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**August (1) 2007 issue of Balkan Energy NEWS, with limited data.**

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- » Generation investment activities in hydro-power sector of Macedonia

**News headlines****Region:**

- » Azerbaijan interested for PEOP

**Albania:**

- » KESH to import some 160 GWh in August
- » Route of the TAP project approved
- » The construction site of TPP Vlora approved
- » Tender for new dispatching center
- » Bankers Petroleum increased oil production
- » IMF concerned over the energy crises

- » Macedonia to help Albania over energy crises
- » Government approved three hydrocarbons cooperation contracts

**Bosnia and Herzegovina:**

- » TPP Gacko finished overhaul
- » Geological researches in Kongora started
- » EP HZHB to introduce new IT system

**Bulgaria:**

- » ESO to launch electricity export auctions
- » Russian Mechel interested for TPP Bobov Dol
- » The final decision for privatization CHP Rousse to be reached
- » Maritsa Iztok mining company cancelled the joint venture with RWE
- » 2 million euros loss for TPP Varna
- » Sofia heating company to invest 28 million euros for upgrade projects
- » Dalkia to invest 5 million euros in Varna heating company

**Croatia:**

- » Reduction of profit for HEP
- » Plinacro signed loan contract with EIB
- » MOL purchased fuel retailer Tifon

**Greece:**

- » Energy strategy for 2008-2020 presented
- » Endesa announced plans for new power plant
- » Increase in profit for Hellenic Petroleum
- » Signing the cooperation agreement in natural and oil sector with Azerbaijan
- » PPC asked license for new coal fired plant
- » The construction of natural gas pipeline toward Turkey completed, inauguration ceremony to be held by the end of August

**Macedonia:**

- » Consortium led by Hatch new owner of TPP Negotino
- » Second phase of tender for HPPs Cebren and Galiste
- » The construction of power line Stip-Cervena Mogila continues
- » ESM-EVN to protect the customers' privacy

**Montenegro:**

- » Three companies interested for tender for general design of usage hydro potential of Bileca Lake
- » The tender for small HPPs in September
- » Balkan Energy purchased Berane coalmine
- » The high electricity bills and high collection rate in July
- » Minister of economic development criticized cancellation of sale of TPP Pljevlja

**Romania:**

- » Unit 2 in NPP Cernavoda connected to electricity grid
- » Tender for unit 3 and 4 in NPP Cernavoda published
- » Hidroelectrica reduced sale contracts due to drought
- » Bio-ethanol factory to be build in Nadlac, the bio-diesel factory put in service in Vaslui
- » Transgaz invited potential investors for construction of 10 million euros worth pipeline
- » 2.7 billion euros to be invested in renewable energy sources

**Serbia:**

- » Electricity import to start in September, new tender for electricity import to be launched
- » 5.5 million euros for renewal of heating plants
- » 180 million euros for renewal of petrol stations of NIS
- » Gazprom still to decide on construction of gas pipeline
- » EPS proposed 6.9 % increase in electricity prices from September
- » Electricity report in July

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

Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Greece, Macedonia, Montenegro, Romania, Serbia, Slovenia, Turkey

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

Annual electricity consumption in GWh		Year	Sum	1	2	3	4
Slovenia	2008	11182	1027	891	953	850	
	2009	11570	1094	998	1012	911	
	2010	11570	1094	998	1012	911	
Bosnia and Herzegovina	2008	11722	1074	979	1016	910	
	2009	12186	1155	1038	1075	938	
	2010	12186	1155	1038	1075	938	
Bulgaria	2008	34506	3289	2980	2971	2836	
	2009	32721	3486	3052	3021	2443	
	2010	31954	3475	3107	3097	2577	
Croatia	2008	17842	1680	1543	1570	1599	
	2009	17507	1625	1530	1551	1323	
	2010	17507	1625	1530	1551	1323	
Greece	2008	53306	4915	4539	4269	4105	
	2009	53504	4652	4271	4401	3894	
	2010	53565	4666	4107	4327	3913	
Macedonia	2008	5577	454	448	423	385	
	2009	5353	432	422	421	364	
	2010	5353	432	422	421	364	
Romania	2008	50636	4736	4268	4473	3803	
	2009	53365	4873	4372	4727	4081	
	2010	53365	4873	4372	4727	4081	

## Country Reports on Energy Business in South Eastern Europe

Country reports provide detailed overview of energy sector:

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

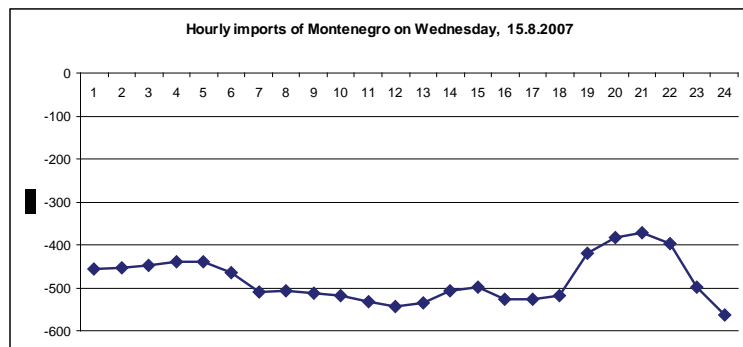
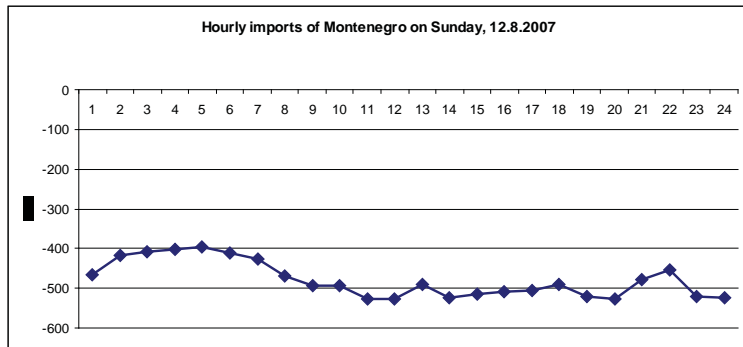
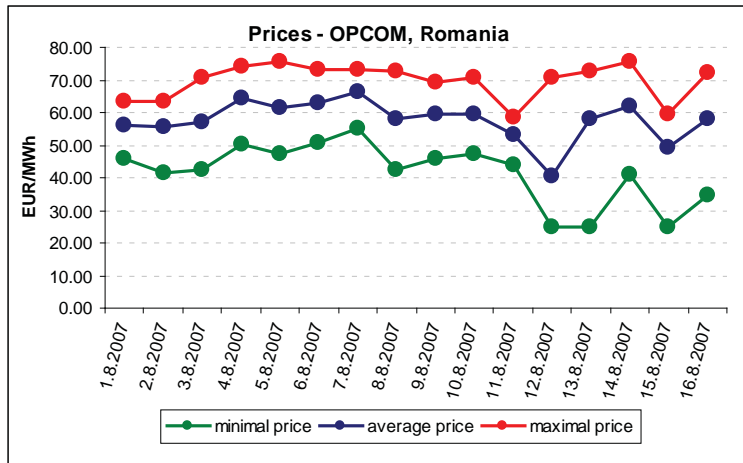
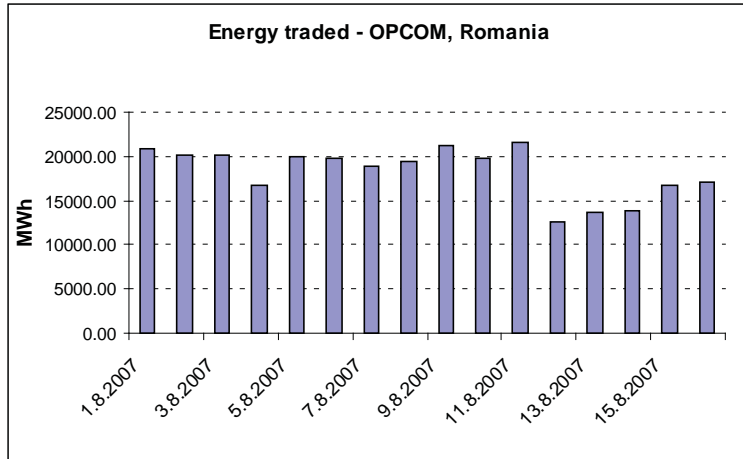
At the moment we have available up-to-date country reports for Bulgaria, Romania, Slovenia, Croatia, Bosnia and Herzegovina, Montenegro, Serbia and FYR Macedonia. Table of content is available on our website

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

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



**Power exchanges data:**



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

In the period from 1.8.2007 till 15.8.2007:  
 Montenegro maximum daily consumption: 12.82 GWh  
 Montenegro maximal hourly consumption: 630 MWh

Hour	Traded Volume [MWh/h]	MCP [EUR/MWh]
1	369.453	50.12
2	559.173	42.26
3	601.871	42.26
4	641.964	42.26
5	632.138	42.26
6	535.607	25.04
7	584.819	28.49
8	708.289	43.67
9	715.985	59.48
10	762.697	59.48
11	807.252	56.35
12	842.264	56.35
13	834.364	56.35
14	841.709	59.48
15	792.734	53.22
16	755.172	50.09
17	711.427	50.09
18	682.958	50.09
19	666.583	46.96
20	734.190	46.96
21	765.705	46.96
22	792.067	56.35
23	750.537	53.22
24	630.725	46.96
<b>Total</b>	<b>16,719.683</b>	

Opcom, Romania: Energy Traded on Wednesday, August 15, 2007

Hour	Traded Volume [MWh/h]	MCP [EUR/MWh]
1	473.820	50.17
2	587.797	41.08
3	654.504	40.77
4	653.418	36.38
5	654.770	34.34
6	620.440	25.09
7	611.030	25.09
8	599.174	25.09
9	468.657	31.36
10	514.768	31.36
11	506.168	40.77
12	527.165	40.77
13	555.615	40.77
14	554.388	40.77
15	452.253	37.00
16	467.405	40.77
17	449.949	40.77
18	412.835	37.63
19	388.390	37.63
20	427.161	40.77
21	510.480	42.65
22	525.125	68.99
23	485.043	70.56
24	433.638	61.15
<b>Total</b>	<b>12,533.993</b>	

Opcom, Romania: Energy Traded on Sunday, August 12, 2007

### Tables with offered Available Transfer Capacities (ATC) in Balkan region for September 2007

NOS BIH - Bosnia & Herzegovina						September 2007.
Border+Direction	TTC	TRM	NTC	AAC	ATC	Validity period:
<b>IMPORT</b>						
Croatia > BIH	-	-	400	-	-	01.-30.09.2007.
Montenegro > BIH	-	-	340	-	-	01.-30.09.2007.
Serbia > BIH	-	-	150	-	-	01.-30.09.2007.
<b>EXPORT</b>						
BIH > Croatia	-	-	420	-	-	01.-30.09.2007.
BIH > Montenegro	-	-	530	-	-	01.-30.09.2007.
BIH > Serbia	-	-	150	-	-	01.-30.09.2007.

ESO - Bulgaria						September 2007.
Border+Direction	TTC	TRM	NTC	AAC	ATC	Validity period:
<b>IMPORT</b>						
Serbia > Bulgaria	-	-	100	-	-	01.-09.09.2007.
	-	-	0	-	-	10.-15.09.2007.
	-	-	100	-	-	16.-30.09.2007.
Romania > Bulgaria	-	-	200	-	-	01.-09.09.2007.
	-	-	100	-	-	10.-15.09.2007.
	-	-	200	-	-	16.-30.09.2007.
Greece > Bulgaria	-	-	200	-	-	01.-30.09.2007.
<b>EXPORT</b>						
Bulgaria > Serbia	-	-	200	-	-	01.-09.09.2007.
	-	-	0	-	-	10.-15.09.2007.
	-	-	200	-	-	16.-30.09.2007.
Bulgaria > Romania	-	-	200	-	-	01.-30.09.2007.
Bulgaria > Greece	-	-	500	-	-	01.-30.09.2007.
	-	-	400	-	-	01.-30.09.2007.
	-	-	500	-	-	01.-30.09.2007.

OPS HEP - Croatia						September 2007.
Border+Direction	TTC	TRM	NTC	AAC	ATC	Validity period:
<b>IMPORT</b>						
Hungary > Croatia	-	-	-	-	0*	01.-30.09.2007.
Slovenia > Croatia	-	-	-	-	300	01.-30.09.2007.
Serbia > Croatia	-	-	-	-	0	01.-30.09.2007.
BIH > Croatia	-	-	-	-	10	01.-30.09.2007.
<b>EXPORT</b>						
Croatia > Hungary	-	-	-	-	200*	01.-30.09.2007.
Croatia > Slovenia	-	-	-	-	100	01.-30.09.2007.
Croatia > Serbia	-	-	-	-	0	01.-30.09.2007.
Croatia > BIH	-	-	-	-	50	01.-30.09.2007.

\* Common auction conducted by MAVIR

HTSO - Greece						September 2007.
Border+Direction	TTC	TRM	NTC	AAC	ATC	Validity period:
<b>IMPORT</b>						
Bulgaria > Greece	-	-	-	-	-	01.-30.09.2007.
Macedonia > Greece	-	-	-	-	-	01.-30.09.2007.
Albania > Greece	-	-	-	-	0	01.-30.09.2007.
<b>EXPORT</b>						
Greece > Bulgaria	-	-	-	-	0	01.-30.09.2007.
Greece > Macedonia	-	-	-	-	0	01.-30.09.2007.
Greece > Albania	-	-	-	-	0	01.-30.09.2007.
Greece > Italy	-	-	-	-	1	01.-30.09.2007.

