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

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- » Overview of natural gas sector in Balkan countries

News headlines**Region**

- » Kazakhstan interested for Greece and Bulgaria's stake in Bourgas- Alexandropoulos project
- » South European countries joined ITC mechanism for compensation of transit flows

Albania:

- » KESH launched tender for import of 1.5 TWh of electricity

Bosnia and Herzegovina:

- » Oil refinery in Brod and Vitol agreed on settlement of debts
- » Electricity production to reduce by 3.9 % in 2007th
- » Delay in merger of EP BiH and the coalmine Breza

Bulgaria:

- » PPC to abandon purchase of TPP Bobov Dol
- » Regulator proposed 5 % increase in electricity prices from July 1st
- » 10 companies interested for NPP Belene project
- » NEK owes 23 million euros to NPP Kozloduy
- » New law to promote renewable energy sources
- » Sofia heating company demanded 4 % increase in tariffs
- » Government to launch a tender for new TPP in Maritsa Iztok coal basin
- » Head of NEK warned on possible problems in power production in 2008th
- » CEZ to invest 16 million euros in four projects

Croatia:

- » HEP signed contract for construction of new unit in TPP Sisak
- » HEP to invest 100 million euros in HPP Zakucac
- » Possible construction of HPPs on Sava River
- » Danish Westas Wind Systems interested for construction of wind farms
- » Plinacro and MOL signed Memorandum of understanding

Greece:

- » 40 % of profit reduction for Motor oil in the first quarter
- » PPC to continue with unbundling process
- » Natural gas from Turkey to be delivered in July, the 400kV electricity connection to be established by the end of the year

Macedonia:

- » 22 million euros invested for construction of power plant in Skopje
- » The end of construction of Bitola-Lerin interconnection line
- » Tender for HPP Boskov most announced
- » Malfunction in TPP Bitola, additional electricity import from Bulgaria and Serbia
- » RAO submitted bid for purchase of TPP Negotino
- » Opening of bids for small HPPs

Montenegro:

- » Berane coalmine sold to Global Steel
- » 61.5 million euros of incomes for EPCG in the first five months
- » Montenegrobonus and Petrol to establish joint venture
- » Privatization of TPP and coalmine Pljevlja postponed
- » New power plant on Bileca Lake

Romania:

- » Petrom discovered new natural gas deposit
- » Electrica Muntenia Sud officially sold to Enel
- » No changes in natural gas prices
- » Petrom approved temporarily shutdown of Arpechim oil refinery
- » E.ON Gaz Romania to separate in two companies
- » Four-month report on energy resources
- » The report on production of NPP Cernavoda
- » RWE interested for electricity distributors
- » German New Energy Group to build wind farm
- » Gazprom announced construction of Roman-Margineni storage facility

Serbia:

- » Government postponed introduction of new electricity tariffs
- » NIS denied claims regarding the sale of subsidiaries to Lukoil
- » Modernization of dispatching center of EMS finished
- » EPS to invest 3 billion euros in next several years

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

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.

Country	Year	Sum	1	2	3	4
Slovenia	2007	11182	1027	891	953	850
	2008	11570	1094	998	1012	911
	2009	10994	1099	932	963	816
Bosnia and Herzegovina	2007	11722	1074	979	1016	910
	2008	12186	1155	1038	1075	938
	2009	11570	1099	932	963	816
Bulgaria	2007	34506	3239	2960	2637	2396
	2008	32722	3021	3196	2836	2636
	2009	31954	3486	3052	3021	2443
Croatia	2007	33452	3475	3107	3087	2577
	2008	17842	1680	1543	1570	1599
	2009	17507	1625	1530	1551	1323
Greece	2007	53504	4815	4539	4269	4105
	2008	53504	4852	4271	4401	3894
	2009	53565	4866	4107	4327	3913
Romania	2007	50636	4736	4268	4473	3903
	2008	53365	4975	4472	4727	4111
	2009	50636	4736	4268	4473	3903

Country Reports on Energy Business in South Eastern Europe

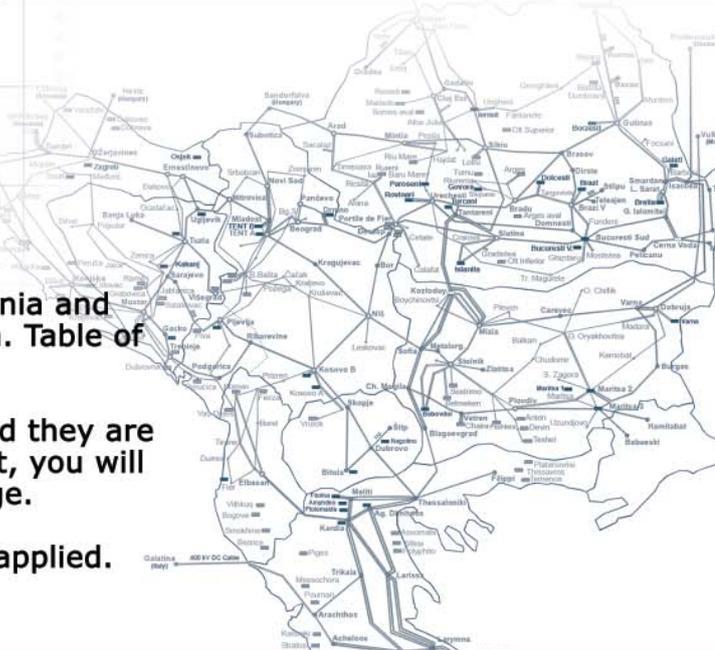
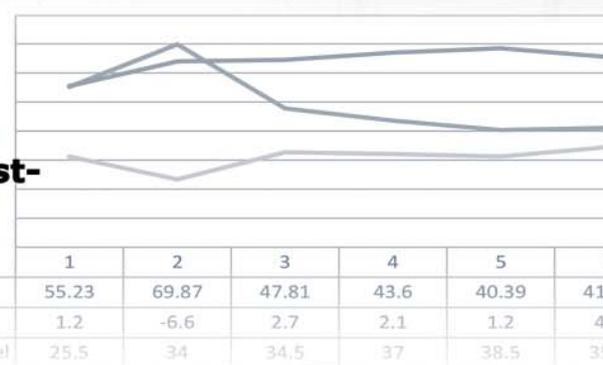
Country reports provide detailed overview of energy sector:

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

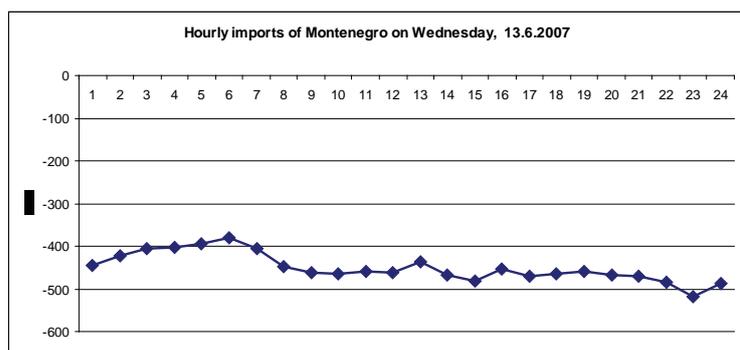
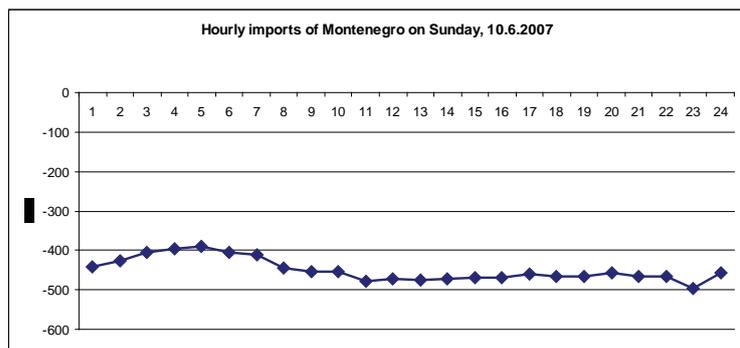
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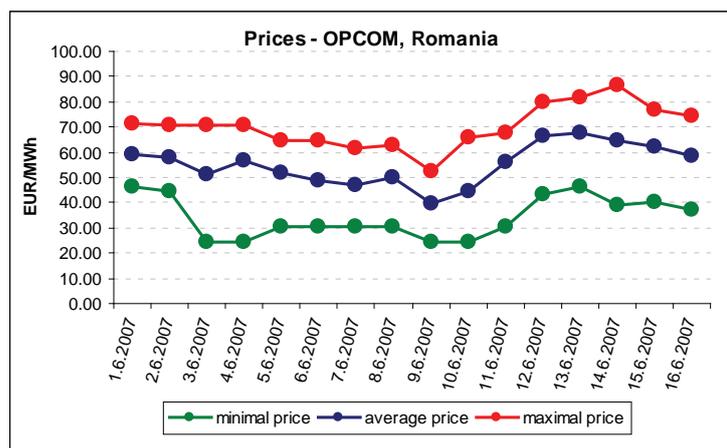
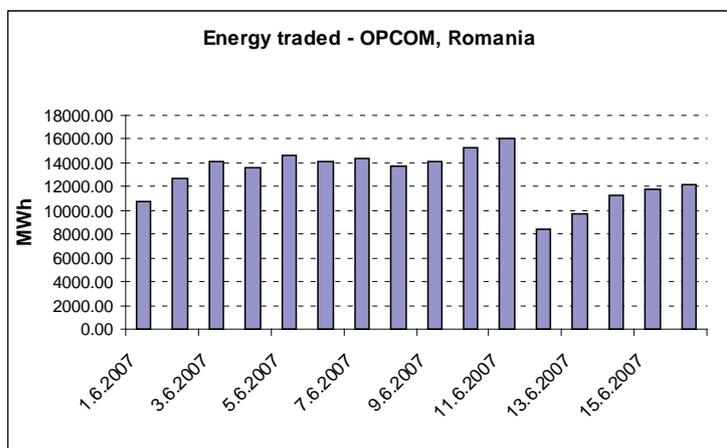


Power exchanges data:



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

In the period from 1.6.2007 till 15.6.2007:
 Montenegro maximum daily consumption: 11.60 GWh
 Montenegro maximal hourly consumption: 580 MWh



Hour	Traded Volume [MWh/h]	MCP [EUR/MWh]
1	565.907	46.46
2	642.116	40.00
3	609.030	37.23
4	611.189	30.77
5	595.876	30.77
6	525.714	24.62
7	498.918	24.62
8	538.212	24.62
9	543.314	27.69
10	671.314	44.62
11	713.268	53.85
12	697.352	58.46
13	704.793	58.46
14	718.600	52.62
15	648.132	44.62
16	671.119	44.62
17	670.524	44.62
18	648.642	43.08
19	623.493	43.08
20	615.725	43.08
21	661.006	43.08
22	752.831	66.15
23	699.239	61.54
24	667.362	52.00
Total	15,293.676	

Opcom, Romania: Energy Traded on Sunday, June 10, 2007

Hour	Traded Volume [MWh/h]	MCP [EUR/MWh]
1	295.705	70.77
2	351.301	55.38
3	390.488	46.15
4	421.203	46.15
5	403.202	46.15
6	334.460	55.38
7	311.743	53.85
8	341.081	63.08
9	417.175	70.77
10	460.768	76.92
11	408.629	79.38
12	399.762	79.38
13	387.105	80.62
14	385.592	81.54
15	372.601	81.54
16	428.541	76.92
17	457.046	70.77
18	461.860	70.77
19	448.002	69.23
20	471.560	67.69
21	472.223	70.77
22	392.683	72.31
23	399.325	72.31
24	437.054	61.54
Total	9,649.109	

Opcom, Romania: Energy Traded on Wednesday, June 13, 2007

No trades performed by Borzen in the period from 1.6.2007 till 15.6.2007

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

(data available at the moment)

NOS BIH - Bosnia & Herzegovina						July 2007.
Border+Direction	TTC	TRM	NTC	AAC	ATC	Validity period:
IMPORT						
Croatia > BIH	-	-	450	-	1	01.-31.07.2007.
Montenegro > BIH	-	-	350	-	1	01.-31.07.2007.
Serbia > BIH	-	-	100	-	1	01.-31.07.2007.
EXPORT						
BIH > Croatia	-	-	700	-	1	01.-31.07.2007.
BIH > Montenegro	-	-	490	-	1	01.-31.07.2007.
BIH > Serbia	-	-	200	-	1	01.-31.07.2007.

