

**Contact:**

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

**Subscriptions & info:**  
news@balkanenergy.com  
www.news.balkanenergy.com/request.php  
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**December (1) 2007 issue of Balkan Energy NEWS, with limited data.**

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**In this issue:****Analysis:**

- » Dependency of electricity consumption in South East Europe on temperatures, 2nd part

**News headlines****Regional:**

- » Southeast European countries joined Pan European ITC mechanism
- » MOL proposed establishment of regional natural gas transport company

**Albania:**

- » Enel and Albanian government signed memorandum of understanding
- » EBRD investments in Albania for 2008
- » Austrian company "CIh Immobilien und beteiligung gmbh" interested in Albania

**Bosnia and Herzegovina:**

- » Government of RS adopted changes in energy balance sheet for 2007
- » Oil refinery in Brod announced expansion in the region
- » 17 million euros loan for EP HZHB
- » Lukoil interested for construction petrol stations and oil terminals
- » Final decision on new HPPs on Drina River in January
- » Government started negotiations for construction of HPPs on Neretva River Natural gas supply contract prolonged only until December 31

**Bulgaria:**

- » NPP Kozloduy to expand operational
- » Delays in upgrade of TPP Maritsa Iztok
- » Electricity traders against quota for protected customers
- » Opposition for EU demands for separation of production and transmission of electrical energy
- » NEK fears of power shortages in 2008
- » EU approved construction of NPP Belene
- » Natural gas prices to increase gradually by 36 % in 2008

**Croatia:**

- » 89 million euros for new wind farm
- » No increase in electricity prices in the beginning of 2008
- » Record output of TPP Plomin I
- » HEP invested 400 million euros in 2007
- » Janaf to invest 15 million euros in new oil pipeline

**Greece:**

- » Home electricity bills rise 8 %
- » French company to build solar plant
- » New board of directors of Hellenic Petroleum
- » Possibility of undersea pipeline to Libya

**Macedonia:**

- » HPP Spilje finished overhaul
- » Dislocation of Temnica River finished, TPP Oslomej to have stable coal supply
- » 750 million euros for energy import in 2008
- » MEPSO initiated signing contracts for allocation of cross-border capacity
- » European commission against changes in Energy law
- » Government and EVN argue over level of investments

**Montenegro:**

- » 70 million euros for electricity import in 2008, EFT the main supplier
- » 25 euros for electricity bills in October and November
- » Government called for reconsidering privatization of TPP Pljevlja
- » Government adopted energy strategy until 2025

**Romania:**

- » Modernization of HPP Iron Gates 2
- » Enel and E.ON with Termoelectrica to build new unit in TPP Braila
- » Strategic partner for units 3 and 4 in NPP Cernavoda to be selected in January
- » Electrica to invest 150 million euros in electricity production next year
- » Transgaz's IPO oversubscribed 28 times up to 1.8 billion euros

**Serbia:**

- » Siemens to reconstruct substation in TPP Kosovo A
- » Hellenic Petroleum and OMV in a joint venture for N
- » Unit 4 in TPP Nikola Tesla A finished capital overhaul
- » Russia offers construction of South stream pipeline and cooperation in oil and gas projects
- » EMS became coordinator of SMM control block
- » The winner in tender for TPP Kosovo C to be decided in 2008

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

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

## Balkan Energy NEWS publication

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

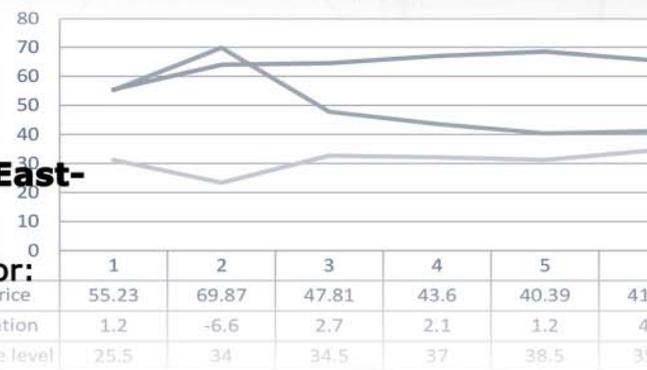
On our website, you can find FREE SAMPLE issues and easily request FREE TRIAL issue.

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

06	1022	Slovenia	2008	11111	1053	9944	978	888
48	1134		2010	12267	1083	991	1054	941
81	1077		2011	12590	955	1051	1127	997

OPCOM

Annual electricity consumption in GWh		Year	Sum	1	2	3	4
16	1120	2007	11182	1027	891	953	850
95	1089	2008	11570	1094	998	1012	911
51	1054	2009	10994	1099	932	963	816
00	1156	2010	11722	1074	979	1016	910
86	1157	2011	12186	1155	1038	1075	938
05	3307	2008	34506	3272	3001	2960	283
87	3185	2009	32721	3486	3052	3196	2636
70	3257	2010	31954	3486	3052	3021	2443
47	3167	2011	33452	3475	3107	3097	2577
15	1640	2008	17842	1680	1543	1570	1423
63	1648	2009	17507	1625	1530	1551	1323
77	1648	2010	17507	1625	1530	1551	1323
53	1648	2011	17507	1625	1530	1551	1323
71	4521	2008	53504	4652	4271	4401	3894
39	4521	2009	53504	4652	4271	4401	3894
11	4521	2010	53504	4652	4271	4401	3894
94	4521	2011	53504	4652	4271	4401	3894
73	4521	2008	53504	4652	4271	4401	3894
52	4521	2009	53504	4652	4271	4401	3894
40	4521	2010	53504	4652	4271	4401	3894
13	4521	2011	53504	4652	4271	4401	3894
25	4791	2009	50636	4738	4288	4473	3803
64	5134	2010	53265	4874	4472	4727	4311



## Country Reports on Energy Business in South Eastern Europe

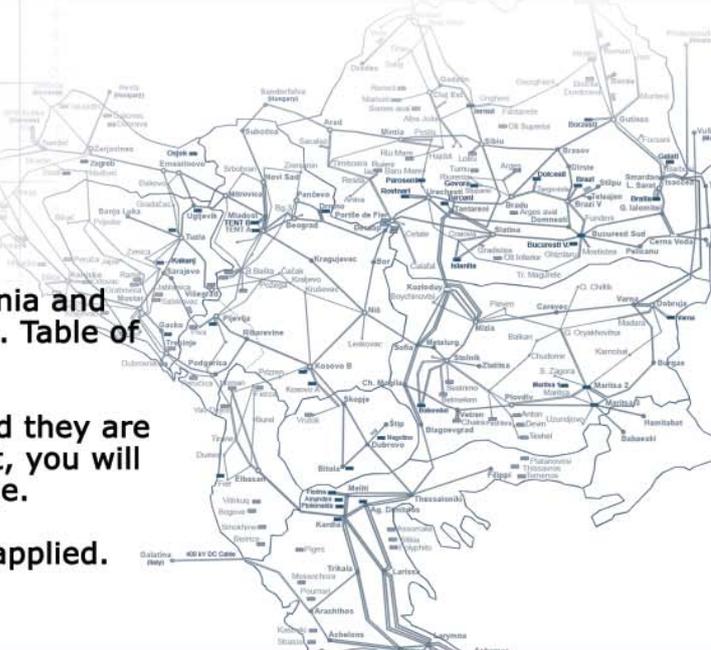
Country reports provide detailed overview of energy sector:

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

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

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

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



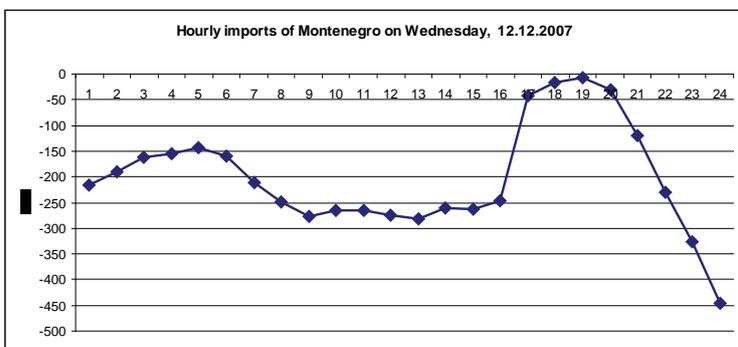
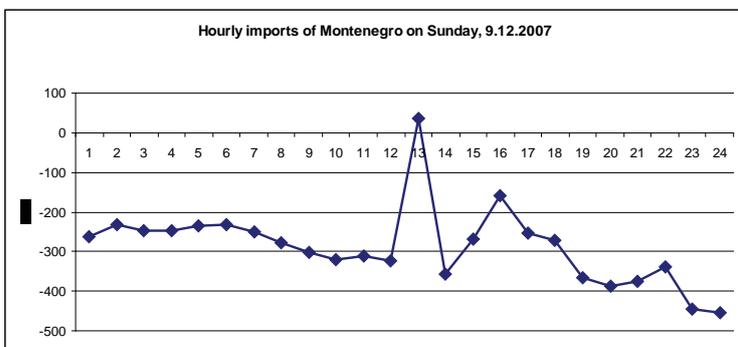
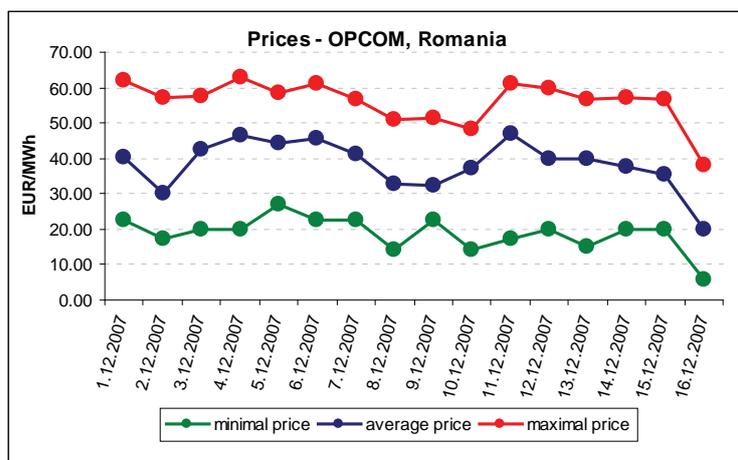
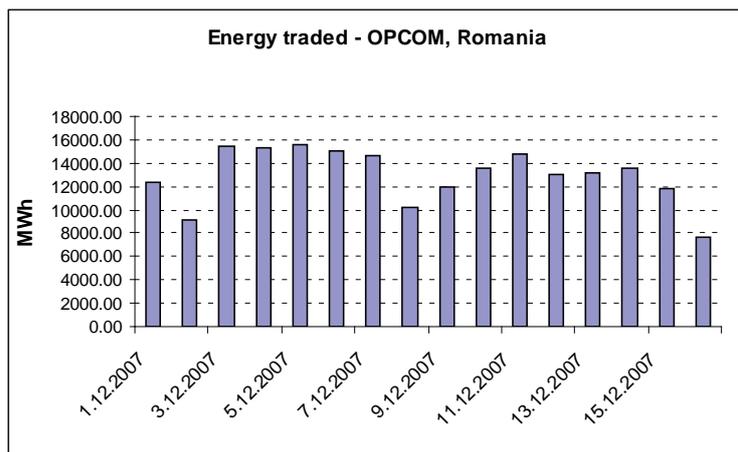
GWh  
5000  
4000  
3000  
2000  
1000  
0

July August September

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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 1.12.2007 till 16.12.2007:

Montenegro maximum daily consumption: 15.87 GWh

Montenegro maximal hourly consumption: 765 MWh

Hour	Traded Volume [MWh/h]	MCP [EUR/MWh]
1	453.987	28.47
2	422.347	22.78
3	421.334	22.78
4	419.873	22.78
5	429.393	22.78
6	437.968	22.78
7	428.929	22.78
8	457.986	22.78
9	485.386	22.78
10	485.442	28.47
11	480.994	28.47
12	474.668	28.47
13	479.606	28.47
14	484.460	28.47
15	481.186	28.47
16	479.881	28.47
17	508.002	30.47
18	644.522	48.40
19	709.036	51.25
20	691.122	51.25
21	639.695	48.40
22	550.362	45.56
23	448.880	28.47
24	417.061	28.33
<b>Total</b>	<b>11,932.120</b>	

Opcom, Romania: Energy Traded on Sunday, December 9, 2007

Hour	Traded Volume [MWh/h]	MCP [EUR/MWh]
1	382.933	28.45
2	355.521	19.91
3	330.314	19.91
4	336.261	19.91
5	338.489	19.91
6	381.070	19.91
7	387.489	27.88
8	517.916	28.45
9	630.715	39.69
10	689.381	45.52
11	670.570	43.95
12	609.996	42.67
13	591.080	42.67
14	627.470	42.67
15	639.822	43.95
16	589.011	39.83
17	621.940	42.53
18	803.154	57.18
19	796.258	59.74
20	820.901	54.05
21	639.142	42.67
22	499.508	32.72
23	440.879	31.15
24	378.268	28.31
<b>Total</b>	<b>13,078.088</b>	

Opcom, Romania: Energy Traded on Wednesday, December 12, 2007

### Tables with offered Available Transfer Capacities (ATC) in Balkan region for January 2008

NOS BIH - Bosnia & Herzegovina						January 2007.
Border+Direction	TTC	TRM	NTC	AAC	ATC	Validity period:
IMPORT						
Croatia > BIH	-	-	530	-	65	01.-31.1.2008.
Montenegro > BIH	-	-	550	-	275	01.-31.1.2008.
Serbia > BIH	-	-	250	-	125	01.-31.1.2008.
EXPORT						
BIH > Croatia	-	-	550	-	263	01.-31.1.2008.
BIH > Montenegro	-	-	450	-	145	01.-31.1.2008.
BIH > Serbia	-	-	300	-	100	01.-31.1.2008.

ESO - Bulgaria						January 2007.
Border+Direction	TTC	TRM	NTC	AAC	ATC	Validity period:
IMPORT						
Serbia > Bulgaria	-	-	100	-	100	01.-31.1.2008.
Romania > Bulgaria	-	-	400	-	300	01.-31.1.2008.
Greece > Bulgaria	-	-	0	-	0	01.-31.1.2008.
EXPORT						
Bulgaria > Serbia	-	-	300	-	300	01.-31.1.2008.
Bulgaria > Romania	-	-	100	-	0	01.-31.1.2008.
Bulgaria > Greece	-	-	300	-	200	01.-31.1.2008.

