

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

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» Review of electricity distribution companies and retail prices in Balkan region

#### News headlines:

- » Speeding up the Bourgas – Alexandroupoulos oil pipeline (Region)
- » Transneft to get 33 % of shares in future Bourgas –Alexandroupoulos oil pipeline (Region)
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- » Italian consortium won in the tender for construction of TPP Vlora (Albania)
- » 20 million dollars loan for Patos Marinza oil field (Albania)
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- » PPC to invest 1.6 billion euros in renewable energy sources until 2014th (Greece)
- » Reduction in profit in the first nine months for Hellenic Petroleum (Greece)
- » PPC to claim 2.4 billion euros from the state (Greece)
- » EVN demanded 13 % increase in electricity prices in 2007th (Macedonia)
- » BiH to deliver electricity for Macedonia (Macedonia)
- » TPP Negotino put in operation (Macedonia)
- » Tender for TPP Negotino cancelled (Macedonia)

- » MEPSO received bids for only 33 % of required electricity in December (Macedonia)
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- » EPCG considers introduction of prepaid billing system (Montenegro)
- » Montenegrobonus denied claims of Petrol regarding the construction of new HPP (Montenegro)
- » Five bids in a tender for import of electricity (Montenegro)
- » Reduction in profit of 30 % for Electrica (Romania)
- » Parsons Brinckerhoff Power consultant for restructuring of electrical energy sector (Romania)
- » Unit 2 in NPP Cernavoda successfully finished new test (Romania)
- » Rompetrol announced construction of power plant (Romania)
- » E. On Gaz Romania and Petrom signed natural gas supply agreement (Romania)
- » General manager of EPS called for electricity price increase (Serbia)
- » Blue Stream to be extended across Serbia (Serbia)
- » EPS selected consultants for several projects (Serbia)
- » New ash disposal system for TPP Kostolac B (Serbia)
- » Revitalization of HPPs will start in 2007 (Serbia)
- » Ecological investments in EPS (Serbia)
- » EPS signed contract with Takraf and Krupp (Serbia)

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

### Contacts:

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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.

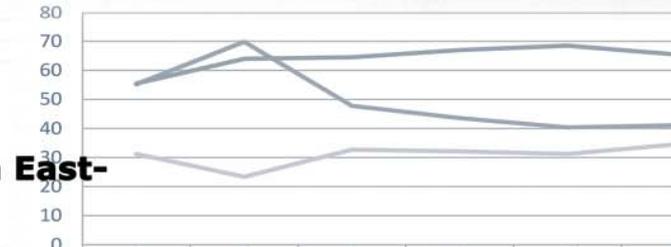
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|     |      |          |      |       |      |      |      |
|-----|------|----------|------|-------|------|------|------|
| 038 | 1022 | Slovenia | 2009 | 10354 | 1083 | 978  | 938  |
| 048 | 1134 |          | 2010 | 12287 | 1083 | 991  | 1054 |
| 061 | 1077 |          | 2011 | 12590 | 955  | 1051 | 1127 |

OPCOM

| Annual electricity consumption in GWh |      | Year | Sum   | 1    | 2    | 3    | 4   |
|---------------------------------------|------|------|-------|------|------|------|-----|
| 11                                    | 12   | 2007 | 11182 | 1027 | 891  | 953  | 850 |
| 016                                   | 1120 | 2008 | 11570 | 1094 | 998  | 1012 | 911 |
| 095                                   | 1089 | 2009 | 10994 | 1099 | 932  | 963  | 816 |
| 061                                   | 1054 | 2010 | 11722 | 1074 | 979  | 1016 | 910 |
| 000                                   | 1156 | 2011 | 12186 | 1155 | 1038 | 1075 | 938 |



|              | 1     | 2     | 3     | 4    | 5     | 6    |
|--------------|-------|-------|-------|------|-------|------|
| 2012 Price   | 55.23 | 69.87 | 47.81 | 43.6 | 40.39 | 41.1 |
| T Deviation  | 1.2   | -6.6  | 2.7   | 2.1  | 1.2   | 4.1  |
| Danube level | 25.5  | 34    | 34.5  | 37   | 38.5  | 39.5 |

## Country Reports on Energy Business in South Eastern Europe

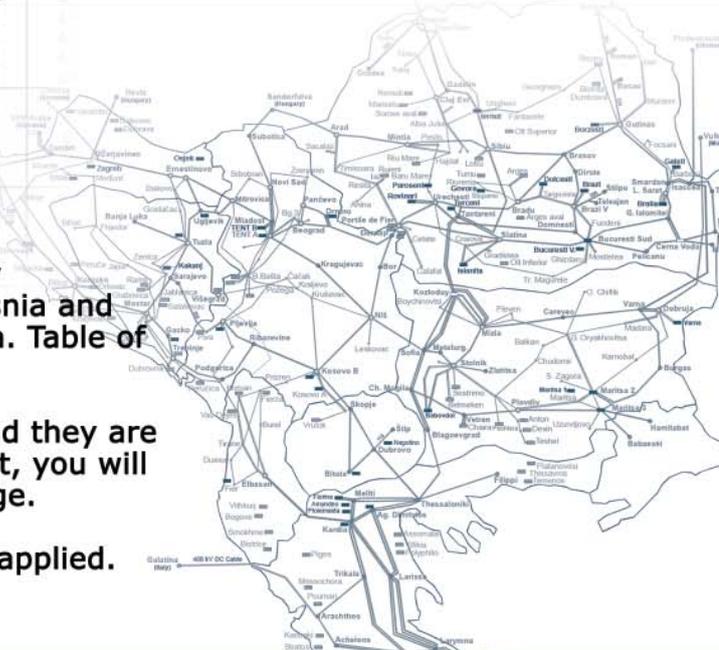
Country reports provide detailed overview of energy sector:

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

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

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

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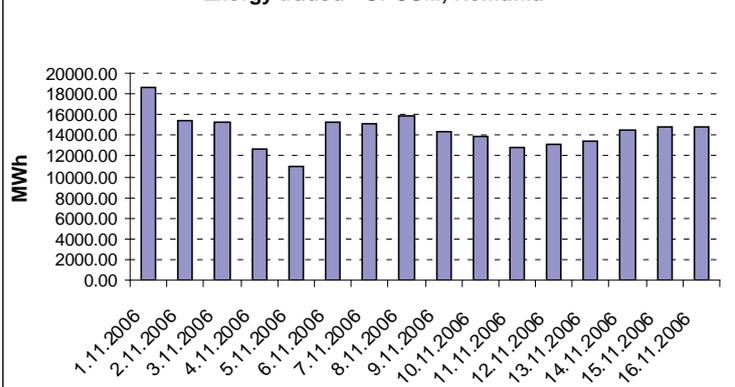
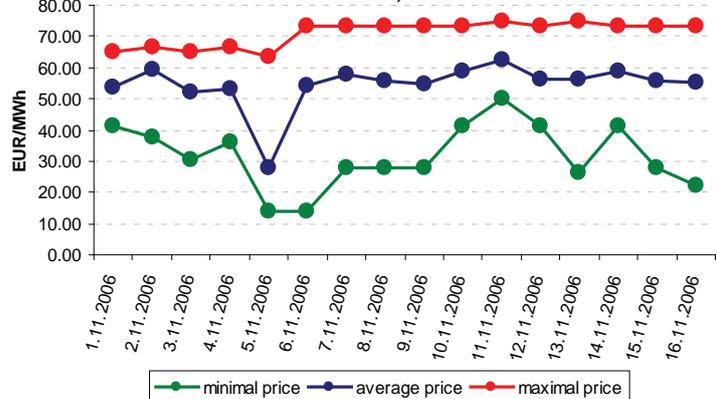
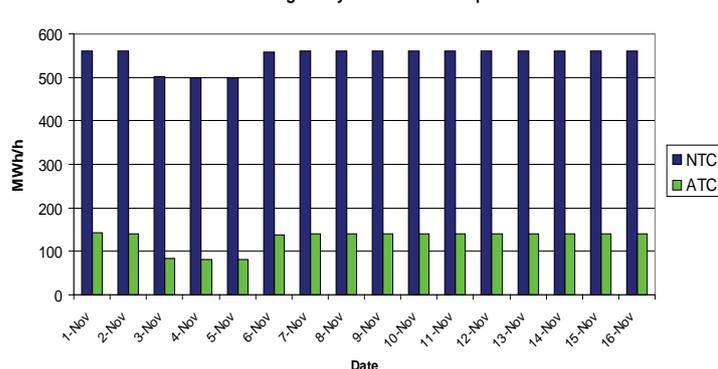
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**Power exchanges data:**

In the period from 1.11.2006 till 16.11.2006 no trades were performed on Borzen

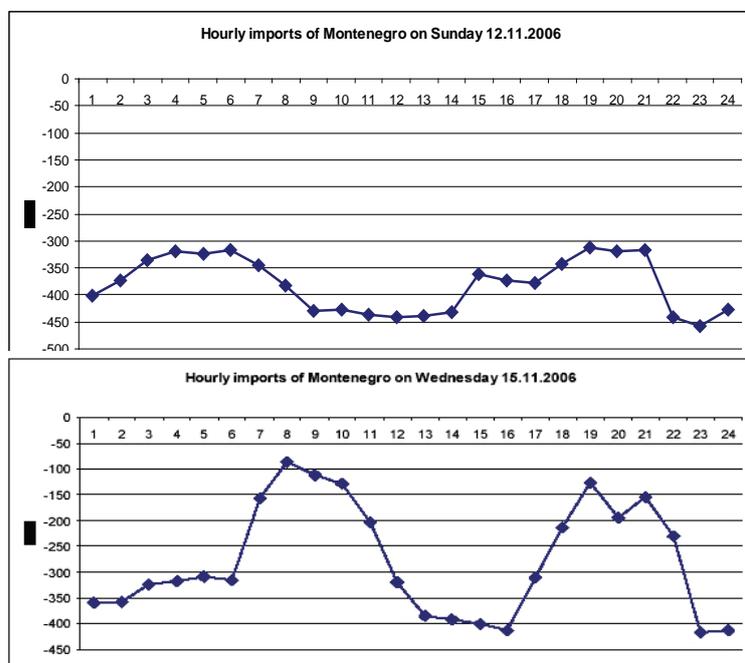
**Energy traded - OPCOM, Romania****Prices - OPCOM, Romania****Greece - Average Daily Transmission Capacities**

| Hour         | Traded Volume [MWh/h] | MCP [EUR/MWh] |
|--------------|-----------------------|---------------|
| 1            | 500,257               | 195           |
| 2            | 560,118               | 195           |
| 3            | 647,652               | 185           |
| 4            | 666,546               | 150           |
| 5            | 672,521               | 150           |
| 6            | 654,957               | 185           |
| 7            | 575,120               | 185           |
| 8            | 540,038               | 150           |
| 9            | 565,990               | 200           |
| 10           | 568,763               | 200           |
| 11           | 565,379               | 200           |
| 12           | 555,830               | 220           |
| 13           | 558,246               | 200           |
| 14           | 576,478               | 200           |
| 15           | 539,977               | 220           |
| 16           | 536,090               | 220           |
| 17           | 481,295               | 220           |
| 18           | 501,614               | 236           |
| 19           | 459,692               | 250           |
| 20           | 427,804               | 265           |
| 21           | 405,473               | 265           |
| 22           | 490,735               | 236           |
| 23           | 533,986               | 230           |
| 24           | 605,543               | 200           |
| <b>Total</b> | <b>13,191.10</b>      |               |

Opcom, Romania: Energy Traded on Sunday, November 12, 2006

| Hour         | Traded Volume [MWh/h] | MCP [EUR/MWh] |
|--------------|-----------------------|---------------|
| 1            | 779,191               | 150           |
| 2            | 707,500               | 130           |
| 3            | 657,009               | 100           |
| 4            | 649,990               | 100           |
| 5            | 640,555               | 100           |
| 6            | 708,925               | 150           |
| 7            | 721,616               | 155           |
| 8            | 647,130               | 241           |
| 9            | 574,929               | 250           |
| 10           | 581,735               | 250           |
| 11           | 611,610               | 241           |
| 12           | 619,447               | 241           |
| 13           | 664,868               | 241           |
| 14           | 662,313               | 241           |
| 15           | 639,060               | 241           |
| 16           | 667,975               | 240           |
| 17           | 657,617               | 241           |
| 18           | 494,487               | 265           |
| 19           | 453,064               | 265           |
| 20           | 454,991               | 265           |
| 21           | 485,819               | 265           |
| 22           | 548,629               | 250           |
| 23           | 551,560               | 230           |
| 24           | 554,907               | 100           |
| <b>Total</b> | <b>16,862.98</b>      |               |

Opcom, Romania: Energy Traded on Wednesday, November 15, 2006



\*Physical imports are shown, i.e. with included generation of HPP Piva in exchange total of Montenegro

In the period from 1.10.2006 till 16.10.2006:  
Montenegro maximum daily consumption: 14,4 GWh  
Montenegro maximal hourly consumption: 675MWh

### Danube water-level

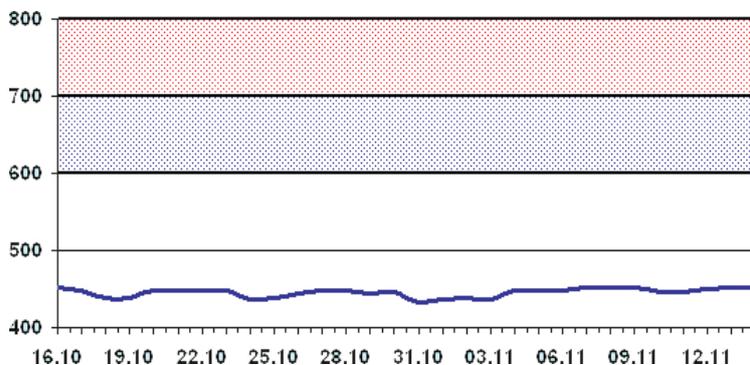
relevant for:

HPP Portile de Fier I, 1167 MW, Romania

HPP Portile de Fier II, 270 MW, Romania

HPP Djerdap I, 1058 MW, Serbia

HPP Djerdap II, 270 MW Serbia



### Weather conditions

|                                       | 16.11.                          | 17.11.                          | 18.11.                         | 19.11.                           | 20.11.                           |
|---------------------------------------|---------------------------------|---------------------------------|--------------------------------|----------------------------------|----------------------------------|
| Albania<br>Tirana                     | T: 12-22<br>W: S 1-1.5<br>R: -  | T: -12-22<br>W: S 1-1.5<br>R: - | T: -11-22<br>W: -<br>R: -      | T: -10-21<br>W: SW 1-1.5<br>R: - | T: 7-18<br>W: W 1-1.5<br>R: -    |
| Bosnia and<br>Herzegovina<br>Sarajevo | T: 0-16<br>W: S 1.5-3.3<br>R: - | T: 0-16<br>W: S 1.5-3.3<br>R: - | T: -1-16<br>W: S 1-1.5<br>R: - | T: 1-11<br>W: E 1.5-3.3<br>R: -  | T: 3-7<br>W: S 1.5-3.3<br>R: -   |
| Bulgaria<br>Sofia                     | T: 2-16<br>W: W 1.5-3.3<br>R: - | T: 2-16<br>W: NE 1-1.5<br>R: -  | T: 2-16<br>W: NW 1-1.5<br>R: - | T: 1-14<br>W: E 1-1.5<br>R: -    | T: 2-9<br>W: E 1.5-3.3<br>R: 0.8 |
| Croatia<br>Zagreb                     | T: 5-17<br>W: SW 3-5.4<br>R: -  | T: 6-17<br>W: SW 3-5.4<br>R: -  | T: 7-17<br>W: SW 3-5.4<br>R: - | T: 8-9<br>W: NE 3-5.4<br>R: 2.3  | T: 6-8<br>W: NE 1-3.3<br>R: -    |
| Greece<br>Athens                      | T: 12-21<br>W: -<br>R: -        | T: 12-21<br>W: -<br>R: -        | T: 12-10<br>W: W 1-1.5<br>R: - | T: 11-18<br>W: N 3.3-5.4<br>R: - | T: 12-18<br>W: N 3.3-5.4<br>R: - |
| Macedonia<br>Skopje                   | T: 6-15<br>W: E 1-1.5<br>R: -   | T: 6-15<br>W: E 1-1.5<br>R: -   | T: 6-15<br>W: NE 1-1.5<br>R: - | T: 5-13<br>W: E 1-1.5<br>R: -    | T: 2-8<br>W: N 1-1.5<br>R: -     |
| Montenegro<br>Podgorica               | T: 6-19<br>W: S 1-1.5<br>R: -   | T: 7-19<br>W: SE 1-1.5<br>R: -  | T: 6-18<br>W: S 1-1.5<br>R: -  | T: 7-18<br>W: SE 1-1.5<br>R: -   | T: 10-17<br>W: E 1.5-3.3<br>R: - |
| Romania<br>Bucharest                  | T: 7-17<br>W: SW 3-5.4<br>R: -  | T: 2-16<br>W: SW 1-3.3<br>R: -  | T: 3-15<br>W: SE 1-3.3<br>R: - | T: 2-9<br>W: E 1.5-3.3<br>R: -   | T: 3-5<br>W: NE 1-3.3<br>R: -    |
| Serbia<br>Belgrade                    | T: 7-17<br>W: SE 1-3.3<br>R: 4  | T: 7-19<br>W: SE 1-3.3<br>R: -  | T: 7-19<br>W: E 1-3.3<br>R: -  | T: 8-14<br>W: E 3-5.5<br>R: -    | T: 7-10<br>W: E 3-5.5<br>R: -    |

### Average weater conditions for November

|                                       | Daily<br>Minimum<br>(°C) | Daily<br>Maximum<br>(°C) | Mean total<br>rainfall | Mean number<br>of rain days |
|---------------------------------------|--------------------------|--------------------------|------------------------|-----------------------------|
| Albania<br>Tirana                     | -                        | -                        | -                      | -                           |
| Bosnia and<br>Herzegovina<br>Sarajevo | 1.6                      | 9.7                      | 94.0                   | 10.0                        |
| Bulgaria<br>Sofia                     | 1.2                      | 9.6                      | 48.0                   | 9.0                         |
| Croatia<br>Zagreb                     | 1.8                      | 9.3                      | 84.8                   | 12.2                        |
| Greece<br>Athens                      | 9.8                      | 18.1                     | 58.3                   | 9.7                         |
| Macedonia<br>Skopje                   | 1.4                      | 11.2                     | 56.0                   | 9.0                         |
| Montenegro<br>Podgorica               | 6.8                      | 15.4                     | 239.0                  | 14.0                        |
| Romania<br>Bucharest                  | 1.6                      | 10.0                     | 49.0                   | 6.0                         |
| Serbia<br>Belgrade                    | 4.0                      | 11.0                     | 54.0                   | 12.0                        |

T: Ts in Celsius degrees.

W: Ws in m/s, S – South, W – West, N – North, E – East and variables.

R: Rain in mm

### Analysis:

### Review of electricity distribution companies and retail prices in Balkan region

Recently adopted Energy Community Treaty (for South East Europe), among the others, set up rules and deadlines for distribution companies unbundling and retail market opening, fully in accordance with European Community Directives 2003/54/EC and 2003/55/EC and Regulation 1228/2003. As for the Transmission System Operators, legal, functional and account unbundling of the Distribution System Operators (DSOs) is set to be at the latest 1 January 2010, according to the Treaty. Unbundling of DSOs serving more than 100.000 customers applies from July 2007 onwards in the European Union. Eligible customers, within the meaning of the relevant EU directives, in South East Europe are: from 1 January 2008, all non-household customers; and from 1 January 2015, all customers.

Most of the distribution companies in the Balkan region are the state-owned, except for the Bulgaria and Macedonia where distribution companies are fully privatized and for Romania where one-half of the companies are privatized. The goal of privatization is to attract the capital necessary for the consolidation of the electricity distribution companies, to create more competitive and stronger companies and to obtain competitive electricity prices. Privatization of the power sector in the Balkan countries with economy in transition starts with distribution business, while generation capacities follow. Some countries started privatization before restructuring was done (e.g. Bulgaria). Inert consumer reaction on market eligibility is the main reason for distribution company acquisition. While buying distribution companies investors are indeed buying supply business (i.e. become incumbent supplier having significant market share).

Several technical assistance projects are under way in the region to liberalize retail electricity markets in compliance with the EU directives. Regarding tariff methodologies, most of the countries have adopted retail tariffs. However, they are not applied everywhere

yet. Also, many tariffs are kept below full cost recovery. Household collection range from 73% (Albania) to 94-96% (Bosnia and Herzegovina, and Serbia without territory of Kosovo and Metohija where collection rate is extremely low).

### 1. Albania

Distribution of electricity in Albania is organized through state-owned power utility KESH ([www.kesh.com.al](http://www.kesh.com.al)) and is conducted regionally in eight zones: Tirane, Burreli, Korca, Fieri, Durresi, Berati, Elbasani and Shkodra. During year 2005, 4.1 TWh was consumed, without taking in account losses in transmission and distribution. In the past few years, the power corporation KESH has received hundreds of millions of euros to be invested in the power system development and electricity imports, but the country continues to suffer chronic electricity problems due to outdated distribution system and lack of money. KESH also suffers from a chronic nonpayment of bills by consumers and systemic failures lead to the loss of about 40% of electricity through "leakage" in the distribution system.

| Tariff elements      | Unit | Time-of-day   | up to 210 kWh/month | over 210 kWh/month |
|----------------------|------|---------------|---------------------|--------------------|
| i) Active energy (P) | kWh  | Single Tariff | 3.650               | 7.299              |

» Table: Retail electricity prices in Albania (in € cents per kWh)

### 2. Bulgaria

In Bulgaria, there are seven electric distribution companies and since 2005, they are all privatized. In 2005, 23 TWh was sold to distribution companies.

At the beginning of 2005 German E.ON ([www.eon-bulgaria.com](http://www.eon-bulgaria.com)) acquired 67% of distribution company Varna ([www.elraz-varna.com](http://www.elraz-varna.com)) and Gorna Oryahovitsa ([www.edistribgo.com](http://www.edistribgo.com)). In January 2006 the company transferred 8% of its shares in the electricity distribution companies to the European Bank for Reconstruction and Development (EBRD), remaining majority owner (59%). This two electricity distribution companies have a total of annual sales volumes amounting to 4.9 TWh and they supply more than 1.15 million customers with electricity in North-Eastern Bulgaria.

Austrian EVN ([www.evn.bg](http://www.evn.bg)) acquired 67% of distribution company Plovdiv ([www.plovdiv.evn.bg](http://www.plovdiv.evn.bg)) and Stara Zagora ([www.stara-zagora.evn.bg](http://www.stara-zagora.evn.bg)) in January 2005, and today is supplying one third of Bulgarian electricity customers.

Czech CEZ ([www.cezbg.com](http://www.cezbg.com)) also acquired 67% of three distribution companies: Stolichno ([www.electro-sof.com](http://www.electro-sof.com)), Sofia Oblast ([www.electro-sofobl.com](http://www.electro-sofobl.com)) and Pleven ([www.erp-pleven.bg](http://www.erp-pleven.bg)) in early 2005. These three distributions have approximately 1.9 million customers with annual electricity sales of 7.9 TWh, which represent 41% of market share. CEZ also possess 100% shares in Bulgarian TPP Varna.



» Figure: Regional electricity distribution companies in Bulgaria

New electricity prices in Bulgaria came into effect from October 1, 2006. The rate for daytime consumption slightly dropped but this does not mean that people would have to pay less because special discount for the first 75 kWh each month with special discount price has been abolished. Price for the nighttime consumption remained the same. According to preliminary analysis, the new prices would maintain bills unchanged for the majority of consumers (70%) and those who only use electricity for heating in the winter may even see lower bills. Bulgarian officials said that closure of two blocks of NPP Kozloduy was not going to produce additional price increase in the beginning of 2007.

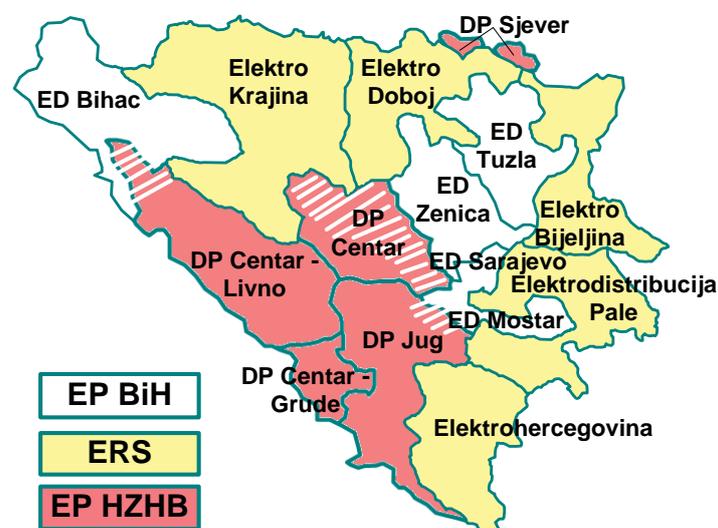
Also from October 1st, distribution companies will have to buy from NEK electricity with 6.58% higher price and to pay larger transmission taxes. Owners of the seven electricity-distributing companies in the country requests further increase in electricity prices of 6 to 8% and introduction of new distribution fees. They claim that the new prices implemented would lead to losses for the companies, as well as to difficulties in implementing investment programs.

| Tariff elements                  | Unit | Time-of-day   |       |
|----------------------------------|------|---------------|-------|
| i) Active energy (P)             | kWh  | Single Tariff | 7.463 |
| ii) Active energy (P), of which: | kWh  | - High Tariff | 7.463 |
|                                  | kWh  | - Low Tariff  | 4.754 |

» Table: Retail electricity prices in Bulgaria (in € cents per kWh)

### 3. Bosnia and Herzegovina

There are three power utilities in Bosnia and Herzegovina: ERS, EP BiH and EP HZHB. On the territory that covers ERS ([www.elektroprivreda-rs.com](http://www.elektroprivreda-rs.com)), five distribution companies exist: Elektro Krajina, Elektro Dobož, Elektro Bijeljina, Elektrodistribucija Pale and Elektrohercegovina. Total annual consumption of their customers is around 3.3 TWh per year. Elektro Dobož ([www.elektro.doboj.net](http://www.elektro.doboj.net)) has 86.5 thousands customers with annual consumption of 470 GWh while Elektrodistribucija Pale has more than 47 thousands customers. On the territory of EP BiH ([www.elektroprivreda.ba](http://www.elektroprivreda.ba)) distribution activity is organized also through five companies: ED Sarajevo, ED Tuzla, ED Zenica, ED Mostar and ED Bihać with over than 635 thousands of customers that consumed 4 TWh in year 2005. On the territory of EP HZHB ([www.distribucije.ephzbb.ba](http://www.distribucije.ephzbb.ba)) there are three main distribution areas: Jug, Centar and Sjever with more than 160 thousands of customers.



» Regional electricity distribution companies in Bosnia and Herzegovina

## a) ERS

| Tariff elements                  | Unit | Time-of-day   | High Season | Low Season |
|----------------------------------|------|---------------|-------------|------------|
| Standing (demand) charge         |      | Single Tariff | 253.09      | 168.73     |
|                                  |      | Dual Tariff   | 398.81      | 265.87     |
| i) Active energy (P)             | kWh  | Single Tariff | 5.338       | 3.559      |
| ii) Active energy (P), of which: | kWh  | - High Tariff | 6.667       | 4.448      |
|                                  |      | - Low Tariff  | 3.334       | 2.224      |

## b) EP BiH

| Tariff elements                  | Unit | Time-of-day   | High Season | Low Season |
|----------------------------------|------|---------------|-------------|------------|
| Standing (demand) charge         |      |               | 345.12      | 287.86     |
| i) Active energy (P)             | kWh  | Single Tariff | 6.115       | 4.837      |
| ii) Active energy (P), of which: | kWh  | - High Tariff | 7.501       | 5.905      |
|                                  |      | - Low Tariff  | 4.039       | 3.242      |

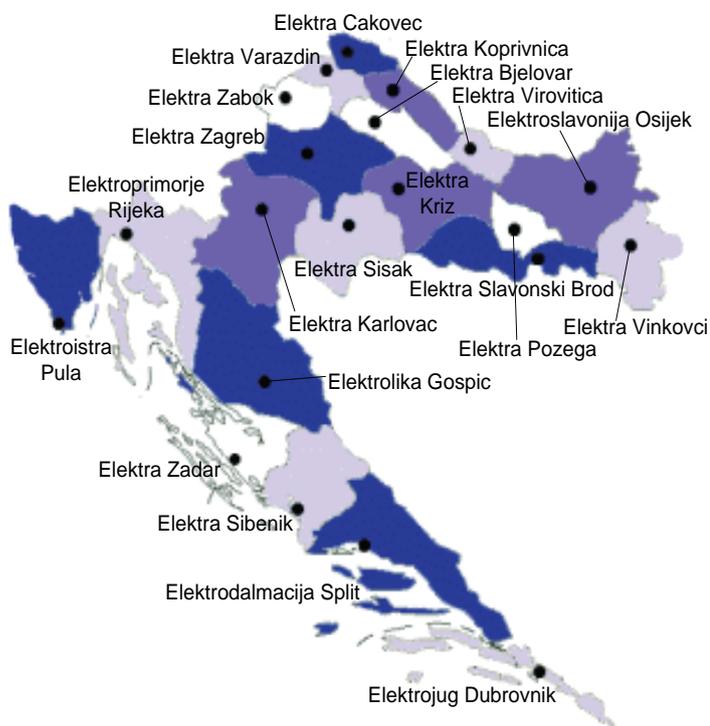
## c) EP HZHB

| Tariff elements                  | Unit | Time-of-day   | High Season | Low Season |
|----------------------------------|------|---------------|-------------|------------|
| Standing (demand) charge         |      |               | 345.12      | 287.86     |
| i) Active energy (P)             | kWh  | Single Tariff | 6.115       | 4.837      |
| ii) Active energy (P), of which: | kWh  | - High Tariff | 7.501       | 5.905      |
|                                  |      | - Low Tariff  | 4.039       | 3.242      |

» Table: Retail electricity prices in Bosnia and Herzegovina (in € cents per kWh), VAT (17%) – not included

## 4. Croatia

The activity of electricity distribution in Croatia is performed by the company HEP Operator distribucijskog sustava (Distribution System Operator), which is part of HEP Group (www.hep.hr) – state owned power utility. The distribution and supply of electricity to customers is carried out in 21 Distribution Areas.