ESO - Bulgaria						July 2007.
Border+Direction	TTC	TRM	NTC	AAC	ATC	Validity period:
IMPORT						
Serbia > Bulgaria	-	-	70	-	-	01.-31.07.2007.
Romania > Bulgaria	-	-	250	-	-	01.-22.07.2007.
Greece > Bulgaria	-	-	300	-	-	23.-31.07.2007.
Greece > Bulgaria	-	-	0	-	-	01.-31.07.2007.
EXPORT						
Bulgaria > Serbia	-	-	150	-	-	01.-15.07.2007.
Bulgaria > Serbia	-	-	100	-	-	16.-22.07.2007.
Bulgaria > Serbia	-	-	150	-	-	23.-31.07.2007.
Bulgaria > Romania	-	-	120	-	-	01.-31.07.2007.
Bulgaria > Greece	-	-	570	-	-	01.-31.07.2007.

OPS HEP - Croatia						July 2007.
Border+Direction	TTC	TRM	NTC	AAC	ATC	Validity period:
IMPORT						
Hungary > Croatia	-	-	-	-	150*	01.-31.07.2007.
Slovenia > Croatia	-	-	-	-	300	01.-31.07.2007.
Serbia > Croatia	-	-	-	-	50	01.-31.07.2007.
BIH > Croatia	-	-	-	-	150	01.-31.07.2007.
EXPORT						
Croatia > Hungary	-	-	-	-	200*	01.-31.07.2007.
Croatia > Slovenia	-	-	-	-	150	01.-31.07.2007.
Croatia > Serbia	-	-	-	-	100	01.-31.07.2007.
Croatia > BIH	-	-	-	-	75	01.-31.07.2007.

* Common auction conducted by MAVIR

MAVIR - Hungary						July 2007.
Border+Direction	TTC	TRM	NTC	AAC	ATC	Validity period:
IMPORT						
Croatia > Hungary	500	200	300	100	200*	01.-31.07.2007.
Romania > Hungary	0	0	0	0	0	01.-22.07.2007.
Romania > Hungary	200	100	100	50	0	23.-31.07.2007.
Serbia > Hungary	200	100	100	50	0	01.-31.07.2007.
EXPORT						
Hungary > Croatia	950	200	750	598	152*	01.-31.07.2007.
Hungary > Romania	0	0	0	0	0	01.-22.07.2007.
Hungary > Romania	400	100	300	25	125	23.-31.07.2007.
Hungary > Serbia	200	100	100	25	25	01.-31.07.2007.

* Common auction conducted by MAVIR

Transelectrica - Romania						July 2007.
Border+Direction	TTC	TRM	NTC	AAC	ATC	Validity period:
IMPORT						
Bulgaria > Romania	220	100	120	0	60	01.-31.07.2007.
Serbia > Romania	200	100	100	50	0	01.-31.07.2007.
Hungary > Romania	0	0	0	0	0	01.-22.07.2007.
Hungary > Romania	400	100	300	25	125	23.-31.07.2007.
Ukraine > Romania	250	0	250	95	155	01.-31.07.2007.
EXPORT						
Romania > Bulgaria	350	100	250	50	75	01.-22.07.2007.
Romania > Bulgaria	400	100	300	50	100	23.-31.07.2007.
Romania > Serbia	250	100	150	50	25	01.-15.07.2007.
Romania > Serbia	200	100	100	50	0	16.-22.07.2007.
Romania > Serbia	250	100	150	50	25	23.-31.07.2007.
Romania > Hungary	300	100	200	50	50	01.-31.07.2007.
Romania > Ukraine	20	0	20	0	20	01.-31.07.2007.

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.

ATC (Available Transfer Capacities) value represents amount of transmission capacity, which will be offered by the TSO in which table this value appears to the interested market participants through allocation procedure: usually by pro-rata or explicit auctions method. (Please note that some of TSOs on their web sites within their ATC value publish ATC part of the neighboring TSO, and therefore ATC data can be different)

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

JULY 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	08.06.	14.06.	15.06.	20.06.	21.06.	-
MAVIR	07.06.	13.06.	14.06.	18.06.	19.06.	27.06.
EMS	18.06.	19.06.	20.06.	21.06.	22.06.	30.06.

Weather conditions

	17.06.	18.06.	19.06.	20.06.	21.06.
Albania <i>Tirana</i>	T: 17-30 W: W 9 R: -	T: 17-32 W: NW 11 R: -	T: 21-35 W: NW 9 R: -	T: 21-36 W: NW 11 R: -	T: 23-36 W: SW 11 R: -
Bosnia and Herzegovina <i>Sarajevo</i>	T: 10-28 W: L-V R: -	T: 11-29 W: NW 4 R: -	T: 10-32 W: L-V R: -	T: 11-32 W: L-V R: -	T: 11-32 W: SW 4 R: -
Bulgaria <i>Sofia</i>	T: 15-27 W: NW 8 R: 3.8	T: 14-29 W: NW 9 R: -	T: 12-30 W: NW 6 R: -	T: 13-30 W: - R: -	T: 13-30 W: - R: -
Croatia <i>Zagreb</i>	T: 17-32 W: SW 4 R: -	T: 17-32 W: NW 6 R: -	T: 18-33 W: L-V R: -	T: 17-33 W: SW 4 R: -	T: 18-32 W: SW 6 R: -
Greece <i>Athens</i>	T: 22-31 W: NW 20 R: -	T: 21-32 W: NW 20 R: -	T: 23-32 W: N 19 R: -	T: 21-28 W: N 20 R: -	T: 21-35 W: N 20 R: -
Macedonia <i>Skopje</i>	T: 14-28 W: W 8 R: -	T: 14-30 W: NW 8 R: -	T: 18-32 W: NW 4 R: -	T: 17-32 W: - R: -	T: 20-32 W: SW 4 R: -
Montenegro <i>Podgorica</i>	T: 17-31 W: W 8 R: -	T: 17-32 W: NW 8 R: -	T: 18-35 W: NW 8 R: -	T: 20-36 W: W 8 R: -	T: 20-35 W: SW 11 R: -
Romania <i>Bucharest</i>	T: 18-32 W: - R: 2	T: 21-33 W: NW 4 R: -	T: 21-33 W: L-V R: -	T: 20-33 W: - R: -	T: 20-35 W: L-V R: -
Serbia <i>Belgrade</i>	T: 20-32 W: W 11 R: -	T: 20-32 W: NW 12 R: -	T: 19-35 W: NW 9 R: -	T: 21-35 W: SW 4 R: -	T: 22-35 W: SW 11 R: -

Average weather conditions for June

	Daily Minimum (°C)	Daily Maximum (°C)	Mean total rainfall	Mean number of rain days
Bosnia and Herzegovina <i>Sarajevo</i>	11.4	23.1	91.0	11.0
Bulgaria <i>Sofia</i>	12.1	23.5	75.0	13.0
Croatia <i>Zagreb</i>	12.7	24.6	99.3	13.6
Greece <i>Athens</i>	18.2	31.1	10.6	3.7
Macedonia <i>Skopje</i>	13.0	27.4	46.0	10.0
Montenegro <i>Podgorica</i>	17.3	28.2	63.0	8.0
Romania <i>Bucharest</i>	14.0	26.8	77.0	6.0
Serbia <i>Belgrade</i>	15.0	25.3	90.0	14.0

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

Analysis:

Overview of natural gas sector in Balkan countries

The level of gasification in Balkan countries is relatively low, though countries in the region are exploring scope for increased gasification through deeper penetration of gas distribution networks and possible gas fired district heating. Increased use of gas for heating in the residential sector would help to address the problem of current high energy intensity in Balkan countries. Also there is a possibility that incremental power demand may be best met through new gas fired power generation plants. Gas in Balkan countries is currently supplied by Russian company Gazprom, either directly or indirectly through traders. Wider use of natural gas is directly related with its availability and of course, prices.

List of gas-related projects i.e. planned or proposed and elaborated gas routes is given in the following table.

Gas Routes	Length (km)	Capacity (bcm p.a.*)	Estimated construction costs (millions)	Status
South Caucasus Pipeline (Baku-Tbilisi-Erzurum)	960	7.1-22	900 \$	Under construction
Turkey-Greece Interconnector (TGI)	285	3.6-12	280 \$	Under construction
Greece-Italy Interconnector (IGI)	804	8-10	1300 \$	Advanced study
Nabucco project (Turkey-Bulgaria-Romania-Hungary-Austria)	3400	25-30	4400 €	Advanced study
Hungary-Romania Interconnection	55	0.5-2	20 \$?
Serbia-Bulgaria Interconnection	230	3	?	Study
Trans Adriatic Project - North Route (Bulgaria-FYRMacedonia-Albania-Italy)	?	?	?	Study
Trans Adriatic Project - South Route (Greece-Albania-Italy)	570	?	?	Study
Western Balkan Project Greece-FYRMacedonia-Albania-Serbia-Montenegro-Bosnia&Herzegovina-Croatia-Slovenia)	?	?	?	Study

* bcm p.a. - billion cubic meters per annum

Danube water-level

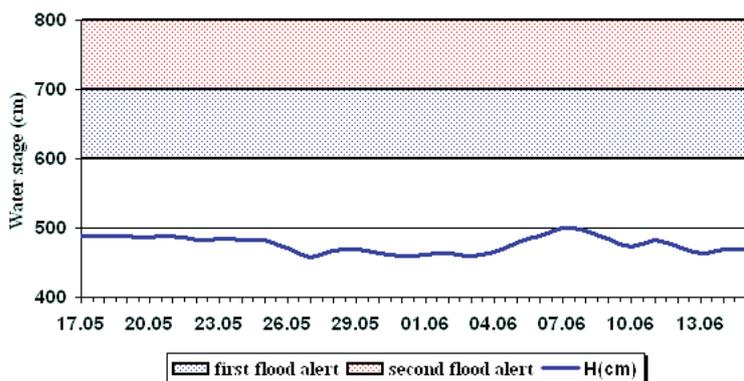
relevant for:

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



1. Albania

Albania has marginal domestic gas production because domestic gas fields are depleted and annual gas production has decreased from 1 bcm in 1982 to 0.01 bcm nowadays. Gas is currently being used for technological purposes in refineries and oil production. There is a gas pipeline with length 200 - 250 km and with very low operational pressure. According to very recent news, privatization of Albpetrol (Albanian State Oil and Gas Production Company - state owned joint-stock company) will start soon. Albpetrol has already lost the monopoly of exploration, and involvement of private operators in all activities of hydrocarbons sector is appreciable.

2. Bosnia and Herzegovina

Bosnia and Herzegovina has no domestic gas production. The natural gas system in country was developed starting in 1975 under the World Bank's Sarajevo Air Pollution Control Project. The system consists of a transmission pipeline, importing gas from Gazprom (Russia), and several distribution systems, mainly for the supply of the town Sarajevo and several industrial consumers along the pipeline.

Transmission is organized at the entity level. BH-Gas Sarajevo is the sole wholesale supplier in Federation of BiH. Aside from being the sole wholesale supplier, BH-Gas Sarajevo is the biggest gas carrier within BiH, operating 68% of the transmission pipelines. Other two companies dealing with transmission are Gaspromet Pale and Sarajevo-gas Lukavica.

Four gas distributors are responsible for the distribution and retail sale of gas, namely Sarajevogas Sarajevo (serving 93.8% of distribution customers), Zvornik Stan (2.2%), Sarajevo-gas Lukavica (1.4%) and Visokogas Visoko (2.6%). In total, distribution customers consumed 40% of total consumption in 2005, which was 0.378 bcm. The largest industrial consumers in BiH are Birač Zvornik (alumina plant) and Mittal Steel Zenica (steel plant) having a market share of 47% and 10.7%, respectively.