OPS HEP - Croatia						January 2007.
Border+Direction	TTC	TRM	NTC	AAC	ATC	Validity period:
IMPORT						
Hungary > Croatia	-	-	-	-	400*	01.-31.1.2008.
Slovenia > Croatia	-	-	-	-	150	01.-31.1.2008.
Serbia > Croatia	-	-	-	-	75	01.-31.1.2008.
BIH > Croatia	-	-	-	-	100	01.-31.1.2008.
EXPORT						
Croatia > Hungary	-	-	-	-	200*	01.-31.1.2008.
Croatia > Slovenia	-	-	-	-	150	01.-31.1.2008.
Croatia > Serbia	-	-	-	-	125	01.-31.1.2008.
Croatia > BIH	-	-	-	-	90	01.-31.1.2008.

\* Common auction conducted by MAVIR

MAVIR - Hungary						January 2007.
Border+Direction	TTC	TRM	NTC	AAC	ATC	Validity period:
IMPORT						
Croatia > Hungary	600	200	400	200	200	01.-31.1.2008.
Romania > Hungary	300	100	200	150	50	01.-31.1.2008.
Serbia > Hungary	500	100	400	250	150	01.-31.1.2008.
EXPORT						
Hungary > Croatia	1050	200	850	450	400	01.-31.1.2008.
Hungary > Romania	350	100	250	150	100	01.-31.1.2008.
Hungary > Serbia	500	100	400	225	175	01.-31.1.2008.

\* Common auction conducted by MAVIR

MEPSO - Macedonia						January 2007.
Border+Direction	TTC	TRM	NTC	AAC	ATC	Validity period:
IMPORT						
Serbia > Macedonia	400	100	300	150	0	01.-31.12.2008.
Greece > Macedonia	450	100	350	0	0	01.-31.12.2008.
EXPORT						
Macedonia > Serbia	300	100	200	100	0	01.-31.12.2008.
Macedonia > Greece	100	100	0	0	0	01.-31.12.2008.

Remark: No transparent allocation procedure on Greek and Bulgarian border

TSO EPCG - Montenegro						January 2007.
Border+Direction	TTC	TRM	NTC	AAC	ATC	Validity period:
IMPORT						
Albania > Montenegro	-	-	-	-	70	01.-30.11.2007.
BIH > Montenegro	-	-	-	-	150	01.-30.11.2007.
Serbia > Montenegro	-	-	-	-	100	01.-30.11.2007.
EXPORT						
Montenegro > Albania	-	-	-	-	70	01.-30.11.2007.
Montenegro > BIH	-	-	-	-	150	01.-30.11.2007.
Montenegro > Serbia	-	-	-	-	75	01.-30.11.2007.

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

Transelectrica - Romania						January 2007.
Border+Direction	TTC	TRM	NTC	AAC	ATC	Validity period:
IMPORT						
Bulgaria > Romania	200	100	50	50	0	01.-31.1.2008.
Serbia > Romania	200	100	50	50	0	01.-31.1.2008.
Hungary > Romania	350	100	125	25	100	01.-14.1.2008.
	100	100	0	0	0	15.-17.1.2008.
Ukraine > Romania	350	100	125	25	100	18.-31.1.2008.
	450	100	350	100	250	01.-27.1.2008.
	300	100	200	100	100	28.-31.1.2008.
EXPORT						
Romania > Bulgaria	500	100	200	50	150	01.-31.1.2008.
Romania > Serbia	500	100	200	50	150	01.-31.1.2008.
Romania > Hungary	300	100	100	50	50	01.-14.1.2008.
	100	100	0	50	0	15.-17.1.2008.
	300	100	100	50	50	18.-31.1.2008.
Romania > Ukraine	0	0	0	0	0	01.-31.1.2008.

EMS - Serbia						January 2007.
Border+Direction	TTC	TRM	NTC	AAC	ATC	Validity period:
IMPORT						
Hungary > Serbia	-	-	-	-	200	01.-31.1.2008.
Romania > Serbia	-	-	-	-	75	01.-31.1.2008.
Bulgaria > Serbia	-	-	-	-	150	01.-31.1.2008.
Macedonia > Serbia	-	-	-	-	100	01.-31.1.2008.
Albania > Serbia	-	-	-	-	105	01.-31.1.2008.
Montenegro > Serbia	-	-	-	-	75	01.-31.1.2008.
BIH > Serbia	-	-	-	-	50	01.-31.1.2008.
Croatia > Serbia	-	-	-	-	125	01.-31.1.2008.
EXPORT						
Serbia > Hungary	-	-	-	-	200	01.-31.1.2008.
Serbia > Romania	-	-	-	-	50	01.-31.1.2008.
Serbia > Bulgaria	-	-	-	-	50	01.-31.1.2008.
Serbia > Macedonia	-	-	-	-	150	01.-31.1.2008.
Serbia > Albania	-	-	-	-	105	01.-31.1.2008.
Serbia > Montenegro	-	-	-	-	95	01.-31.1.2008.
Serbia > BIH	-	-	-	-	25	01.-31.1.2008.
Serbia > Croatia	-	-	-	-	125	01.-31.1.2008.

\* No price information available

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

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)

## Weather conditions

	17.12.	18.12.	19.12.	20.12.	21.12.
<b>Albania</b> <i>Tirana</i>	T: -5-7 W: SE 28 R: 2	T: -3-5 W: E 20 R: 5 S: 4	T: -5-8 W: NE 14 R: -	T: 0-13 W: N 6 R: -	T: 3-15 W: - R: -
<b>Bosnia and Herzegovina</b> <i>Sarajevo</i>	T: -7- -4 W: NE 22 R: -	T: -7- -6 W: NE 20 R: -	T: -8- -4 W: NE 4 R: -	T: -9-3 W: - R: -	T: -8-4 W: - R: -
<b>Bulgaria</b> <i>Sofia</i>	T: -4- -1 W: E 9 R: -	T: -3- -3 W: E 6 R: -	T: -5- -2 W: N 6 R: -	T: -4-0 W: NW 6 R: -	T: -4-1 W: L-V R: -
<b>Croatia</b> <i>Zagreb</i>	T: -5- -4 W: NE 25 R: -	T: -8- -5 W: E 19 R: -	T: -7-0 W: NE 4 R: -	T: -5-5 W: - R: -	T: -4-3 W: L-V R: -
<b>Greece</b> <i>Athens</i>	T: 10-11 W: NE 24 R: 5	T: 9-11 W: NE 20 R: 0.5	T: 5-7 W: NE 17 R: -	T: 3-10 W: N 22 R: -	T: 6-13 W: NW 8 R: -
<b>Macedonia</b> <i>Skopje</i>	T: -12- -2 W: SE 24 R: -	T: -11- -3 W: E 16 S: 2	T: -11- -3 W: NE 6 R: -	T: -8-2 W: L-V R: -	T: -5-5 W: - R: -
<b>Montenegro</b> <i>Podgorica</i>	T: 1-8 W: E 27 R: -	T: 1-6 W: E 24 R: 2 S: 1	T: 2-8 W: NE 12 R: -	T: -1-13 W: N 4 R: -	T: 1-14 W: - R: -
<b>Romania</b> <i>Bucharest</i>	T: -7- -1 W: - R: -	T: -8- -3 W: - R: -	T: -9- -2 W: NW 8 R: -	T: -3-5 W: NW 12 R: -	T: -4-0 W: NW 4 R: -
<b>Serbia</b> <i>Belgrade</i>	T: -6-1 W: NE 14 R: -	T: -7- -3 W: NE 8 R: -	T: -8- -3 W: N 8 R: -	T: -4-2 W: NW 4 R: -	T: -3-3 W: - R: -