MAVIR - Hungary						September 2007.
Border+Direction	TTC	TRM	NTC	AAC	ATC	Validity period:
<b>IMPORT</b>						
Croatia > Hungary	500	200	300	100	200*	01.-30.09.2007.
Romania > Hungary	350	100	250	50	75	01.-09.09.2007.
	200	100	100	50	0	10.-15.09.2007.
	350	100	250	50	75	16.-30.09.2007.
Serbia > Hungary	200	100	100	50	0	01.-30.09.2007.
<b>EXPORT</b>						
Hungary > Croatia	800	200	600	598	2*	01.-30.09.2007.
Hungary > Romania	250	100	150	25	50	01.-30.09.2007.
Hungary > Serbia	350	100	250	25	100	01.-30.09.2007.

\* Common auction conducted by MAVIR

TSO EPCG - Montenegro						September 2007.
Border+Direction	TTC	TRM	NTC	AAC	ATC	Validity period:
<b>IMPORT</b>						
Albania > Montenegro	-	-	-	-	-	01.-30.09.2007.
BIH > Montenegro	-	-	-	-	-	01.-30.09.2007.
Serbia > Montenegro	-	-	-	-	-	01.-30.09.2007.
<b>EXPORT</b>						
Montenegro > Albania	-	-	-	-	-	01.-30.09.2007.
Montenegro > BIH	-	-	-	-	-	01.-30.09.2007.
Montenegro > Serbia	-	-	-	-	-	01.-30.09.2007.

Remark: Smaller part of ATC on some borders was left for daily allocation

Transelectrica - Romania						September 2007.
Border+Direction	TTC	TRM	NTC	AAC	ATC	Validity period:
<b>IMPORT</b>						
Bulgaria > Romania	300	100	200	0	100	01.-30.09.2007.
	200	100	100	50	0	01.-07.09.2007.
Serbia > Romania	0	0	0	0	0	08.-09.09.2007.
	200	100	100	50	0	10.-30.09.2007.
Hungary > Romania	250	100	150	25	50	01.-30.09.2007.
	200	0	200	100	100	01.-07.09.2007.
Ukraine > Romania	350	0	350	100	250	08.-09.09.2007.
	200	0	200	100	100	10.-15.09.2007.
	350	0	350	100	250	16.-30.09.2007.
<b>EXPORT</b>						
Romania > Bulgaria	300	100	200	50	50	01.-09.09.2007.
	200	100	100	50	0	10.-15.09.2007.
	300	100	200	50	50	16.-30.09.2007.
Romania > Serbia	300	100	200	50	50	01.-07.09.2007.
	0	0	0	0	0	08.-09.09.2007.
	350	100	250	50	75	10.-30.09.2007.
Romania > Hungary	350	100	250	50	75	01.-09.09.2007.
	200	100	100	50	0	10.-15.09.2007.
Romania > Ukraine	350	100	250	50	75	16.-30.09.2007.
Romania > Ukraine	20	0	20	0	20	01.-30.09.2007.

EMS - Serbia						September 2007.
Border+Direction	TTC	TRM	NTC	AAC	ATC	Validity period:
<b>IMPORT</b>						
Hungary > Serbia	350	100	250	0	125	01.-30.09.2007.
Romania > Serbia	300	100	200	0	100	01.-07.09.2007.
	0	0	0	0	0	08.-09.09.2007.
	350	100	250	0	125	10.-30.09.2007.
Bulgaria > Serbia	300	100	200	0	100	01.-09.09.2007.
	0	0	0	0	0	10.-15.09.2007.
Macedonia > Serbia	300	100	200	0	100	16.-30.09.2007.
	260	50	210	0	105	01.-30.09.2007.
Albania > Serbia	0	0	0	0	0	24.-26.09.2007.
	260	50	210	0	105	27.-30.09.2007.
Montenegro > Serbia	450	150	300	0	150	01.-30.09.2007.
BIH > Serbia	250	100	150	50	25	01.-30.09.2007.
	250	100	150	0	75	01.-02.09.2007.
Croatia > Serbia	0	0	0	0	0	03.-07.09.2007.
	250	100	150	0	75	08.-30.09.2007.
<b>EXPORT</b>						
Serbia > Hungary	200	100	100	0	50	01.-30.09.2007.
Serbia > Romania	200	100	100	0	50	01.-07.09.2007.
	0	0	0	0	0	08.-09.09.2007.
	200	100	100	0	50	10.-30.09.2007.
Serbia > Bulgaria	200	100	100	0	50	01.-09.09.2007.
	0	0	0	0	0	10.-15.09.2007.
	200	100	100	0	50	16.-30.09.2007.
Serbia > Macedonia	380	100	280	0	140	01.-30.09.2007.
	260	50	210	0	105	01.-09.09.2007.
Serbia > Albania	200	50	150	0	75	10.-23.09.2007.
	0	0	0	0	0	24.-26.09.2007.
	260	50	210	0	105	27.-30.09.2007.
Serbia > Montenegro	450	150	300	110	95	01.-30.09.2007.
Serbia > BIH	250	100	150	50	25	01.-30.09.2007.
	200	100	100	0	50	01.-02.09.2007.
Serbia > Croatia	0	0	0	0	0	03.-07.09.2007.
	200	100	100	0	50	08.-30.09.2007.

\* No price information available

General remark: Sign - in all tables means that data is not available

MEPSO - Macedonia						September 2007.
Border+Direction	TTC	TRM	NTC	AAC	ATC	Validity period:
IMPORT						
Serbia > Macedonia	380	100	280	140	0	01.-30.09.2007.
Greece > Macedonia	300	100	200	0	0	01.-30.09.2007.
EXPORT						
Macedonia > Serbia	300	100	200	100	0	01.-30.09.2007.
Macedonia > Greece	130	100	30	0	0	01.-30.09.2007.

Remark: No transparent allocation procedure on Greek and Bulgarian border

TTC (Total Transfer Capacity), TRM (Transmission Reliability Margin) and NTC (Net Transfer Capacity) values in previous tables, represents commonly correlated values, given per each border and per each direction on the respective border. (Please note that some of TSOs on their web sites publish only one-half of the NTC value, i.e. their own part of NTC, and therefore NTC data can be different)

AAC (Already Allocated Capacity) value represents part of transmission capacity allocated earlier by TSO in which table this value appears.

### Important dates regarding allocation of cross-border transmission capacity for September 2007

SEPTEMBER 2007	Publication of ATC	Deadline for bid submission	Allocation results	Date of contract	Settlement report of allocation fee	Maturity date of allocation fee
OPS HEP	10.08.	17.08.	20.08.	24.08.	27.08.	-
MAVIR	10.08.	16.08.	17.08.	20.08.	21.08.	29.08.
EMS	07.08.	08.08.	09.08.	10.08.	13.08.	21.08.

No trades were performed by Borzen in the period from 1.8.2007 till 16.8.2007

### Weather conditions

	17.08.	18.08.	19.08.	20.08.	21.08.
<b>Albania</b> <i>Tirana</i>	T: 21-36 W: W 4 R: -	T: 20-35 W: NW 6 R: -	T: 18-34 W: N 9 R: -	T: 18-35 W: NW 6 R: -	T: 20-37 W: NW 4 R: -
<b>Bosnia and Herzegovina</b> <i>Sarajevo</i>	T: 10-30 W: - R: -	T: 12-30 W: L-V R: -	T: 11-24 W: L-V R: -	T: 10-27 W: L-V R: -	T: 11-31 W: - R: -
<b>Bulgaria</b> <i>Sofia</i>	T: 11-29 W: - R: -	T: 13-31 W: - R: -	T: 12-27 W: L-V R: -	T: 14-26 W: L-V R: -	T: 12-28 W: - R: -
<b>Croatia</b> <i>Zagreb</i>	T: 16-31 W: NE 6 R: -	T: 17-30 W: NE 9 R: 5	T: 15-26 W: NE 6 R: -	T: 13-28 W: N 4 R: -	T: 17-32 W: - R: -
<b>Greece</b> <i>Athens</i>	T: 23-33 W: NW 19 R: -	T: 23-33 W: NW 17 R: -	T: 23-32 W: NW 12 R: -	T: 25-33 W: NW 12 R: -	T: 23-35 W: NW 14 R: -
<b>Macedonia</b> <i>Skopje</i>	T: 18-32 W: - R: -	T: 17-32 W: - R: -	T: 15-28 W: L-V R: -	T: 15-31 W: L-V R: 8	T: 17-32 W: - R: 3
<b>Montenegro</b> <i>Podgorica</i>	T: 17-34 W: W 4 R: -	T: 17-34 W: NW 8 R: -	T: 17-32 W: N 9 R: -	T: 17-32 W: NW 6 R: -	T: 18-34 W: NW 4 R: -
<b>Romania</b> <i>Bucharest</i>	T: 18-33 W: - R: -	T: 18-35 W: - R: -	T: 18-35 W: L-V R: -	T: 18-33 W: N 4 R: -	T: 18-33 W: L-V R: -
<b>Serbia</b> <i>Belgrade</i>	T: 20-36 W: NE 6 R: -	T: 21-34 W: NE 9 R: -	T: 20-31 W: NE 6 R: -	T: 18-31 W: N 8 R: -	T: 18-34 W: L-V R: -

T: Ts in Celsius degrees.

W: Ws in km/h, S – South, W – West, N – North, E – East and variables; L-V - light and variable

R: Rain in mm

### Average weather conditions for August

	Daily Minimum (°C)	Daily Maximum (°C)	Mean total rainfall	Mean number of rain days
<b>Bosnia and Herzegovina</b> <i>Sarajevo</i>	12.6	25.7	71.0	8.0
<b>Bulgaria</b> <i>Sofia</i>	13.4	26.0	51.0	8.0
<b>Croatia</b> <i>Zagreb</i>	14.2	26.7	81.0	10.9
<b>Greece</b> <i>Athens</i>	20.7	33.2	6.0	1.7
<b>Macedonia</b> <i>Skopje</i>	14.6	30.0	27.0	6.0
<b>Montenegro</b> <i>Podgorica</i>	20.2	31.7	66.0	6.0
<b>Romania</b> <i>Bucharest</i>	15.0	28.5	58.0	6.0
<b>Serbia</b> <i>Belgrade</i>	16.1	27.3	51.0	9.0

### Danube water-level

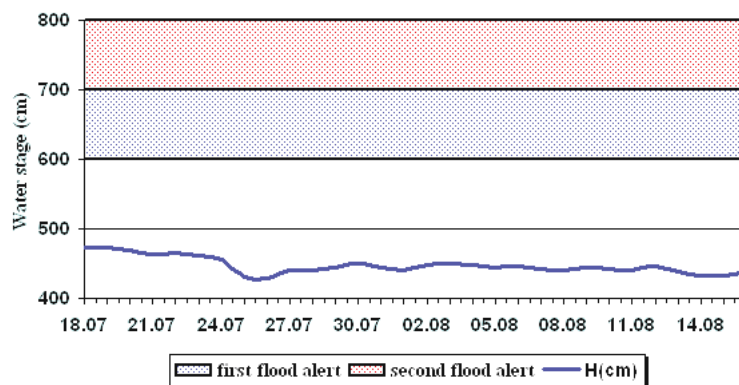
relevant for:

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



**Analysis:****Generation investment activities in hydro-power sector of Macedonia**

Considering the restricted natural resources in Macedonia, the utilization of the hydro potential is of vital importance for the development of the electric power sector and the country as whole. The hydro production participates with 15%, or around 1000 GWh, in the total electricity production in Macedonian Power Company ELEM (A.D. Elektrani na Makedonija, [www.elem.com.mk](http://www.elem.com.mk)). Beside hydro power plants, ELEM also operates two thermal power plants: Bitola and Oslomej (with accompanying coalmines). The region of Macedonia, in respect of the terrain configuration and the climate conditions, is predisposed for utilization of the river flows, construction of dams and smaller and larger accumulations. With the existing utilization of the hydropower resources, out of the total technically useable potential are used only 26.6%. In principle there two main confluences in Macedonia: Vardar and Crni Drim. Technical potential of the river Vardar confluence is 4559 GWh, out of which is used only 1150 GWh. Technical potential of the river Crni Drim confluence is significantly less, 965 GWh, out of which is used 583 GWh.

Basic characteristics of the seven existing HPPs, namely installed power, average annual production and name of the river on which they were built, are given in the following table. It should be mentioned that HPPs Vrben, Raven and Vrutok are part of hydropower complex Mavrovo system.

Main technical characteristics of existing hydro power plants in Macedonia:			
Name	Installed power	Average annual production	River
HPP Vrben	12.8 MW	45 GWh	Gorna Radika
HPP Raven	19.2 MW	40 GWh	Mavrovska Reka
HPP Vrutok	150 MW	350 GWh	Mavrovska Reka
HPP Tikveš	92 MW	184 GWh	Crna Reka
HPP Špilje	84 MW	300 GWh	Crni Drim
HPP Kozjak	80 MW	156 GWh	Treska
HPP Globočica	42 MW	191 GWh	Crni Drim

The total installed power of the all hydro capacities (including Small HPPs) amounts to 523 MW or 39% of the total installed capacities of ELEM. ELEM development plans puts great accent on the construction of new hydro power plants, as well as revitalization of the existing ones.