The final report of the study on the restructuring of the gas industry in BiH completed by British consultants (NERA) under the World Bank's Emergency Gas Reconstruction Project has been submitted to the entities' governments. The study recommends rationalization of the roles of the gas sector enterprises in both Entities, greater transparency in all contractual arrangements, and the establishment of an independent regulator for the gas sector.

3. Bulgaria

Domestic production is marginal, notwithstanding increase in extraction from Galata Field, operated by Melrose Resources. Imports of around 2.8 bcm p.a. by sole importer (and sole exporter) state-owned vertically-integrated Bulgargas EAD virtually account for all of the domestic natural gas consumption. Bulgargas EAD owns and manages the high-pressure transmission and transit pipeline grid and of underground gas storage in Chiren, and is the only public supplier of natural gas according to State Energy and Water Regulatory Commission (SEWRC) regulated prices, with a market share of 88% of total consumption in 2005. 7% of supply is covered by 38 certified distribution companies (with Overgas Inc AD having stakes in 26 of them serving 25 municipalities) and remaining 5% by indigenous trader of natural gas Dexia Bulgaria EOOD. Up to 85 % of the market will open for producing companies during this year.

Wholesale trade of natural gas on Regulated TPA basis is valid for producing companies. Long term contracts with Russia's OAO Gazprom are in place for gas imports for domestic consumption and for transit through the Progress pipeline. Import contract for supply to South-Western Bulgaria through Greece-Macedonia transit pipeline is in place with OOO Gazexport. Bulgaria's Overgas (controlled by OAO Gazprom and Overgas Holding AD) in agreement with Dor Gas Elran Infrastructures, and Africa-Israel Investments is developing a gas transportation and distribution network for supply in Central Bulgaria. Nabucco project, the transcontinental methane pipeline connecting the Caspian and Middle East region with Central and Western Europe, is under development by Bulgargaz EAD and other consortium partners.

4. Croatia

Only production company in Croatia is INA-Naftaplin, owned by Croatian Government and Hungarian Oil & Gas Company plc (MOL, owning 25%+1 share of capital). Domestic extraction of natural gas accounts for 60% of demand. Remaining demand is met by import from Russia on the basis of long-term contracts. Import contracts are under negotiation with MOL. There are also production sharing agreements with Italy's ENI for exploitation of off-shore fields (Ivana, Marica and others) in the Adriatic Sea. Consumption of natural gas is around 3 bcm per year.

100% state-owned Plinacro d.o.o., was unbundled from INA in 2003, and acts as gas transport company throughout Croatia on negotiated TPA basis. There are 38 Distribution and supply companies. Demand is rapidly growing, especially because new gas generation plants. Eligibility level is set by the law at 100 million m³ per year. Major eligible customers are HEP, Petrolkemija, Pliva and distributors. Privatisation of INA is under way and there is no explicit timetable for market opening, but the Croatian government plans to fulfil EU membership criteria, especially competition rules during 2007.

5. Greece

The Greek gas industry is still in an early stage of development, and the Greek state is heavily involved in the industry through direct and indirect ownership. The sector is dominated by state-controlled (65%, remaining shares on Hellenic Petroleum SA) Public Gas Corporation of Greece SA (DEPA SA). DEPA SA is the vertically integrated gas company which owns and operates the National Gas Transmission System and holds the exclusive right to import and supply natural gas in Greece (until 1 July 2007). Domestic production from the Kavala field is marginal and expected to decline. Because Greece has no indigenous production of gas, its supply so far was realized by long-term, take-or-pay import contracts. Greek gas imports are:

- via pipeline from Russia (contract valid until 2016 for 2.8 bcm p.a. that covers 75 % of import demand), and
- via Revythoussa LNG terminal from Algeria (contract valid until 2021 for 0.68 bcm p.a. that covers 25 % of import demand).

Import long-term contracts have been signed with Russian Gazexport, Algerian Sonatrach, and Turkish Botas. Russian Gas company Gasprom has set up the joint venture Prometheus Gas S.A. for the direct sale of gas in the Greek market, although no gas sales have been conducted by Prometheus Gas yet.

DEPA SA owns and operates the National Gas Transmission System. The Greek downstream market for customers below 10 m³/year threshold is serviced by regional monopolies called EPAs, whose prices are controlled ex-post by Regulatory Authority for Energy (RAE). Currently EPAs cover the areas of the Attiki peninsula, Thessaloniki, and Thessaly. EDA is DEPA's subsidiary which owns the fixed assets operated by EPAs.

Over 60 % of the Greek market (by the volume that was sold) is formally liberalized in 2005. Actual entry of new suppliers has not been possible until Regulated Third Party Access Tariffs have been published with Decision 4955 of 27 March 2006). Full gas market opening is scheduled for 2009. A new pipeline connecting northern Greece to Turkey is under construction, to help diversify gas import sources, and as soon as the interconnection is completed gas supply of 0.75 bcm p.a. is expected.

Restructuring of DEPA SA was implemented during 2006 as follows:

- establishment of DESFA (100% owned by DEPA SA), as owner and independent operator of the Greek high-pressure gas transmission system, under third-party access regime.
- existing EPAs to be 51% owned by EDA, with the remaining 49% owned by international companies (Cinergy, Shell Gas and Italgas).
- likely establishment of three new EPAs before 2009 for the areas of Eastern Macedonia & Thrace, Central Macedonia, and Sterea Hellas & Evia.

The tariffs for the use of the transmission system and for the use of the LNG terminal are published by the RAE and will be applicable for years 2007 and 2008, while some adjustment from 2009 onwards will be implemented.

6. Macedonia

There are no domestic sources for production of natural gas and the supply of natural gas comes from imports (around 80 million m³). Gas has been imported from Russia since 1997, via a pipeline from Bulgaria. Natural gas is used by industrial customers and for district heat generation. Plan for a new CHP (powered by natural gas) is under consideration. In 1989, Macedonia's state oil and gas company Makpetrol agreed to take part in financing a new import gas pipeline from nearby Bulgaria. Part of a wider Russian gas export pipeline network in the region, this link to Skopje was designed to transfer over 800 million m³ per annum. Regionally, the new Trans-Macedonian gas pipeline may be extended to Albania and region of Kosovo in due course, as well as to connect town Nis in Serbia, forming a closed loop. Expected to cost over 100 million \$ by the time it reaches full capacity, this is potentially the largest energy infrastructure project in Macedonia to date.

The transport network is owned by the public enterprise, state-owned company GA-MA and private joint stock company Makpetrol AD. The Government of Macedonia established GA-MA as a public enterprise for the supply, transport and distribution of natural gas in October 1996. Since Makpetrol AD (as a private company) is a shareholder in this enterprise, the enterprise (according to the Law on Trade Companies and the Law on Public Enterprises) has been approached with an offer to be transformed into a joint stock company.

The public enterprise, company GA-MA has the licences for Natural Gas Transmission Assets Owner and for Natural Gas Transmission System Operator. Company Makpetrol AD has the licences for Retail natural gas supplier for tariff customers directly connected to the transmission system and for Natural gas trader. Eligible natural gas customers include customers that consume over 10 million m³ per calendar year, and natural gas retail tariff customer's suppliers.

There is no distribution network yet in Macedonia, but there are provisions given by the Energy Law concerning the natural gas distributor: by law, it may also hold the license to operate the natural gas distribution system in a specified geographic service territory, for retail natural gas supply for tariff customers connected to the natural gas distribution system.

7. Montenegro

Montenegro currently has no natural gas production or facilities and small imports are realized from Serbia and Russia.

8. Romania

Romanian National Natural Gas Regulatory Authority (ANRGN) regulates the natural gas sector (regulated TPA, tariff setting, authorizing and licensing companies, protecting consumers, controlling natural gas sector companies, issuing technical norms, and regulating access to the transmission and distribution grids). Market opening degree is 65% (liberalized market) or 250 eligible customers, while there are over 2.3 million of captive customers (regulated market). Total annual consumption of natural gas in Romania is around 18 bcm while domestic production accounts for 12 bcm per year.

In Romania there are four production companies (SNGN Romgaz SA – former state-owned company, SNP Petrom SA, Amromco Energy and LLC New York) and several importers (SC Distrigaz Sud SA, SC Distrigaz Nord SA, Termoelectrica, Wirom, etc.). State-owned National Natural Gas Transmission Company SNTGN Transgaz SA Medias acts as transmission and transit company and as market operator. Two storage system operators are SNGN Romgaz SA and SC

Depomures SA. There are 29 distribution companies, among which the largest are SC Distrigaz Sud SA, SC Distrigaz Nord SA (both privatised in 2003), SNP Petrom SA and SC Congaz SA. Privatisation of distribution & supply companies was done through sale of government 51% stake in Distrigaz Nord to Germany's Ruhrgas and 51% stake in Distrigaz Sud to Gaz de France (GdF). Between 36 supply companies, the most important players are SC Distrigaz Sud SA, SC Distrigaz Nord SA, SNTGN Transgaz SA, SNP Petrom SA, SNGN Romgaz SA, SC Congaz SA, Amromco Energy, LLC New York and SC Depomures SA.

Joint-venture between Gazprom (Russia) and Wintershall (Germany), named Wintershall Erdgas Handelshaus (WIEH) signed a Memorandum of Understanding with Romgaz and Transgaz to build a natural gas pipeline from the Seceava region of Romania to Ukraine.

9. Serbia

Public enterprise Srbijagas (100% state-owned) is the dominant vertically integrated utility dealing with transportation, distribution and supply since October 2005 when it started its operation. Srbijagas is still the only company performing wholesale trade for captive customers (regulated prices), wholesale trade for the open market and common corporate functions. Its organisationally independent divisions are dealing with power transportation and operation of transportation system, distribution and operation of distribution system. Aside from Srbijagas there are 28 distribution companies responsible for distribution and retail sale of gas in northern part of Serbia.

The initial eligibility threshold is set by the Energy Law at 50 million m³ per year, or 50% market opening. Prices for eligible customers are freely negotiated, while captive customers are supplied on regulated basis by the distribution companies. Regulated TPA to networks envisaged by the Energy Law was enabled by adoption of relevant secondary legislation (pricing methodologies, tariff systems and grid codes) in the second half of 2006.

First gas pipeline in Serbia was put into operation in 1965 for use of domestic gas sources. Since domestic production has been insufficient, connection to Russian gas pipeline (via Hungary) proceeded. Since than import is the main source to meet the demand. Due to insufficient research and new drills, domestic production fell to 0.260 bcm in 2006, while the import of natural gas during last years has been almost tripled, i.e. from 0.803 bcm in 1995 to almost 2.269 bcm in 2005, when consumption was 2.503 bcm, 0.085 bcm of which was for the gas fired power plants. Main gas pipe line has capacity of 6.1 bcm per year. Total length is 2135 km and average age of the pipeline is 25 years. The network comprises approximately 180,000 households and 1000 industrial consumers.

A part of new investments is construction of southern joint of transportation system – from town of Nis to Dimitrovgrad. This 60 million \$ value project aims to improve the supply safety and quality, to cut transit costs and provide systematic gasification in Central Serbia. Apart from this, underground storage of natural gas in Banatski Dvor is at final stage of construction and this project would aim more balanced import during the year and will cut down import costs.

News:

Kazakhstan interested for Greece and Bulgaria's stake in Bourgas- Alexandropoulos project (Region)

According to Bulgarian media, Kazakhstan will start talks regarding the acquiring the part of 49 % of shares, which are controlled by Greece and Bulgaria, in the Bourgas- Alexandropoulos oil pipeline. The trilateral agreement envisaged the sale of shares to oil companies, which would provide oil products for the future pipeline. Sources imply that Russia, the owner of 51 % of shares in the project, would support the sale of shares to Kazakhstan, where the Kazakhstan's share in the project is still subject of negotiations.

On June 8th, during the summing in St. Petersburg, Kazakhstan has held negotiations with Greece and Bulgaria regarding the pipeline project, the head of the oil industry department in the ministry of energy of Kazakhstan said.