» Figure: Regional electricity distribution companies in Croatia

At the end of 2004., HEP had 2.13 million electricity customers with the annual consumption of 13676 GWh. Currently, retail customers holds 62% share in the total electricity consumption. Since December 2004 electricity customers consuming annually more than 20 GWh and since July 1, 2006 those consuming more than 9 GWh have been able to choose their electricity supplier. It is anticipated that there will be no increase in prices through year 2007. Since

year 2002, Law on HEP privatization exists, but it will be actual after Croatia's accession to EU.

| Tariff elements                  | Unit | Time-of-day   |        |
|----------------------------------|------|---------------|--------|
| Standing (demand) charge         |      |               | 260.08 |
| i) Active energy (P)             | kWh  | Single Tariff | 9.608  |
| ii) Active energy (P), of which: | kWh  | - High Tariff | 10.014 |
|                                  |      | - Low Tariff  | 5.277  |

» Table: Retail electricity prices in Croatia (in € cents per kWh)

## 5. Greece

PPC Distribution, part of state-owned company Power Public Corporation (www.dei.gr), does distribution service in Greece. They have 7.1 million customers and its sales of electricity in 2005 were 50.72 TWh. Distribution is organized in five regions: Attica, Macedonia/Thrace, Peloponnese/Epirus, Central Greece and Islands. For electricity consumed since 1 August 2006, new higher prices are applicable.

| Tariff elements          | Unit | I) 0-800 | II) 801-1600 | III) 1601-2000 | IV) 2001-3000 | V) 3001-4400 | VI) over 4401 |
|--------------------------|------|----------|--------------|----------------|---------------|--------------|---------------|
| Standing (demand) charge |      | 800      | 1600         | 3000           | 5000          | 5000         | 5000          |
| First 800kWh             | kWh  | 6.987    | 7.449        | 7.449          | 7.521         | 7.593        | 7.925         |
| Next 800kWh              | kWh  | 0        | 9.492        | 9.492          | 9.584         | 9.675        | 10.099        |
| Next 400kWh              | kWh  | 0        | 0            | 11.651         | 11.764        | 11.876       | 12.396        |
| Next 1000kWh             | kWh  | 0        | 0            | 0              | 15.737        | 15.887       | 16.423        |
| Rest 1400kWh             | kWh  | 0        | 0            | 0              | 0             | 16.04        | 16.423        |
| Each next kWh            | kWh  | 0        | 0            | 0              | 0             | 0            | 16.423        |

LEGEND: I) - VI) represents consumption in kWh per 4 months

» Table: Retail electricity prices in Greece (in € cents per kWh)

## 6. FYR Macedonia

The Macedonian power distribution company, AD ESM, was sold to EVN AG (www.evn.at), an Austrian investor, in March 2006 (acquisition of 90% with EBRD option of purchase of 19.9% of ESM) for 225 million € along with an investment commitment of 96 million € in next three years. ESM has approximately 700 thousands customers with annual consumption around 4300 GWh. EVN succeeded to cut technical losses from 30% to 23%, with target value of 11%. Also they managed to raise collection rate to 70%. Electricity prices increased in Macedonia on the 1st September 2006 by 9.14%. Nevertheless, at the end of the year, or by the beginning of 2007, electricity prices will be 5-10% higher. EVN announced that it would demand a price increase of 14%, because it cannot cover all its expenses at the current price. The cause of the further price increase is an increase in the cost (30%) and amount (40%) of imported electricity in comparison to previous year. The Macedonian Electricity Transmission System Operator (MEPSO) will announce a new tender for electricity import to provide 50% of the amount required for the first four months of the following year. The tender will state that approximately 5 € cents per kWh will be paid for imported electricity. It is expected that the electricity provided by this tender will be 1-2 € cents more expensive, because of an electricity shortage in the region.

After buying ESM Distribution, EVN plans to invest further in the Macedonian energy sector. EVN is the first-ranked company in the tender for the sale of TPP Negotino (225 MW). They offer 4 million € with the promise that they will invest a further 775 million € in order to turn the fuel oil power plant into a gas energy facility.

| Tariff elements                  | Unit | Time-of-day   |       |
|----------------------------------|------|---------------|-------|
| Standing (demand) charge         | %    |               | 33.33 |
| i) Active energy (P)             | kWh  | Single Tariff | 3.433 |
| ii) Active energy (P), of which: | kWh  | - High Tariff | 4.284 |
|                                  |      | - Low Tariff  | 2.142 |

LEGEND: Standing charge is calculated as 33.33% of consumed electricity

» Table: Retail electricity prices in Macedonia (in € cents per kWh)

## 7. Montenegro

All sixteen distribution companies in Montenegro (Bar, Berane, Bijelo Polje, Budva, Cetinje, Herceg Novi, Kolasin, Kotor, Mojkovac, Niksic, Pljevlja, Podgorica, Rozaje, Tivat, Ulcinj and Zabljak) are within state-owned power utility EPCG ([www.epcg.cg.yu](http://www.epcg.cg.yu)). There are nearly 285 thousands customers with annual consumption of around 4.5 TWh. Electricity deficit of the country, which is covered via import, is over 30%. Characteristic of the consumption structure in Montenegro is that approximately one third of the overall consumption (1.7 TWh/year) is consumed by Kombinat Aluminijuma Podgorica (aluminum plant), which covers a large part of missing quantities of electric energy by purchasing it via international tenders. According to EPCG representatives, there is no expected increase in electricity prices in the following six months.

| Tariff elements                  | Unit | Time-of-day   |         |
|----------------------------------|------|---------------|---------|
| Standing (demand) charge         | TKW  |               | 48.7708 |
| i) Active energy (P)             | kWh  | Single Tariff | 3.5406  |
| ii) Active energy (P), of which: | kWh  | - High Tariff | 4.4276  |
|                                  | kWh  | - Low Tariff  | 2.2138  |

LEGEND: Every 25kWh in high tariff = 1 TKW

» Table: Retail electricity prices in Montenegro (in € cents per kWh), VAT (17%) – not included

## 8. Romania

Electrica SA, Romanian Electricity Distribution and Supply Company was reorganized in year 2002 into 8 distribution and supply branches - subsidiary companies (independent legal entities) and today is in advanced stage of the privatization process. The privatization method selected for the electricity sector in Romania is a combination of capital increase and sale of existing shares. In 2004-2005 four Electrica ([www.electrica.ro](http://www.electrica.ro)) branches were privatised, which were acquired by Italian Enel (which took over Electrica Banat and Electrica Dobrogea - [www.enel.ro](http://www.enel.ro)), Czech CEZ (Electrica Oltenia) and German E.ON (Electrica Moldova - [www.eon-moldova.com](http://www.eon-moldova.com)). Recently, in June 2006, Enel won the bid for the acquisition of 67.5% in Electrica Muntenia Sud, in an 820 million € transaction. According to Enel estimates, the acquisition of the utility, which services the Capital and two adjacent counties, will be finalised in the first half of 2007.

| Electrica's Subsidiary | No. of Customers (in millions) | Electricity sales in 2004 (TWh) | Private co-owner (% of shares) |
|------------------------|--------------------------------|---------------------------------|--------------------------------|
| Moldova                | 1.30                           | 4.187                           | E.ON (51%)                     |
| Muntenia Nord          | 1.22                           | 5.784                           | -                              |
| Dobrogea               | 0.59                           | 2.413                           | Enel (51%)                     |
| Muntenia Sud           | 1.06                           | 4.309                           | Enel (67.5%)                   |
| Oltenia                | 1.36                           | 5.261                           | CEZ (51%)                      |
| Banat                  | 0.84                           | 3.848                           | Enel (51%)                     |
| Transilvania Nord      | 1.09                           | 3.997                           | -                              |
| Transilvania Sud       | 1.03                           | 4.008                           | -                              |

» Table: Basic data of regional electricity distribution companies in Romania

In 2004, Electrica sold around 33.8 TWh of electricity, recording a customer based of some 8.5 million consumers. Residential consumers generated about 24% of the total electricity sales. Legal market opening is over 83% by Government Decision. Also there are over 600 thousands of eligible consumers. Since market opening around 40% (percentage of net consumption) switch their supplier.



» Figure: Regional electricity distribution companies in Romania

The last three Electrica branches in the State portfolio, Electrica Muntenia Nord, Electrica Transilvania Nord and Electrica Transilvania Sud, would be privatised individually, but in parallel, through sale of a stake accounting for 35% of the capital, concurrently with a capital increase enabling investors to hold 51% in each of the companies. The privatisation procedures will take place during year 2007 because Romanians believe that once in the European Union, the three utilities will attract investors willing to allot more money. The three branches of the company jointly account for approx. one third of the local electricity distribution market. For 2005, Electrica Transilvania Sud reported a 10% increase in turnover, to 315 million €, and profits of approx. 27 million €, as compared to the 1.5 million € losses reported for 2004. According to centralised results of the branches still in the Electrica portfolio, the company made over 0.5 billion € in turnover in first quarter 2006, with gross profits reaching 9.6 million €. For 2006 company estimates indicate total group profits of 15 million €, for 1.5 billion € in turnover.

| Tariff elements                  | Unit | Time-of-day   |        |
|----------------------------------|------|---------------|--------|
| ii) Active energy (P), of which: | kWh  | - High Tariff | 13.321 |
|                                  | kWh  | - Low Tariff  | 6.662  |

» Table: Retail electricity prices in Romania (in € cents per kWh)

## 9. Serbia

The electricity distribution activity in Serbia (without territory of Kosovo and Metohija) is from the beginning of year 2006, after internal reorganization, performed through five distribution companies (DC): Elektrovojvodina ([www.elektrovojvodina.co.yu](http://www.elektrovojvodina.co.yu)), Elektrodistribucija Beograd ([www.edb.co.yu](http://www.edb.co.yu)), Elektrosrbija ([www.elektrosrbija.co.yu](http://www.elektrosrbija.co.yu)), DC Jugoistok ([www.edn.org.yu](http://www.edn.org.yu)) and DC Centar ([www.eskg.co.yu](http://www.eskg.co.yu)), instead of former ten companies. Elektrosrbija is consisted of former company Elektrosrbija with joined DC Uzice; DC Jugoistok comprises former Elektrotimok, DC Nis, DC Leskovac and DC Vranje while DC Centar comprises former Elektrosudmadija and Elektromorava. All of this new distribution companies have status of an Economic Association within Power Enterprise EPS and are 100% in ownership of State. Among 3.3 million consumers, that bought 25 TWh in 2005, 57.5% are residential consumers.



» Figure: Regional electricity distribution companies in Serbia

In accordance with UN Security Council Resolution 1244 (year 1999), territory of Kosovo and Metohija is under United Nations interim administration (United Nations Mission in Kosovo - UNMIK). Electricity distribution activity is done by KEK ([www.kek-energy.com](http://www.kek-energy.com)) and is characterized with regularly applied load shedding regime and very low collection rate. Annual electricity consumption for 2005 in Kosovo was approximately 4.5 TWh.

| Tariff elements                  | Unit | Time-of-day   | Green  | Blue   | Red    |
|----------------------------------|------|---------------|--------|--------|--------|
| Standing (demand) charge         |      |               | 203.45 | 203.45 | 203.45 |
| i) Active energy (P)             | kWh  | Single Tariff | 3.599  | 5.150  | 10.164 |
| ii) Active energy (P), of which: | kWh  | - High Tariff | 4.108  | 5.882  | 11.616 |
|                                  | kWh  | - Low Tariff  | 1.030  | 1.477  | 2.904  |

LEGEND: Green (up to 350 kWh/month), Blue (over 350 to 1600kWh/month), Red (over 1600 kWh/month)

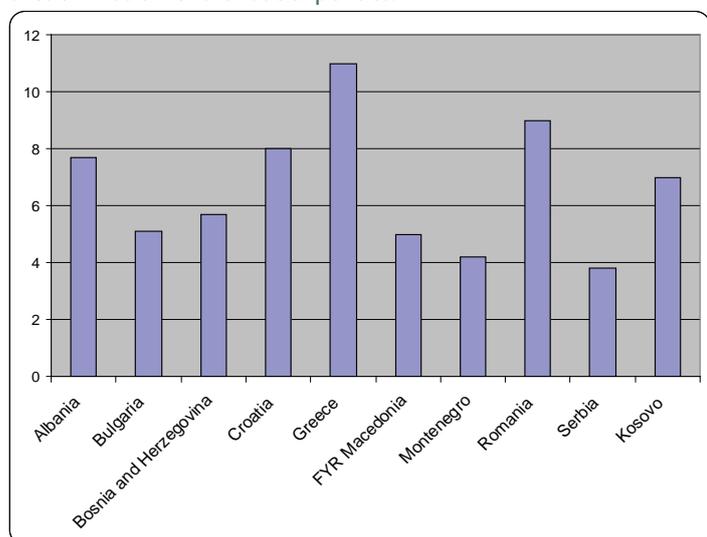
» Table: Retail electricity prices in Serbia (in € cents per kWh), VAT (18%) – not included

| Type of customer                           | Tariff elements                  | Unit | Time-of-day   | High Season | Low Season |
|--|----------------------------------|------|---------------|-------------|------------|
| Domestic below 800 kWh/month and hospitals | Standing (demand) charge         |      |               | 144         | 115        |
|  | i) Active energy (P)             | kWh  | Single Tariff | 3.99        | 3.2        |
|  | ii) Active energy (P), of which: | kWh  | - High Tariff | 4.8         | 3.83       |
|  |                                  | kWh  | - Low Tariff  | 2.4         | 1.92       |
| Domestic over 800 kWh/month                | Standing (demand) charge         |      |               | 192         | 144        |
|  | i) Active energy (P)             | kWh  | Single Tariff | 6.39        | 4.8        |
|  | ii) Active energy (P), of which: | kWh  | - High Tariff | 7.67        | 5.75       |
|  |                                  | kWh  | - Low Tariff  | 3.83        | 2.88       |

» Table: Retail electricity prices in Kosovo (in € cents per kWh)

\* \* \*

From the figure below, on which the average electricity prices for the residential customers in the Balkan region for Autumn 2006 are given, one can see that prices vary significantly from one country to another. 2:1 ratio of highest to lowest price raises question: is the cost differential that great or electricity prices are still in some countries an instrument for social politics.