**1. HPP Sveta Petka (under construction)**

New HPP Sveta Petka (project formerly known as Matka 2), which is currently in second phase of its construction, is located between recently constructed HPP Kozjak (year 2005) and existing Small HPP Matka (4.2 MW) at the river Treska. As downstream HPP after Kozjak, the role of HPP Sveta Petka and SHPP Matka are regulating the inflow water coming from Kozjak. HPP Sveta Petka will be run-of-river type and will contribute to full utilization of river Treska confluence. Installed power of new HPP will be 36.4 MW, with 2 units, and annual average production is expected at level of 66 GWh. Production costs are estimated to be 51.76 €/MWh, and is believed that is concurrent to production of "peak" energy from, for example, gas turbines. According to Ministry of Economy officials, which visited construction site in June 2007, this hydro power plant should be built until mid-2009.

Company ELEM is sole investor in this project, partly from its own sources and partly from bank credits. In early 2006, the Parliament Committee for financing and budget has proposed the Parliament to adopt the Proposal for enacting a Law for Loan of ELEM in order of continuance of the works on this HPP, which was stopped earlier due to lack of funds. The Parliament Committee for financing and budget at the session held on 16th May 2006 has supported the Proposal for enacting a Law under which the State shall issue guarantee for the loan which ELEM shall take from the DEPFA Bank for construction of HPP Sveta Petka. The Committee members assessed the Law as acceptable. It is with repayment period of 12 years and grace period of 3 and a half year, and interest rates of 3 to 4 % per year. The State issued the guarantee for loan of 41.037 million € which will be used for construction of the dam and the machine building. Beginning from 2009, ELEM has to repay 5.126 million € average per year, and in 2020, 3.4 million €. The revenues of HPP Sveta Petka are valued at 4 million € per year. The Slovenian Company RIKO, whose offer was selected in the tender procedure as most appropriate, shall construct the dam.

**2. HPP Boškov Most (ongoing tendering procedure)**

HPP Boškov Most is predicted to be constructed on the river Mala Reka (nearby the inflow of the river Mala Reka into the river Radika), near town Debar and near the main road Skopje-Debar-Ohrid, in the west areas of Macedonia. It is a typical derivation plant where the waters of the river Mala Reka are intaken, which empties in the river Radika on 10 km upstream from the emptying of Radika into the river Crni Drim. It is predicted constructing of dam and accumulation with intake facilities on all streams of the river basin of Mala Reka, derivation channels, main intake-derivation tunnel, penstock and power house. There is a relatively long data bank regarding the measured and calculated flows for HPP Boškov Most. For the 1946 to 1960 period, the existing data bank consists of measurements on the Radika River at a location downstream of the site, and since 1960, a monitoring station with continuous recording capability was placed on the river Mala Reka, next to the project site.

For this project, Main Design was prepared by HEP-Skopje in 1983, while Feasibility Study was prepared by Paul C. Rizzo Associates, Inc, USA (<http://rizzoassoc.com/>) and financed by TDA in 2002. After outcomes of the mentioned Feasibility Study which recommended increasing the rating of HPP Boškov Most from initial ~45 MW to ~63 MW, "Preliminary Design for HPP "Boškov Most" with installed capacity of 70 MW" was done in 2005 by EMO Ohrid ([www.emo.com.mk](http://www.emo.com.mk)). Consequently, Tender documents for BOT (Build-Operate-Transfer) concession were prepared. In addition, in July 2007, Ministry of Economy recently issued document titled "Prequalification Documents for Construction and Operation of HPP Boškov Most Project", with all necessary, mainly technical, and other details regarding this project.

The objective of the HPP Boškov Most project is to catch waters at 1000-1060 meters from the mountains Stogovo, Belesnica, Zvonica, Garska Reka, and Valovnica as well as the waters from Bistra, Lazaropolska Reka, Tresonecka Reka, Jadovska Reka and Rosocka springs and all these to be accumulated in the Tresonce storage, formed down the villages of Tresonce and Selce. Accumulating the hydro potential of all listed rivers in the Tresonce storage lake, from where water runs to HPP Boškov Most, will result with electricity generation. HPP Boškov Most is designed to operate as near to rated capacity on the peak electricity demand hours. The plant will operate with the rated capacity of 68.2 MW (with two generating units of 34.1 MW) for at least five hours daily during the summer period and during the rest of the year, the engaged capacity will vary according to the hydrological conditions. According to the analyses performed in the Feasibility Study HPP Boškov Most will annually generate 117.54 GWh. According to the calculations in the Feasibil-

ity Study, estimated cost of the plant construction amounts 70 million €, out of which:

- » - Preliminary works: 5 million €,
- » - Preparatory works: 9.5 million €,
- » - Main civil works: 37.2 million €, and
- » - Equipment: 18.3 million €.

The time necessary for construction of this plant is estimated at 4 years. Ministry of Economy of the Republic of Macedonia recently announced "INTERNATIONAL PUBLIC COMPETITION FOR EXPRESSION OF INTEREST FOR PARTICIPATION IN A PREQUALIFICATION PROCEDURE FOR CONSTRUCTION OF HPP "BOSHKOV MOST"". Applications for expressing interest regarding this Public Competition should be submitted by the 16:00 of 3rd September, 2007, CET (deadline) in the Archive office of the Ministry of Economy, to the following address:

- Ministry of Economy
- Jurij Gagarin St. No.15
- 1000-Skopje, Republic of Macedonia

For any clarification on each of the issues related to this Public Competition, one may contact the following persons in the Ministry of Economy:

- Mrs. Elena Kolevska
- Phone: +389 2 3093 472
- Fax: +389 2 3084 902,
- E-mail: elena.kolevska@economy.gov.mk ,

or

- Mr. Viktor Andonov
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### 3. HPPs Čebren and Galište (advanced tendering procedure)

In May 2006, the Ministry of Economy announced "INTERNATIONAL PUBLIC COMPETITION FOR EXPRESSION OF INTEREST FOR PARTICIPATION IN A PREQUALIFICATION PROCEDURE FOR CONSTRUCTION OF TWO HYDROPOWER PLANTS ON THE CRNA RIVER". Subject of this Public Competition was implementation of a concession project for building, operating, and transfer of the HPPs Čebren and Galište, both located on the river Crna River (Reka). The concessionaire shall be given the right to exploitation of the already existing HPP Tikveš, located on the same river, in a manner and under conditions determined in the tender documentation.

Among twelve companies that participated in the tender for construction of Čebren and Galište hydro-power plants, there were also German RWE in consortium with Slovenian Power Holding (HSE), Spanish Iberdrola, Greek Power System (PPS), Austrian Verbund and Chinese Hajnen. Six large foreign companies, including Norway's Statkraft, Italy's Enel and Edison SpA and Japan's Sumitomo, have passed the pre-qualification stage of the tender for the building of the plants. In the beginning of 2007, officials of the Ministry of Economy announced that short listed companies would be soon invited to pick up the tender documents. The bidders are to submit their offers within three-month deadline. The government will sign a contract with one of the bidders. The deadline for construction of Čebren and Galište is put at seven years. The construction must start within two-year deadline after the signing of the contract.

### 3.1 Pumped Storage HPP Čebren

Pumped Storage HPP Čebren is predicted to be constructed on the river Crna Reka, 81 km away from its empty into the river Vardar (upstream), near to village Manastir, 7 km upstream of the Rasimbeg bridge, in the so cold Ravine part of the river Crna Reka. With its huge accumulation area, this PSHPP will enable for regulation of natural flows of river Crna Reka. This accumulation is the first of three energetic scales and is very important because it produce qualitative energy, not only to this PSHPP, but also to other downstream HPPs, which have been already constructed (HPP Tikveš) or will be constructed (HPP Galište). The partition point "Čebren" is the most narrow part of the river bed of the river Crna Reka, with the most suitable topographic, geological and geotechnical features which gives a possibility for construction of a high dam 192.5 m and forming of an accumulation area of 915 millions m<sup>3</sup> of water. This PSHPP is settled in the river bad, close to the gravity arch dam. A small dam, the Orlov Kamen, is intended as a bottom basin for reversible units of this PSHPP. This reservoir occupies the furthest upstream part of the Galište reservoir and is separated by a concrete barrier. This enables that the Galište reservoir works independently from the upstream reversible units' dam Čebren. Technical documentation for this PSHPP and a bottom dam is on the level of primary design. The basic design for the river Crna Reka was made in 1963. Since then various studies was conducted. The preparation of the conceptual design with the investment study for the HPP Čebren was completed and revised at the end of 1990. The final decision for the optimal utilization of the river Crna Reka cascades was made after preparation of the Feasibility Study Investment Options in the Energy Sector-Optimisation of the River Crna Reka System for Electricity Production, prepared by Exergia S.A. in 2003 and financed by PHARE Programme. Additional Tender documents for BOT concession should be prepared in the near future. Installed capacity of the power plant will be 333 MW (turbines), i.e. 347 MW (pumps), with 3 units. Average annual production is estimated at 840 GWh, with planned energy for pumping in amount of 786 GWh. Connection with the Electric power system will be through the 400 kV power line and 400/110 kV substation "Mariovo". Needed investment for PSHPP are estimated at level of 318.5 million € and construction period will be 6 years. Apart from this, needed investment for Orlov Kamen dam are estimated at level of 19.9 million € and construction period will be 3 years.

### 3.2 HPP Galište

The partition place (future dam) for new planned HPP Galište, is located in the middle part of the gorge (Ravine) stretch of the river Crna Reka, at the very front spot of the existing water storage "Tikveš", i.e. 54 km upstream of the river Crna Reka emptying into the river Vardar. In this stretch of the river course, there are natural conditions for construction of high dams and formation of water storages, which will provide the available head to be used for power generation, making at the same time a possibility for irrigation of the agricultural areas of the Tikveš region. The available potential of the river Crna Reka has been so far utilized only in the bottom gorge stretch, executing the construction of the high dam "Tikveš". The upstream water storages "Čebren" and "Galište" has exclusively power importance, providing conditions for formation of huge water storages and regulating of the flows of the river Crna Reka, all with the purpose of their complete utilization. HPP Galište will be a dam site facility. The Investment-Technical documentation for this HPP has been elaborated on the Primary Design level in 1990. Additional Tender documents for BOT concession should be prepared in the near future. Installed capacity will be 193.5 MW, with 3 units, while average annual production is estimated at 262.5 GWh. Needed investment for this HPP are estimated at level of 200.3 million € and construction period will be 7 years.



#### 4. Clean Development Mechanism (CDM) status for the rehabilitation of six HPPs

ELEM plans to apply for Clean Development Mechanism (CDM) status for its Project for the rehabilitation of its six HPPs. The plants covered by the Project are the Mavrovo hydro scheme (including HPPs Vrutok, Raven and Vrben), HPP Globočica, HPP Špilje and HPP Tikveš. The oldest hydro units targeted by the Project were commissioned in the 1950s and are in dire need for rehabilitation to increase the turbine efficiency and produce the maximum amount of power from the available water resources. The Project involves improvement of electricity generation efficiency and a significant increase in the output of the rehabilitated hydropower plants.

The project activities entail the replacement and rehabilitation of:

- 1) Turbines, turbine equipment and auxiliary equipment,
- 2) Hydro-mechanical equipment (gates, hydraulic mechanism etc.)
- 3) Generators, static excitation systems and voltage regulators,
- 4) Control systems and AC/DC, and
- 5) Switch yards and switch gear.

Most of the equipment is imported and meets the highest international standards for environmentally safe and sound technology. Major equipment suppliers are from Slovenia, Argentina, Croatia, Poland and Sweden. One notable feature of the Project is special training for the operation of the new systems and equipment designed for significant transfer of know-how.

The Project brings a number of sustainable development benefits to Macedonia. They include an increase in the renewable electricity generation capacity of the Macedonian grid and a reduction in the emission of SO<sub>2</sub>, NO<sub>x</sub> and CO<sub>2</sub> from the thermal power plants, which would have to be operated in the absence of the Project. It helps increase the reliability of power supply by enhancing the ability of the rehabilitated hydropower plants to provide critical electricity supply during peak times and frequency control. The Project will reduce the dependence of Macedonia on imported fossil fuels, and will have a positive impact on the trade balance of the country.

The CDM, an important part of the Kyoto Protocol and administered under the United Nations Framework Convention on Climate Change (UNFCCC), recognizes, after close scrutiny, endeavors that contribute to greenhouse gas mitigation and sustainable development. The Project aims to become the first project from Macedonia to be approved for the CDM. The Project's success to attain CDM status will mean international acknowledgement of the efforts of the Republic of Macedonia to contribute to cleaner environment and to join the efforts of the countries around the world against global warming and climate change.

#### 5. Small HPPs tendering activities

Apart from generation investment activities of the power company ELEM in the hydro power sector, Macedonian Government recently organized successful international tender with significant foreign participation, for construction of 60 Small Hydro Power Plants (SHPP) – up to 5 MW each. Nevertheless, construction was awarded at 41 sites, while remaining 19 SHPPs will be subject of the new tender in near future.