Bulgarian regional development minister Asen Gagauzov confirmed the Kazakhstan was willing to join the project, where the negotiations would be launched after the establishment of the project company that will design and build the pipeline.

In the same time, head of Russian Transneft, the future operator of the pipeline, confirmed the US company Chevron and Russian-British TNK-BNP are also interested for the Bulgaria's and Greece's stake in the project.

In the related news, the management of Transneft accused Bulgaria on stalling the pipeline project. President of Transneft said the Bulgaria was unprepared to establish the project company.

On the other hand, Bulgarian and Greek companies involved in the project have rejected too short deadlines for the project implementation, which were recently proposed by Russia. The representatives of three countries should meet in Sofia on July 9th in order to discuss the establishment of the project company.

§ § §

South European countries joined ITC mechanism for compensation of transit flows (Region)

On June 15th, the most of European transmission system operators (TSOs) have reached a voluntary agreement on Inter- TSO compensation for transit flows. The new agreement will cover the period April-December this year.

The agreement was signed by old signatories of former ETO ITC agreement, except from Czech Republic and Slovakia, which along with TSOs from Latvia, Lithuania, Ireland and UK, wait for reaching the mandatory EU directive regarding the ITC mechanism.

The agreement was also signed by nine new countries, the Estonia and South European countries, Albania, Bosnia and Herzegovina, Bulgaria, Croatia, the Former Yugoslav Republic of Macedonia (FYROM), Montenegro, Romania and Serbia

The agreement is considered as historic and it is aimed to integrate national and regional electricity markets in internal EU electricity market.

§ § §

KESH launched tender for import of 1.5 TWh of electricity (Albania)

Albanian power corporation (KESH) announced international tender for import of 1.5 TWh of electricity in the second half of 2007th.

The KESH offered 108.6 million euros for the electricity, where the requested amount of electricity will be divided in lots.

§ § §

Oil refinery in Brod and Vitol agreed on settlement of debts (Bosnia and Herzegovina)

In the beginning of June in Vienna, prime minister of Republic of Srpska (RS) Milorad Dodik and representatives of Vitol have signed the agreement on settlement of debts of oil refinery in Brod toward Vitol. According to agreement, the oil refinery should pay 27.4 million dollars to Vitol.

Vitol has earlier started lawsuit by which it demanded payment of 115 million dollars according to the agreement for service refinement signed by Vitol and the oil refinery in Brod. According to Vienna agreement, the Vitol agreed to cancel the lawsuit.

The dispute between Vitol and RS started in 2003rd, when the director of the refinery of that time signed the service refinement contract with Vitol without approval of the government. After canceling the contract, which was considered as unfavorable for the refinery, the Vitol demanded compensation of 115 million euros, although it did not deliver guaranteed amount of 60,000-100,000 tons of crude oil per month to the refinery.

In the same time, the reaching the agreement will enable continuation of privatization of oil refinery Brod, motor oil refinery in Modrica and fuel distributor Petrol. The RS has sold its shares in those companies to Russian Zarubezneft. The privatization agreement was signed on February 2nd this year.

According to the deputy minister of energy of RS, the oil refinery in Brod could process some 400,000 tons of oil by the end of the year, if the oil refinement was restarted in September this year. The amount is 100,000 tons lower comparing to Energy balance sheet for this year. The exact amount was hard to foreseen having in mind that oil refinery was out of service for year and a half. The production would depend both on the revitalization works and on delivery of crude oil by the new owners, deputy concluded.

According to official data, in 2006th, RS has imported 450,000 tons of oil products, where 80 % of the amount was spend for transport purposes and 20 % was spent by industrial customers and heating utilities.

§ § §

Electricity production to reduce by 3.9 % in 2007th (Bosnia and Herzegovina)

Deputy minister of energy of Republic of Srpska (RS) announced that planned production of electrical energy in RS would be 3.9 % lower comparing to the last year. This was said during the presen-

tation of Energy balance sheet for 2007th, which was recently approved by the parliament of RS.

In 2006th, RS has reported record production of 5.413 TWh. This year's production would be affected by the planned renewal of thermal power plants in Ugljevik and Gacko.

The coal production should be 3.5 % higher, while natural gas consumption should reach 130 million cubic meters, which would be 17 % lower comparing to the last year. The reduction in natural gas consumption will be the consequence of reduced consumption of the largest customer in the country, the Alumina factory in Birac.

In 2007th, the RS should spend some 887,000 tons of firewood (5 % increase), which was the equivalent of 1.130 TWh of electricity or 25% of overall electricity production in the country.

§ § §

Delay in merger of EP BiH and the coalmine Breza (Bosnia and Herzegovina)

According to official announcements, the decision for merger of Power utility of Bosnia and Herzegovina (EP BiH) and coalmine Breza would be postponed after June 30th, due to lack of funds.

The Breza coalmine should have been the first coalmine in BiH to be merged with EP BiH. The merger should have happen before December 15th last year, and the second deadline was the June 30th this year.

Minister of energy, mining and industry Vahid Heco explained there were no enough funds for dismissal wages and for payment of the coalmine's debts. Government should provide some 8 million euros for these purposes.

§ § §

PPC to abandon purchase of TPP Bobov Dol (Bulgaria)

Head of Public power corporation (PPC) Mr. Athanassopoulos confirmed the management of the company decided that purchase of thermal power plant (TPP) Bobov Dol (630 MW) in Bulgaria was not economically viable. The privatization procedure was stalled for quite some time mostly due to environmental permits for the TPP.

Head of PPC also said that PPC have been negotiating with the World Bank regarding the sale of stake in the joint venture Sencap, owned by PPC (45 %), Contour Global (45 %) and EBRD (10 %), to the World Bank.

Mr. Athanassopoulos also announced the company plans to continue with the investments in renewable energy sources, possibly in cooperation with private investors. PPC plans to reach 20 % share in renewable energy market by 2012th.

§ § §

Regulator proposed 5 % increase in electricity prices from July 1st (Bulgaria)

The State Energy and Water Regulatory Commission (SEWRC) proposed that household and industrial electricity prices should rise

by 5 % starting from July 1st instead of 1-2 % as it was earlier announced.

The peak electricity tariff will rise up to 7.87 eurocents/kWh (taxes included), while the off-peak tariff will be 5 eurocents/kWh.

SEWRC will also approve different transmission tariffs for the particular electricity distributors. The highest transmission tariff will be set for the distribution companies in Varna and Gorna Orahovitz, owned by E.ON.

SEWRC's chairman explained that proposed increase in tariffs would not be shocking for the customers, while electricity producers and distributors will be able to cover the expenses related to the higher fuel costs on international and domestic markets. The rise in tariffs will also preserve the reliability of the electricity system in the country, chairman said.

SEWRC rejected proposal of National electric company (NEK) regarding the 24.5 % increase in price of electricity sold to the electricity distributors. SEWRC approved 7 % increase. The final decision on new electricity tariffs should be reached on June 28th.

Management of NEK said the company would incur some 35 million euros of losses by the end of this year in case if only 7 % increase was approved. According to NEK's press release, NEK has been buying electricity from the producers at average price of some 3 eurocents/kWh and it has been selling it to the power distribution companies at 3.2 eurocents/kWh. In the same time, the real cost, including the transmission access reaches 3.8 eurocents/kWh.

NEK pointed out that electricity distributors sell electricity to households at 7.5 eurocents/kWh (peak tariff). Because of that, NEK requested aforementioned increase of 24.5 % for the households, and 21.5 % for the large industrial customers. NEK said that proposed price increase would not be sufficient for the company to service 500 million euros loans, including the loan for the modernization of units 5 and 6 in nuclear power plant (NPP) Kozloduy, construction of the Tsankov Kamak hydro power complex and the construction of NPP Belene.

The most of the electricity producers in the country as well as electricity distributors E.ON, CEZ and EVN believe the price increase is insufficient

The management from TPP Varna, owned by CEZ, announced the company would incur over 6 million euros of losses in this year, if regulator approves only 6 % increase in tariffs for the TPP. The management demanded 12 % increase in tariffs. TPP Varna demanded new price of 29 euros/MWh for electricity produced and 4.33 euros/MWh under the Reserve Capacity Mechanism (RCM) tariff.

In this moment, TPP losses some 2.5 euros per each MWh produced, management said.

TPP has incurred some 1.5 million euros of losses in period January-May, despite 64 % increase in production comparing to the last year. TPP announced to demand from environmental ministry to increase CO2 emission allowances, which would allow TPP to increase electricity production from 5.5 TWh up to 7 TWh per year.

§ § §

10 companies interested for NPP Belene project (Bulgaria)

Ten companies have submitted bids in the tender for the selection of strategic partner in the project for construction of nuclear power plant (NPP) Belene (2,000 MW).

The following companies have submitted bids: Enel (Italy), CEZ (Czech Republic), RWE, EON (Germany), EDF (France), ATEL, EGL (Switzerland), Endesa (Spain), Electrabel (Belgium) and local company Cumerio Med. The future strategic partner should invest some 2 billion euros and acquire 49 % of the shares in the project company Electro power Company Belene, the future owner and the operator of the plant.

CEO of National electric company (NEK), Lybomir Velkov, said the short-listed bidders, which will enter the second phase of the tender, would be announced by the end of July. NEK should provide information memorandum to selected companies after they signed confidentiality agreement. The potential partner will be entitled to sign 15-year contract for purchase of NPP's output.

Velkov also said that NEK has been negotiating with ministry of finance regarding the possible state guarantees for the project. NEK expects that strategic partner would be selected by December this year.

§ § §

NEK owes 23 million euros to NPP Kozloduy (Bulgaria)

National electric company (NEK) owes 23 million euros to nuclear power plant (NPP) Kozloduy. CEO of NPP Kozloduy, Ivan Genov, explained the debt was accumulated since April this year. The debts would rise up to 30 million euros if NEK does not pay the debt for the electricity delivered until June 11th, he said.

The NPP Kozloduy has recently demanded 24 % rise in electricity prices. Genov said the company losses some 3.5 to 4.5 euros per sold MWh of electricity with current prices.

§ § §

New law to promote renewable energy sources (Bulgaria)

In the beginning of June, Bulgarian parliament has adopted new law, which is intended to promote and to support investments in renewable energy sources (RES), alternative energy sources and bio-fuels, i.e. wind, hydro (up to 10 MW), solar and biomass power plants.

The law has set the preferential prices for the electricity produced in such plants, which would be paid by the National electric company (NEK), where the preferential price would be equal to 80 % of average electricity prices for the preceding year. The price will be determined by the State Energy and Water Regulatory Commission (SEWRC).

The new law obliges NEK to connect to electricity grid all new RES power plants, which should resolve the main problem quoted by the investors. Bulgaria plans to increase the use of RES up to 11 % of overall electricity production by the 2010th.

Investors have already expressed interested for construction of small hydropower plants, while there was no significant interest for construction of biomass fired plants, SEWRC said. The national power regulator has recently determined the highest output tariffs for the biomass fired plants.

According to SEWRC, local and foreign investors announced to build wind parks near Kaliakra, the Kavarna cape, Shabla and Dobrich, where overall power output in those parks should be 600 MW.

§ § §

Sofia heating company demanded 4 % increase in tariffs (Bulgaria)

Sofia heating company, the Toplofikatsia proposed 4 % increase in heating tariffs in Bulgarian capital. According to proposal, new household tariff should be 32 euros/MWh of heat energy comparing to current price of 30.8 euros/MWh.

The price increase was explained by the increase in natural gas prices, and if the request was rejected by power regulator, the company could face 20.5 million euros of losses.

The managing director of the company, Petko Milevski pointed out the requested increase is minimal and that it would not solve company's financial problems.

He also confirmed the company, in the future, would focus on electricity rather than on heating production.

§ § §

Government to launch a tender for new TPP in Maritsa Iztok coal basin (Bulgaria)

Ministry of energy announced it would launch a tender procedure for selection of investor for construction of new 600 thermal power plant (TPP) in Maritsa Iztok coal basin. According to national power regulator, even five companies have expressed interest for such project so far. The tender criteria should be set very soon, officials said.