» Figure: Average retail prices (c€/kWh) in the Balkan countries

For example, neighboring EU members have household (residential) tariffs in range 70-110 €/MWh, except for Italy that charges 210 €/MWh, while household electricity prices rose by 5% in EU during year 2005.

One of the conclusions can be that because generation costs are not recovered in some tariffs, further increase in electricity prices in that cases is necessary. Retail market opening in region started for industry, but it is not yet common for commercial and residential customers. It will be matter of interest in forthcoming years.

## News:

### Speeding up the Bourgas – Alexandropoulos oil pipeline (Region)

Bulgaria has prepared draft proposal for the construction of the Bourgas- Alexandropoulos oil pipeline. The intergovernmental agreement will be presented if Russia did not present its proposal regarding the construction of the pipeline, Bulgarian energy minister said after the meeting with Greek development minister.

It is expected that agreement would be signed by the end of the year, where Bulgaria and Greece decided jointly to speed up the signing of the agreement. Greek minister visited Moscow in order to make possible signing the contract by the end of the year, as it was agreed after the meeting of the highest officials of Russia, Bulgaria and Greece held in Athens in September this year.

After Bulgaria and Greece decided to abandon the proposal for equal stakes in the project, two countries decided to give 51 % of the stake in the project to Russia, while Bulgaria and Greece will hold 24.5 % stake each.

Bulgarian minister also said that Bulgaria would agree to reduce its stake in the project if it was given right to charge the fees for the usage of the pipeline. In the same time, Bulgaria intends to leave the option for other potential pipelines to terminate in Black Sea port of Bourgas.

The negotiations on Bourgas –Alexandropoulos pipeline lasts for 14 years. The pipeline will be 280 km long and it will transport oil from Russia by tankers from Russian port of Novorossiysk on the Caspian Sea. By this, transport of oil by tankers through the Bosphorus strait will be avoided.

During the aforementioned meeting between Bulgarian and Greek minister, Greek minister proposed construction of new 400 kV line between two countries.

According to the latest news, Russia has sent the draft agreement on pipeline to Greece and Bulgaria. It is expected that final agreement would be signed in accordance to plans.

In the related news, Bourgas- Alexandropoulos pipeline could also transport oil from Kazakhstan, sources said. Russia and USA company Chevron and British Petroleum (BP), owners of oil fields in Kazakhstan, seemed to reach agreement on this issue. Chevron and BP should have been the members of the Russian part of the consortium involved in the project, but Russia decided that only Russian oil companies, the Trasnepft, Gazpromneft and Rosneft, would take part in the project.

### **Transneft to get 33 % of shares in future Bourgas – Alexandroupoulos oil pipeline (Region)**

The board of directors of Russian operator of oil network, the Transneft, has approved participation of the company in the Bourgas –Alexandroupoulos oil pipeline. The Transneft should hold 33.34 % of the Russian share in the project, while two other Russian companies that will participate in the project, the Rosneft and Gazprom, should hold 33.33 % each.

According to the latest agreements, Russia should hold 51 % stake in the project, while the rest of 49 % of shares should be divided between Bulgaria and Greece.

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### **Seven companies submitted bids for import of electricity in first quarter of 2007th, only 47 % of required amount offered (Albania)**

Albania could face power shortage during this winter season similar to that happened in the last year.

This is the consequence of the latest tender for import of electricity, where seven companies offered to deliver only 47 % of the amount required by Albanian power corporation (KESH) for the first quarter of year 2007th.

KESH has required buying 568 GWh of electrical energy in the first three months of the next year. Seven companies, two from Albania, three from Switzerland, and one from Germany and Czech Republic submitted the bids. The average offered price was 80 euros per MWh, which was some 100 % higher price comparing to the last year. It is expected that KESH would decide on the bids until the mid December.

Head of KESH confirmed that national power company was even ready to pay the considerably higher price for electricity than the last year in order to provide sufficient amount. According to plans, KESH should import 2,200 GWh of electrical energy in the 2007th, for which 162.8 million euros was allocated (74 euros per MWh).

The situation in Albania is similar as in whole region, which will be affected by the closure of nuclear units in Bulgaria, but it is expected that Albania would suffer the most, having in mind financial and technical problems in the country.

Even if some company were able to provide sufficient amount of electricity for Albania for entire year 2007th, with aforementioned average price of 80 euros, KESH would need some 200 million euros to pay for the import. This is the sum equal to KESH's annual incomes. Having in mind that average retail price of electricity in Albania is about 6 eurocents, KESH would not be able to cover the import costs from its own incomes.

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### **Italian consortium won in the tender for construction of TPP Vlorë (Albania)**

According to Albanian media, the consortium Maier Engineering, established by two Italian companies, the Ansaldo and Tecnomod, has won in the tender for construction of thermal power plant (TPP) Vlorë.

TPP Vlorë, with estimated power output of 400 MW, is seen as the most important project for covering the power demand in Albania until 2015th. In the same time, the construction of TPP and other energy facilities in Albania's tourist resort in Vlorë caused the mass protests by environmental organizations in the past.

The project should be funded by the loans from World Bank (WB), European Investment Bank (EIB) and European Bank for Reconstruction and Development (EBRD). The TPP should be built in two phases, where initial power output should be 135 MW.

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### **20 million dollars loan for Patos Marinza oil field (Albania)**

Raiffeisen Bank has granted the 20 million dollars loan to the Canadian company Bankers Petroleum (BP).

The BP will use the loan for the redevelopment of Patos Marinza oil field. The loan was the largest ever granted by any local company in Albania.

Bank officials believe that BP would reduce Albania's oil import and help the entire Albanian economy. Albania's domestic oil production reached 7,000 barrels per day.

§ § §

### **Government of RS approved privatization protocol signed with Russian Zarubezneft (Bosnia and Herzegovina)**

Government of Republic of Srpska (RS) has demanded from parliament of RS to approve the sale of state owned shares in Oil refinery in Brod, Motor oil refinery in Modrica and fuel distributor Petrol to Russian company Zarubezneft.

According to previously signed privatization protocol on August 18th,, Russians should pay some 122 million euros for 70 % of shares in Oil refinery, 66.75 % of shares in Motor oil refinery and 70 % of shares in Petrol. Zarubezneft agreed to invest another 281 million euros and to provide 350 million euros of working capital for these three companies.

As for the 145 million euros debts of Oil refinery in Brod, prime minister confirmed that government would demand from future owner to pay some 72.5 million euros, as it was agreed in protocol, and to pay additional 15 million euros, because some additional debts of the company had been found in the meantime.

The Oil refinery would pay some 54 million euros of debts toward the state in the next nine years.

Zarubezneft should restart the production in Oil refinery in Brod, which was stopped in the summer last year, within six months. In the next 42 months, the renewal of all three companies should be done. The Oil refinery should increase processing output at 4 millions tons of oil per year, Motor oil refinery should have annual production of 130,000 tons, and Petrol should have annual sale of 2,500 tons of oil. Russians also agreed to build the railroad between Brod and Modrica, which would link two refineries. By this overall worth of the investment would reach 970 million euros.

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### **Energopetrol facing bankruptcy despite the privatization (Bosnia and Herzegovina)**

Oil company Energopetrol could be bankrupt and privatization process could be stopped if the Competition council (CC) of Bosnia and Herzegovina reached the decision that INA MOL consortium, the future owner, would have monopolistic position in oil sector of Bosnia and Herzegovina after the purchase of Energopetrol. This was said by PR department of MOL.

MOL's officials pointed out that consortium has submitted required papers to CC and that without their approval, modernization of the company and payment of some 30 million euros of debts could not be started.

The privatization contract was signed on October 8th this year. INA-MOL consortium agreed to pay 30 million euros of debts and to invest another 75 million euros in the Energopetrol.

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### **EPRS and CEZ temporarily cancelled signing the contract for construction of new power plant (Bosnia and Herzegovina)**

The signing the contract between Power utility of Republic of Srpska (RS) and CEZ regarding the construction of new unit in thermal power plant (TPP) Gacko, which was scheduled for November 10th, was temporarily cancelled due to some unresolved issues.

The worth of the construction works of new plant with 600 MW of power output is estimated at 1.45 billion euros, while the TPP should be built in period of four years.

The signing the contract was cancelled due to fact that CEZ could be selected to build new power plant in Federation of Bosnia and Herzegovina (BiH). As a reminder, government of Federation of BiH has recently invited foreign companies to invest in construction of new power plants in the country.

Depending on this procedure, CEZ should decide on further investments in RS. CEZ officials said in a press conference that they were more interested to build TPP in Tuzla or in Kakanj.

In the related news, prime minister of RS confirmed that preparation documents for construction of new TPP Stanari (to be built by EFT) was in final phase, while government has been negotiating with potential investors for construction of new TPP in Ugljevik. Besides HSE from Slovenia, CEZ and Greece's PPC has also expressed interest for new TPP in Ugljevik. RS also needs to continue negotiations with Croatia regarding the construction of new hydropower plant Dubrovnik 2.

RS expects that, having in mind forecasted increase in power consumption in Europe, electricity could be the most important export product of the country.

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### **Prime minister of RS and EFT discussed on construction of TPP Stanari (Bosnia and Herzegovina)**

Prime minister of Republic of Srpska (RS) has hosted the delegation of Energy financing team (EFT) lead by company's president. Two

parties have discussed the latest activities related to the construction of thermal power plant (TPP) Stanari (400 MW).

Both parties have expressed satisfaction with the current progress of the project. Until end of the year, local authorities will adopt changes in the land planning act of the municipality, by which the conditions for construction of the TPP would be established.

It is expected that feasibility study on new plant would be finished by the mid January 2007th. Head of EFT confirmed that environmental study on TPP's impact would be finished by the mid April 2007th. According to current plans, the construction of the plant should start in the June next year and it should be finished in 2010th.

EFT has invested 15 million euros in coalmine Stanari, by which EFT became the new owner of the coalmine.

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### **Requests for increase in electricity price (Bosnia and Herzegovina)**

Power utility of Herzeg Bosnia (EP HZHB), one of three power utilities in the country, has requested from Federal regulatory energy commission (FERK) to approve 17 % increase in electricity prices.

In September this year, EP HZHB has demanded 4.37 % increase in electricity prices due to increase in coal prices. After that, federal government has approved another increase in coal prices of 12.5 %. EP HZHB claims that due to increase in coal prices, company would incur 11 million euros of additional costs.

Last time, electricity prices in Federation of Bosnia and Herzegovina increased in April by 5.7 % to 6.6 %. The price of electricity in Federation is some 20 % higher comparing to Croatia and some 50 % comparing to Serbia.

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### **Bulgaria and Gazprom to sign natural gas supply contract by the end of 2006th (Bulgaria)**

Bulgarian energy and economy minister confirmed that Bulgaria would sign long-term contract for natural gas supply with Russian Gazprom. The contract should be signed by the end of the year.

Minister did not want to comment the details of the contract. The negotiations have lasted from the beginning of the year. At first, Bulgaria has rejected to change articles in current long-term supply contract with Gazprom (to expire in 2010th), while Russians wanted to change the price of natural gas delivered to Bulgaria and to change barter agreement for paying the transit fees.

Minister said that the contract would provide stability in natural gas supply, despite the fact that it increases dependency on import from Russia. EU has more than once called for diversification of energy supplies, but minister said that Bulgaria would diversify its energy sources after EU accession. Minister quoted the example of France, Germany and Austria who also sign long-term contract for natural gas supply with Gazprom, saying that Bulgaria as new EU member would certainly follow EU guidelines in energy sector.

Bulgaria need to reduce energy dependency by development of nuclear power plants, coal production and increased usage of renewable energy sources and bio-fuels, minister concluded.

Some sources said that selection of Russian Atomstroyexport to become constructor of 4 billion euros worth nuclear power plant Belene has helped the signing the natural gas supply contract.

According to latest information, some source claim that Gazprom would demand 40 % increase in natural gas prices starting from January 1st 2007th. Bulgarian economy and energy minister strongly denied such request.

§ § §

### **Cooperation in energy sector with Turkey (Bulgaria)**

In the beginning of November, Bulgarian economy and energy minister and its colleague from Turkey talked on cooperation in energy sector between two countries.

One of the topics was the option for Bulgaria to connect to the gas pipeline that will transport natural from Azerbaijan across Turkey, Greece and toward Italy. This could be done in very short time, having in mind closeness of the pipeline, by which Bulgaria would diversify its natural gas supplies. The experts from two countries should analyze the possible connection of Bulgaria to new pipeline, which should be operational by the end of the year. The idea was also supported by the officials from Greece.

The Shah Deniz field in Azerbaijan is owned by British Petroleum, Norwegian Statoil and Azerbaijan state oil company SOCAR. The pipeline should terminate in Turkish city Erzurum and further to Greece and Italy.

During the meeting, Turkey has offered financial proposal for construction of Tundzha dam. The dam will be built both for power production and for prevention of floods as the joint project of two countries. Bulgaria should present its answer by the mid November, when new meeting of working teams of Bulgaria and Turkey should be held.

Bulgaria announced reduction in electricity export to Turkey, due to planned reduction in power production after shut down of two units in nuclear power plant (NPP) Kozloduy.

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### **Reduction in electrical energy exports, possible lack of electrical energy in Balkans (Bulgaria)**

Bulgaria announced considerable reduction in electrical energy export in the beginning of 2007th, after decommissioning of two 440 MW units in nuclear power plant (NPP) Kozloduy. Two units have been producing some 6 TWh of electrical energy per year.

CEO of National transmission system operator (NEK) said that Bulgaria would be able to produce sufficient amount of electricity for domestic needs, while the export to Balkans countries would be considerably reduced. This was said in a report to submitted by he NEK's officials to the parliamentary energy committee. The lack of coal supplies in thermal power plants (TPPs) Varna, Rousse and Bobov Dol could cause problems during winter season and in case of tripping of power plants, NEK said. The reduction in production in TPP Varna, which provides 10 % of national power output, could endanger already signed supply contracts.

NEK confirmed that, in 2007, it would export electricity only to Macedonia, as a mean of payment for construction of new 400 kV inter-connection line

Bulgaria is the largest electricity exporter in the region, where large number of countries depends on electricity import from Bulgaria. During last several years, Bulgaria has been exporting some 7 TWh of electricity per year and reduction in export could endanger energy stability in the region, Bulgarian officials pointed out. It is estimated that Bulgarian economy would suffer some 1.7 billion euros loss due to reduction in electricity export.

Bulgarian energy minister said that EU's request for closure of nuclear units would affect several Balkans countries that have been covering electricity deficit (from 50 % to almost 100 %) by import from Bulgaria. Bulgaria has already reduced electricity export by 30 % due to problems in coal supply from Ukraine and Russia to the thermal power plants (TPPs) Varna.

Minister has informed the EU energy commissioner on the potential development after decommissioning of nuclear units, as well about the latest problems in coal supply. Bulgaria expect from EU officials to take all necessary measures in order to avoid energy crises in the region. As a reminder, Bulgaria has been received requests for electrical energy supply from Greece, Macedonia and Kosovo. Energy minister said that region was in the panic, especially after two latest tender for import of electricity, in Greece and Kosovo, failed.