#### News:

##### Azerbaijan interested for PEOP (Region)

Azerbaijan is the first oil producing country that expressed readiness to participate in construction and operation of Pan European oil pipeline (PEOP). This was confirmed by the deputy minister of energy and mining of Serbia, Slobodan Sokolovic. He said that the representative of Azerbaijan's state oil company (SOCAR) attended the meeting of the Interstate committee for construction of PEOP, which took place in July.

According to Sokolovic, the government of Serbia should approve the participation of public oil transport company Transnafta within the international project company, which should be responsible for PEOP. The main aim of the new company is the promotion and further development of the project, where in November this year, investment conference should take place in Brussels. It is expected the conference should gather companies and investors interested for PEOP.

Serbia expects that PEOP should provide cheaper crude oil supplies as well as the 200 million euros of transit fees. In this moment, oil refineries in Serbia process Russian oil from Ural and smaller amounts of tengiz oil, which is transported by tankers (through Bosphorus straits) to the Croatian port of Omisalj, from where the oil is transported by Adriatic pipeline (Janaf) to Serbia.

PEOP oil pipeline will connect Romanian port of Constanza and Italian Trieste. Overall length will be 1,320 km and annual capacity will be 60 million tons per year. The overall cost of the project is over 2 billion dollars. The high costs of the project are justified by the fact that pipeline oil transport is three times cheaper to sea transport and even nine times comparing to road transport, experts said.

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##### KESH to import some 160 GWh in August (Albania)

Albanian power corporation (KESH) confirmed it agreed import of some 160 GWh of electricity in August. The overall worth of the import contracts is 13.44 million euros.

The electricity was acquired through direct agreements signed with five companies, The EFT will deliver 64 GWh for 5.3 million euros, Rudnap will deliver 49 GWh for 3.5 million euros, Geni-Istrabenz will deliver 23.9 GWh for 1.9 million euros, Ezpada will deliver 12.5 GWh for 1.05 million euros, while CEZ will deliver 9.1 GWh for 670,000 euros.

In the beginning of August, KESH managed to produce only 5 GWh per day. Along with electricity import, some 12 GWh out of necessary amount of electricity would be supplied to customers. It implies that power cuts will continue in August too, which was earlier announced by minister of economy Genc Ruli.

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##### Route of the TAP project approved (Albania)

The Territory Adjustment Council of the Republic of Albania (TACRA) approved the route of Trans-Adriatic gas Pipeline (TAP) along with

the new gas pipeline for underground storage facility. The pipeline route would be placed outside the national park Bregu and Hotoves.

Prime minister Sali Berisha sees the TAP project as a major one and as the most economical pipeline route for transport of natural gas from Caspian region to Italy, via Greece and Albania.

The TAP project has been conducted by EGL. The capacity of the pipeline should be 10 bcm, where half of the amount would be used for supplying the EGL's power plants in Italy. EGL believes that Albania would be included in one of the most important corridors, which will diversify the natural gas supply to Europe and increase the gas supply not only for EU but also for Albania and the countries in the region.

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### **The construction site of TPP Vlora approved (Albania)**

In mid August, the Territory Adjustment Council of the Republic of Albania (TACRA) approved the construction site for thermal power plant (TPP) Vlora. The construction of a 100 MW power plant in Vlora, Southern Albania, was awarded to Maire Engineering.

In the same time, prime minister Sali Berisha confirmed the government has been intensified the activities for construction of other TPPs in the country. The TPPs should be built both under the private concessionary agreements and under public investments.

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### **Tender for new dispatching center (Albania)**

According to sources from ministry of economy and trade, a tender for new national electricity dispatch center should take place on November 5 2007.

The cost of the project is 23 million euros, where the funds will be provided by the government of Italy.

The tender predicts participation of Italian companies that need to have experience in construction of similar objects. The main aim of the project is the increase of the stability in electricity supply.

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### **Bankers Petroleum increased oil production (Albania)**

Canadian company Bankers Petroleum, the holder of 25-year concession agreement on oil field Patos Marinza confirmed it increased oil production in Albania.

The oil production reached 5,000 barrels per day, comparing to 600 barrels achieved in 2004. The increase in production is the consequence of the investments made by the Bankers. In the past four years, the company invested overall amount of 70 million dollars, while overall investments in Albania should reach 200 million dollars. Due to strong demand on international markets, Bankers exports the most of its production from Patos Marinza field.

On the other hand, the production output was below the forecasted amount of 5,200 to 5,500 bopd due to severe weather and

constraints on the water disposal system, the company said. Bankers still hope to achieve production between 6,000 to 6,500 bopd by the end of the year, as the company has been speeding up the takeover of the oil wells.

According to long-term plans, Bankers should increase oil production at 10,000 to 15,000 bopd in Albania in 2010th.

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### **IMF concerned over the energy crises (Albania)**

International monetary fund (IMF) expressed serious concerns regarding the energy crisis in Albania and its negative influence to entire economy.

The energy crisis presents a great danger for Albania, it affects all medium-term economical indexes, and it could create a hole in this year's budget, IMF press release said.

The long-lasting drought this year once again affected Albanian power system, which rely on hydropower plants (almost 100 %). In the same time, entire region, has also suffered a drought and a heat wave that result in a lack of electricity, which make impossible for Albanian power corporation (KESH) to import sufficient amounts of electricity. KESH was forced to impose power cuts all over the country (up to 16 hours).

The Albanian Central Bank expressed similar concerns like IMF saying the power cuts will affect economy growth by increasing the cost of goods and services. The GDP growth for 2007 is projected at 6 %.

According to the data presented by Central Bank, electricity production in the first three months of this year was 51.2 % lower comparing to the last year. KESH was forced to import some 1.4 TWh of electricity, where another 1 TWh should be imported by the end of the year, Bank estimated. In the previously mentioned period, household electricity consumption decreased by 3.3 %, while the consumption of other customers decreased by 1.9 % comparing to the last year. The Bank said the administrative measures undertaken by KESH resulted in rise of collection rate of electricity bills and in reduction of losses by 21 %.

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### **Macedonia to help Albania over energy crises (Albania & Macedonia)**

According to media in Macedonia, after it received a request from Albanian authorities, the government of Macedonia issued the preliminary approval for channeling the waters from Macedonian accumulation lakes in the border with Albania to the Black Drim River in Albania. The decision should be finalized very soon, after energy experts analyze the request, media suggested.

Albania based its request on the protocol signed in 1962, which implies that Macedonia must keep the flow on Black Drim River at minimum of 45 cubic meters per second, where the water flow in mid August was only 10 cubic meters per second.

In mid August, electricity production in Albania stood at 5.9 GWh per day, while 7 GWh was imported. The average daily needs of Albania were some 16 GWh. The electricity import should be increased by the end of the month, but the power cuts will remain in power in

order to increase the water level in storage lakes, Albanian Power Corporation (KESH) announced.

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### **Government approved three hydrocarbons cooperation contracts (Albania)**

In mid August, government of Albania approved three hydrocarbons cooperation contracts with foreign companies.

The government of Albania approved the agreement for hydrocarbons (search and production) of Jon-5 block in the sea with Medoil company.

The government also approved the agreement for development and production of hydrocarbons in Ballsh-Hekal deposit between Albpetrol and STREAM OIL & GAS Limited. According to the agreement, the Stream Oil & Gas and Albpetrol will also work on hydrocarbons in Gorisht-Kocul, Cakran-Mollaj and Delvina deposits.

In the same period, ministry of economy, trade and energy confirmed the Swiss company Manas Petroleum would explore the Albanian underground after Minister Genc Ruli and Manas chairman Heinz J. Scholz signed the hydrocarbons oil cooperation agreement. Manas Petroleum confirmed it has signed two sharing agreements (PSA) with the Albanian government in Tirana. The PSAs comprise four blocks, which cover approximately 3,100 square km. The agreement needs to be approved by the Council of ministers, where this formality should take place by the end of the summer.

The negotiations between Manas and Albania have lasted for almost two years. The Swiss company considers this agreement as a major milestone. According to the studies conducted by previous holders, Shell and Coparex, the four blocks have potential reserves of 800 million boe of light oil and natural gas.

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### **TPP Gacko finished overhaul (Bosnia and Herzegovina)**

300 MW thermal power plant (TPP) Gacko was put in service in the beginning of August after finishing capital overhaul. The overall cost of the overhaul reached 3.5 million euros.

The works included renewal of the turbine, the steam boiler, ancillary generator's equipment, chemical treatment unit and coal and coal ash transport system. New coal ash transport system should resolve the environmental problems, related to of coal ash, which was carried away by the winds to the surrounding area.

In the same time, 2.5 million euros was invested for installation of new digital turbine controller, the chemical water treatment process was automated, the boiler management was revitalized and the new chimney was installed.

The director of TPP, Vlastimir Savic confirmed the renewal works had been performed in the most proper manner, yet in the final phase, the boiler pipes burst. Director said this should be considered as normal during the initial stage of operation of TPP after the overhaul.

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### **Geological researches in Kongora started (Bosnia and Herzegovina)**

In the beginning of August, Power utility of Herzeg Bosnia (EP HZHB) started the detailed geological researches at the site of lignite mine Kongora near city of Tomislavgrad. The works started after tender procedure was carried out and contract with coal research company was signed.

The main aim of the explorations is to verify the quality and quantity of the lignite reserves in Kongora. In the period of 90 days, the test drills, laboratory examination and final coal quality study should be carried out.

The outcome of the study would be vital for continuation of the project for construction of thermal power plant (TPP) Kongora (2x275 MW/2.97 TWh), which is one of the eight power plants to be built in the country in the nearest future.

According to earlier announcement, the experts from Faculty and geology and mining from Tuzla would carry out research. The worth of the study was estimated at 1 million euros, where the estimated coal reserves at Kongora site are 130 million tons of quality lignite.

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### **EP HZHB to introduce new IT system (Bosnia and Herzegovina)**

The director of department of Southeastern Europe of Siemens IT Solution and Services GmbH & CO KG Robert Tesch and management of Power utility of Herzeg Bosnia (EP HZHB) signed the 1.2 million euros contract for delivery and installation of new integrated financial information system (FMIS). New system is aimed to improve the business activities and data processing and to modernize IT system of the company.

The project will be funded through loan of the World Bank within the Power 3 and Power 4 projects. The new system should be installed in a year period. By this, EP HZHB should be the first power company in Bosnia and Herzegovina to install FMIS.

In the related news, EP HZHB reported 19.81 million euros loss in the first half of 2007th. Overall incomes stood at 86.15 million euros, and overall expenses reached 105.96 million euros.

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### **ESO to launch electricity export auctions (Bulgaria)**

The Bulgarian Electricity system operator (ESO) (<http://www.tso.bg>), the subsidiary of National electric company (NEK) announced it would launch electricity export auctions under the guidelines set by State Energy and Water Regulatory Commission (SEWRC).

In this moment, some 24 local companies are licensed to operate as power traders in Bulgaria. They mostly claimed that the non-existence of interconnection capacity access stalled the deregulation in electricity sector.

ESO announced it would conduct yearly, monthly, weekly and daily auctions for allocation of 50 % of Commercial Transmission Rights (CTRs) for electricity transfers from Bulgaria to a neighboring country and from a neighboring country to Bulgaria. All relevant infor-

mation regarding the auction procedures will be available at the official website.

CTRs will be offered on firmly basis, excluding force majeure events, scheduled maintenance works or the securing the safety of the operation of transmission network.

The participants in the auction should be the holders of generation license, and/or trade, and/or public supply in the Bulgarian power market, which should register EIC code, according to the ETSO standard, with ESO.

The user that wants to export electricity generated in Bulgarian power system will have the right to submit bid for maximum capacity that does not exceed 25 % of the base load capacity. The average monthly amounts sold by the users to end customers in Bulgaria will be calculated based on the consumption of those customers in the last three months prior the auction.

Auction participants will be also obliged to submit to ESO a participation guarantee for yearly auction covering at least 10 % of the total amount of their bids.

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### **Russian Mechel interested for TPP Bobov Dol (Bulgaria)**

Russian steel and mining group OAO Mechel expressed an interest for purchase of thermal power plant (TPP) Bobov Dol, the newspaper Vedomosti reported quoting the unnamed source from the company. Mechel's officials refused to comment the media report.

Local media in Bulgaria earlier announced that Privatization agency (PA) should launch a new tender procedure in September. The TPP was sold to Greece's Public Power Corporation (PPC) for 104.3 million euros. PPC abandoned the sale procedure due to high investments required for the environmental projects in the TPP in order to meet the EU standards. The level of investments was estimated at 100 million euros. Bulgaria insisted the PPC should purchase the coal from local mines, with high percentage of sulfur, which should require installation of expensive equipment. PPC demanded from Bulgarian ministry of environment and water to renew the pollution permit to the TPP Bobov Dol in order to continue privatization negotiations.

PA announced it would hire a new appraiser that should perform new due diligence of the TPP and that should issue new sale price evaluation and new information memorandum.

In related news, local businessman Hristo Kovachki purchased the Oranovo company which has a five-year lease for the Bobov Dol mines, which is the main supplier of coal for the TPP Bobov Dol.

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### **The final decision for privatization CHP Rouse to be reached (Bulgaria)**

Privatization agency (PA) confirmed it should decide in the second half of August whether to finalize the sale of combined heat and power plant (CHP) Rouse to Slovenian HSE or to abandon the procedure. HSE offered 85.1 million euros for the 100 % shares in the CHP, but no payment was made so far.