The public interest for the project was expressed by consortium of Brikel (local company) and CEZ, Enel, AES, RWE and E.ON.

In May this year, RWE confirmed it has signed contract with mining company Maritsa Iztok, which would be the first step in the construction of new plant. On the other hand, Enel has already prepared feasibility study, and it has been carrying out environmental study too.

Austrian EVN, the owner of electricity distributors in Plovdiv and Stara Zagora, also expressed readiness to participate in the project.

§ § §

Head of NEK warned on possible problems in power production in 2008th (Bulgaria)

During the International energy forum held in Bulgarian city of Varna, the head of National electric company (NEK), Mardik Pappazian, warned that delays in revitalization of thermal power plants (TPPs) Maritsa Iztok 2 and 3, introduction of new EU environmental standards, with previously decommissioned units in nuclear power plant (NPP) Kozloduy, could cause power shortage in the country in 2008th.

Due to EU directive, starting from the next year, one unit in TPP Bobov Dol will be shutdown as well as the units in the Maritsa Iztok coal basin without integrated pollution prevention and control permits.

The renewal of TPP Maritsa Iztok 3 (870 MW) has been carried out by Enel and the project is three years behind the schedule, while the renewal of TPP Maritsa Iztok 2 (1,450 MW), carried out by Japanese Mitsui, is one year behind the schedule.

Head of NEK warned that only two units in each plant would remain in service in 2008th if the installation of sulfur dioxide removal equipment were not finished. The potential reduction in electricity production is some 4 TWh. On the other hand, the units could remain in service, but it would be forced to pay high eco fines.

§ § §

CEZ to invest 16 million euros in four projects (Bulgaria)

The Czech CEZ, owner of electricity distributors in Sofia and Pleven, announced it would invest some 16 million euros in four projects, which should be completed this year.

10.8 million euros will be invested for construction of three new substations, two in Sofia and in one Razlog. Another 5.1 million euros will be spent for upgrade of one substation in Sofia.

CEZ investments in this year should reach 46 million euros, where 36 million euros will be allocated for new facilities.

§ § §

HEP signed contract for construction of new unit in TPP Sisak (Croatia)

On May 31st, the Croatian power utility (HEP) and Russian company Technopromexport have signed the contract for delivery of equipment and construction of unit C in thermal power plant (TPP) Sisak. Among other, the contract was signed by head of HEP, Ivan Mravak, and general manager of Technopromexport Sergey Molozhavy.

The worth of the contract is 177.6 million euros, where the new unit should be built in 45 months, i.e. in period September 1st 2007th – May 31st 2011th. The combined unit will have 230 MW of electricity output and 50 MW of heat output.

The project will be funded by 105 million dollars of clearing debts of Russia toward Croatia through delivery of energy equipment. The Molozhavy pointed out that the equipment would be made in accordance to Siemens licenses. The rest of 72.6 million dollars will be provided by HEP through the loans.

The agreement for settlement of clearing debts between Croatia and Russia was signed in last year. The part of the funds will be allocated for construction of natural gas pipeline between Hungary and Croatia.

The decision for construction of third unit in TPP Sisak was reached by the management of HEP on March 15th this year. The enlargement of the largest TPP in the country is the part of HEP's plan for construction of 1,142 MW in new power plants in the next ten years. The plans also include the construction new unit in CHP Zagreb (100 MW), and new units in TPP Osijek (250 MW) and TPP Plomin (500 MW).

§ § §

HEP to invest 100 million euros in HPP Zakucac (Croatia)

During the HRP HYDRO convention held in Sibenik, in Croatia, Croatian power utility (HEP) announced it would invest at least 100 million euros for renewal of the largest power plant in the country, the hydropower plant (HPP) Zakucac (486 MW).

The overall funds should be invested until 2011th, and so far, HEP has invested 17.5 million euros for preparation works for renewal of mechanical and electrical equipment of the turbine. The renewal should prolog operational life of the HPP for the next 42 years and it will increase the power output by 52 MW. HEP will install four new units with Koncar and Siemens turbines.

§ § §

Possible construction of HPPs on Sava River (Croatia)

The investors and power companies from Slovenia and Croatia have been negotiating regarding the construction of several hydropower plants in the underflow of Sava River. This was confirmed by the minister of economy of Slovenia Andrej Vizjak. He said that the project has the political support in Slovenia, which should be done by Croatia too.

§ § §

Danish Westas Wind Systems interested for construction of wind farms (Croatia)

Danish company Westas Wind Systems expressed interest for delivery of wind generators to Croatian market or joint construction of generators in cooperation with Croatian companies Djuro Djakovic, Koncar, and several other companies. This was confirmed by the deputy minister of economy in charge for energy and mining after the three-day visit to Denmark.

Croatia has only two operational wind farms, on island of Pag and near city of Sibenik.

§ § §

Plinacro and MOL signed Memorandum of understanding (Croatia)

In the end of May, natural gas transmission system operators of Croatia and Hungary, the Plinacro and MOL Natural Gas Transmission have signed Memorandum of understanding. The main intention of MoU is to continue successful cooperation between two companies and connection of Croatian and Hungarian natural gas networks.

The MoU was initiated after two joint sessions of governments of Croatia and Hungary held in Budapest last year and in Zagreb this year.

Plinacro and MOL will establish experts' teams for preparation and carrying out the project. During the first phase of the project until 2009th, the natural gas pipeline Donji Miholjac- Dravszerdahely-Pec should be built. During the second phase, by the end of 2010th, the pipeline Donji Miholjac-Slavonski Brod (Croatia) and Pec-Varosfold (Hungary) should be built.

Plinacro has already filed a request for granting the construction permit for the pipeline Donji Miholjac- Dravszerdahely, and it has

prepared environmental study for the pipeline Donji Miholjac-Slavovski Brod.

According to press release, MOL has intensified activities for increase of transport capacities from Ukraine.

§ § §

40 % of profit reduction for Motor oil in the first quarter (Greece)

The Greece's second largest oil refiner, the Motor Oil Hellas, reported 40 % reduction in profit in the first quarter of this year, down to 25.7 million euros. The main reason for the profit drop was the warm winter, company said.

The overall sales amounted to 808.1 million euros (15 % reduction), while earnings before interest, tax, depreciation and amortization (EBITDA) reduced to 56.1 million euros.

In the same time, Motor Oil recently announced it would proceed with the construction of new crude oil distillation unit with capacity of 60,000 barrels per day. The project is the part of the Refinery Expansion Program, which would lead to an increase of the refinery's capacity up to 9 million tons per year (from 7.2 million tons). The cost of the construction of new unit is budgeted at 180 million euros and the construction period should be two years.

§ § §

PPC to continue with unbundling process (Greece)

The head of Public power corporation (PPC), the Mr. Athanasopoulos confirmed the company would proceed with the restructuring process, which will result in separation of company's activities in two parts, which was in accordance to EU regulations to be imposed in July this year.

One segment of the company will be involved in mining, generation and retail business, (the liberalized activities) while the other segment of the company will be involved in transmission and distribution business (the monopoly activities). Each part of the company would have separate management councils, Mr. Athanasopoulos said.

The restructuring should be approved on the Annual general meeting (AGM) on June 15th this year.

According to market sources, PPC is also considering to sell 30 % of its supply division. The privatization of supply could be related with the fact that electricity prices are subject to regulation as long the PPC controls more than 70 % of the electricity market in Greece.

In the related news, PPC is mulling to sell its stake in Tellas, the Greece's second largest fixed telephony company. PPC did not give further details on the announcement.

According to Greek media, the Egyptian businessman Naguib Sawiris, the majority owner of Tellas, has been negotiating with PPC regarding the sale of 49.99 % of remaining stake. Sawiris's company Weather Investments owns 50 percent plus one share of Tellas. According to information, Sawiris offered 150 million euros, while PPC demanded 350 million euros for the shares.

§ § §

Natural gas from Turkey to be delivered in July, the 400kV electricity connection to be established by the end of the year (Greece)

Turkish energy minister Hilmi Guler confirmed the Turkey is ready to receive natural gas from Azerbaijan natural gas field Shah Deniz, while natural gas would be delivered to Greece in July this year.

Turkey plans to deliver 125 million cubic meters of natural gas to Greece this year through the new pipeline, the construction of which should be finished by the end of the June. The pipeline will be 285 km long and the construction costs are estimated at 300 million dollars. The annual capacity should reach 12 billion cubic meters.

In the related news, the CEO of Greece's Public power corporation (PPC) announced that 400kV interconnection power line between Greece and Turkey would be completed by the end of 2007th.

§ § §

22 million euros invested for construction of power plant in Skopje (Macedonia)

The management of the TE-TO company, the project company in charge for construction of the first CCGT power plant in Macedonia, confirmed the company has paid first payment of 22 million euros for the French Alstom and Turkish Gama, which could now start the construction of the gas turbine.

The TE-TO company is majority owned by Russian company Project Management Consulting (60 %), while the rest is owned by Skopje heating company and Russian Bitar (20 % each).

The worth of the project is 135.8 million euros, where future power plant will have 200 MW of electricity output and 160 MW of heat output. The power plant will be independent electricity and heat producer, which would sell its output both to domestic and foreign customers. TE-TO company should invest 30 % of its own funds for the project, while the rest will be acquired through the loans.

§ § §

The end of construction of Bitola-Lerin interconnection line (Macedonia)

Macedonia's transmission system operator (MEPSO) should put 400kV interconnection line Bitola (Macedonia)-Lerin (Florina) (Greece) in service very soon. MEPSO confirmed that construction works on 30km long line have been finished. In the beginning of June, the line was under testing and MEPSO has been installing optical fibers.

The cost of the construction of new line was 6 million euros, PR of MEPSO said. The construction works started in October last year, where the project was jointly funded by Macedonia and Greece.

PR of MEPSO also said the MEPSO has been building 400kV line toward Bulgaria, where MEPSO has mounted 70 out of overall number of 193 towers. This interconnection power line should be finished by the June next year. In the same time, Macedonia and Serbia should start the construction of new interconnection line, official of MEPSO concluded.

§ § §

Tender for HPP Boskov most announced (Macedonia)

Ministry of economy has published international tender for submitting the letters of interest for construction of hydropower plant (HPP) Boskov most. HPP should have power output of 70 MW and average annual production should be 118 GWh.

The procedure will be carried out in two phases. During the pre-qualification phase, there will be no public opening of the bids. In the second phase, the bids will be presented to public.

All interested companies should submit financial reports for the last three years, the proposal for funding the project and bank guarantees. The overall incomes of potential investors should be over 350 million euros in the last two years. The bids should be submitted to ministry of economy until September 3rd.

§ § §

Malfunction in TPP Bitola, additional electricity import from Bulgaria and Serbia (Macedonia)

Due to malfunction, which occurred in the beginning of June on unit 3 (225 MW) in the largest power plant in the country, the thermal power plant (TPP) Bitola (675 MW), Macedonia was forced to import 100 MWh/h of electricity from Bulgaria in order to prevent power cuts. The electricity was twice expensive comparing to electricity produced in the TPP that provides 70 % of overall electricity needs in the country. In the moment of malfunction, two units were in operation, while the unit 1 was disconnected for regular maintenance.

In the same time, Macedonia has been importing additional 30 MWh/h of electricity from Serbia, in accordance to previously agreed import contract, PR of Macedonia's transmission operator (MEPSO) confirmed. The additional import should have lasted for 15 days, for which Macedonia should pay 2.5 million euros.

It is important to say that according to first information, the malfunction of the unit was considered as dramatic one, which could have led to power cuts in the country.

On the other hand, officials from Macedonian power plants (ELEM) did not consider this import as the emergency one, having in mind that malfunction in TPP was not accident, but just small technical problem related to the cooling system of the TPP. The cost of the repair is estimated at 150,000 euros. Director of production division of ELEM said that TPP Bitola did not carry out regular maintenance works in the last year, and that all three units operated two years without repairs. This was the main reason why technical problems occurred, the director said. According to him, ELEM has informed MEPSO on the disconnection of the unit on time, because of which electricity supply of the country was not endangered.