In the same time, several politicians have establishes Initiative committee for defending the units 3 and 4 in NPP Kozloduy. The round-table on this issue should be held in mid December, under sponsorship of mayor of Sofia.

EU energy commissioner rejected Bulgaria's concerns regarding the power deficit in the region. He said that shutdown of the nuclear units was the well-know fact for quite some time. The region would experience some problems in power supply, but there should not be blackouts, energy commissioner said.

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### **TPP Varna solved problems in coal supply ( Bulgaria)**

The officials from thermal power plant (TPP) Varna (1260 MW, 10 % of Bulgaria's power output) said they managed to purchase sufficient amount of coal for the stable production during the winter season.

TPP Varna, owned by CEZ, has signed coal supply agreement on November 7th, with suppliers from Vietnam. The problems in coal supply started after interruption in supply from Ukraine and Russia.

Before the latest agreement, TPP Varna requested from National transmission operator (NEK) to reduce power production in November, but that request would be cancelled. TPP also demanded higher price of electricity due to problems in coal supply.

§ § §

### **RWE wants to invests in Martisa Iztok coalmines (Bulgaria)**

German power company RWE, which is considering the construction of new 600 MW thermal power plant in Maritsa Iztok region, announced readiness to invest in coalmines in the region. RWE sees these two projects mutually dependent.

This was confirmed by RWE's head for Bulgaria after several meeting with Bulgaria's officials. RWE is ready to invest some 1 billion euros

in coalmines, while the estimated costs of new TPP are 900 million euros. RWE still did not select suitable construction site.

On the other hand, Bulgaria's energy ministry did not want to comment RWE's proposal until the adoption of new national energy strategy.

RWE plans to request from government of Bulgaria a letter of support for the project similar to those granted to USA company AES for construction of new TPP also in Martisa Iztok coal basin.

Another power company, the Italian Enel, has announced plans for construction of new power plant in the same region in Bulgaria. RWE's official confirmed that company has been negotiating with potential partners for the investment in Maritsa Iztok basin.

§ § §

### **Gazprom could become shareholder in NPP Belene (Bulgaria)**

Vice president of Gazprom's subsidiary, the Gazprombank, confirmed that company has been considering an option to become the shareholder in future nuclear power plant (NPP) Belene. The Gazprombank owns 45 % of AtomStroyExprot, which was selected to be a constructor of new NPP in Bulgaria.

Bulgarian energy minister has earlier announced that 49 % of the stake in new NPP would be offered to foreign investors. Italian Eni and Enel have already expressed interest for the project, where two companies are interested to export electricity from NPP.

CEO of National transmission system operator (NEK) confirmed that CEZ Iberdola, E.ON and Russia's RAO EES have also expressed readiness to invest in the project.

The NPP Belene should be financed by Gazprombank, Sberbank, VTB and Vnesheconombank, Reuters said. The contract for construction of NPP Belene should be signed by the end of this year, or in the beginning of the next year.

In the related news, NEK has published invitation on its website for the potential buyers of the electrical energy from NPP Belene in the future. NEK would be receiving the letter of intentions by the end of the year.

NEK has been considering to sell 500 to 1,000 MW from NPP, which will have overall power output of 2,000 MW. NEK expects that commercial operation of the plant would start in 2013th.

Eligible partners should have 5 years of power trading experience at least, annual incomes over 300 million euros and annual sales over 2.5 TWh per year. The future contracts would be signed for minimum 15 years, and minimum contracted amount will be 100 MW.

§ § §

### **HEP signed contract for construction of HPP Lesce (Croatia)**

Croatian power utility (HEP) and consortium of local companies have signed the contract for construction of hydropower plant (HPP) Lesce (42 MW). The worth of the contract is 60.4 million euros and HPP should be built in the period of 35 months.

Koncar, with Ingra and Konstruktor as partners, leads the construction consortium. HPP Lesce on river Dobra will be the first plant in Croatia built in the last 15 years. Annual production of the HPP should reach 98 GWh.

According to latest news, the construction works have officially started on November 15th.

§ § §

### **Increase in gas prices for HEP and Petrokemija could lead to the increase in electricity and fertilizer prices (Croatia)**

After Croatian oil company (INA) announced introduction of higher natural gas prices for privileged customers, the chemical factory Petrokemija and Croatian power utility (HEP), two companies announced increase in prices of their products.

Petrokemija estimated that even with increase in fertilizer prices of 15 %, the company would suffer 20.5 million euros of losses by the end of the year. INA offered price of 136 euros per 1,000 cubic meter of natural gas, which is 40 % increase comparing to old price, Petrokemija's officials said. Petrokemija spends some 650 to 700 million cubic meters of natural gas per year. The latest development could endanger Croatia's agriculture, Petrokemija warned.

In the same time, HEP has been considering the proposal to INA for reduction in announced price increase and introduction of gradual price increases over the years. HEP has also announced it would reconsider electricity prices for 106 qualified customers in the country (9 % of overall power consumption), where one of them is INA. This was explained by the 40 % increase in price of imported electrical energy during this year.

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### **Ambitious plans of HEP for reduction of imports (Croatia)**

In order to reduce growing dependence on import of electrical energy, government of Croatia plans to invest some 5 billion euros in energy sector until 2010th.

The share of domestic power production reduced from 65 % down to 50 %, although Croatia has domestic oil and gas production. Minister of the economy, labor and entrepreneurship said that Croatia needed to diversify energy sources, to increase energy efficiency and to increase usage of renewable energy sources (RES).

Until 2009th, Croatian power utility (HEP) should built two natural gas fired plants, the combined heat power plant (CHP) Zagreb (100 MW) and the TPP Sisak (250 MW), as well as hydropower plant Lesce (40 MW). The overall worth of these projects is estimated at 368 million euros. In addition, HEP has announced construction of new 400 kV submarine power cable to Italy, which would strengthen Croatia's power grid.

Croatia also plans to increase investments in RES from current level of 0.5 % up to 5.5 %. Also, HEP will start large-scale campaign regarding energy efficiency in households, which spend one third of electricity in the country. The pilot projects for usage of biomass, methane and solar energy are currently underway in rural areas.

Until 2011th, Croatia should invest 460 million euros in natural gas network, while Croatian oil industry (INA) should invest some 750 million euros for modernization of oil refineries in Rijeka and Sisak.

INA should increase processing output at 7.7 million tons per year after modernization.

The 424 km long section of Pan European oil pipeline (PEOP) should be built across Croatia. The worth of the investment is estimated between 536 to 980 million euros, depending on the transport capacity of the future pipeline. Croatia could benefit some 1.3 to 2.7 billion dollars from the project, while new pipeline would reduce the environmental pollution of Adriatic by reducing the number of tankers by almost 500.

§ § §

### **Wind farm put in operation (Croatia)**

Minister of economy, labor and entrepreneurship of Croatia has officially put in service new wind farm Vrtar –Trtolin. The overall power output of new wind farm is 11.2 MW, and annual production should reach 30 GWh.

The owner and main investor in the wind farm is the local subsidiary of German company EnerSys, where overall investment reached 12.5 million euros.

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### **Public offering of INA's shares started (Croatia)**

On November 13th, the second phase of privatization of Croatian oil industry (INA) by public offering of the shares has officially started. INA will sell some 15 to 17 % of shares (1.5 to 1.7 million of shares) during this procedure.

Croatian citizens would be allowed to submit official requests for purchase of shares under privileged terms. The price per share should be between 190 to 260 euros, and the binding requests would be submitted until November 23rd.

Citizens are entitled to buy shares with overall worth of 5,200 euros. For each ten unsold share during one year, citizens will receive one share free of charge, according to one of the privileges. In the period November 13th-27th, institutional investors and citizens without privileges, would be also allowed to subscribe for purchase of shares.

After November 27th, government should set the final sale price of shares, which must not be higher than 260 euros, and how much shares would be sold under privileged terms. The entire sale procedure should be finished until December 1st this year.

It is estimated that some 25,000 to 40,000 citizens could submit the requests for purchase of the shares, by which some 40 to 50 % of overall shares offered in this public offering could be sold.

Along with public offering, INA has published the half-year business report. According to the report, company has achieved profit of 86 million euros, which was 85 % higher comparing to last year.

§ § §

### **Metka to submit bid for TPP Aliveri (Greece)**

The Metka company announced to submit the bid in the tender for construction of new thermal power plant (TPP) in Aliveri the island of Evia., Metka will submit the bid alone or in joint venture.

The tender should be launched on November 21st by Public power corporation (PPC), while this project will be the first one under the PPC's 1,600 MW replacement program.

New TPP should have power output between 370 MW to 420 MW and it should be natural gas fired. The worth of the project is estimated at 235 million euros.

Metka, the subsidiary of Mytilineos group, has recently signed co-operation contract with French Alstom, which implies that Metka's offer could be very respectable.

In this moment, Metka has contracted some 400 million euros worth contracts. The company plans to invest another 1 billion euros in different projects, including the TPP Aliveri.

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### **Rokas allowed building new wind farm (Greece)**

The largest Greece's wind power producer, the company Rokas, was granted the approval to build new wind farm in central Greece in Fthiotida region.

New wind farm will have power output of 42 MW, and the worth of the project is estimated at 43 million euros. 30 % of the sum or some 13.5 million euros will be provided as the subsidy to the project.

Rokas operates wind farms with overall power output of 194 MW in Crete, Evia, Thrace, Kos, and Leros. The company, controlled by 49.9 % by Spanish Iberdrola, has 40 % share of wind power production in Greece.

§ § §

### **PPC to invest 1.6 billion euros in renewable energy sources until 2014th (Greece)**

Public power corporation (PPC) has announced significant investments in renewable energy sources (RES). According to plans, PPC should build power plants with power output of 1,640 until 2014th, where worth of the investments should reach 1.6 billion euros in case if PPC finds foreign strategic partners. If not, target for new RES would be set at 770 MW.

RES projects will be responsibility of new subsidiary, the PPC RES, established for this purpose. PPC should incorporate its Directorate for Alternative Energies (DEME) into new subsidiary. The worth of assets of DEME is estimated at 120 million euros, or some 1 % of overall worth of the company.

The main goal of PPC is to increase the share of RES in power production from current level of 10 % up to 23 % until 2014th. For this purpose, PPC is willing to set joint ventures with interested domestic and foreign companies.

§ § §

### **Reduction in profit in the first nine months for Hellenic Petroleum (Greece)**

Hellenic Petroleum (HP) has reported 17 % decrease in the net profit in the period January-September this year. In aforementioned period this year, profit stood at 215 million euros comparing to 259

during the same period last year. Earnings before interest, tax, depreciation and amortization have also decreased by 17%, down to 432 million euros.

The profit reduction was explained by lower oil prices and low refinery margins.

In the same time, sales rose by 32 %, up to 6.13 billion euros.

In the related news, HP was the winner in the tender, launched by the Egyptian Ganoub El Wadi Petroleum Holding Company (GAN-OPE) for the concession rights in the new exploration block Mesaha in Upper Egypt. The Mesaha block is located in Western Desert in Upper Egypt on the border with Sudan and covers an area of 56,930 square km.

HP will hold 30 % in consortium, along with Melrose Resources (40%) as operator and Oil search (30 %).

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### **PPC to claim 2.4 billion euros from the state (Greece)**

Public power corporation (PPC) has announced to claim 2.4 billion euros of the debts from the state of Greece. The request is based on the EU directive regarding the claim back of so-called stranded costs incurred by public companies.

The paying of the debts is considered as a compensation for the costs made by the public companies while providing public services.

§ § §

### **EVN demanded 13 % increase in electricity prices in 2007th (Macedonia)**

Austrian EVN, owner of Power utility of Macedonia-Distribution (ESM), requested 13 % increase in electricity prices in the next year, Regulatory energy commission (REC) confirmed. The request was submitted in October. REC should analyze EVN's request until the end of the year.

EVN justified its request by the increase in operational expenses. This was the second request for increase in prices after EVN purchased ESM. In September this year, REC allowed 9 % increase in electricity prices for households and 10.14 % for industrial customers.

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### **BiH to deliver electricity for Macedonia (Macedonia)**

Macedonia's media confirmed that prime minister of Bosnia and Herzegovina (BiH) has expressed readiness of BiH to deliver electrical energy to Macedonia. This was said during the meeting with Macedonia's prime minister in 3rd Vienna Economic Forum.

BiH's prime minister invited its colleague to make the concrete agreement after inauguration of new government of BiH. During the meeting, two prime ministers announced establishment of joint trade commission.

§ § §

### **TPP Negotino put in operation (Macedonia)**

Fuel oil fired thermal power plant (TPP) Negotino (200 MW) was put in service in the beginning of November. The expensive TPP was restarted after Macedonia did not manage to import missing electrical energy for the winter period.

Macedonia's transmission system operator (MEPSO) received 20 million euros from the government to provide necessary fuel oil for the TPP for the period of 80 days. The fuel will be delivered by OKTA oil refinery at the price set by Regulatory energy commission (REC).

Government believes that after restart of TPP Negotino there will be no power cuts for the households in the next period. Nevertheless, government called for energy saving.

In case of lack of electricity, the large customers will be the first one to reduce power consumption.

§ § §

### **MEPSO received bids for only 33 % of required electricity in December (Macedonia)**

In the additional tender for import of electrical energy in December this year, Macedonia's transmission system operator (MEPSO) has received offers for import of only 52.1 GWh (or 70 MWh/h all month), instead of required amount of 151 GWh (or 210 MWh/h).

After such development, general manager of MEPSO concluded that this was another proof of energy crisis in the Southeastern Europe.

The offers in the tender have been submitted by five companies. EDS Trading offered to deliver 7.44 GWh (or 10 MWh/h) at price of 80 euros per MWh, Istrabenz offered 3.72 GWh (5 MWh/h) at price of 75 euros per MWh, CEZ offered 7.44 GWh (10 MWh/h) at price of 77.90 euros per MWh, Semptra offered 11.16 GWh (15 MWh/h) at price of 71.15 euros per MWh and at last, ETC Helas offered to deliver 22.32 GWh (30 MWh/h) at price of 67 euros per MWh.

MEPSO should also launch the tender for import of electricity in period January-April next year, where 806 GWh of electricity would be required.

Head of MEPSO welcomed the decision of government to put in service thermal power plant (TPP) Negotino, which should significantly help power supply in the country despite the high operational costs of the TPP. In the same time, one of the largest industrial customers, the Silmak, was disconnected from power grid, and other large customers will face reduction in power supply in case of power shortages, MEPSO announced.

MEPSO would file the request for regular annual price adjustment to the Regulatory energy commission (REC), when the exact price paid for the electricity import was known. Experts estimated that electricity prices in 2007th would increase by 10 %.

Macedonia imports some 30 % of overall electrical energy needs.

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

After several delays, in the beginning of November, government of Macedonia has reached the final decision on the tender for sale of fuel oil fired thermal power plant (TPP) Negotino (200 MW).

Government decided to cancel the tender for TPP Negotino, and to launch new tender by the end of November, where entire tender procedure should be finished in period of three months. The first ranked bidder in the original tender was the Austrian EVN, the owner of national power distribution company, the ESM, since April this year.