PA said the HSE failed to submit an information regarding the plans to sell a stake in the CHP before the deal was finalized. In July this year, HSE opened a sale procedure for 49 % shares in CHP, without informing the PA.

On the other hand, legal experts said the HSE was not in breach of the privatization procedure, where HSE merely used some ambiguities in the local legislation.

Bulgarian media reported the HSE management would arrive in Bulgaria to discuss the sale of 49 % package, for which it demanded 42 million euros. Unofficial sources said the HSE sent the invitations to at least three companies, where Bulgarian media suggested that Russian Mechel could be the most likely buyer.

§ § §

### **Maritsa Iztok mining company cancelled the joint venture with RWE (Bulgaria)**

State-owned mining company Maritsa Iztok announced it would cancel joint venture contract signed with German RWE seven years ago. This will be done in order to avoid conflicts of interests during the future procedure for selection of investor for construction of new 600 MW coal fired plant in the Maritsa Iztok basin. This was confirmed by the Ivan Markov, executive director of mining company.

In related news, it was announced that working group would prepare the selection criteria for the future tender procedure for new investor. The main condition, according to Markov, will be the shortest period for construction of the plant.

There are two potential construction sites for new TPP, at the site of the Brikel factory or at the site of TPP Maritsa Iztok 3.

So far, Enel, AES, E.ON, RWE, CEZ, EVN, and local company Brikel expressed an interest for the project. Enel has even prepared feasibility study, and it has been carrying out environmental study too.

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### **2 million euros loss for TPP Varna (Bulgaria)**

Thermal power plant (TPP) Varna reported 2 million euros loss in the first half of 2007, the owner of the TPP, the CEZ said. The main reason for the losses was the refusal of the power regulator to approve the requested increase in electricity prices, the company said.

The management estimated the loss should reach some 6.1 million euros by the end of the year. In last year, the TPP reported 0.5 million euros of profit.

In July this year, TPP demanded increase in price of electricity sold to National electric company (NEK) up to 29 euros/MWh, where power regulator approved the price of 27.8 euros/MWh. The regulator also rejected to increase the reserve capacity tariff (paid by NEK to TPP) from 4 euros/MW to 4.33 euros/MWh.

In the first half of 2007, TPP Varna (6x210 MW) produced 27.8 % less electricity comparing to same period last year. The planned production in this year should reach some 4 TWh, but the company will be forced to reduce the production target by 12-20 %, in order to cut losses.

CEZ Bulgaria planned to offset the losses in domestic markets by increasing the exports, but plans were affected after NEK decided that the domestic consumption has a higher priority.

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### **Sofia heating company to invest 28 million euros for upgrade projects (Bulgaria)**

The largest district heating company in the country, the Sofia heating company (or Toplofikatsia) announced plans for investing some 28 million euros for the upgrade projects by the end of 2007. The funds will be provided by company's funds and by the loan of European Bank for Reconstruction and Development (EBRD) and the World Bank. This was confirmed by the executive director of the company Petko Milevski.

The investment program is the part of larger, 58 million euros worth investment program initiated in 2003. EBRD and World Bank should provide some half of the funds.

So far, 36 million euros was invested for the upgrades, Milevski said.

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### **Dalkia to invest 5 million euros in Varna heating company (Bulgaria)**

French company Dalkia International announced it would invest 5 million euros for the development of Varna heating company in the next three years. The part of the funds will be invested for biomass-fuelled co-generation installation, executive director of Dalkia Bulgaria, Frank Jenen said. New installation should be launched in September 2008 and it would use waste timber of hay.

Dalkia also announced replacement of 10 km of heat pipelines in the next three years, which is one third of the total length operated by the heating company. The entire heat network should be replaced in the next 10 years. In the same time, the new customers should be connected to heating network.

The company also plans to reduce annual heating losses from current value of 30 % to 15 % by the overhaul of the heating network.

Dalkia acquired Varna heating company for 6.78 million euros in January this year.

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### **Reduction of profit for HEP (Croatia)**

According to the report sent to the Zagreb stock exchange (ZSE), Power utility of Croatia (HEP) Group reported 2.25 million euros of after tax profit in the first half of 2007th. The profit was considerably reduced comparing to the last year when profit reached 59.7 million euros.

In the same time, overall incomes of HEP reached 693 million euros, which was 6.2 % lower comparing to the last year, while overall expenses increased at 690.5 million euros (2.1 % increase).

The business incomes reached 676 million euros (5.7 % decrease), while business expenses reached 675.5 million euros (1.9 % increase).

Sales incomes on Croatian market reduced by 2.7 % to 608 million euros, export incomes stood at 41.33 million euros (36.4 % reduction), financial incomes stood at 16.52 million euros (11.5 % reduction), while operational expenses reached 675 million euros (1.8 % increase) and financial expenses reached 14.97 million euros (15.5 % increase).

The main reason for decline in incomes is the reduction in electricity and heat sales due to warm winter. In the same time, long lasting drought caused 24 % reduction in hydropower production comparing to average year, and even 41 % comparing to 2006th. The fuel prices (coal, gas, fuel oil) increased by 17 %.

Management of HEP pointed out that despite the unfavorable environment, the positive result was achieved due to savings in many area of business, by reducing the prime costs through centralization of supply, by reducing the network losses (due to large investments in distribution and transmission network), by reducing the illegal consumption and by some other measures that affected operational costs.

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### **Plinacro signed loan contract with EIB (Croatia)**

Natural gas transport company Plinacro and European Investment Bank (EIB) signed the 190 million euros loan contract in the beginning of August. The loan will be used for financing of second phase of the project for construction and modernization of natural gas transmission networks in period 2007-2011.

The contract was signed by head of Plinacro Branko Radosevic and vice president of EIB Kollatz-Ahnen, while signing ceremony was attended by prime minister of Croatia, the minister of finance, minister of environmental protection, physical planning and construction and minister of the economy, labor and entrepreneurship.

The loan guarantees are provided by the state of Croatia, where the loan guarantee contract was signed by the finance minister Ivan Suker.

Croatia plans to invest overall amount of 443 million euros during the second phase of natural gas projects. The main project during this investment cycle will be the construction of natural gas networks in provinces Lika and Dalmacija, and the construction of natural gas pipeline toward Dravaszerdahely (Hungary), by which the natural gas networks of Croatia and Hungary will be connected.

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### **MOL purchased fuel retailer Tifon (Croatia)**

In the beginning of August, Hungarian MOL signed the contract for purchase of 100 % shares in fuel retailer Tifon.

The transaction must be approved by the regulatory bodies. The negotiations between two companies have lasted over nine months, press release of Tifon said.

Tifon operates 36 petrol stations all over Croatia, and it has been developing some 20 new projects. It is expected that company could

seize 7 % market share by the end of the year. According to the recent data, Croatian oil industry (INA) holds 50 % market share, while Austrian OMV has 12 % market share in oil market in the country.

The management of INA, having in mind INA's domestic and regional strategy, has supported decision of its strategic partner MOL, the official press release said. INA believes the takeover of Tifon will led to consolidation of fuel retail market in the country.

MOL did not reveal the purchase price, yet the estimated market price of Tifon varies between 60 and 150 million euros. Some sources in Croatia suggested that MOL paid 130 million euros for Tifon, while analysts from Hungary believe the final price was far below 150 million euros.

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### **Energy strategy for 2008-2020 presented (Greece)**

The development minister Dimitris Sioufas presented the national energy strategy for period 2008-2020 to prime minister Costas Karamanlis. The report is to be handed over the parliament for approval.

Sioufas said the report gave the detailed analyses of country's energy balance as well as the international development in energy sector.

The report, along with energy policy followed by the government, should be foundation for achieving the energy supply security and environment protection, which should create the conditions for more productive and competitive economy in Greece, minister said.

Greek media suggest that the aforementioned document will be also used by the prime minister as one of the main elements in the upcoming election campaign.

The report examined three scenarios based on different estimates regarding the changes on international oil and gas price and taking in consideration the obligations regarding the reduction of harmful emissions. All three scenarios envisaged the Greece would be able to preserve the greenhouse emissions after 2012 at the average level of 2008-2012 period.

The base, scenario 1 of energy strategy predicts a reduction of power production from solid fuels (mostly lignite), the 100 % increase in number natural gas fired power plants, increase in combined heat and electricity production and the increase in usage of renewable energy sources (RES) up to 12 %. The level of lignite-fired plants should remain unchanged and it should be reduced slightly after 2020.

The power production in natural gas fired plants should rise from 17 TWh in 2010 up to 20 TWh in 2020. In 2010, the overall power output in wind farms should reach 1,500 MW, while power output in CHP plants should stood at 1,000 MW.

In 2020, the overall power output in wind farms should reach 3,500 MW, in hydropower plants, power output should rise up to 3,900 MW, the biomass power output should reach 200 MW, while power output in CHP plants should reach 2,000 MW.

Scenario 2 envisages slight reduction in lignite fired plants down to 5,000 MW, while scenario 3 (considered unlikely) foresees the greater usage of imported coal-fired power plants in four new plants to be built by 2020.

The second part of the document should be prepared by the end of the year and it will be presented for public debate before it was completed

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### **Endesa announced plans for new power plant (Greece)**

A joint venture of Spanish Endesa and Greek engineering group Mytilineos, Endesa Hellas announced it would build its third power plant in Greece by 2010th.

The board of directors approved the construction of 400 MW gas-fired power plant, by which joint venture should operate overall capacity of 1,400 MW.

The constructor of the new plant should be selected by the end of the year. The project should start in the first half of 2008 and it should be finished in period of two years. The construction site should be approved after feasibility study.

In this moment, Endesa Hellas operates wind parks and small hydropower plants. The 334 MW power plant in central Greece should be put in service in September.

The second gas-fired plant, the 430 MW plant Agios Nikolaos, Viotia, should be put in service in 2009. The plant has being built by Metka and the cost of the project is estimated at 232 million euros.

The company plans to build two more coal-fired plants, by which it plans to reach 16 % market share in power production sector by 2015.

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### **Increase in profit for Hellenic Petroleum (Greece)**

Hellenic Petroleum reported 181 million euros or 4 % increase in half-year profit, which was above market forecasts. The profit was boosted by strong refining margins, mostly due to high gasoline prices in May.

In the same period, sales decreased to 3.8 billion euros, while earnings before interest, tax, depreciation and amortization increased by 3 % up to 260 million euros

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### **Signing the cooperation agreement in natural and oil sector with Azerbaijan (Greece)**

Greek Development Minister Dimitris Sioufas and Azeri Economic Development Minister Heydar Babayev signed the memorandum of cooperation in natural gas and oil sector in Baku in the beginning of August.

The signing of the memorandum was announced in July this year in Athens, when two countries signed protocol of cooperation in economic and trade relations.

Sioufas pointed out the significance of Azerbaijan as an important oil and natural producer, with considerable reserves able to cover the part of demand in Europe. Greek minister believes the memorandum created conditions for supply of natural gas and hydrocarbons in general from Azerbaijan to Greece and further to Italy and European markets.

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### **PPC asked license for new coal fired plant (Greece)**

Public Power Corporation (PPC) submitted a request to Regulatory energy agency (REA) regarding the license for construction of new 700-800 MW coal fired power plant in Aliveri.

The new plant should be a part of PPC's 2,400 MW replacement program in the next 10 years. The company announced that the details on the program would be presented during the release on the business plan in October.

Recently PPC demanded the license for construction of additional 800 MW, the approval of which is under review.

In the same time, Mytilineos-Endesa, Hellenic Petroleum-Edison and GEK have also expressed interest for construction of new coal fired power plants.

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### **The construction of natural gas pipeline toward Turkey completed, inauguration ceremony to be held by the end of August (Greece)**

On August 4, Turkish energy minister Hilmi Güler and development minister Dimitris Sioufas attended the completion of the construction of the natural gas pipeline between two countries. The last section of the pipeline was built over Meric River. The natural gas flow should begin in September due to technical problems on the Greek side of the pipeline. Officials announced that the inauguration ceremony should take place between August 16 and August 26.

The pipeline, which should be extended toward Italy, should transport 250 million cubic meters of gas during the first year of operation, where the amount is expected to reach up to 3 billion cubic meters in the incoming years. The pipeline is considered as the alternative route to Russian supplies, where the pipeline should transport gas from Azerbaijan, and possibly from Egypt and Iran.

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### **Consortium led by Hatch new owner of TPP Negotino (Macedonia)**

In the beginning of August, Macedonian government decided that the consortium Hatch (Canada)-Mott MacDonald (Great Britain)- Finance engineering (Bulgaria)- Unit investment (Holland) won in the tender for sale of fuel oil fired thermal power plant (TPP) Negotino (200 MW).

The winners offered 61.7 million euros in cash, and offered to build new 500 MW power unit if it was coal fired, 210 MW if it was fuel oil fired and 350 MW plant, if the new unit was natural gas fired. The consortium plans to import coal through railroad from Thessalonica, sources said.

According to Macedonian media, Hatch announced to build new gas pipeline in Macedonia, which should be used for supplying the TPP Negotino. The pipeline should be 100 km long and cost of the project should be some 40 million euros. The first option envisaged the construction of pipeline from Petric (Bulgaria), and the reserve

option predicts construction of the pipeline toward Kumanovo (Macedonia).

The highest bid (68 million euros) was submitted by Greek-USA consortium Sencap (made of Public power corporation and Con-tour Global). Sencap also offered to build new 600 MW unit.