During the emergency import, the one operational unit in the TPP Bitola has provided 25 % of overall electricity needs in the country, while Macedonia has been importing 50 % of overall electricity needs. According to annual plan, ELEM should produce 5.2 TWh of electricity this year.

Officials from Power utility of Macedonia (ESM)-Distribution did not want to comment latest events, having in mind they have been informed on the situation by media only.

According to the latest news, unit 1 in TPP Bitola has finished maintenance works and the unit was connected to power grid on June 14th. ELEM confirmed that after the unit 3 was connected to power

grid, the unit 2 would undergo regular maintenance works. All units should be operational starting from September.

§ § §

RAO submitted bid for purchase of TPP Negotino (Macedonia)

Russian RAO EES has submitted bid for purchase of fuel oil fired thermal power plant (TPP) Negotino (200MW). RAO, together with natural gas monopoly Gazprom, offered to invest in altering the TPP into natural gas fired TPP. In the same time, Gazprom earlier expressed interest for investing in natural gas networks in Macedonia.

14 companies purchased tender documentation, where eight of them have decided to continue with the tender procedure.

According to latest news, government of Macedonia has prolonged deadline for submission bids in the tender until July 20th. The tender was prolonged after five companies demanded time for additional analyses.

Government has set minimum price for the TPP of 38 million euros, where new owner will be obliged to build new TPP with power output of 300 MW. The construction works should start 6 months after signing the sale contract and it should be finished in 4 years. The electricity produced in the plant should be first offered in domestic market at market prices.

In the related news, in the beginning of June, government of Macedonia has rejected offer of Hellenic Petroleum (HP) regarding the lease of TPP Negotino due to low offered price. According to sources, HP offered 20,000 euros per day or some 2 million euros for three-month lease of the TPP during the summer. In the last year, HP has paid 19,000 euros for daily lease of the TPP Negotino. The estimated production price of electricity in the TPP is 65 euros per MWh. Sources also imply that government's decision was certainly related to near end of the privatization procedure.

§ § §

Opening of bids for small HPPs (Macedonia)

The public opening of the bids in the tender for construction of small hydropower plants (HPPs) took place on June 15th. It is expected that 102 bids will be opened, which have been submitted by 18 companies.

The tender is related to construction of 60 small HPPs, under concession contracts, with power output up to 5 MW. This particular tender is the first step in government's plans to sign concession contracts for 400 construction sites for small HPPs.

§ § §

Berane coalmine sold to Global Steel (Montenegro)

The Global Steel, winner in the tender for sale of black coalmine Berane, has signed the sale contract for 2 million and one euro.

Global Steel is obliged to employ 120 new workers during the first phase, and another 60 later. Until June 16th, Global Steel should pay the rest of 1.9 million euros and submit bank guarantees for 2.1 million euros of investments in this year until mid July.

Global Steel offered to invest 500 million euros in the coalmine in the next 10 years. The most important investment will be the construction of new 125 MW thermal power plant (TPP). The black coal reserves in Berane basin are estimated at 167 million tons.

§ § §

61.5 million euros of incomes for EPCG in the first five months (Montenegro)

Power utility of Montenegro (EPCG) reported 61.5 million euros of incomes in the first five months this year. In that period, sales incomes were 7.9 % higher than planned.

In January, sales incomes amounted to 9.3 million euros (1 % higher than planned), in February 13.8 million euros (7 % lower than planned), in March 14.7 million euros (26 % higher than planned), in April 11.7 million euros (15 % higher than planned), while in May, according to preliminary data, the sales incomes reached 12 million euros (8 % higher than planned).

§ § §

Montenegrobonus and Petrol to establish joint venture (Montenegro)

The officials from the state oil company Montenegrobonus announced that negotiations for establishment of joint venture with the winner in the tender, the Slovenian Petrol, should last until the mid June at least, while the final contract should be signed by the end of the June. Negotiations started in the beginning of June.

According to the bid, Petrol offered to invest 154.5 million euros in the joint venture, which will be involved in sale and storage of oil products, construction of new 15 petrol stations and natural gas networks in the country. The future strategic partner should build oil warehouses in Bar port with 20,000 cubic meters of capacity. The joint venture should take part in the new tender for oil and natural gas explorations in Adriatic. Montenegrobonus and Petrol will own 50 % of shares in new company each.

The second ranked bidder in the recent tender was MOL, and third ranked bidder was Croatian INA. If the contract was not signed with the Petrol, the Montenegrobonus will invite MOL to start negotiations.

§ § §

Privatization of TPP and coalmine Pljevlja postponed (Montenegro)

After emotional discussions and disputations by experts and politicians in Montenegro, the national parliament voted by majority for cancellation of procedure for sale 100 % of shares in thermal power plant (TPP) Pljevlja and 31 % of shares in coalmine Pljevlja. The winner in the tender, the Russian EN Plus offered 50 million euros in cash and 274 million euros of investments for two companies.

On of the main arguments of opponents of privatization was that privatization contract was more favorable to EN Plus and that Russian tycoon Oleg Deripaska, the owner of EN Plus (which already owns Aluminum factory), would be too influential in the energy sector in the country.

Ruling DPS party believes that decision of national parliament is bad and irrational, which would endanger economic development and solving the environmental problems in Pljevlja region.

The interpellation against government's energy policy was supported by the opposition MPs and by the ruling SDP party (the smaller coalition partner in the government). The TPP and the coalmine should have been sold after negotiations that lasted for almost two years.

President of the parliament and head of SDP believes that the decision would not discourage foreign investors in Montenegro having in mind that every tender procedure bears certain risks for the investors. He believes that energy resources have to be state controlled.

On the other hand, the director of Agency for promotion of foreign investments believes that cancellation of privatization would be bad message to potential investors in Montenegro.

After the decision of the parliament, the government of Montenegro decided on the extraordinary session that privatization of power complex in Pljevlja should be revived after adoption of new constitution and signing the accession and association agreement with EU. Prime minister of Montenegro, Zeljko Sturanovic said the decision of the parliament has endangered government's policy, but it had to be respected.

The government's decision opposes to parliament's decision, which strictly implied the tender should be cancelled and that power complex in Pljevlja should not be privatized. Ministers from SDP voted against the government's decision, so that political crisis will continue.

After the latest decisions, high officials and experts in the country had opposite comments.

The director of the TPP said the postponement of the privatization was the worst option, while officials from Power utility of Montenegro (EPCG) did not want to comment decision of the government. Mayor of city of Pljevlja believes that delays in privatization would affect two companies, which urgently need investments for continuation of production and environmental projects. In the same, EN Plus did not comment the latest development.

Analysts in Montenegro believe that privatization procedure could be restarted after congress of SDP scheduled for the end of July and after adoption of new constitution.

§ § §

New power plant on Bileca Lake (Montenegro)

Government of Montenegro announced a construction of new hydropower plant (HPP) on Bileca Lake. The government should launch the tender for making the general design for the HPP by the end of the June.

The Bileca Lake is located on the border between Montenegro and Republic of Srpska (RS), i.e. Bosnia and Herzegovina. In the past, Montenegro and RS have been argued regarding the usage of water potential from the lake. In this moment, the water potential is used only by RS in its downstream hydropower plants (HPPs). Montenegro demanded the part of electricity produced in those HPPs due to fact that 40 % of the lake is located in Montenegro. RS was strongly against such arrangement.

During the same session, the government adopted the report on functional and legal restructuring of Power utility of Montenegro (EPCG). Government obliged ministry for economic development to prepare the restructuring model, in cooperation with EPCG, Regulatory energy agency and IPA Energy Consulting., by the end of the June.

Government has also approved the report on the research of the construction sites for small HPPs. By the end of July, government would launch a tender for sale of existing small HPPs and construction of new ones, at the approved construction sites.

§ § §

Petrom discovered new natural gas deposit (Romania)

Oil and gas company Petrom confirmed it has discovered new natural gas deposit in the eastern part of the country. The gas reserves are estimated at 130,000 cubic meters per day. The exploitation could start by the end of the year, company's officials said.

§ § §

Electrica Muntenia Sud officially sold to Enel (Romania)

On June 11th, Italian Enel and Romanian state have signed the contract for sale of 67.5 % of shares in electricity distributor Electrica Muntenia Sud. The official ceremony was attended by the president of AVAS (The Authority for State Assets Recovery) Teodor Atanasiu, minister of economy and finance Varujan Vosganian, and by the executive director of Enel Romania, Mateo Codazzi.

The worth of the contract is 820 million euros, where Enel will purchase 50 % shares in Electrica Muntenia Sud directly for 395 million euros, while Enel should invest 425 million euros for the capital stake increase up to 67.5 %. (This will not happen if the Proprietatea Fund uses its pre-emption right for purchase of shares that will be the object of the capital stake increase). The funds acquired through capital stake increase will be used to finance 1 billion euros investment plan in the next 15 years.

According to privatization contract, the Enel will be entitled to purchase remaining shares in the Electrica Muntenia Sud in every second semester of 2008th, 2009th, 2010th and 2011th at the price at least equal to the privatization price.

Director of Enel Romania pointed out that by this acquisition Enel would double its business operations in Romania, where Electrica Muntenia Sud would be an important part of company's development strategy.

The contract is the third largest privatization in Romania, after the sale of BCR Bank and oil company Petrom. Enel already owns Electrica Banat and Electrica Dobrogea, the two smallest electricity distributors in Romania. Enel paid the overall amount of 127.4 million euros for these two companies.

The Electrica Muntenia Sud was the fifth out of eight electricity distribution companies in Romania that has been privatized. CEZ has acquired Electrica Oltenia, and E.ON has become majority owner of Electrica Moldova

President of AVAS believes that sale price for the Muntenia Sud was very good, where privatization of the company would resolve prob-

lems in the electricity supply (the price and the quality) in Bucharest and neighboring counties, (some 1.1 million customers).

Minister of economy and trade said the privatization was speeded up in the past several weeks, having in mind that modernization of energy sector would depend on the private sector. According to ministry, energy sector in Romania would need some 30 billion euros of investments by 2020th. Out of that amount, 20-30 % would be provided by the state budget and by the state owned companies. Minister Vosganian believes that Romania will increase electricity production by 70 to 80 % and electricity export by three times in 2015th after putting in service new nuclear units and increasing the power output in hydropower plants.

Enel has won in the tender for privatization of Electrica Muntenia Sud in June last year, but the signing of the privatization contract was delayed until this year. In the beginning of this year, AVAS extended the period with 180 days until June 17th, which was the second and last extension according to the Romanian laws. If the contract had not been signed, the privatization procedure should have been restarted.

According to official explanation, the signing of the contract was postponed concerning the corruption scandals in privatization process in Romania as well as due to transferring the several energy companies from the former ministry of economy and trade to AVAS through emergency ordinance (not yet approved by the parliament).

The delays in the signing the final contract happened few days before the official ceremony so that head of the Enel Group, Fluvio Conti, who arrived to Bucharest to attend the ceremony, left Romania prior the signing the contract.

§ § §

No changes in natural gas prices (Romania)

According to evaluations made by the ministry of economy and finance, the price of natural gas would remain unchanged after July 1st.

Earlier, minister Varujan Vosganian and president of the National Regulatory Authority in the Field of Energy (ANRE), Gergely Olosz left the option for possible increase in natural gas prices.

In the same time, starting from July 1st, households customers will be allowed to choose its supplier and to negotiate the supply price directly with the supplier.

§ § §

Petrom approved temporarily shutdown of Arpechim oil refinery (Romania)

Oil company Petrom agreed on the temporarily shutdown of the Arpechim oil refinery, where, according to estimations, modernization works will be finished by the end of July.

The plan is also approved by the Arges Emergency Inspectorate, the Regional Agency for Environment Protection Pitesti and the Agency for Environment Protection Arges.

The shutdown is in accordance to of SEVESO II Directive, which applies to the industrial facilities where presence of dangerous substances could cause major accidents.

The National Agency for Environment Protection Pitesti suspended the Integrated Environment Authorization for Arpechim Refinery in the end of May and demanded from Petrom to stop the refinery's operation.