## Average weather conditions for December

	Daily Minimum (°C)	Daily Maximum (°C)	Mean total rainfall	Mean number of rain days
<b>Bosnia and Herzegovina</b> <i>Sarajevo</i>	-2.8	3.5	85.0	11.0
<b>Bulgaria</b> <i>Sofia</i>	-2.7	4.1	40.0	11.0
<b>Croatia</b> <i>Zagreb</i>	-1.9	4.4	63.8	12.1
<b>Greece</b> <i>Athens</i>	6.8	14.1	69.1	12.1
<b>Macedonia</b> <i>Skopje</i>	-2.2	5.3	51.0	11.0
<b>Montenegro</b> <i>Podgorica</i>	2.9	11.1	217.0	13.0
<b>Romania</b> <i>Bucharest</i>	1.6	10.0	49.0	6.0
<b>Serbia</b> <i>Belgrade</i>	-0.2	5.3	58.0	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

S: Snow in cm

## Danube water-level

relevant for:

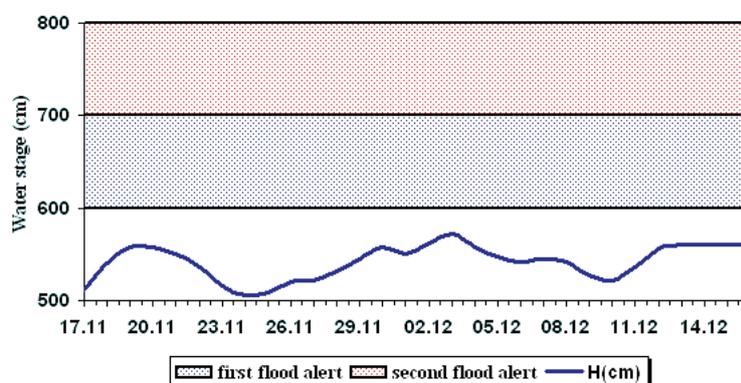
HPP Portile de Fier I, 1167 MW, Romania

HPP Portile de Fier II, 270 MW, Romania

HPP Djerdap I, 1058 MW, Serbia

HPP Djerdap II, 270 MW Serbia

Water stage for later 30 days



## Analysis:

## Dependency of electricity consumption in South East Europe on temperatures

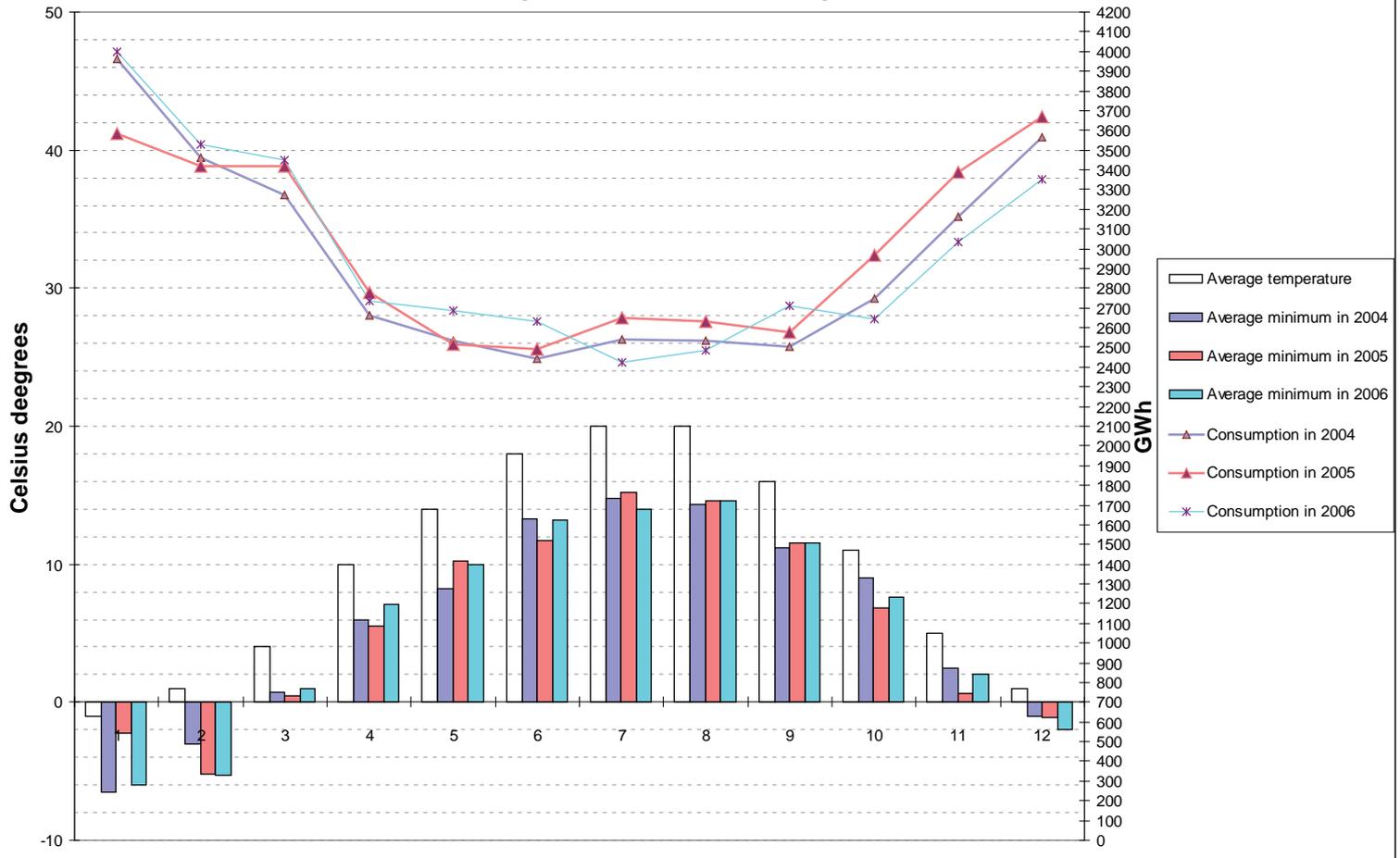
In this issue of Balkan Energy NEWS we are presenting a review of dependency of monthly electricity consumption in South East Europe on temperatures. This can be useful review of data presented in observable way which can be further used for shorter term estimations of electricity consumption in countries of South East Europe depending on temperature forecasts. In this issue of Balkan Energy NEWS data for Bulgaria, Greece and Romania will be presented. Diagrams for Albania are not shown since dependencies are not relevant due to power cuts in periods when consumption exceeds certain level.