Third participant in the tender was Austrian Verbund, which only submitted letter of intention, and finally, the fourth offer was submitted by Austrian EVN (the winner in the previous and later cancelled tender for TPP Negotino), which offered 20 million euros in cash and plans for construction of new 790 unit.

As a reminder, the government of Macedonia set the minimum sale price at 38 million euros.

Vice prime minister Zoran Stavrevski explained that Hatch offered to build 500 MW unit and to upgrade the existing unit at 350 MW gas fired plant, which decided the winner. The Hatch should officially become the owner by the end of the month, after expiration of appeal period. Stavrevski said the government would invest privatization incomes in new energy projects.

Government decided to sell the TPP after it could not provide funds for necessary investments. On the other hand, experts argue that the state should keep ownership share in the TPP.

According to the sale contract, in the period of four years, new owner should offer the electricity produced in TPP to Macedonia under regulated prices, and after that, Macedonia should have preemptive rights to purchase electricity, but under the market prices. In addition, Macedonian transmission system operator (MEPSO) should sign the reserve capacity agreement with the new owners, under the same terms as present ones, until the new unit in TPP was built. Government said this would secure electricity supply in the country in the long-term.

The second ranked bidder, the Sencap announced it would file the complaint regarding the tender outcome, claiming it lost the tender unfairly. In the official press release, Sencap said its offer was 6.2 million euros higher compared to winner, while it also offered to build 100 MW larger power plant. Official of Sencap also warned that the upgrade of the existing unit was not the original tender condition, and that was vital for them being outbid by Hatch.

Sencap also denied the claims on the government's website that it offered to build new fuel oil fired unit, saying it clearly offered to build 600 MW coal fired unit, which would be environmentally sound.

Officials from opposition party SDSM claim the overall investment offered by Sencap was 669 million euros, comparing to 561.7 million euros offered by Hatch. SDSM said the tender was the corruption scandal, which involved prime minister Nikola Gruevski and former Bulgarian energy minister Miroslav Servliev. SDSM also said the Hatch, under current laws, could not build the gas pipeline.

Spokesman of the government denied such claims, saying that when former government, led by SDSM, sold the TPP for only 4 million euros to EVN, no one spoke about the corruption scandal.

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### **Second phase of tender for HPPs Cebren and Galiste (Macedonia)**

Government reached a decision for start of the second phase of the tender for construction of hydropower plants (HPPs) Cebren (345 MW) and Galiste (193 MW).

Spokesman of the government Ivica Bocevski confirmed in the press conference that the tender documents could be acquired until September 7th, while the final bids should be submitted until December 7th. The winner in the tender should be announced by December 15th. Bocevski expects the concession contract for construction of new plants could be signed in January next year.

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### **The construction of power line Stip-Cervena Mogila continues (Macedonia)**

The construction works on 400kV and 150km long interconnection power line Stip (Macedonia)-Cervena Mogila (Bulgaria) are intensified, Macedonian media reported. The new power line will be part of European energy corridor 8. The cost of the project on Macedonian soil is some 18 million euros.

According to announcements, the towers' stands on the section between Stip and Kratovo should be completed by the end of August, while the mounting of the towers should start in the beginning of September. The section is being built by the local company EMO. The main contractor is the German company SAG, where subcontractors are EMO and Bosnian Dalekovodmontaza.

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### **ESM-EVN to protect the customers' privacy (Macedonia)**

Starting from September, Power utility of Macedonia (ESM)-EVN will start to deliver power bills to customers in closed form in order to protect customers' privacy. Such decision is in accordance to Data protection law.

In this manner, only the owner of the electricity meter will know the power bills' data. The bills will be printed on the special data mailer, where visible data will be the name of the customer, address, the power bill identification, billing period and the final payment period.

The protected data will be electricity meter identification number, the overall amount of spent electricity, the required payment, default interest, VAT and other taxes.

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### **Three companies interested for tender for general design of usage hydro potential of Bileca Lake (Montenegro)**

According to Montenegro's press, three companies purchased technical documentation for the tender for preparing the general design for usage of hydropower potential of Bileca Lake. The government's officials did not want to reveal the name of the companies, yet they said the companies were from Austria and Serbia. The public opening of the bids should take place on September 6 2007.

The Bileca Lake is located on the border between Montenegro and Bosnia and Herzegovina, i.e. Republic of Srpska entity. The 40 % of the water potential and 25 % of the lake is located in Montenegro. Two sides argue for the long time over the usage of the Lake. In this moment, water from the Lake is being used in downstream plants by power utilities of Republic of Srpska, Croatia and Bosnia

and Herzegovina. Overall power production in those plants reaches some 2.7 TWh per year.

Montenegro's officials believe the best option for Bileca Lake would be the construction of hydropower plant (HPP) Boka. There are two options for the HPP. According to first option, the water from the lake would be channeled to the Grahovo Lake, and further to the HPP. The second option envisages digging of the tunnel from Bileca Lake to the HPP. There is also an option for channeling the water from Bileca Lake to Slano Lake, which supplies the water to HPP Perucica.

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### **The tender for small HPPs in September (Montenegro)**

The tender for research of hydropower potential and construction of 41 small hydropower plants (HPPs) will be published in September this year, deputy minister of economic development Miodrag Canovic said.

The preparation of tender documentation was underway. The company that was granted concession contract for hydropower research should be granted concession contract for small HPP if the particular HPP was feasible. The concession contracts will be signed on period of 20 to 30 years, where the first small HPP is expected to be operational in three years. According to Montenegro's laws, maximum output in small HPPs is 10 MW.

Canovic confirmed the Power utility of Montenegro (EPCG) would be obliged to purchase electricity from small HPPs at variable price, calculated as the average of import prices and the price of electricity produced in thermal power plant (TPP) Pljevlja, plus transmission costs. The new pricing methodology for small HPPs was adopted in the end of July. The methodology leaves the option for the government to subsidize the purchase price for small HPPs. The price should be determined on annual level each July, and for the incoming period, the price would be 6.9 eurocents-kWh.

According to Energy strategy of Montenegro until 2025, some 3.5 % of the electricity demand in the country should be covered from small HPPs.

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### **Balkan Energy purchased Berane coalmine (Montenegro)**

In the beginning of August, the bankruptcy management of black coal mine Berane and representatives of Greek registered Balkan Energy signed the contract for sale of the coalmine. The buyer also requested signing the related concession agreements (for pit mine Petnik) in period of 20 years, which should be approved by the government by August 21.

Balkan Energy, the part of the Restis Group, was obliged to pay sale price of 1.5 million euros seven days after signing the concession contract.

According to sale contract, in period of three months, the new owner should submit bank guarantee for 120 million euros investments for the purposes of modernization of coalmine (20 million euros) and construction of 100 MW thermal power plant (100 million euros). During the first phase of the project, Balkan Energy will employ 120 workers, and later it should employ 180 workers.

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### **The high electricity bills and high collection rate in July (Montenegro)**

Power utility of Montenegro (EPCG) said the bill collection rate in July was 98.7 %, which was the record in 2007. Overall paid amount reached 15.8 million euros, compared to overall electricity bill of 16 million euros.

In the same time, electricity bills were higher than expected, the customers said. EPCG said everything was in accordance to new law and new regulations for calculation of electricity prices, recently approved by Regulatory energy agency (REA).

The director of functional division Supply Sreten Gojkovic explained that new electricity bills include price of electricity (domestic and imported), the fees for usage of transmission (0.36 eurocents/kWh) and distribution networks (1.81 eurocents/kWh), fixed fee usage of distribution network (76.7 eurocents), and fee for supplier services (0.46 eurocents/kWh), as well as VAT. Director said the prices are constant and they were not related to the amount of imported electricity in particular month, as it was the case before. EPCG confirmed it paid overall amount of 13 million euros for electricity import in July.

The price of kWh during the high tariff period is 4.27 eurocents and during low tariff period 2.13 eurocents. According to new regulations, the low tariff period will be in period 2300-0700 hours during winter and in period 2400-0800 hours during summer, and during each Sunday. The low tariff period during day was cancelled.

In the related news, EPCG confirmed that electricity consumption during heat wave in July reached 13 GWh, while hourly peak demand reached 625 MW. The consumption in capital Podgorica was 11 % higher comparing to the last year. The electricity consumption increased by 10 % in tourist center of Budva.

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### **Minister of economic development criticized cancellation of sale of TPP Pljevlja (Montenegro)**

Minister of economic development Branimir Gvozdenovic believes the cancellation of privatization procedure for thermal power plant (TPP) Pljevlja and coalmine Pljevlja was the harmful decision. According to minister, there is no alternative for the investments in power complex in Pljevlja in this moment. Gvozdenovic believes that even those that were against the sale would realize the need for continuation of privatization.

As a reminder, in June this year, the government of Montenegro, after strong pressure from the parliament, decided to cancel the privatization process.

In the related news, the officials from TPP Pljevlja confirmed the overhaul of the turbine and generator was near end. The overhaul started on May 18 and it should be finished in three and a half months. TPP Plevlja should be put in operation on September 1. The TPP has been in operation for 25 years, which was its originally projected operational life. The overhaul included complex works, which are the part of the revitalization project that should prolong operational life of the TPP for 15 to 20 years, officials said.

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### **Unit 2 in NPP Cernavoda connected to electricity grid (Romania)**

Unit 2 in nuclear power plant (NPP) Cernavoda was connected to electricity grid for the first time on August 7 on 17:21 hours, operator of the NPP, Nuclearelectrica said. The 700 MW pressurized heavy water reactor (PHWR) of the Candu 6 design, delivered by Atomic Energy of Canada (AECL), was connected to the grid at 25% of maximum power.

The inspectors of the National Commission on the Control of Nuclear Activities (CNCAN) monitored all activities and certified the quality of the works and the fulfillment of all the requirements for increasing the power of the nuclear reactor.

After tests were completed, the power output should rise at 50 %, 75 % and finally at 100 %. The unit should start commercial operation by the end of September. With two units, NPP Cernavoda should provide 18 % of domestic electricity output.

In the same time, unit 1 reached a new record of 300 days of non-interruptible operation and during that time, it supplied more than 5 TWh to national electricity grid. The unit secures some 9 % of overall domestic demand. The unit was in operation for 11 years and it produced 58.577 TWh of electricity, with average availability rate of 88.1 %, Nuclearelectrica said.

Nuclearelectrica announced the tender procedure for providing the refurbishment and repair services for the generator of unit 1. The cost of the project is estimated at 5.3 million euros, where the funds will be provided by Nuclearelectrica from its own funds. The bids could be submitted by August 28 and the contract should be signed for a one-year period.

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### **Tender for unit 3 and 4 in NPP Cernavoda published (Romania)**

The government of Romania published a new tender for construction of unit 3 and 4 (700 MW each) in nuclear power plant (NPP) Cernavoda. The bids have to be submitted until October 25. The project company for construction of units should be established and the works should start in March 2008th.

In June this year, CEO of Nuclearelectrica Teoder Chirica said the cost of the project should be 2.2 billion euros, where two units should be built in period of 64 months. The units should be constructed almost simultaneously, where they should be put in operation in 2014-2015. Chirica said the company wants to establish consortium of minority investors, which will hold less than 50 % of the project each, including the state of Romania. The investors will be entitled to part of the electricity output produced in the new units, he said.

The initial tender for the construction of units 3 and 4 was launched in 2006th, when ministry of economy and trade accepted 13 letters of intentions, including Enel SpA, E.ON, Iberdrola, RWE, as well as a consortium between Canada's EAEL and Italy's Ansaldo. It is expected that all those companies will submit bids in the new tender, including CEZ, which also expressed interest for the project.

The new tender was launched after government adopted a new strategy for financing the construction of units in June this year. According to strategy, the units should be built by the private investor with sufficient capital, which will be capable for cooperation with Nuclearelectrica. The procedure, which is approved by EU, will

be conducted in transparent manner. The selected investors will be obliged to invest 30 % of the necessary funds in cash.

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### **Hidroelectrica reduced sale contracts due to drought (Romania)**

Hydropower producer Hidroelectrica reported 9.4 million euros of profit in the first half of this year, which was close to the last year. In the same period, overall incomes reached some 300 million euros, managing director Traian Oprea said in a press conference.

Director confirmed the electricity output in the first six months of the year was 20 % lower comparing to the last year. The drought period was forecasted on time, and the incomes were maintained on the planned level after company managed to renegotiate the contracts and to increase the sale prices by 20 %. One of the customers for which the sale price was increased was Alro Slatina.

In the same time, Hidroelectrica reduced electricity export for several customers, where one of them was Energy Holding. The further reduction of export should take place if the

Romanian National Water Administration (ANAR) declares a state of drought for the in-country rivers, Oprea said.

The highest reduction in water inflows was reported in the Danube and Olt river basins. The water accumulated in storage lakes fell to 58.16 % of maximum level.

Oprea also announced the company would launch a tender for sale of 16 small HPPs in the end of September or in the beginning of October. The company sold 45 small HPPs in the last year.

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### **Bio-ethanol factory to be build in Nadlac, the bio-diesel factory put in service in Vaslui (Romania)**

The company New Energy should finance the construction of the largest bio-ethanol factory in the country in Nadlac. The cost of the project is estimated at 60 million euros, where the factory should be built by Hungarian company EuroMediu.