The government explained the tender cancellation by several omissions and by unsatisfactory offers in financial and technical terms. The notification of cancellation of the tender was sent to all companies participated.

Government concluded that first ranked bidder, submitted the lowest bid among four companies, where EVN's offer was lower three times comparing to second ranked bidder.

EVN offered 4 million euros in cash for the TPP and another 751 million euros in investments during next six years. According to government, EVN has also limited bank guarantees in case of non-fulfillment of investment program.

EVN commented the latest decision as a bad sign for foreign investors in Macedonia, and in the same time expressed concerns over situation in electrical energy sector.

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### **Increase in electricity import in October (Montenegro)**

Power utility of Montenegro (EPCG) has cover 34 % of electricity needs of the country through electricity import during the October. This implies that customers will be obliged to pay 34 % of their power bills at imported prices. The ratio of imported electricity in October was 6 % higher comparing to September, while average import price was 4.3 eurocents per KWh.

The new problem in this year for EPCG was the obligation to provide electricity for industrial customer Steel factory from Niksic until January 2007th, after former majority owners left the factory. Until then, factory has been importing by itself one third of necessary electrical energy.

It caused additional import of electricity, which amounted up to 620 GWh in the first nine months of this year, which was 3 % above the estimations. The overall amount paid for import until October reached 25.6 million euros or 41.35 euros per MWh in average (no VAT and fees for allocation of transmission capacities included).

Montenegro should cover 41 % of overall power needs by means of electricity import in 2007th. EPCG should provide 1.2 TWh for the largest industrial customer Aluminum factory (KAP) in Podgorica, while KAP should import by itself another 731 GWh of electricity. It is estimated that EPCG and KAP should pay some 110 million euros for electricity import in the next year.

According to estimations, gross electricity consumption in Montenegro in 2007th will reach 4.8 TWh, where EPCG should produce some 2.83 TWh. The increase in electricity import in the next year is related with capital renewal works in thermal power plant (TPP) Pljevlja and estimated increase in consumption of 3 %. The works

in TPP are scheduled for period April –August next year. TPP Pljevlja should produce 817 GWh of electricity in the next year, which is 25 % lower comparing to this year.

Executive director of EPCG repeated once again that price of imported electrical energy would be considerably increased after shut-down of two 440 MW units in nuclear power plant (NPP) Kozloduy in Bulgaria in the end of the year. EPCG estimated that after shutdown, Montenegro, Albania, Macedonia and Kosovo would loose some 40 % of potential electricity import. EPCG needs to secure supply contracts in the nearest future, head of EPCG said. The disadvantage in this moment is the drought period, which affects domestic power production. Officials from EPCG called citizens to save electrical energy in the next period.

In the beginning of November, EPCG arranged import of 50 MWh per hour from Czech Republic and Sweden, where price was 59 euros per MWh. Montenegro imports about one third of its power needs and, in the first ten months of 2006th, Montenegro has spent and imported more electricity than it was planned, official data showed.

Due to lack of rain, EPCG's power production was low and stored electrical energy in hydropower plant (HPP) Perucica dropped to 43.5 GWh in the end of October. During the latest session of the board, chairman of the board of directors of EPCG confirmed that power production in HPPs was 10 % above the plan in the first ten months of 2006th, while TPP Pljevlja achieved power production in accordance to plans.

In the same period, overall power consumption was 2 % above the plan, while import of electricity was 3.1 % higher than planned.

Board of directors of EPCG concluded that problems in power supply could be expected starting from the mid November. HPP Perucica has produced only 50 % of planned amount in October, while operational department of EPCG tries to optimize power production. The situation was not improved even after TPP Pljevlja was put in service after maintenance.

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

Thermal power plant (TPP) Pljevlja was put in service in the beginning of November after maintenance works related to the incoming winter season. TPP was out of service since October 17th.

In the meantime, some 50,000 tons of coal was delivered to the TPP. Until the standstill, TPP has produced 850 GWh of electricity, which was in accordance to plans. TPP should produce some 1.07 TWh of electricity in this year, for which 1.3 million tons of coal will be needed.

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### **EPCG considers introduction of prepaid billing system (Montenegro)**

Power utility of Montenegro (EPCG) has been considering introduction of prepaid system for paying of electricity bills. For those purpose, EPCG should provide special electricity meters, where customers could be able to buy vouchers and to pay electricity bills.

In the same time, the remote reading of electricity meters was started in four cities in the country. Head of Distribution division of EPCG

said that, although the prepaid system was the good idea, the most important thing in this moment was that remote reading system had been operating in perfect order.

EPCG has installed 5,000 electricity meters with remote reading in capital Podgorica, Niksic, Bijelo Polje and Herceg Novi. This pilot project was financed by part of the 2.5 million euros loan granted by World Bank.

It is estimated that households' customers owe some 40 million euros to EPCG for unpaid power bills. New projects are aimed to increase unsatisfactory collection rate of power bills.

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### **Montenegrobonus denied claims of Petrol regarding the construction of new HPP (Montenegro)**

Officials from state oil company Montenegrobonus have denied claim of its new partner Slovenian Petrol regarding the construction of hydropower plant (HPP) Buk Bijela on Tara River. They said two companies, for now, only discussed establishment of joint venture, which would be involved in oil business in Montenegro

Chairman of management board of Petrol has earlier said that Petrol was interested to build power plants in Montenegro, where one of the options could be the HPP Buk Bijela, on Montenegro –Bosnia and Herzegovina's border. The construction of HPP would flood part of the Tara canyon, which is under protection of UNESCO, and because of that, Montenegro abandoned the project in the past.

Former economy minister of Montenegro confirmed that project HPP Buk Bijela was stopped due to environmental reasons by special Declaration in parliament of Montenegro, so that it could not be discussed, at least for some period.

The Buk Bijela project was contradicted by some experts in Montenegro, having in mind that HPP should have been located in and owned by Republic of Srpska, while Montenegro would have only had preemptive right for electricity from HPP.

Head of Petrol said that they were aware of the environmental issues related to construction of HPP Buk Bijela. In the same time, having in mind the constant growth in electricity consumption in Montenegro and whole Europe, the project HPP Buk Bijela could be revived, he said.

Director of Montenegrobonus confirmed that two companies have discussed potential construction of large and small HPPs in Montenegro. The Protocol of cooperation signed between Montenegrobonus and Petrol in the end of September, has predicted construction of power plants.

In Montenegro, Petrol first plans to get involved into fuel distribution, while gas and electricity projects should be started in the next three to five years.

Head of Petrol said that company plans to expand in the region by establishing joint venture with Russian Lukoil. The establishment of joint venture was currently postponed due to technical reasons.

Montenegrobonus, together with Petrol, has expressed interest for tender for granting the concession rights for oil and gas explorations in Adriatic Sea. The concession was recently taken over from Hellenic Petroleum and its subsidiary Jugopetrol due to non-fulfillment of tender deadlines.

Head of Petrol did not exclude an option for take over of Jugopetrol, if it was offered for sale.

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### **Five bids in a tender for import of electricity (Montenegro)**

Five companies, the EFT, Ezpada, HSE, Energy Holding and Ostelektra, have submitted bids in the tender for the import of 1.22 TWh of electrical energy in Montenegro in 2007th. The average price of offered electrical energy is 65 euros per MWh, director of Transmission division of Power utility of Montenegro (EPCG) confirmed.

EPCG expected high prices in the tender, and based on current price of electricity on Leipzig power exchange, company allocated 67.5 million euros for the import in 2007th.

EPCG's official said that offered amount of electricity would be sufficient on annual level, but for some periods of the year, the offered quantities would not be sufficient. So far, Montenegro was importing one third of overall electrical energy needs, and the amount required in the latest tender is 50 % higher comparing to the last year.

EPCG should publish the results of the tender by the end of the November. The main criteria in this tender would be the best-offered price, regardless of terms of payment and references of the companies.

EPCG has divided requested amount of electricity into 14 lots, where particular contracts could be signed for each lot. Also, EPCG requested from potential suppliers to allow variations in import of +/- 20 %.

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### **Reduction in profit of 30 % for Electrica (Romania)**

In the period January –September this year, power distribution company Electrica, (including three branches that still needs to be privatized and Electrica Muntenia Sud, which should be taken over by Italian Enel), has reported income of 1.22 billion euros, which was 30 % reduction comparing to the last year. In the same period, the profit decreased by 50 % down to 88 million euros.

The main reason for income reduction was the privatization of two distribution and supply branches and separation of maintenance companies from Electrica, head of the company said.

In October this year, ministry of economy and commerce announced that Electrica Muntenia Nord, Electrica Transilvania Nord and Electrica Transilvania Sud would be privatized through sale of 34 to 35 % of shares, and subsequent increase of capital stake at 51 % by future owners. Three companies should be sold simultaneously in separate privatization procedures in the next year.

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### **Parsons Brinckerhoff Power consultant for restructuring of electrical energy sector (Romania)**

Romania's transmission system operator Transelectrica has selected US company Parsons Brinckerhoff Power (PBP) to be consultant for restructuring of electrical energy production sector in Romania. The

worth of the contract is 400,000 euros, and PBP has outbid MVV Consulting and KPMG Romania.

According to contract, which should be signed in December this year, PBP will be obliged to carry out the study on restructuring of power system in period of nine months after signing the contract. During the first three months, PBP should determine prospective power producers after 2007th. In the second phase, during six months, PBP should propose restructuring of power production companies based on minimum costs. Romania's Institute for design and survey has already presented seven scenarios for merging of thermal and hydropower production companies.

Romania's media said that PBP is the consortium that has been involved in several rather controversial contracts and scandals. The company has been active in Trinidad and Tobago, India and USA. In Trinidad and Tobago, PBP was fired by the government due to conflict of interests. According to Romania's media, PBP was also involved in scandal in Boston, USA.

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### **Unit 2 in NPP Cernavoda successfully finished new test (Romania)**

Power producer Nuclearelectrica has informed the public in press release that unit 2 (700 MW) in nuclear power plant (NPP) Cernavoda was depressurized and access locks were opened on November 3rd. In the same time, sealing test of reactor's building was performed, which marked new important stage in commissioning of new unit in NPP.

In the next phase, Nuclearelectrica plans to test primary circuit under heat conditions, while the nuclear fuel will be started to manually load in the beginning of 2007th. When unit 2 becomes fully operational, NPP Cernavoda will provide 18 % of overall power production in Romania.

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### **Rompetrol announced construction of power plant (Romania)**

Rompetrol group has announced construction of 45 million euros worth co-generation thermal power plant in Midia in 2007th.

New TPP should have power output of 110 MW and it should be fuel oil and natural gas fired. TPP should be built in 18 months, and it would mostly provide electricity for Rompetrol's purposes. It is estimated that in the first phase, 40 to 45 MW will be delivered to Petromidia refinery, while the rest will be delivered to national power system.

In the next phase, power consumption of refinery will be increased at 80 to 90 MW, Rompetrol's officials confirmed. Rompetrol has plans for Petromidia to become one of the Europe's 25 the most profitable refineries within the next three years. In this moment, Rompetrol Rafinare, the refinery branch of Rompetrol group, is considered as one among the 75 best refineries in Europe according to management of Rompetrol.

Rompetrol Rafinare has signed the contract with Solomon Associates regarding the optimization of company's performance and increase in profit.

In the same occasion, CEO of Rompetrol said that company has started construction of new petrol stations under the Rompetrol's brand name in France.

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### **E. On Gaz Romania and Petrom signed natural gas supply agreement (Romania)**

Natural gas distributor, E.On Gaz Romania (former Distrigaz Nord) and oil and gas company Petrom have signed natural gas supply contract during November and December. The contract was signed before November 11th, the date after which National Natural Gas Regulatory Authority (ANRGN) approved increase in natural gas prices of 8.5 % due to increase in price of domestically produced natural gas.

Another natural gas distributor, the Distrigaz Sud, owned by Gaz de France, should also sign similar contract, minister of economy and commerce said.

According to the latest analyses carried out by Gaz de France, Romanian households pay relatively the lowest price for natural gas in whole Europe. The price level was explained by the fact that price of domestic natural gas and transport, storage and supply fees are lower than in rest of the Europe.

Analyses showed that customers in Romania pay 316 euros per 1,000 cubic meters of gas, while European average is 553 euros. The highest price of 956 euros is paid in Denmark, and the lowest price of 367 euros is paid in Hungary. Gaz de France expects that implementation of EU directives on liberalization of natural gas market will lead to harmonization of gas prices and improvement of services.

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### **General manager of EPS called for electricity price increase (Serbia)**

General manager of Power utility of Serbia (EPS) said that Serbia would be dependent on import of electricity having in mind current electricity prices in the country. This was said during the official ceremony of putting in service of new revitalized unit 1 (200 MW) in thermal power plant (TPP) Nikola Tesla A.

EPS needs to invest some 3 billion euros in the next four years, which would be impossible with the lowest electricity prices in Europe, head of EPS said. He compared current prices in Serbia of 4 eurocents per kWh with 6 eurocents in Albania. General manager reminded that Serbia did not build any new power plant in the last 20 years. He believes that state of Serbia should support national power company in new investment programs.

EPS has invested 12 million euros for large-scale renewal of unit 1 in TPP Nikola Tesla A, where unit was technically and environmentally improved. Head of TPP pointed out that constant modernization projects in the TPP (in four out of six units in the TPP) have led to the increase in power production. Until the end of October, 1,500 MW power plant produced more than 1.4 TWh of electrical energy.

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### **Blue Stream to be extended across Serbia (Serbia)**

According to Serbian daily papers, Gazprom will extend Blue stream gas pipeline across Serbia. Sources said that government of Serbia and government of Russia and Gazprom would sign memorandum of cooperation by the end of this year. The memorandum was approved by the Serbian government in summer this year.

This issue was discussed between Serbian energy minister and head of Gazprom during minister's visit to Moscow in the end of October. The latest announcement denied rumors that Blue stream pipeline would bypass Serbia.

Gazprom intends to transport 25 billion cubic meters of natural gas per year through Blue stream pipeline to Europe. Entire project in Serbia should be financed by Gazprom, while Serbia could earn some 25 to 30 million euros from transit fees per year.

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### **EPS selected consultants for several projects (Serbia)**

Power utility of Serbia (EPS) has selected consultant for reconstruction of combined heat and power plant (CHP) Novi Sad (200 MW). Consultant, the consortium of CSP, Roland Berger (Austria), Lahmeyer (Germany) and local company Citadel, was selected after tender procedure.

Director of Strategic and investment department of EPS confirmed that contract with consultant was signed in the end of October. On November 7th, the first meeting between consultants, EPS, representatives of CHP and municipality of Novi Sad, took place.

In the same time, company EPIC, selected as a consultant for construction of new thermal power plant (TPP) Kolubara B (700 MW) in June this year, has initiated the first contacts with potential investors and started to prepare tender documentation.