In the related news, Petrom announced to invest some 60 million euros in the Arpechim oil refinery for the environmental projects by 2011th, where overall investments in the refinery should reach 200 million euros. The member of Petrom directorate, Jeffrey Rinker, confirmed the company would not sell the Arpechim refinery, as some sources said.

§ § §

E.ON Gaz Romania to separate in two companies (Romania)

General manager of natural gas distributor E.ON Gaz Romania, Achim Saul announced the company would restructure in two separate entities starting from July 1st this year.

New company, also called E.ON Gaz Romania will be involved in the purchase and supply of natural gas, while E.ON Gaz Distributie will be involved only in distribution business. E.ON Ruhrgas will hold 51 % stake in the both companies. The rest is controlled by the state of Romania.

E.ON announced to invest some 185 million euros for the upgrade of distribution networks until 2009th. According to E.ON's comprehensive modernization program, some 40 % of out of the date natural gas networks will be replaced or modernized.

According to general manager, in the last year, the company has upgraded more than 420 km of pipelines. The investments in this year should reach over 50 million euros, which would be double comparing to 2006th.

§ § §

Four-month report on energy resources (Romania)

According to data presented by National Statistics Institute, the primary energy resources reduced by 6.3 %, while the electricity resources decreased by 6.2 % in the period January-April this year.

The main primary energy resources stood at 13.433 million tones of oil equivalent (toe). Domestic production was 7.966 million toe, which was 5.1 % lower comparing to the last year.

Electricity resources reduced to 20.084 TWh, due to 1.266 TWh reduction in production (or 5.8 %) and lower electricity import by 123.3 GWh (34.6 % reduction).

The thermal power plants produced 66.3 % of overall electricity needs in the country, 23.9 % was produced by hydropower plants, while nuclear power plant produced 9.9 % of overall electricity needs. In the same period, electricity export reduced by 42.7 % down to 934.3 GWh.

§ § §

The report on production of NPP Cernavoda (Romania)

In the first four months this year, nuclear power plant (NPP) Cernavoda has produced 1.886 TWh of electricity, Nuclearelectrica reported.

In January, NPP produced 487.073 GWh, in February 439.889 GWh, in March 486.995 and finally electricity production in April reached 472.636 GWh.

In 2006th, the NPP produced 5.631 TWh of electricity, which was the record in the last ten years. Out of that amount, 5.177 TWh was delivered to domestic customers.

§ § §

RWE interested for electricity distributors (Romania)

German power company RWE confirmed its interest for privatization of three still non-privatized electricity distributors in Romania and for purchase of at least two of them. In the same time, officials from RWE stressed they would not pay over-valued price for those companies, implying that 820 million euros paid by Italian Enel for Electrica Muntenia Sud was not reasonable.

RWE confirmed it submitted letters of intent after it had negotiations with Authority for State Assets Recovery (AVAS) and with the ministry of economy and finance, which confirmed the particular companies would be privatized.

In the same time, RWE repeated its interest in acquiring power complex in Oltenia, participation in construction of units 3 and 4 in NPP Cernavoda, and participation in construction of Tarnita-Lapustesti hydropower plant.

RWE could be also interested for privatization of Transgaz and Romgaz and for renewable energy projects in the country.

§ § §

German New Energy Group to build wind farm (Romania)

German company New Energy Group announced to build new wind farm in Romania. The wind farm, with estimated annual electricity production of 60 GWh, should be built in Dobrogea in Romanian Black Sea coast.

The farm should be operational in 2009th, where estimated cost is 40 million euros.

German company plans to invest overall amount of 70 million euros in two wind farms in the region of Dobrogea.

§ § §

Gazprom announced construction of Roman-Margineni storage facility (Romania)

Officials from Russian Gazprom confirmed its interest for natural gas projects in Romania, particularly for increase of transit and construction of Roman-Margineni storage facility.

According to Russians, Gazprom, Gazexport and Romgaz have agreed to initiate the project for construction of Roman-Margineni storage facility in Neamt County. The initial capacity of the facility should be 600 million cubic meters and it should be extended at 2 billion cubic meters.

Gazprom believes that Romania, due its favorable geographic position, would be important country for transit of Russian gas to Bulgaria, Turkey, Greece, and FYROM and maybe to Serbia.

§ § §

Government postponed introduction of new electricity tariffs (Serbia)

Government of Serbia has approved, at the request of Regulatory energy agency (REA), the postponement of introduction of new methodology for calculation of electricity tariffs until September 1st.

It was the second delay in introduction of new methodology, (the first one happened on April 1st), where in both cases the delays were caused by the request of Power utility of Serbia (EPS), which did not prepare new electricity prices in accordance to new methodology.

The vice prime minister, Bozidar Djelic, said at the press conference that EPS's explanation that delay was caused by technical reasons was unacceptable. He also confirmed that government's finance and economy committee had requested additional information from EPS regarding this issue.

New tariff methodology should enable eligible customers (3 GWh annual consumption) to buy electricity from different suppliers and to pay transmission service at regulated prices. It is planned that all customers, except from households, would be granted a status of eligible customer (in accordance to Energy treaty in Southeastern Europe), while households will earn that right on January 1st 2015th at the latest.

In the related news, EPS confirmed that electricity bills in May would be charged at two prices, having in mind that government approved increase in electricity prices of 15 % for all customers starting from May 15th.

§ § §

NIS denied claims regarding the sale of subsidiaries to Lukoil (Serbia)

Oil industry of Serbia (NIS) has denied claims in Russian papers Gazeta regarding the alleged agreement for sale of certain parts of NIS, i.e. oil refineries, to Russian Lukoil. NIS pointed out that privatization strategy envisaged sale of entire company and not the certain functional divisions. The privatization strategy was prepared by Merrill Lynch and Raiffeisen Investment and it was approved by the government of Serbia.

According to Russian paper, Lukoil's press department did not want to comment the allegations. On the other hand, Russian experts believe that joint company of Gazprom Neft and Lukoil (which was recently established) could be interested for purchase of NIS.

§ § §

Modernization of dispatching center of EMS finished (Serbia)

The official ceremony attended by the minister of energy and mining of Serbia, Aleksandar Popovic, and by the director of the economic cooperation department of the state secretariat of Switzerland, Jorg Reding, has officially marked the end of the modernization of the dispatching system of Serbian transmission system operator (EMS).

Switzerland has donated 10 million euros for the project, which was the largest Swiss donation in Serbia in the last 15 years. The most important part of the project was related to implementation of new SCADA/EMS system. The project was started in 2001st, and 15 % of the project was carried out by the local companies.

§ § §

EPS to invest 3 billion euros in next several years (Serbia)

General manager of Power utility of Serbia (EPS) Vladimir Djordjevic announced the company should invest 3 billion euros in production and distribution systems in the next several years. EPS plans to invest in existing and opening of new coalmines some 900 million euros.

This was said during the signing the agreement with local company ABS Minel for the delivery of 110kV substation for the new coal excavating system in thermal power plant (TPP) Kostolac. The worth of the contract is 3.8 million euros.

New excavator - belt transporter – depositor system should increase coal production in Kostolac basin from 7 up to 9 million tons of coal per year, which should provide stable electricity production in TPP Kostolac for the next 25 years. Overall worth of the new system is 58.7 million euros.

The aforementioned contract was the fifth and the last one related to new excavating system. The first contract was signed with German Takraf for delivery of excavator (12.2 million euros). The second contract was signed with local company Gosa for delivery of belt transporter (30 million euros), while ThyssenKrup should deliver the depositor (12.64 million euros).

EPS plans to invest some 40 million euros in TPP Kostolac this year, where the funds will be invested in new coal ash removal system, new coal depot and expropriation. In the last year, TPP Kostolac produced 4.2 TWh of electricity, while, in this year, the company should produce some 4.6 TWh.

§ § §

Tenders:**Electricity**

Company / organization:	EAR, related Kosovo
Construction of Fly ash Load out, Storage silos and Mixing Facilities for Stan Trg Mine, re - launch	
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:	16 August 2007 at 17:00 CET.
Contact:	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

Company / organization:	EBRD, related Romania
Timisoara District Heating - Works and Consultancy	
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:	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

Company / organization:	EBRD, related Romania
Iasi District Heating Project	
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"> - Supply and Installation of thermal modules (expected to be partly donor funded) - Supply and Installation of the equipment in the Central Sub-stations, including the automation equipment (expected to be partly donor funded) - Rehabilitation Works for the Central Sub-stations, including Buildings Rehabilitation - Rehabilitation Works for the Heat Distribution Network <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:	KESH, related Albania
Purchase individual boxes (IB) measurement panels (boxes) with current transformer and auxiliary material of mounting individual boxes	
Content:	<p>Lot I: Purchase individual boxes 3F and measurement panels(boxes) with current transformer. Loti II:Purchase individual boxes 1F and auxiliary material of mounting individual boxes.</p> <p>Limit fund 837'396'360 leke divisions into Lots</p> <p>Lot I: Limit fund 239'110'960 leke Lot II: Limit fund 598'285'400 leke</p>
Deadline:	18.06.2007 at:13:00 hrs, local time
Contact:	+355 4 228 349, + 355 4 241 984

Company / organization:	EBRD, Serbia
Electric Power Industry of Serbia	
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"> • New Bucket Wheel Excavator • New Belt Conveyor system (co-financed by KfW) • New shifting devices <p>EPS has further applied for KfW loan for the following parts of the new system:</p> <ul style="list-style-type: none"> • Parts of the new belt conveyor system • New power supply system • Spreader integrating new and available parts <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
Pernik District Heating Rehabilitation Project	
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) administrated 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
Bridge Financing for the Belene NPP Project	
Content:	<p>Natsionalna Elektricheska 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 http://www.aop.bg and in the Supplement to the Official Journal of the European Union http://ted.europa.eu. 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 Corporative Commercial Bank AD.</p>
Contact:	Yulian Kiossev, tel. (+3592) 9263490 ykiossev@nek.bg.

Company / organization:	EBRD, related Romania
CFR TRACTION ENERGY NETWORK MANAGEMENT PROJECT	
Content:	<p>This notice updates the General Procurement Notice published on Ebrd Website dated 22nd July 2005 under reference 5104-GPN-36043.</p> <p>CFR SA and its subsidiary CFR Electrificare have received a loan from the European Bank for Reconstruction and Development and intends to use its proceeds towards the cost of a project to continue modernisation and introduce cost-savings measures in management of its traction energy network. The proposed project, which has a total estimated cost of EUR 27 million equivalent (EUR 22.5 m from the Bank and EUR 4.5m in VAT and other taxes), will require the procurement of the following goods, works and services;</p> <ol style="list-style-type: none"> 1. Supply and installation of equipment sets consisting of traction substations, switching equipment, railway station distance control equipment, and central dispatching equipment and communication facilities; 2. Supply of catenary maintenance vehicles; and 3. Consultancy services for contract supervision. <p>Tendering for the above contracts started in the second half of 2006.</p>
Deadline:	24 Jul 2007 at 24:00, Bucharest time

Contact: Mr. Tiberiu Angelescu, Director of Foreign Financing Directorate
Compania Nationala de Cai Ferate CFR – SA
38, Dinicu Golescu Blvd., 3rd floor, room no. 26
010873 Bucharest 1 Romania
Tel.: +40 21 224 84 06 Fax: +40 21 222 14 45

Company / organization: EBRD, related Bulgaria

EU/EBRD Energy Efficiency Finance Facility - Project Consultant (Bulgaria)

Content: The European Bank for Reconstruction and Development (the "EBRD" or the "Bank") intends to establish the EU/EBRD Energy Efficiency Finance Facility (the "Facility") whereby EBRD would extend either i) loans or ii) unfunded risk sharing facilities to Participating Banks ("PBs") in Bulgaria and Romania. The PBs will then on-lend to private entities for industrial energy efficiency investment projects. It is estimated that approximately EUR 20 million of sub-loans will be extended in Bulgaria and EUR 80 million in Romania. The Facility is expected to be supported by the EU in the form of grant support to cover various consultancy assignments and performance based incentives to sub-borrowers and PBs.