The construction works should start in spring next year. During the first stage of operation, the factory should process 340,000 tons of corn per year, which would be supplied by farmers from Arad zone. The factory could also represent the source of electricity and thermal energy for the town of Nadlac.

In the related news, the 18 million euros worth bio-diesel factory was inaugurated in Vaslui in the Ulerom oil factory. The factory is fully automated, with production capacity of 30,000 tons per year. Greenline Industries, an American group, delivered the equipment. The factory belongs to Adrian Porumboiu and the raw material will be provided from the area of almost 15,000 ha of rape, soya, sunflower and corn. The bio-diesel will be sold both on the domestic and foreign markets.

The minister of agriculture and rural development Decebal Traian Remes is optimistic regarding the bio-diesel, yet he warned on potential influence of this production process to food prices.

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### **Transgaz invited potential investors for construction of 10 million euros worth pipeline (Romania)**

The natural gas transported Transgaz Medias launched a tender for selecting the constructor of the natural gas pipeline Negru Voda-Techirghiol. The worth of the contract is estimated at some 10 million euros.

The interested companies could submit bids until the September 10, where the main tender criteria would be the lowest demanded price. The pipeline should be finished in 10 months, while the construction will be funded by the company's own funds.

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### **2.7 billion euros to be invested in renewable energy sources (Romania)**

Until 2015th, Romania plans to invest 2.7 billion euros in renewable energy sources (RES). Starting from 2003, overall amount invested in RES reached 300 million euros, which was considered as insufficient.

Minister of environment and sustainable development Atila Korodi said Romania could install some 14,000 MW in wind farms, which could produce 23 TWh of electricity per year.

Minister believes that, if the solar energy potentials were fully utilized, the country could provide some 50 % of the energy needed for the hot water consumption in households or 15 % of the energy needed for the heating purposes in the households.

Hydropower potential in Romania is estimated at 40 TWh per year, while the country has large biomass potential. It is estimated that usage of vegetable waste could cover 89 % of the heating and cooking energy demand in rural areas.

As a conclusion, the RES potential of Romania includes biomass (65 %), wind energy (17 %), solar energy (12 %), small hydropower plants (4 %) and geothermal energy (2%), Korodi said.

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### **Electricity import to start in September, new tender for electricity import to be launched (Serbia)**

Power utility of Serbia (EPS) will start to import overall amount of 128.52 GWh of electricity in period September 1st 2007th -January 31st 2008th. The electricity will be delivered by Atel and Energy Holding, and overall worth of the contracts is 10.1 million euros. The winners in the tender offered the lowest prices, the tender commission concluded.

The aforementioned amount represents 29 % of the amount (367.2 GWh) that EPS requested in the tender launched in July this year. The bids in the tender were submitted also by Ezpada, Istrabenz, CEZ-EGL (joint offer) and E.ON.

In the same time, in the beginning of August, EPS launched a new tender for import of 100 MWh/h or 364.8 GWh in period October 1st 2007th- February 29th 2008th. The bids in the tender must be submitted by the August 17th, where EPS invited all 18 eligible suppliers to take part in the tender.

The requested amount was divided in 6 lots. The lot refers to the import of 25 MWh/h (+/- 25 %) or 91.2 GWh (+/- 25 %), the second invitation refers to import of 20 MWh/h (+/- 25 %) or 72.96 GWh (+/- 25 %), the third one to import of 10 MWh/h (+/- 25 %) or 36.48 GWh (+/- 25 %), the fourth one to import of 20 MWh/h (+/- 25 %) or 72.96 GWh (+/- 25 %), the fifth and to the import of 5 MWh/h (+/- 25 %) or 18.24 GWh (+/- 25 %), while the sixth public invitations refers to import 20 MWh/h (+/- 25 %) or 72.96 GWh (+/- 25 %).

Overall amount EPS requested to import in these two tenders is 732 GWh. In the same time, planned electricity import in period September 2007th –February 2008th should be 1.7 TWh.

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### **5.5 million euros for renewal of heating plants (Serbia)**

Government of Serbia allocated 5.5 million euros loan for renewal of six heating plants in Serbia. The overall worth of the project is 27.5 million euros, where the rest of the funds are provided by German KfW bank. During the third phase of the project, KfW will provide 10 million euros donation and 12 million euros soft loan.

Minister of energy and mining Aleksandar Popovic signed the contracts for rehabilitation of central heating system with the officials from cities of Nis, Kragujevac, Sombor, Kraljevo, Pirot and Zrenjanin. The works should be finished by the winter season 2009/2010. The renewal should result in 25 to 30 % of savings through the more efficient usage of heat energy, minister said.

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### **180 million euros for renewal of petrol stations of NIS (Serbia)**

Oil industry of Serbia (NIS) plans to invest some 180 million euros for reconstruction of 300 petrol stations if the government approves the signing the 372 million euros loan contract.

General manager of NIS, Srdjan Bosnjakovic confirmed that part of the loan should be invested for renewal, while the rest should be provided through privatization and sale incomes.

The part of the petrol station should be fully reconstructed, while on some of them, new products should be introduced, such as liquefied petroleum gas. The investments should include unification of all petrol stations under NIS-Petrol brand name. So far, NIS has modernized 40 petrol stations, general manager said, without saying how much funds was invested for that purpose.

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### **Gazprom still to decide on construction of gas pipeline (Serbia)**

Minister of energy and mining Aleksandar Popovic confirmed the Russian Gazprom still did not decide whether would start the construction of extension of South stream pipeline across the Balkans and Serbia.

Serbia waits for the plans of Gazprom, where, according to minister, the pipeline could be built across Balkans, but not across Serbia, or

the pipeline could not be built at all. Serbia has prepared the strategy for each possible outcome, minister said.

In December last year, government of Serbia and Gazprom signed the Memorandum of understanding regarding the construction of new natural gas pipeline across Serbia. The estimated investment is 1 billion dollars. Minister earlier announced the Serbia will intensify negotiations with Gazprom over this issue, and minister itself talked with Gazprom's officials in Moscow.

Minister pointed out that only certain option for stable natural gas supply in Serbia is finishing the construction of underground storage facility in Banatski Dvor. He hopes that natural gas import from Hungary will be regular during this winter season. Nevertheless, it is hard to tell whether it would be sufficient, which would be dependable on weather conditions this winter, minister concluded.

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### **EPS proposed 6.9 % increase in electricity prices from September (Serbia)**

Director of PR department of Power utility of Serbia (EPS) Momcilo Cebalovic confirmed the EPS submitted a proposal to Regulatory energy agency (REA) regarding the increase in electricity prices by 6.9 % starting from September 1.

EPS calculated new prices in accordance to new tariff methodology that should be also effective on September 1, Cebalovic said. REA should verify if the EPS's proposal was justified, after which the management board of EPS would submit the final request to the government of Serbia for approval, director explained.

On the other hand, head of REA, Ljubo Macic said the verification of EPS's request would be done by mid August. He did not want to comment the proposed increase, yet he said the electricity prices could rise after September 1, where increase for industrial customers should be few percents higher comparing to household customers.

According to unofficial sources, quoted by the Serbian national television (RTS), the electricity prices for households should rise by 2 % and for the industrial customers by 5 %.

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### **Electricity report in July (Serbia)**

According to preliminary data, gross electricity consumption in Serbia (without Kosovo) was 2.324 TWh, which was 1.9 % higher than planned and 5.2 % higher comparing to the last year. The average temperature was 25.7°C, which was 3.6 °C higher comparing to average values.

The long-lasting drought and reduced production in run of the river hydropower plants (HPPs) by 208 GWh or 25 % lower than planned affected the level of electricity in storage lakes, which was 300 GWh or 28.5 % lower than planned. The storage HPPs produced 139 GWh or 7 times higher than planned. In order to preserve the water level in storage lakes, EPS put in service CHP Novi Sad.

Thermal power plants (TPPs) (without Kosovo) produced 1.84 TWh of electricity in July, while the coal reserves were 51 % higher than planned.

## Tenders:

## Electricity

Company / organization:	EAR, related Kosovo
<b>Overhaul of Overburden System for Sibovc South West Mine</b>	
Content:	<p>Bucket Wheel Excavator and Spreader</p> <p>The works consist of the overhaul of the existing Excavator and Spreader as part of an overburden removal system in the Kosovo lignite mines. The contract/s will be based on the FIDIC "Conditions of Contract for Plant and Design-Build" First Edition 1999 (Yellow Book).</p> <p>The project concerns the rehabilitation of a Bucket Wheel Excavator SRs 1300 for excavating of overburden transported by a belt conveyor system and dumped by a Spreader and the rehabilitation of a Spreader for dumping of overburden excavated by the BWE. The Hopper car is to be delivered as new, matching in capacity and size to BWE and conveyor belt line, while the tripper car shall be refurbished and shall match the conveying capacity as it was designed for. Design and installation of operational control, electrical system, and technical diagnostic system for BWE and Spreader will be part of scope of the works as well.</p> <p>This project will lead to increasing the reliability of coal supply to the existing generation units and prepare the system for the operation of the new Sibovc South West Mine.</p> <p>Lot 1: Overhaul of Bucket Wheel Excavator SRs 1300 Lot 2: Overhaul of the Spreader A2RsB 4400 x 60</p>
Deadline:	24 September 2007 at 17hrs00 (CET)..
Contact:	European Agency for Reconstruction E-mail: luisa.lopez@ear.europa.eu Copy to: majlinda.statovci@ear.europa.eu

Company / organization:	EAR, related Kosovo
<b>Overhaul of Overburden System for Sibovc South West Mine</b>	
Content:	<p>Supply of mechanical and electrical parts and components for Conveyor Line B-1600 for Sibovc South West Mine</p> <p>The project concerns the design, manufacturing and delivery of mechanical and electrical parts and components for overhaul of conveyor line 1600 mm belt width, in order to increase the reliability of coal supply to the existing generation units and prepare the conveyor belt for the operation in the new Sibovc South West Mine.</p> <p>Under Lot 1 for supply of mechanical parts and components for the conveyor line are foreseen to be delivered the suitable 320 kW belt drive gear boxes with heating including necessary connection material and claw coupling with brake drum to the motor, flange coupling to the belt drum and related adapter frames (one for brake and one for electrical motor), double shoe drum brake including brake thrusters with internal limit switch, drive drum (including bearings, bearing houses and flange coupling between drum and drive gear), special tool set for hydraulic disassembling and assembling of the flange coupling discs, take-up pulley, parabolic baffle plates (impact walls).</p> <p>The aim of Lot 2 for supply of electrical parts and components is to deliver the slip-ring 6kV, min 320 kW AC motors for the required belt drive gear boxes under the Lot 1.</p> <p>Lot 1: Supply of mechanical parts and components for conveying line 1600 mm belt width. Lot 2: Supply of electrical parts and components for conveying line of 1600 mm belt width</p>
Deadline:	17 September 2007 at 17hrs00 (CET).
Contact:	European Agency for Reconstruction E-mail: luisa.lopez@ear.europa.eu Copy to: majlinda.statovci@ear.europa.eu

Company / organization:	EBRD, Regional
<b>Assessment of Sustainable Energy Potential in West Balkans</b>	
Content:	<p>Assignment Description: There exists substantial potential for energy efficiency improvements in the countries located in the West Balkans, namely Albania, Bosnia and Herzegovina, Macedonia, Montenegro and Serbia. There is, however, still a lack of awareness of energy efficiency among a significant part of the economy and banks are often unfamiliar with energy efficiency projects. In addition, there exists some potential for renewable energy, albeit at this stage limited by the lack of regulatory support.</p> <p>The European Bank for Reconstruction and Development (EBRD) is considering the development of dedicated credit lines for energy efficiency and renewable energy projects in the above listed countries aimed at end-users in both corporate and residential sectors. The EBRD wishes to engage a consultant to prepare an analytical assessment of the region which will demonstrate the basis upon which EBRD will structure and implement the credit lines.</p> <p>The consultant will review previous studies and resources on sustainable energy in the above mentioned countries and provide the following deliverables for each country:</p> <p>(i) An analytical assessment of sustainable energy market potential (technical and economic); (ii) A list of barriers (commercial, institutional, etc.) preventing or delaying the realisation of energy efficiency potential; (iii) An analytical assessment of the resources required to overcome these barriers including: a) technical assistance, including marketing / awareness, capacity building and technical expertise; b) incentives to local financial institutions and project originators.</p> <p>Assignment Duration: 4 months Maximum Budget Available for the Assignment: EUR 196,000; exclusive of VAT.</p>
Deadline:	13 Aug 2007
Contact:	Ms Olena Kolodiy European Bank for Reconstruction and Development One Exchange Square London EC2A 2JN Tel: + 44 20 7338 6765 Fax: +44 20 7338 7451 E-mail: kolodiyo@ebrd.com

Company / organization:	EBRD, related Bulgaria
<b>Kozloduy Nuclear Power Plant – General</b>	
Content:	<p>The following notice refers to goods, works and services to be procured through open tendering for projects financed by the Kozloduy International Decommissioning Support Fund which is administered by the European Bank for Reconstruction and Development.</p> <p>For more information, please visit <a href="http://www.ebrd.com/oppo/procure/oppo/goods/general/070803a.htm">http://www.ebrd.com/oppo/procure/oppo/goods/general/070803a.htm</a></p>
Deadline:	3 Aug 2008 at 24:00, Kozloduy time
Contact:	Mr. Daryll Jones Fax. + 359 973 7 4508 E-mail: kpmu@npp.bg