Historical dependency of monthly electricity consumption is shown on the same diagram with monthly average value of maximal achieved daily temperatures and monthly average value of minimal achieved daily temperatures. Average monthly temperature for each country is also shown, based on several decades measurements. Average temperatures in capital cities are used as reference temperatures. When trying to make conclusions related to presented graphs, annual increase in consumption that is not dependant on temperature should be taken in consideration since every successive year there is a component that influence consumption independently of temperature. Typical annual consumption increase for Balkan Countries is 3%.

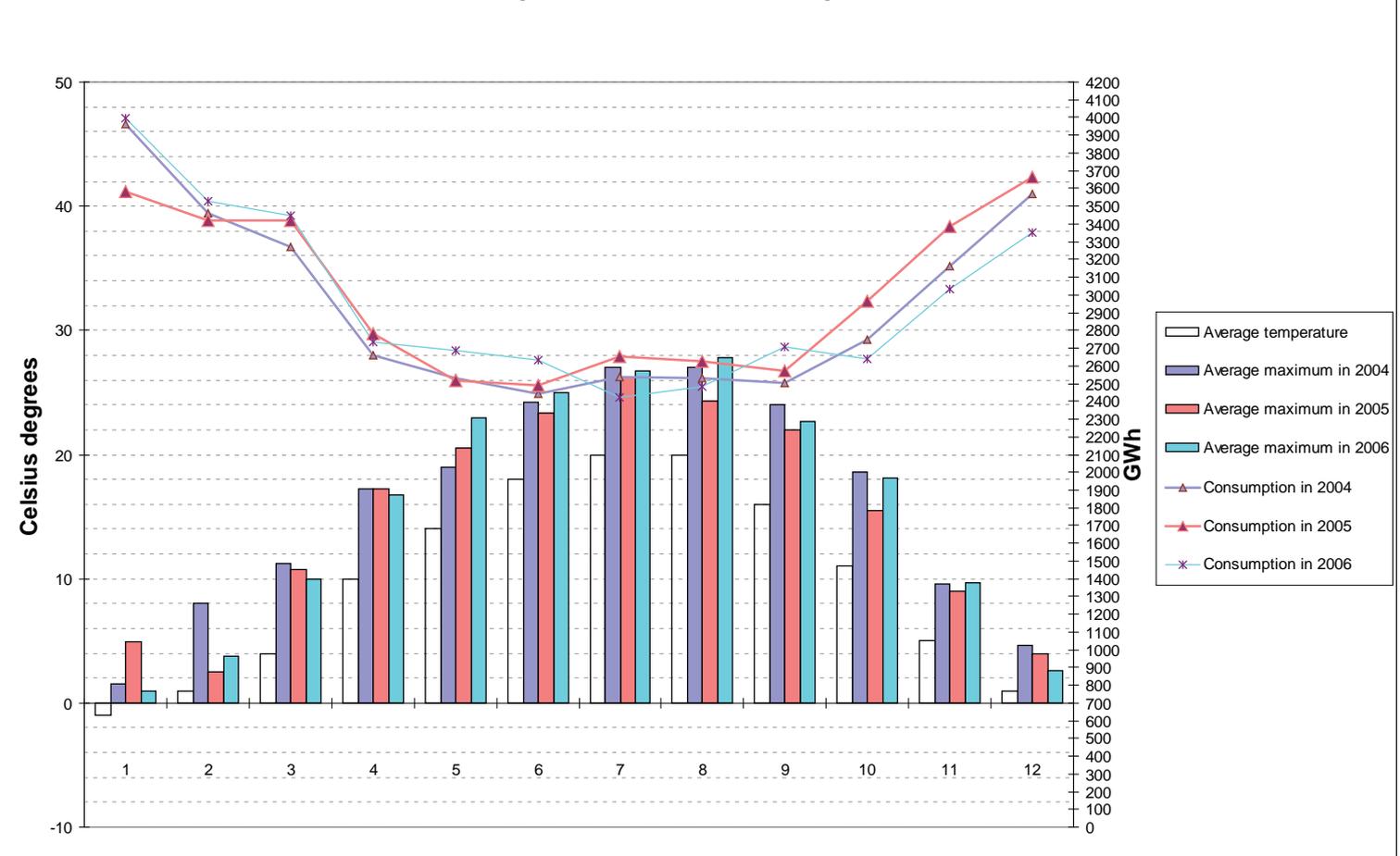
Balkan Energy News is open for preparation of customised studies, reviews and analyses related to power sector in South East Europe and we will be happy to give you proposals for topics you are interested in.