For Bulgaria two separate consultancy assignments are planned to support the implementation of the Facility:

1) a Project Consultant (the "Project Consultant") will i) ensure that the widest range of stakeholders are informed about the Facility to facilitate the prompt uptake of financing and related benefits; ii) assist sub-borrowers in the screening and preparation of energy efficiency projects; iii) advise on the eligibility of the sub-projects proposed to be financed under the Facility; and iv) provide consistent communication between the stakeholders, monitor and report on the implementation process.

2) an Independent Energy Expert (the "IEE Consultant") will ensure that the objectives of the Facility are met by verifying the completion of sub-projects financed and confirming the eligibility of the sub-projects against set criteria. This expert will have a regional role for both Bulgaria and Romania (the "IEE Assignment").

This Call for Expression of Interest refers to the first consultancy assignment, Project Consultant in Bulgaria (the "Assignment").

The main objectives of the Assignment are:

- Market the Facility and ensure that the widest range of stakeholders are informed about the Facility and its related benefits in order to facilitate prompt implementation and rapid uptake;
- Ensure that a pipeline of eligible sub-projects is developed;
- Assist the sub-borrowers by screening and developing sub-projects by identifying their investment requirements through informal consultations and Rational Energy Utilisation Plans ("REUPs") and assist in the formulation of loan applications to the PBs;
- Make recommendations to the sub-borrowers on their energy management strategy;
- Provide consistent communication among the PBs, the sub-borrowers, the IEE and other stakeholders;
- Monitor and report on the implementation process.

Assignment Duration: Anticipated start date is August 2007 with a planned duration of 2 to 2.5 years. The contract may be extended subject to EBRD approval, satisfactory performance of the Project Consultant, extension of the Facility and the availability of donor funding.

Maximum Budget Available for the Assignment: EUR 952,250; exclusive of VAT.

Deadline: 18 June 2007

Contact: Dirk Plutz
Telephone number: +44 20 7338 6219
Email address: plutzd@ebrd.com

Company / organization: EBRD, related Bulgaria

Sofia District Heating Rehabilitation Project

Content: Toplofikacia Sofia AD hereinafter referred to as the Purchaser, intends using part of the proceeds of a loan from European Bank for Reconstruction and Development (the Bank) and a grant from Kozloduy International Decommissioning Support Fund (KIDSF) towards the cost of Sofia District Heating Rehabilitation Project.

The Purchaser now invites sealed tenders from suppliers for the following contracts to be funded from part of the proceeds of the loan and the grant for the Supply of 1700 District Heating Substations and Associated Services including delivery of substations, dismounting of existing substations, preparatory work in substations' rooms, installation, adjustment and commissioning of substations.

The supply of 1700 district heating substations and associated services is divided into five (5) separate lots as follows:

- Lot 1 refers to 500 substations located in DHR "Sofia" (central and north part of Sofia city).
- Lot 2 refers to 470 substations located in DHR "Sofia east" (south-east part of Sofia city).
- Lot 3 refers to 320 substations located in DHR "Zemlyane" (south part of Sofia city).
- Lot 4 refers to 240 substations located in DHR "Luilin" (north-west part of Sofia city).
- Lot 5 refers to 170 substations located in DHR "Sofia" (central and north part of Sofia city) and DHR "Sofia east" (south-east part of Sofia city).

Tenders are invited for one or more lots. Each lot must be priced separately.

Contracts for Lot 1, 2, 3 and 4 will be financed with the proceeds of the KIDSF grant, and Contract for Lot 5 will be financed with the proceeds of the loan. The Contract for Lot 5 will be awarded in case of availability of financial sources from EBRD Loan

Tendering for contracts to be financed with the proceeds of the KIDSF grant (Lot 1, 2, 3 and 4) will be administered by the EBRD under the procurement rules of the EBRD and the KIDSF. Tendering for contract to be financed with the proceeds of the KIDSF grant is open to firms from eligible countries of the Fund. The eligible countries in accordance with the Rules of the KIDSF are EU member states, Switzerland, so called PHARE countries and countries of EBRD operation.

All tenders must be accompanied by a tender security of:

- Lot 1 - EUR 61 000 (sixty one thousand)
- Lot 2 - EUR 48 000 (forty eight thousand)
- Lot 3 - EUR 33 000 (thirty three thousand)
- Lot 4 - EUR 26 000 (twenty six thousand)
- Lot 5 - EUR 18 000 (eighteen thousand)

or its equivalent in a convertible currency.

Deadline: 20 Jul 2007 at 14:00, Sofia time

Contact: Mr. Peter Petrov
fax + 359 (2) 859 91 24
phone +359 (2) 859 81 05

Company / organization:	EBRD related Romania
EU/EBRD Energy Efficiency Finance Facility - Project Consultant (Romania)	
Content:	<p>The European Bank for Reconstruction and Development (the "EBRD" or the "Bank") intends to establish the EU/EBRD Energy Efficiency Finance Facility (the "Facility") whereby EBRD would extend either i) loans or ii) unfunded risk sharing facilities to Participating Banks ("PBs") in Bulgaria and Romania. The PBs will then on-lend to private entities for industrial energy efficiency investment projects. It is estimated that approximately EUR 20 million of sub-loans will be extended in Bulgaria and EUR 80 million in Romania. The Facility is expected to be supported by the EU in the form of grant support to cover various consultancy assignments and performance based incentives to sub-borrowers and PBs.</p> <p>For Romania two separate consultancy assignments are planned to support the implementation of the Facility:</p> <p>1) a Project Consultant (the "Project Consultant") will i) ensure that the widest range of stakeholders are informed about the Facility to facilitate the prompt uptake of financing and related benefits; ii) assist sub-borrowers in the screening and preparation of energy efficiency projects; iii) advise on the eligibility of the sub-projects proposed to be financed under the Facility; and iv) provide consistent communication between the stakeholders, monitor and report on the implementation process.</p> <p>2) an Independent Energy Expert (the "IEE Consultant") will ensure that the objectives of the Facility are met by verifying the completion of sub-projects financed and confirming the eligibility of the sub-projects against set criteria. This expert will have a regional role for both Bulgaria and Romania (the "IEE Assignment").</p> <p>This Call for Expression of Interest refers to the first consultancy assignment, Project Consultant in Romania (the "Assignment").</p> <p>The main objectives of the Assignment are:</p> <ul style="list-style-type: none"> - Market the Facility and ensure that the widest range of stakeholders are informed about the Facility and its related benefits in order to facilitate prompt implementation and rapid uptake; - Ensure that a pipeline of eligible sub-projects is developed; - Assist the sub-borrowers by screening and developing sub-projects by identifying their investment requirements through informal consultations and Rational Energy Utilisation Plans ("REUPs") and assist in the formulation of loan applications to the PBs; - Make recommendations to the sub-borrowers on their energy management strategy; - Provide consistent communication among the PBs, the sub-borrowers, the IEE and other stakeholders; - Monitor and report on the implementation process. <p>Assignment Duration: Anticipated start date is August 2007 with a planned duration of 2 to 2.5 years. The contract may be extended subject to EBRD approval, satisfactory performance of the Project Consultant, extension of the Facility and the availability of donor funding.</p> <p>Maximum Budget Available for the Assignment: EUR 2,227,750; exclusive of VAT.</p>
Deadline:	18 June 2007
Contact:	Dirk Plutz Telephone number: +44 20 7338 6219 Email address: plutzd@ebrd.com

Company / organization:	EBRD, related Bosnia and Herzegovina
Power Distribution Reconstruction Project	
Content:	<p>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.</p> <p>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:</p> <p>(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;</p> <p>(b) Works for the installation of the aforementioned items;</p> <p>(c) Consulting services to support the three Project Implementation Units established by the three power utilities.</p> <p>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.</p>
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@epzhb.ba

Company / organization:	EBRD, Bosnia and Herzegovina
PROCUREMENT OF SUBSTATIONS 10(20)/0.4 kV	
Content:	<p>This Invitation for Tenders follows the General Procurement Notice for this project which was published in EBRD Procurement Opportunities on 11 November 2005.</p> <p>JP ELEKTROPRIVREDA BOSNE I HERCEGOVINE – d.d. SARAJEVO (hereinafter referred to as: the Employer), intends using part of the proceeds of a loan from the European Bank for Reconstruction and Development (the Bank) towards the cost of Procurement of Substations 10(20)/0.4 kV</p> <p>The Employer now invites sealed tenders from all interested Suppliers and/or Contractors for the following contract to be funded from part of the proceeds of the loan:</p> <p>Supply of various electrical equipment for 48 (forty eight) pcs of Substations 10(20)/0.4 kV in concrete /metal housing; 78 (seventy eight) pcs of pole mounted substations 10 (20)/04 kV; and 131(one hundred and thirty one) pcs of remotely controlled pole mounted switch disconnectors.</p>
Deadline:	15 Aug 2007 at 12:00, Sarajevo time

Contact: ELEKTROPRIVREDA BOSNE I HERCEGOVINE – d.d. Sarajevo
Project Implementation Unit
Mr. Nedeljko Despotović, PIU Director
Vilsonovo šetalište 15
71000 Sarajevo
BOSNIA AND HERZEGOVINA
Tel.+387 33 751 030
Fax.+387 33 751 033
e-mail: n.despotovic@elektroprivreda.ba

Company / organization: EBRD, related Bosnia and Herzegovina

ENERGY METERS AND AMR CENTRE

Content: This Invitation for Tenders follows the General Procurement Notice for this project which was published on EBRD website dated 11 November 2005. J.P. ELEKTROPRIVREDA HRVATSKE ZAJEDNICE HERCEG BOSNE d.d. Mostar hereinafter referred to as the Purchaser, intends using part of the proceeds of a loan from the European Bank for Reconstruction and Development (the Bank) towards the cost of Goods and associated Services for equipment and materials for Energy Meters and AMR Centre. The Purchaser now invites sealed tenders from all interested Suppliers and/or Manufacturers for the following contracts to be funded from part of the proceeds of the loan:

ENERGY METERS AND AMR CENTRE

Energy Meters and AMR centre cover design, manufacturing, testing, transportation, installation services and commissioning for 0,4 kV current measuring transformers –5668 pcs (five thousand six hundred and sixty eight); 10(20) kV voltage measuring transformers (ninety) 90 pcs; el. energy meters with possibility of remote readings –2750 pcs (two thousand seven hundred and fifty); connecting material for installation , integration of the equipment in the 10(20)/0,4 kV substations and automatic meter reading centre and preparation of "As Built" documentation in Mostar.

Deadline: 17 Jul 2007 at 12:00, Mostar time

Contact: ELEKTROPRIVREDA HRVATSKE ZAJEDNICE HERCEG BOSNE d.d. Mostar
Project Implementation Unit
Mr. Božidar Jovanović, PIU Director
Zagrebačka 1
88 000 Mostar
BOSNIA AND HERZEGOVINA
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Company / organization: **EBRD, related Romania**

Design, Construction and Commissioning of the 390 Km Agadyr-YuKGRES Section of 500 KV Second Transmission Line of Kazakhstan North-South Transit Consulting Services Loan: Management and Monitoring Of Construction Contract Implementation Progress

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

Phase I

- 1.1 Supervision of quality assurance by Contractor and PIU during implementation of survey work and design estimates.
- 1.2 Quality and the accepted technical solutions assessment during elaboration of design estimates.
- 1.3 Final review and approval of the made up design estimates for the construction of 500 kV OTL 500 kV Agadyr SS– 500 kV YuKGRES SS.

Phase II

- 2.1 Managerial and monitoring support during contracting.
- 2.2 Analyses of the results of the tests performance for the quality conformance of the equipment and materials supplied under the project to the quality and technical characteristics operated together with KEGOC JSC specialists. Tests results evaluation.
- 2.3 Quality assurance surveillance by the Contractor and PIU during implementation of the construction and erection works.
- 2.4 Environmental measures monitoring during implementation of the construction and erection works.
- 2.5 Verification of implementation according to the PIP and review of any changes to the PIP.
- 2.6 Verification of the proper use of available funds.
- 2.7 Submit periodic activity reports as may be requested from time to time by KEGOC.

Phase III

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

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