As a reminder, 16 foreign companies have expressed interest for this project after EPS published public invitation for potential investors in Financial Times. EPS invited investors to visit construction site of TPP Kolubara B, the construction of which was interrupted in 1990s, and other potential construction sites nearby. The sightseeing will last until November 15th, EPS confirmed. After that time, investors will be invited to fill the final questionnaire and to propose the technical and financial models for construction of new power plant. Depending on the approval of government of Serbia, the tender for construction of TPP should be launched by the end of this or in the beginning of the next year.

EPS has also finished selection of consultant for restructuring and financial consolidation of the company. After the appeal period, EPS selected Arthur D. Little company to become new consultant, while final contract should be signed in November.

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### **New ash disposal system for TPP Kostolac B (Serbia)**

Power utility of Serbia (EPS) has signed the contract with German consortium Dobersek-Meyer for the delivery of new coal-ash disposal system in thermal power plant (TPP) Kostolac B. Head of Strategic and investment department of EPS and directors of consortium signed the contract.

EPS's official pointed out that new system represents new technology for thick mixtures of coal, which is more environmentally sound and much cleaner than the existing one that caused considerable air and water pollution.

The 21 million euros worth project will be financed by the loan of European bank for the reconstruction and development (EBRD). The new system should be installed in the two-year period. EPS also informed public that similar project would be started in TPP Kostolac A, which should be financed by KfW bank.

EPS also prepares the project for installation of desulphurization facility in the TPP Kostolac B

§ § §

### **Revitalization of HPPs will start in 2007 (Serbia)**

In 2007, EPS will start revitalization and modernization of half of installed capacities in HPPs. First on a list are the biggest one and the smallest one, HPP Djerdap 1 and HPP Elektromorava. Financial resources for preparation of documentation for revitalization of HPP Zvornik, HPP Bajina Basta and Limske HPPs are provided.

§ § §

### **Ecological investments in EPS (Serbia)**

After Power utility of Serbia (EPS) put in service unit 1 (200 MW) in thermal power plant (TPP) Nikola Tesla A (1,500 MW overall power output) in the end of October, it marked the end of projects for modernization of electro filters in this TPP.

In the last three years, after EPS installed new electro filters in four out of six units in the TPP, emission of harmful gasses was reduced by five times. The special attention was given to the oldest units, unit 1 and unit 2, which were actually the largest polluters of the nearby city of Obrenovac. The emission from unit 1 reached almost 2,000 mg per cubic meter. In this moment, four revitalized units produce some 50 mg of harmful particles per cubic meter, which is in accordance to EU standards.

Management of EPS pointed out that the ecological investments would be the highest priority for the company having in mind that almost one third of the regulations that Serbia has to harmonize to EU rules, are related to environmental protection.

Until now, EPS has invested 17 million euros for installation of four electro filters, out of which 5 million euros was profit from electricity sales. The revitalization of filters on units 2, 3 and 5 was co-financed by loans from European agency for reconstruction (EAR).

In the next two years, EPS should continue the installation of filters on units 4 and 6 (300 MW each) in TPP Nikola Tesla A, which would depend on the available funds.

EPS will also install new filters in TPP Kostolac A, which would reduce emission of harmful gasses by ten times.

Simultaneously with installation of filters, EPS has initiated projects for renewal of ash disposals in Obrenovac and Kostolac. The ash disposal of TPP Nikola Tesla occupies the space of almost 500 hectares and ash disposal of TPP Nikola Tesla B is spread over 400 hectares. Current ash disposal system has heavily polluted underground waters. New ash disposal systems, which would be at first installed in

TPP Nikola Tesla B until 2008th, would transport ash mixed with water in 1:1 ratio, with addition of coagulate that would prevent emission of hard metals and spreading of ash all over the area.

It is estimated that, in the next ten years, EPS needs to invest some 1.2 billion euros in order to modernize TPPs and ash disposals. EPS has carried out necessary feasibility studies, where main problem remains the funding of the projects. Management of the company called for electricity price increase in order to provide missing funds.

§ § §

### EPS signed contract with Takraf and Krupp (Serbia)

Power utility of Serbia (EPS) has signed two contracts with German companies Takraf and Krupp, where overall worth of the contracts is 24.8 million euros. The contracts are related to the construction of the fifth excavating system (excavator - belt transporter – depositor) in open pit mine in Kostolac.

According to contract, Takraf will upgrade the srs2000 type excavator in the coalmine, where German company will manufacture and install electrical and mechanical equipment. The worth of this contract 12.2 million euros and local company Gosa will be included in the project as a subcontractor.

The contract signed with Krupp is related to the manufacturing and installation of new depositor, with capacity of 8,500 cubic meters per hour. The worth of the contract is 12.6 million euros, where local companies will carry out some 30 % of the project.

The overall costs of the construction of new excavating system will reach 60 million euros and the system should be finished until end of 2008th. The project will be funded by EPS's own funds.

In September this year, EPS and local company Gosa have signed 30 million euros contract for delivery of belt transporter for excavating system in Kostolac coalmine. New system would enable increase in coal production from current level of 6.5 million tons up to 9 million tons per year. The Kostolac coalmine supplies the thermal power plants (TPPs), the TPP Kostolac A (200 MW) and TPP Kostolac B (600 MW).

## Tenders:

### Electricity

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| Company / organization:          | EBRD, related Serbia   |
| <b>Belgrade District Heating</b> |  |
| Content:                         | <p>This Invitation for Tenders follows the General Procurement Notice for this project which was published in Procurement Opportunities on the EBRD website on 30th September 2004 and updated on the EBRD web-site on 14 February 2006, and in Official Gazzette of the Republic of Serbia.</p> <p>The Municipality of the City of Belgrade has received a loan from the European Bank for Reconstruction and Development (the Bank) towards the cost of a Programme for the rehabilitation of the Belgrade District Heating (DH) system. The proposed Programme, which has been allocated a total of Euro 20 million, will be implemented by JKP BEOGRADSKE ELEKTRANE, a wholly owned company of the City of Belgrade, hereinafter referred to as "the Employer".</p> <p>The Employer now invites sealed tenders from contractors for the following contracts to be funded from part of the proceeds of the loan:</p> <p>Contract for the Supply and Installation of Economisers for</p> <p>TO Dunav, TO Konjarnik and TO Vozdovac</p> <p>The contract includes design, manufacturing, supply and installation of four economizers (2 x 6 MW and 2 x 3 MW) as by-pass on the existing flue gas duct with adequate dampers, and also their integration with the existing equipment and systems.</p> |
| Deadline:                        | 19 December 2006 at 11:00, Belgrade time.  |
| Contact:                         | <p>Mr. Bojan Bogdanović<br/> Address: Savski nasip 11<br/> 11070 Novi Beograd,<br/> Serbia and Montenegro<br/> Tel: +381 11 20 93 633<br/> Fax: +381 11 20 93 601<br/> E-mail: tender@beoelektrane.co.yu</p>   |

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| Company / organization:   | PPC, related Greece   |
| <b>TEST DEVICES FOR THE PRIMARY BUT ALSO SECONDARY CONTROL OF EQUIPMENT</b> |   |
| Content:  | Test devices for the primary but also secondary control of equipment in network of transport of PPC |
| Deadline:   | 21.11.2006, 11:30 AM  |
| Contact:  | 89 DURRAHIU AND KIFISSOU OFFICE No 101/A, PHONE No +30 210 - 5192628                                |

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| Company / organization:           | EBRD, related Romania  |
| <b>Timisoara District Heating</b> |  |
| Content:                          | <p>The district heating company of the city of Timisoara, Colterm SA ("Colterm" or the "Company") intends to implement an investment programme to rehabilitate its district heating system in order to increase overall efficiency through installation of new gas turbine units (gas and steam turbines with hot water recovery boilers) for co-generation of heat and electricity (the "Project"). The Project, which has a total estimated cost of about EUR 22.5 million, represents a modernisation and an extension of the existing co-generation plant.</p> <p>Colterm is seeking to engage a consultant to improve the commercial performance and standards of corporate governance of the Company (the "assignment"), for inter-alia:</p> <p>(i) development and implementation of a Financial and Operational Performance Improvement Programme which will focus on:</p> <ul style="list-style-type: none"> <li>- Institutional developments (control over assets and services agreement, corporate organisation, management information system);</li> <li>- Financial Performance improvements (tariff policy, budgeting and cash management, revenue collection procedures);</li> <li>- Operational Performance improvements (operational efficiency, insurance management, environmental management, customer and public relations);</li> </ul> <p>(ii) development and implementation of a medium-term Corporate Business Plan focusing on medium and long term corporate, financial and operational improvements, and development and implementation of a corporate planning process into the existing budget and business planning processes.</p> <p>Assignment Start Date and Duration: The assignment is anticipated to start in February 2007 and have a duration of 20 months</p> <p>Maximum Budget available for the Assignment: EUR 330,000; Exclusive of VAT.</p> |
| Deadline:                         | 5 Dec 2006 at 16:00, Bucharest time  |
| Contact:                          | Aurel Matei<br>Deputy General Manager; Colterm SA; Str Episcop Joseph Lonovici No 4; Timisoara; 300092 Romania<br>Tel: +40 256 434 614 Fax +40 256 431 616 E-mail: aurel.matei@colterm.ro  |

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| Company / organization:                            | PPC, related Greece  |
| <b>170KV COMPACT INTEGRATED SUBSTATION MODULES</b> |  |
| Content:   | <p>170KV COMPACT INTEGRATED SUBSTATION MODULE, in accordance with the attached PPC' s technical specification SS-77 FEBRUARY 2006, consisting of the following electrical equipment:</p> <ol style="list-style-type: none"> <li>a. One (1) 3-pole circuit breaker or three (3) single pole circuit breakers, suitable however for 3-pole operation.</li> <li>b. Two (2) three-pole disconnectors or two (2) groups of three (3) single-pole disconnectors.</li> <li>c. One (1) 3-pole earthing switch or three (3) single-pole earthing switch.</li> <li>d. Three (3) 1-phase current transformers.</li> <li>e. Three (3) 1-phase voltaget transformers.</li> </ol> <p>Quantity: 4 pcs</p> |
| Deadline:  | 19.12.2006, 11:30 AM   |
| Contact:   | 89 DIRRAHIU AND KIFISSOU STR., OFFICE No 101A, PHONE No +30 210 5192626  |

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| Company / organization:                                       | EBRD, related Bulgaria  |
| <b>Maritza East Thermal Power Plant 2 - Lender's Engineer</b> |   |
| Content:  | <p>Consulting Services are required from a specialized company to assist the Bank as Lenders Engineer in monitoring the Project.</p> <p>The Project is vital to ensure Bulgaria meets its requirements under the Sulphur Protocol and the acquis communautaire of the EU.</p> <p>The process of desulphurization is to be based on wet limestone technology. The Project includes the following:</p> <ul style="list-style-type: none"> <li>- Preparatory work (investigations, preparation of tender documents, tenders and tender evaluation, contract preparation)</li> <li>- Dismantling work, site cleaning and preparation for handover to Contractor</li> <li>- Design, engineering and procurement</li> <li>- Equipment supply and installation work</li> <li>- Civil works</li> <li>- Corrosion-resistant lining of the stack or wet stack above the absorbers;</li> <li>- Adaptation works to the existing plants and facilities (by ME2).</li> </ul> <p>The proposed FGD plants will be similar to those for Units 7 and 8 and will include in particular:</p> <ul style="list-style-type: none"> <li>- absorber plants (one per unit)</li> <li>- ID fan replacement, flue gas ducting, discharge to atmosphere</li> <li>- limestone handling and processing (unloading from rail wagons, storage, milling, limestone slurry preparation)</li> <li>- gypsum processing (dewatering, storage, outloading onto rail wagons)</li> <li>- electrical, instrumentation and control</li> <li>- auxiliaries and infrastructure (power and water supply, waste water disposal, rail sidings, civil structures and buildings)</li> </ul> |
| Deadline:   | 17 November 2006  |
| Contact:  | Angela Levitsky<br>Tel: + 44 207 338 6363<br>e-mail: levitska@ebrd.com  |

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| Company / organization:   | EAR, related Romania  |
| <b>Awareness Raising in View of Full Liberalisation of the Electricity Market</b> |   |
| Content:  | <p>The full liberalization of the electricity market in Romania is due in the near term, as well as the finalization of the necessary legal and regulatory framework. These developments will have a major impact on energy market actors, i.e. generators, suppliers, consumers, etc. This is especially important regarding consumers who have to be informed on both the opportunities created and their rights and obligations. The proposed project aims at the development of a communication strategy for the Romanian Energy Regulatory Authority (ANRE), the development of the necessary information material specifically tailored to the different groups of market actors, the organization of information dissemination events in order to inform market participants and the realization of an information campaign, with a special focus on the changing supplier process and protection of vulnerable consumers.</p> <p>Maximum budget<br/>400,000 EUR</p> |

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| Deadline: | 11 December 2006, 16:00 local time  |
| Contact:  | Central Finance and Contracts Unit, Ministry of Public Finance<br>44 Mircea Voda Blvd, Entrance B., Bucharest, Sector 3<br>Tel: (+4021) 326.55.55<br>Fax: (+4021) 326.87.30/ (+4021) 326.87.09<br>Contact person: Daniela Tala, Project Officer |

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| Company / organization: | EAR, related Kosovo |
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#### Tender preparation for Rehabilitation of Coal System for the new Sibovc south west mine in KEK

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| Content: | The aim of this project is to provide further support to the Contracting Authority on preparing a works tender dossier for the rehabilitation of a Coal System for the opening of the new Sibovc South West Lignite mine for KEK, the power utility of Kosovo-UNMIK. The assistance will include preparation of the works tender dossier for electrical and mechanical rehabilitation of one coal system consisting of coal conveyors (including long distance conveyor), one bucket wheel excavator and power supply for complete coal system. Also the consultant shall participate in the site visit, prepare the answers to the clarifications during tendering period and participate in the evaluation of the project for main project for the rehabilitation of the coal system.<br>It is foreseen that the works contract is prepared under the "Plant and Design-Build" FIDIC Conditions of contract.<br>Maximum budget<br>400,000 EUR |
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| Deadline: | 6 December 2006 at 17.00 hours CET |
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| Contact: | The European Agency for Reconstruction<br>Procurement Section<br>Attn: Head of Procurement Section<br>1 Kosova street, Pristina, Kosovo – UNMIK<br>Tel: +381 38 51 31 200 |
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| Company / organization: | PPC, related Greece |
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#### Tinned copper strips

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| Content: | Tinned Copper Strip with cross section of 25 x 4 mm according to technical description TD-20.<br>Quantity: 50 000 kg |
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| Deadline: | 28.11.2006, 9:30 AM |
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| Contact: | DIRRAHIOU & KIFISSOU Str, OFFICE : No 020, PHONE : +30 210 5192534 FORM |
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| Company / organization: | PPC, related Greece |
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#### POWER T/F 40/50 MVA

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| Content: | Power Transformer (T/F) 40/50 MVA 150/15,75-21 KV with automatic load-ratio control , connection Dyn1, according to PPC Specification SS-25/15 and para . 17 of Special Terms.<br>Quantity: 10 pcs |
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| Deadline: | 14.12.2006. 9:30 AM |
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| Contact: | 89 DIRRAHIOU AND KIFISSOU STR, room 117, PHONE : +30 210 5192379 |
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| Company / organization: | PPC, related Greece |
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#### FITTINGS FOR 150KV.T.L