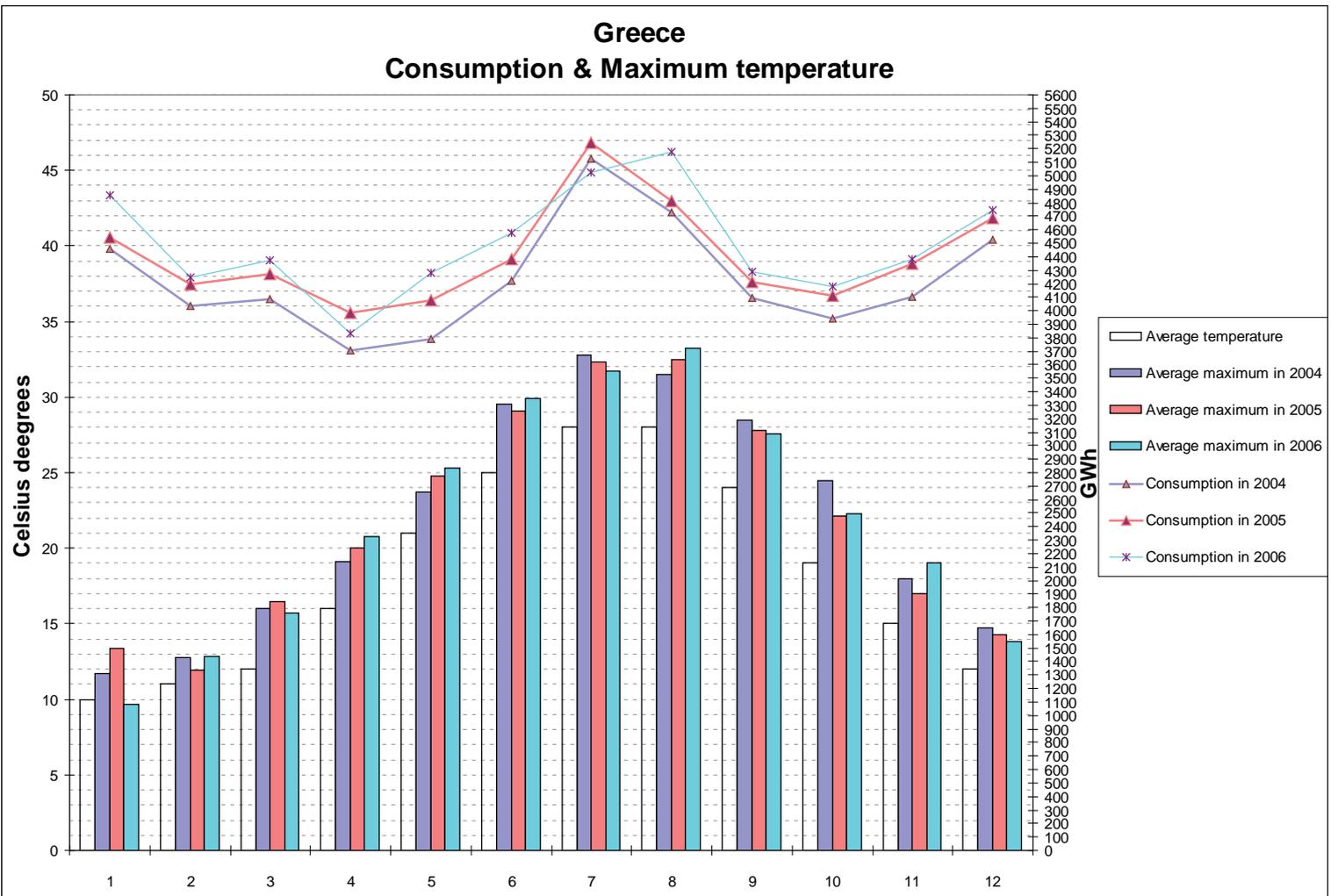
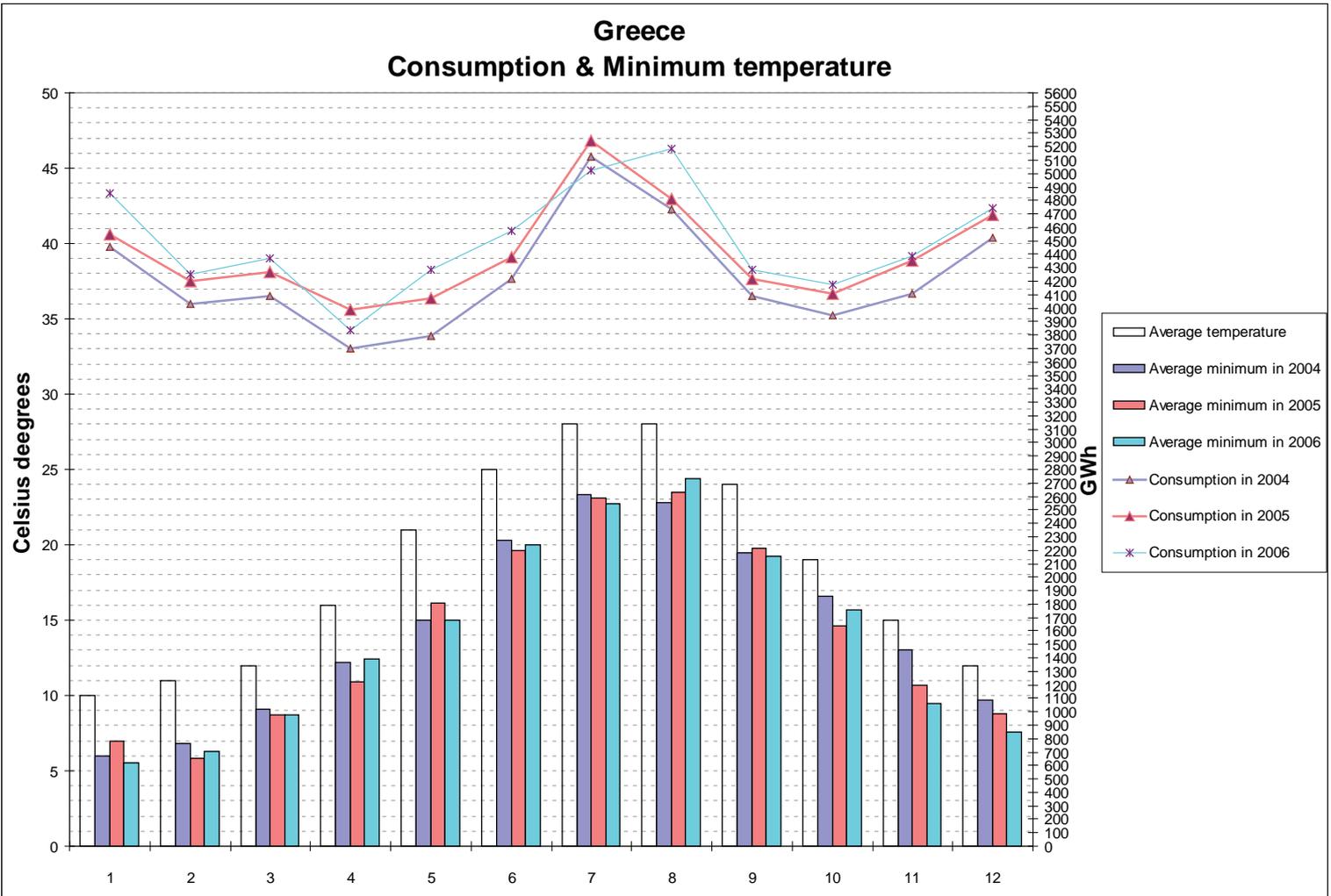
We wish you to find useful conclusions based on data presented below.

