, fax: +385 1 6452048

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Coal

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

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