Company / organization:	EBRD, related Bosnia and Herzegovina
<b>Stanari Thermal Power Plant Project</b>	
Content:	<p>EFT-Thermal Power Plant Stanari" Ltd., member of Energy Financing Team Group, is considering applying in its own name or through a joint-venture to be established with a strategic partner, to the European Bank for Reconstruction and Development (EBRD) for a loan towards the co-financing of the construction of 420 MW lignite fired Power Thermal Plant Stanari.</p> <p>The power plant will be located near the town of Stanari, 70 km east of the city of Banja Luka. The new plant will be fuelled by lignite from the nearby Stanari lignite mine.</p> <p>The proposed power plant will require engineering, procurement and construction of a supercritical, single unit lignite fired power plant of 420 MW nominal capacity, pursuant to a "turnkey" engineering, procurement and construction ("EPC") contract.</p> <p>The plant shall be equipped with all necessary facilities including a complete flue gas treatment system, indirect dry cooling system, process water and water management system, coal storage and handling system, ash disposal system and ancillaries.</p> <p>The power plant shall be designed to fulfill the following objectives:</p> <ul style="list-style-type: none"> <li>• Gross efficiency of at least 43%</li> <li>• High level of availability</li> <li>• Automated to a high degree, including flexible operating characteristics</li> <li>• Compliance with National and European Union environmental requirements.</li> </ul> <p>Tendering for the EPC contract is expected to begin in September 2007 with pre-qualification of applicants. Procurement of services, supply, installation and works will be carried out following the results of a tender process.</p> <p>Contracts to be financed with loans from the EBRD will be subject to its Procurement Policies and Rules. The proceeds of the EBRD'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 or official regulation of the purchaser's country.</p>
Deadline:	27 Jul 2008 at 24:00, Belgrade time
Contact:	<p>Danilo Milosevic Chief Mechanical Engineer Energy Financing Team Ltd. Bulevar Mihaila Pupina 10b/II Belgrade, Serbia Tel: +381 11 3011 061 Fax: +381 11 3011 053 email: danilo.milosevic@eft-group.net</p>

Company / organization:	EAR, related Kosovo
<b>Construction of Fly ash Load out, Storage silos and Mixing Facilities for Stan Trg Mine, re - launch</b>	
Content:	<p>The contract consists of Construction of Fly ash Load out, Storage silos and Mixing facilities for Stan Trg Mine in order to provide continuous supply of fly ash from Kosovo Energy Corporation (KEK) power plant, to fill the voids left after the extraction of ore at Stan Trg mine.</p> <p>The project includes the construction works for fly ash load out facilities at KEK power plant and construction of storage and mixing facilities at Stan Trg mine including design, steel and reinforced concrete works, electronic and mechanical fittings and other appropriate works..</p>
Deadline:	11 October 2007 at 17:00 hrs CET.
Contact:	<p>Operational Centre Pristina Procurement Unit Head of Procurement Unit 1, Kosovo Street Pristina, Kosovo UNMIK Fax: + 381 38 51 31 308 E-mail: kwinten.joniaux@ear.europa.eu</p>

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> <p>(a) supply and installation of gas turbine units; (b) procurement and implementation supervision; (c) corporate development programme (donor financed)</p> <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:	<p>Aurel Matei , Deputy General Manager Colterm S.A. Str. Ep. Joseph Lonovici nr. 4 300092, Timisoara Romania Tel: 0040 256 434 614 Fax: 0040 256 434 616 Email: aurel.matei@colterm.ro</p>

Company / organization:	EBRD, related Romania
<b>Iasi District Heating Project</b>	
Content:	<p>This General Procurement Notice (GPN) updates the first GPN for this project published in Procurement Opportunities, on 6 February 2006 with the Ref: 5189-GPN -35162.</p> <p>S.C. Centrala Electrică de Termoficare (CET).Iași S.A. has received a loan from the European Bank of Reconstruction and Development and intends using the proceeds for refurbishment of the city district heating.</p> <p>The Project, which has a total estimated cost of about €31.8 million, proposed to be financed by the Bank, the Swiss Government and S.C.CET Iasi S.A, will require the procurement of the following goods and works:</p> <ul style="list-style-type: none"> <li>- Supply and Installation of thermal modules (expected to be partly donor funded)</li> <li>- Supply and Installation of the equipment in the Central Sub-stations, including the automation equipment (expected to be partly donor funded)</li> <li>- Rehabilitation Works for the Central Sub-stations, including Buildings Rehabilitation</li> <li>- Rehabilitation Works for the Heat Distribution Network</li> </ul> <p>Tendering for the above is expected to start in the 1st quarter 2007.</p> <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. The proceeds of the Bank's loan will not be used for the purpose of any payment to persons or entities, of for any import of goods, if such payment or import is prohibited by a decision of the United Nations Security Council taken under Chapter VII of the Charter of the United Nations or under a law of official regulation of the Purchaser's country.</p>
Deadline:	25 Apr 2008 at 24:00, Iasi time
Contact:	Centrala Electrica de Termoficare Iasi ( CET) SA Project Implementation Unit Contact name: Mrs. Buzea Doina Address: Calea Chisinaului Street, no. 25 Iasi; Postal code: 700265 Iasi, Romania Phone: +40-232-231675 Fax: +40-232-231675

Company / organization:	EAR, related Serbia
<b>Construction of 400 kV Electricity Transmission Line from Nis – Leskovac</b>	
Content:	<p>The project purpose is the implementation of works for the construction of the 1st phase of the Serbian part of the HV transmission line Niš – Skopje 400 kV transmission line, to be implemented in two phases. Phase 1 will be the construction of the line from Niš 2 substation to Leskovac.</p> <p>The works project will include: manufacturing, constructing and erecting towers, stringing lines and civil works.</p>
Deadline:	19 November 2007, 12:00 hrs local time
Contact:	Ana.Milenic@ear.europa.eu Procurement Unit; European Agency for Reconstruction Vasina 2-4, 11000 Belgrade, Serbia

Company / organization:	EBRD, Serbia
<b>Electric Power Industry of Serbia</b>	
Content:	<p>This notice updates the General Procurement Notice for this project which was posted on the EBRD website on 19 November 2003.</p> <p>Electric Power Industry of Serbia (EPS) is constructing and conducting an installation of a reliable overburden removal system at Tamnava West lignite mine financed from a loan from the European Bank for Reconstruction and Development (EBRD) and the Kreditanstalt fuer Wiederaufbau (KfW).</p> <p>EPS has applied for an EBRD loan for the realization of the following parts of the new lignite mining system:</p> <ul style="list-style-type: none"> <li>• New Bucket Wheel Excavator</li> <li>• New Belt Conveyor system (co-financed by KfW)</li> <li>• New shifting devices</li> </ul> <p>EPS has further applied for KfW loan for the following parts of the new system:</p> <ul style="list-style-type: none"> <li>• Parts of the new belt conveyor system</li> <li>• New power supply system</li> <li>• Spreader integrating new and available parts</li> </ul> <p>Tendering process is completed and contract realization for the above goods and services is ongoing and project completion is planned for the second quarter of 2009.</p>
Deadline:	12 Jun 2008 at 24:00, Beograd time
Contact:	Mr. Slobodan Mitrović or Mr. Aleksandar Gajić Tel.. + 381-11-397-1926 Fax: + 391-11-397-1923 e-mail: slobodan.mitrovic@eps.co.yu or aleksandar.gajic@eps.co.yu

Company / organization:	EBRD, related Bulgaria
<b>Pernik District Heating Rehabilitation Project</b>	
Content:	<p>Toplofikacija Pernik EAD, hereinafter referred to as "The Employer", intends using part of the proceeds of a Grant from the Kozloduy International Decommissioning Support Fund (KIDSF) administered by the European Bank for Reconstruction and Development (the Bank) towards the cost of "Pernik District Heating Rehabilitation Project". The project has accumulated savings of €180,000 which is intended to be used for Construction and Installation Works (CIW) needed for the rehabilitation of the heat transmission network.</p> <p>Contracts to be financed with the KIDSF grant will be subject to the Bank's Procurement Policies and Rules. Tendering for contracts to be financed with the proceeds of a grant administered by the Bank is now open to firms from Austria, Belgium, Bulgaria, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxemburg, Portugal, Spain, Sweden, Switzerland, UK, Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, the Netherlands, Poland, Romania, Slovakia, Slovenia, all the so called PHARE and countries of EBRD operations.</p>
Deadline:	12 Jun 2008 at 24:00, Pernik time
Contact:	eng. Gergana Koleva Moshino, CHP Plant Republika 2303 Pernik, Bulgaria Tel./Fax.: +359 (076) 670 675

Company / organization:	NEK, related Bulgaria
<b>Bridge Financing for the Belene NPP Project</b>	
Content:	Natsionalna Elektrieska Kompania EAD has announced a tender to raise debt financing in the amount of MEUR250. This credit facility will be used to finance the design, procurement of equipment and civil works (construction and erection works) under the Project for Construction of NPP Belene during the first year of its implementation. This period is planned for implementation of the first phase of the Project that mainly covers design and preparatory works and within this period of 1 year NEK in its capacity as the company responsible for the development of the Project will complete the process of its structuring. The purpose of this credit facility will be to play the role of bridge financing until the required financial resources are provided for the complete implementation of the Project for construction of NPP Belene. Therefore NEK EAD as Borrower intends to repay entirely the credit immediately after the financial close of the Project is achieved or to keep the credit on its balance sheet with option for long term repayment. The announcement is published on the page of the Public Procurement Agency <a href="http://www.aop.bg">http://www.aop.bg</a> and in the Supplement to the Official Journal of the European Union <a href="http://ted.europa.eu">http://ted.europa.eu</a> . The documents for participation in the public procurement procedure may be obtained at the Head Office of NEK EAD or via e-mail upon submission of a document evidencing payment of the documentation fee of 500 Euro. The payment may be made either at the pay-office of NEK EAD or by bank transfer to the NEK account: IBAN: BG35KORP92201400534102, BIC: KORPBGSF in Corporate Commercial Bank AD.
Contact:	Yulian Kiossev, tel. (+3592) 9263490 ykiossev@nek.bg.

Company / organization:	EBRD, related Bosnia and Herzegovina
<b>Power Distribution Reconstruction Project</b>	
Content:	This GPN updates the notice published on the EBRD website on 11 November 2005. Bosnia and Herzegovina has applied for a loan from the European Bank for Reconstruction and Development ("The Bank") towards the cost of reconstructing and modernising the electricity distribution infrastructure in Bosnia and Herzegovina, enabling the three local power utilities (Elektroprivreda Bosne Hercegovine ("EPBIH"); Elektroprivreda Republike Srpske ("EPRS") and Elektroprivreda Hrvatske Zajednice Herceg Bosne ("EPHZHB")) to improve reliability and quality of electricity supply, reduce losses and improve energy efficiency. The proposed project has a total estimated cost of Euro 55 million, proposed to be financed by the EBRD, and will require the procurement of the following goods, works and services for: (a) Goods and related Services for purchasing of metering equipment for residential consumption and Low and Medium Voltage substations, Low and Medium Voltage transformers, cables and auxiliary equipment for Low and Medium Voltage lines, machinery and equipment for the installation of the aforementioned items; (b) Works for the installation of the aforementioned items; (c) Consulting services to support the three Project Implementation Units established by the three power utilities. Tendering for contracts under (c) above was completed in June 2006. Procurement for goods & services and works under (a) and (b) above has started and should be completed by December 2007.
Deadline:	2 Jun 2008 at 24:00, Mostar time

Contact:	Mr. Josip Jerkovic PIU Director Tel:+387 36 323 788 Fax:+387 36 322 831 Email: josip.jerkovic@ephzsb.ba
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Company / organization:	<b>EBRD, related Romania</b>
<b>Design, Construction and Commissioning of the 390 Km Agadyr-YuKGRES Section of 500 KV Second Transmission Line of Kazakhstan North-South Transit Consulting Services Loan: Management and Monitoring Of Construction Contract Implementation Progress</b>	
Content:	The Kazakhstan Electricity Grid Operating Company (KEGOC) has received a loan from the European Bank for Reconstruction and Development, and it intends to use part of the proceeds of the loan for payments under the contract for consulting services for Management and Monitoring of Construction Contract implementation process. The assignment is expected to be carried out in three Phases as described below. Phase I 1.1 Supervision of quality assurance by Contractor and PIU during implementation of survey work and design estimates. 1.2 Quality and the accepted technical solutions assessment during elaboration of design estimates. 1.3 Final review and approval of the made up design estimates for the construction of 500 kV OTL 500 kV Agadyr SS- 500 kV YuKGRES SS. Phase II 2.1 Managerial and monitoring support during contracting. 2.2 Analyses of the results of the tests performance for the quality conformance of the equipment and materials supplied under the project to the quality and technical characteristics operated together with KEGOC JSC specialists. Tests results evaluation. 2.3 Quality assurance surveillance by the Contractor and PIU during implementation of the construction and erection works. 2.4 Environmental measures monitoring during implementation of the construction and erection works. 2.5 Verification of implementation according to the PIP and review of any changes to the PIP. 2.6 Verification of the proper use of available funds. 2.7 Submit periodic activity reports as may be requested from time to time by KEGOC. Phase III 3.1 Confirmation of the Project Completion in accordance with the PIP and preparation of a Project Completion Report

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