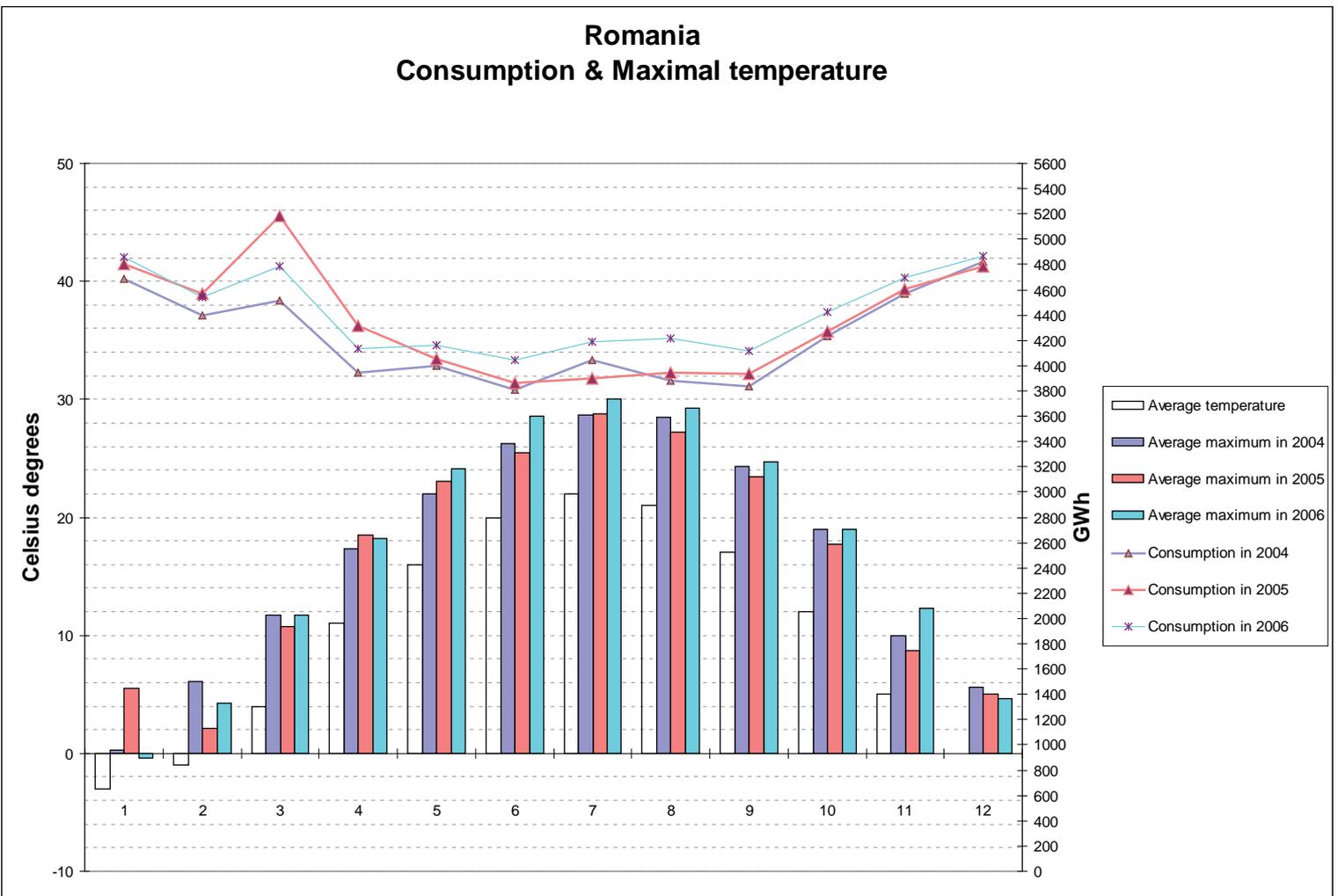
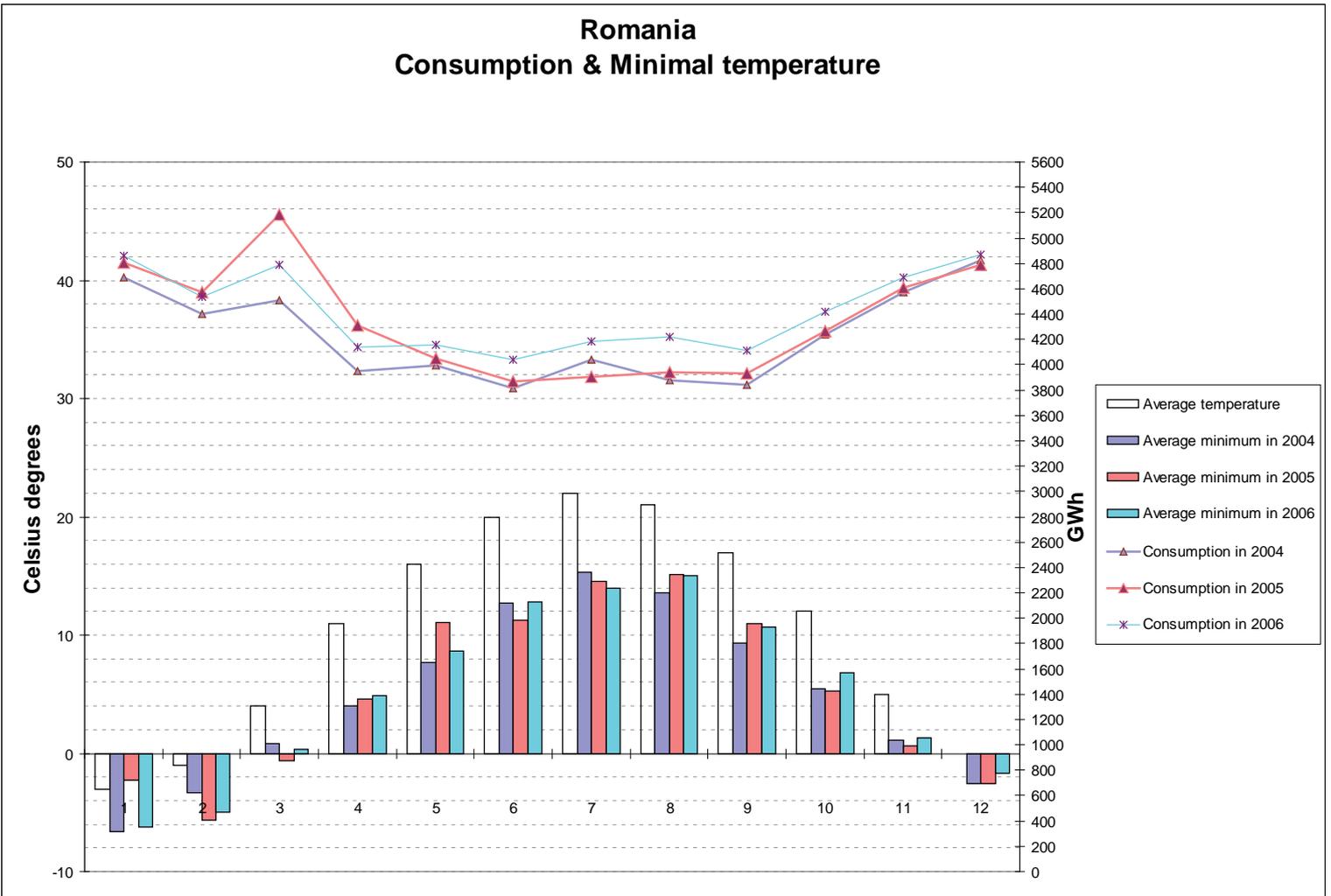
### Bulgaria Consumption & Minimum temperature