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| Content: | -Long Socket – Clevis (dwg. TR-4/13L)<br>-Self Locking Hook (dwg. TR-4/01)<br>-Yoke for double tension string (dwg. TR-4/14)<br>-Twin Arcing Horn for Double Tension String (dwg. TR-4/17)<br>-Arcing Horn for Double Tension String (dwg. TR-4/16)<br>-Adjustable Arcing Horn (dwg. TR-4/19)<br>-Arcing Horn for Single Tension String (dwg. TR-4/18)<br>-Chain Link 16t (drawing TR-4/09)<br>-Chain Link 7t (drawing TR-4/08)<br>-Extension Link for Single tension string (dwg. TR-4/15)<br>-Shackle 10t for single tension string (dwg. TR-4/10)<br>-Shackle 16t for double tension string (dwg. TR-4/11)<br>-Socket-eye for heavy conductor (dwg. TR-4/03)<br>-Ball-clevis (dwg. TR-4/12)<br>-Socket – clevis (dwg. TR-4/13)<br>-Counterpoise connector (dwg. TR-4/32)<br>-Suspension clamp for heavy conductor (dwg. TR-4/05)<br>- Compression dead end clamp for heavy conductor (dwg. TR-4/2)<br>-90° shackle (dwg. TR-4/11A)<br>-Long Socket-eye for heavy conductor (dr. TR-4/03L)<br>-Yoke for Double Suspension String Yoke (dwg. TR-4/14A) |
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| Deadline: | 22.12.2006, 9:30 AM |
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| Contact: | 89, DIRRAHIOU & KIFISSOU OFFICE No 020; PHONE No +30 210 5192607 |
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| Company / organization: | PPC, related Greece |
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#### PHASE+EARTH OVERCURRENT & AUTO- RECLOSING RELAY FOR MEDIUM

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| Content: | Phase Earth Over current Relay of Definite and Inverse Time, with Auto-reclosing function for medium voltage (20kv) overhead distribution lines according to the Technical Description No TD-50/7 (REVISION No 7/ JANUARY 2006).<br>Quantity: 100 pcs |
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| Deadline: | 28.11.2006, 11:30 AM |
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| Contact: | 89 DIRRAHIOU AND KIFISSOU STR, room 117, PHONE : +30 210 5192379 |
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| Company / organization: | PPC, related Greece |
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#### 400KV & 150KV LINE TRAPS

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| Content: | LINE TRAPS FOR TRANSMISSION NETWORKS 400 KV & 150 KV according to PPC's Technical Specification SS-38/5 Revision 5 APRIL 2004 |
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| Deadline: | 12.12.2006, 11:30 AM |
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| Contact: | 89 DIRRAHIOU AND KIFISSOU STR., OFFICE No 101Á PHONE No +30 210 5192626 |
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| Company / organization:   | <b>EAR, related Serbiaa</b>   |
| <b>Ash Disposal System – Nikola Tesla B Thermal Power Plant</b> |   |
| Content:  | <p>EAR is seeking a new ash disposal system for the Electric Power Serbia (EPS – Contracting Authority) owned Nikola Tesla B Power Station, a 2 x 620MW lignite fired power station located in the town of Obrenovac, Serbia. Obrenovac is located alongside the River Sava, some 50km upstream from Belgrade.</p> <p>At present the furnace bottom ash is removed mechanically by a de-asher which is filled with water as a seal to the furnace. Further transport is by belt conveyor.</p> <p>The fly ash from the precipitators, air pre-heater hoppers and boiler economiser hoppers is collected and conveyed via pneumatic flow channels. At the end of the precipitator house these ashes are mixed together and flushed with additional water to the ash slurry sump. From there the water ash mixture of ratio nominally 10:1 is pumped via a pipeline to the ash disposal site, which is located approximately 4.5km away from the power plant, for final disposal. Three pipelines are installed in order to provide 1 stand-by line for use in the event of a temporary blockage.</p> <p>The existing de-ashing system at Nikola Tesla B power plant has been in operation since the commissioning of the plant and handles, on average, about 2.1Mt/year of which approximately 7% is furnace bottom ash.</p> <p>Tenderers are requested to propose the design, supply, installation, commissioning, testing and setting to work of a new ash handling and disposal system for Nikola Tesla B Power Station. The works comprises of replacing the existing thin slurry 10:1 ash disposal system with a thick slurry 1:1 hydraulic transport scheme.</p> |
| Deadline:   | 27. January 2007, 15:00 CET.  |
| Contact:  | The European Agency for Reconstruction (EAR)<br>Procurement Unit<br>Vasina 2-4, 11000 Belgrade, Serbia<br>Fax: +381 11 30 23 466  |

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| Company / organization:   | <b>KESH, related Albania</b>   |
| <b>Purchasing of Box (casket) polyester for mono phase energy meters, and coaxial cable</b> |  |
| Content:  | <p>Albanian Power Corporation – KESH SH.a. With a fund of Euro 4 884 355 (Four million eight hundred eighty four thousands and three hundred fifty five) EUR, with all the fiscals liability, put at its disposal by its fund requests to realize the International Competitive Bidding for: "Purchasing of Box (casket) polyester for mono phase energy meters, and coaxial cable".</p> <p>Lot 1: Box(casket) for mono phase energy meters: 60 000 pieces. Fund limit: 1 464 250 EUR<br/>Lot 2: Coaxial cable, 2 000 km. Fund limit: 3 420 105 EUR.</p> |
| Deadline:   | 21.11.2006, 15:00, local time  |

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| Contact: | Procurement Directory, Blloku "Vasil Shanto" Tirane, Albania; Tel/Fax: +355 4 241 982 |
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| Company / organization:                                   | <b>EBRD, related Romania</b>  |
| <b>Timisoara District Heating - Works and Consultancy</b> |   |
| Content:  | <p>CLT Colterm S.A. ("Colterm" or the "Company"), the district heating company owned by the City of Timisoara, has applied for a loan from the European Bank for Reconstruction and Development (the "Bank") for the modernisation of the municipal district heating system. The Company intends using the proceeds of the loan for the installation of new gas turbine units of 20 MW gross electricity production with a 29 MW thermal output and for district heating and corporate management consultants. Colterm will be the implementing agency.</p> <p>The proposed project, which has a total estimated cost of EURO 22.5 million, will require the procurement of works and services for the following components:</p> <ul style="list-style-type: none"> <li>(a) supply and installation of gas turbine units;</li> <li>(b) procurement and implementation supervision;</li> <li>(c) corporate development programme (donor financed)</li> </ul> <p>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</p> |
| Deadline:   | 21 Aug 2007 at 24:00, Timisoara time  |
| Contact:  | Aurel Matei , Deputy General Manager<br>Colterm S.A. Str. Ep. Joseph Lonovici nr. 4<br>300092, Timisoara Romania<br>Tel: 0040 256 434 614 Fax: 0040 256 434 616<br>Email: aurel.matei@colterm.ro  |

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| Company / organization:  | <b>EPS, related Serbia</b>  |
| <b>Preliminary Site visits for potential strategic partners interested in investments into the 700MWe Kolubara Lignite-fired power plant</b> |   |
| Content:   | <p><b>Project Status</b></p> <p>The selection of advisors was concluded in summer 2006 and is followed by a premarketing phase including preliminary site visits allowing strategic partners, upon signing a non-disclosure agreement access to the potential site of the power plant. Electric Power Industry of Serbia is interested in receiving feedback from potential strategic partners on the optimal location of the power plant before announcement of a public tender.</p> <p><b>Eligibility</b></p> <p>Strategic partners shall be such that are owners and operators of coal-fired power plants. Conditions for participation in preliminary site visits for other potentially interested parties can be obtained from the advisors below.</p> |

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| Contact: | Gudrun Kuffner, Project Manager, EPIC Vienna, Austria; Tel: +43 1 5011957; Fax: +43 501199, email: gudrun.kuffner@epicinvest.com;<br><br>Jasmina Nestic, Project Manager, EPIC Belgrade d.o.o., Belgrade, Serbia; Tel: +381 11 2633290; Fax: +381 11 2628975; email: jasmina.nestic@epicinvest.com |
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| Company / organization: | KESH, related Albania |
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#### Purchase of electrical energy

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| Content: | KESH Albania has announced a bid for purchasing of 2.206.300 MWh electrical energy for the period of 01/01/2007 to 31/12/2007", with a Total Limit Fund of 162.830.396 Euro, scheduled to take place on November 6, 2006 at 12:00, local time. |
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| Contact and information: | Phone: + 355 4 228 434<br>Fax: + 355 4 241 982<br><a href="http://www.kesh.com.al/">http://www.kesh.com.al/</a> |
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| Company / organization: | EBRD, related Romania |
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#### CFR TRACTION ENERGY NETWORK MANAGEMENT PROJECT

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| Content: | This notice updates the General Procurement Notice published on Ebrd Website dated 22nd July 2005 under reference 5104-GPN-36043. |
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CFR SA and its subsidiary CFR Electricare have received 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;

1. Supply and installation of equipment sets consisting of traction substations, switching equipment, railway station distance control equipment, and central dispatching equipment and communication facilities;

2. Supply of catenary maintenance vehicles; and

3. Consultancy services for contract supervision.

Tendering for the above contracts started in the second half of 2006.

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| Deadline: | 24 Jul 2007 at 24:00, Bucharest time |
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| Contact: | Mr. Tiberiu Angelescu, Director of Foreign Financing Directorate<br>Compania Nationala de Cai Ferate CFR – SA<br>38, Dinicu Golescu Blvd., 3rd floor, room no. 26<br>010873 Bucharest 1 Romania<br>Tel.: +40 21 224 84 06<br>Fax: +40 21 222 14 45 |
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| Company / organization: | EAR, related Bulgaria |
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#### Supply of Mobile measuring laboratory and Equipment for the National Energy Information Centre

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| Content: | Lot 1 - Delivery, installation and commissioning of Technical equipment and Furniture for the National Energy Information Centre<br>Lot 2 – Delivery, installation and commissioning of a Mobile Measuring Laboratory for Energy Efficiency and Renewable Energy Sources Audits, Assessments, Studies, Training and Promotion, equipped with portable instruments, computer software and hardware and training of the staff. |
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| Deadline: | November 2006, 15:00 local time. |
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| Contact: | Central Finance and Contracts Unit (CFCU), Ministry of Finance<br>102, G. S. Rakovski St., 1040 Sofia<br>fax +359 2 9859 2773<br>e-mail: cfcu@minfin.bg |
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| Company / organization: | EBRD – European Bank for Reconstruction and Development, related <b>Bulgaria</b> |
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#### Power Transmission - Goods, works, services

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| Content: | Natsionalna Elecktricheska Kompania (NEK) intends using the proceeds of a loan from the European Bank for Reconstruction and Development [the Bank] for a project to rehabilitate its transmission network, including development of their MIS system, construction of a HV line, reconstruction and extension of a 400 kV s/st, modernisation of SCADA/EMS systems and providing of metering, testing and data processing systems. The proposed project, which has a total estimated cost of EUR 20 million equivalent, will require the procurement of the following goods, works and services: |
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A.2.2. Construction of HV line 400 kV Zlatitsa - Plovdiv, and

Re-routing of existing 110 kV Lines.

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

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

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| Deadline: | 24 November 2006 at 23:00, Sofia time |
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| Contact: | Lubomir Velkov – Head of Investment division<br>Tel: +359 2 987 9154<br>Fax: +359 2 986 12 88 |
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| Company / organization:   | <b>EBRD, related Romania</b>  |
| Design, Construction and Commissioning of the 390 Km Agadyr-YuKGRES Section of 500 KV Second Transmission Line of Kazakhstan North-South Transit Consulting Services Loan: Management and Monitoring Of Construction Contract Implementation Progress |   |
| Content:  | <p>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.</p> <p>Phase I</p> <p>1.1 Supervision of quality assurance by Contractor and PIU during implementation of survey work and design estimates.</p> <p>1.2 Quality and the accepted technical solutions assessment during elaboration of design estimates.</p> <p>1.3 Final review and approval of the made up design estimates for the construction of 500 kV OTL 500 kV Agadyr SS– 500 kV YuKGRES SS.</p> <p>Phase II</p> <p>2.1 Managerial and monitoring support during contracting.</p> <p>2.2 Analyses of the results of the tests performance for the quality conformance of the equipment and materials supplied under the project to the quality and technical characteristics operated together with KEGOC JSC specialists. Tests results evaluation.</p> <p>2.3 Quality assurance surveillance by the Contractor and PIU during implementation of the construction and erection works.</p> <p>2.4 Environmental measures monitoring during implementation of the construction and erection works.</p> <p>2.5 Verification of implementation according to the PIP and review of any changes to the PIP.</p> <p>2.6 Verification of the proper use of available funds.</p> <p>2.7 Submit periodic activity reports as may be requested from time to time by KEGOC.</p> <p>Phase III</p> <p>3.1 Confirmation of the Project Completion in accordance with the PIP and preparation of a Project Completion Report</p> |

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## Coal

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| Company / organization:  | EPS, related <b>Serbia</b>  |
| Development of study   |   |
| Content:   | <p>THE PUBLIC INVITATION to tender in the open procedure for the service - development of the Study 'Preliminary Program with the Feasibility Study for the Introduction of the System for Operational Management and Coal Quality Control on Tamnava Open Pit Mines'</p> <p>Procurement subject: Development of the Study 'Preliminary Program with the Feasibility Study for the Introduction of the System for Operational Management and Coal Quality Control on Tamnava Open Pit Mines' – Public procurement 05/06/DSI.</p>  |
| Contact:   | Ms. Radmila Zivojinovic, D. Sc., phone number +381 11 3971 960, e-mail: radmilaz@eps.co.yu.   |
| Company / organization:  | EAR, related Kosovo   |
| Tender preparation for Rehabilitation of Coal System for the new Sibovc south west mine in KEK |   |
| Content:   | <p>The aim of this project is to provide further support to the Contracting Authority on preparing a works tender dossier for the rehabilitation of a Coal System for the opening of the new Sibovc South West Lignite mine for KEK, the power utility of Kosovo-UNMIK. The assistance will include preparation of the works tender dossier for electrical and mechanical rehabilitation of one coal system consisting of coal conveyors (including long distance conveyor), one bucket wheel excavator and power supply for complete coal system. Also the consultant shall participate in the site visit, prepare the answers to the clarifications during tendering period and participate in the evaluation of the project for main project for the rehabilitation of the coal system.</p> <p>It is foreseen that the works contract is prepared under the "Plant and Design-Build" FIDIC Conditions of contract.</p> <p>Maximum budget<br/>400,000 EUR</p> |
| Deadline:  | 6 December 2006 at 17.00, CET.  |
| Contact:   | The European Agency for Reconstruction<br>Procurement Section<br>Attn: Head of Procurement Section<br>1 Kosova street, Pristina, Kosovo – UNMIK<br>Tel: +381 38 51 31 200   |

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