### Bulgaria Consumption & Maximum temperature







<b>Bulgaria</b>													
		January	February	March	April	May	June	July	August	September	October	November	December
Consumption (GWh)	2004	3960	3461	3272	2660	2533	2443	2541	2531	2502	2748	3163	3568
	2005	3584	3420	3418	2780	2517	2492	2652	2629	2574	2964	3386	3667
	2006	3999	3530	3447	2735	2686	2630	2424	2485	2708	2642	3035	3351
Monthly average minimal daily temperatures	2004	-6.5	-3.0	0.7	6.0	8.2	13.3	14.8	14.4	11.2	9.0	2.5	-1.0
	2005	-2.2	-5.2	0.5	5.5	10.2	11.7	15.2	14.6	11.5	6.8	0.6	-1.1
	2006	-6.0	-5.3	1.0	7.1	10.0	13.2	14.0	14.6	11.5	7.6	2.0	-2.0
Monthly average maximal daily temperatures	2004	1.5	8.0	11.2	17.2	19.0	24.3	27.0	27.0	24.0	18.6	9.6	4.6
	2005	4.9	2.5	10.7	17.3	20.5	23.3	26.3	24.3	22.0	15.5	9.0	4.0
	2006	1.0	3.8	10.0	16.8	23.0	25.0	26.7	27.8	22.7	18.1	9.7	2.6
Monthly average temperature	Long term	-1.0	1.0	4.0	10.0	14.0	18.0	20.0	20.0	16.0	11.0	5.0	1.0
<b>Greece</b>													
		January	February	March	April	May	June	July	August	September	October	November	December
Consumption (GWh)	2004	4454	4031	4087	3703	3790	4218	5127	4731	4093	3942	4103	4524
	2005	4546	4197	4272	3987	4074	4379	5246	4813	4214	4109	4350	4690
	2006	4853	4248	4373	3833	4281	4573	5021	5181	4286	4176	4383	4744
Monthly average minimal daily temperatures	2004	6.0	6.8	9.1	12.2	15.0	20.3	23.3	22.8	19.5	16.6	13.0	9.7
	2005	7.0	5.8	8.8	10.9	16.1	19.6	23.1	23.5	19.8	14.6	10.7	8.8
	2006	5.5	6.3	8.7	12.5	15.0	20.0	22.8	24.4	19.3	15.7	9.5	7.6
Monthly average maximal daily temperatures	2004	11.7	12.8	16.0	19.1	23.7	29.5	32.8	31.5	28.5	24.5	18.0	14.7
	2005	13.4	11.9	16.5	20.0	24.8	29.1	32.3	32.5	27.8	22.1	17.0	14.3
	2006	9.7	12.9	15.7	20.8	25.3	29.9	31.7	33.3	27.6	22.3	19.0	13.8
Monthly average temperature	Long term	10.0	11.0	12.0	16.0	21.0	25.0	28.0	28.0	24.0	19.0	15.0	12.0
<b>Romania</b>													
		January	February	March	April	May	June	July	August	September	October	November	December
Consumption (GWh)	2004	4685	4400	4513	3948	3999	3811	4040	3880	3840	4234	4573	4824
	2005	4802	4570	5183	4313	4052	3867	3903	3943	3932	4267	4604	4789
	2006	4857	4537	4786	4137	4159	4040	4188	4216	4115	4422	4691	4868
Monthly average minimal daily temperatures	2004	-6.6	-3.3	0.8	4.0	7.7	12.7	15.3	13.6	9.3	5.5	1.1	-2.6
	2005	-2.3	-5.7	-0.6	4.6	11.1	11.3	14.6	15.1	11.0	5.3	0.6	-2.6
	2006	-6.2	-5.0	0.4	4.9	8.6	12.8	14.0	15.0	10.7	6.8	1.3	-1.7
Monthly average maximal daily temperatures	2004	0.3	6.1	11.7	17.3	22.0	26.3	28.7	28.5	24.3	19.0	10.0	5.6
	2005	5.5	2.1	10.7	18.5	23.1	25.5	28.8	27.3	23.4	17.7	8.7	5.0
	2006	-0.4	4.3	11.7	18.2	24.1	28.6	30.0	29.3	24.7	19.0	12.3	4.6
Monthly average temperature	Long term	-3.0	-1.0	4.0	11.0	16.0	20.0	22.0	21.0	17.0	12.0	5.0	0.0

## News:

### **Southeast European countries joined Pan European ITC mechanism (Region)**

39 transmission system operators (TSOs) from 34 European countries, including Southeast European countries, Albania, Bosnia and Herzegovina, Croatia, FYROM, Montenegro and Serbia, for the first time have reached voluntary agreement on Inter-TSO Compensation (ITC) for transit flows in period 2008-2009. The agreement covers all TSOs from EU countries after TSOs of Czech Republic, Ireland, Latvia, Lithuania, Slovakia and United Kingdom, which are not members of ITC mechanism in 2007, decided to join it next year. The agreement was also signed by Norway and Switzerland.

The agreement will be effective starting from January 1 2008. It is aimed to reduce cross border fees and to facilitate electricity trade and market integration, ETSO said in a press release. ETSO started to prepare improved long-term ITC mechanism which should be reached in two-year period and which should provide sustainable solution for the whole Europe.

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### **MOL proposed establishment of regional natural gas transport company (Region)**

Hungarian oil and gas company MOL invited natural gas companies from seven countries from Middle and Southeastern Europe to establish new integrated natural gas transport company.

MOL sent invitations to companies in Croatia, Bosnia and Herzegovina (BiH), Romania, Serbia, Bulgaria, Austria and Slovenia in order to start negotiations in the beginning of 2008. MOL hopes to initiate new investment project, the aim of which is to list shares of new international joint venture on stock exchanges. MOL also said this initiative was open to other market players in the region as well.

The management of MOL believes that integration of existing national gas networks and separation of natural gas transmission from production and trade activities would bring huge advantages to all involved companies. MOL pointed out that establishment of new company would be line with EU natural gas directives regarding the unbundling of ownership and increasing the competition and benefit to customers.

The new company would be established by Hungarian MOL, Croatian Plinacro, Slovenian Geoplin, Romanian Transgas, Serbian Srbijagas, Austrian OMV, BiH's BH Gas and Bulgarian Bulgargaz. MOL said that existing natural gas networks are adequate but not connected well enough, so that system in whole is vulnerable and uncompetitive. CEO of MOL believes that the project could be carried in the next two years, if the political, regulatory and shareholders support was provided.

The overall network of new company would have 27,000 km, and it would be the third largest gas company in Europe. The company would have 6,000 employees and it would supply 69 million people market. MOL believes that such large company would be in better position for acquiring loans for major development projects, where MOL particularly named Nabucco project.

European commission (EC) believes that MOL's proposal was interesting and announced further analyses, spokesman of energy commissioner, Ferrano Tarradellas said. He said the latest initiative would boost development projects and increase the safety in natural gas supply.

Officials from Plinacro were reserved regarding the MOL's proposal saying it was too early to comment it. On the other hand, integration in EU and in energy community is natural course, while the exact model is yet to be chosen, Plinacro said. The Croatian company reminded they wait for the approval for Adriatic-Ionian pipeline, by which both Croatia and Europe would get new supply route.

The management of BH Gas said it demanded government's approval to take part in preliminary negotiations regarding new gas company. BH Gas believes that the project is in line with development plans of the company, which could bring considerable benefits, especially safety in supply.

According to sources, Serbia, Bulgaria and Romania are also willing to take part in future negotiations, while Austrian OMV said it would reconsider proposal

According to some experts, MOL's initiative was partly aimed to confront planned Nabucco project (despite the MOL's official support to the project), which was supported by OMV, and to confront the constant OMV's plans to takeover MOL. Also, some experts in Serbia believes this might be the move against planned construction of South stream pipeline across Serbia, recently proposed by Russia. On the other hand, the initiative could make MOL a leading company in the oil and gas market in the region, analysts believe.

Sources from Plinacro said the new company could be easily dominated by MOL, having in mind their alleged and never proved close ties with Russian oil and gas companies. The outcome of OMV's hostile takeover of MOL could result in sale of MOL to some Russian company, several analysts noted.

According to Russian media, MOL's plans have sharpened geopolitical issues related to southeastern natural gas supply route. Russian analysts said that new company would be able to transport natural gas from Central Asia, Iran and Russia, while the new single company would be able better to negotiate with main natural gas suppliers. The main conclusion said in one Russian newspaper is that MOL's initiative is aimed to force Gazprom not to start independent construction of South stream pipeline, but to become supplier of Nabucco project.

Russian newspaper reminded that EU and USA strongly support construction of new natural gas supply route independent from Russia. Also, EU has been trying to persuade Turkmenistan not to sell natural gas to Gazprom but to EU customers directly through Trans Caspian pipeline, Russian paper said.

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### **Enel and Albanian government signed memorandum of understanding (Albania)**

On 3rd of December, Enel's CEO and general manager, Fulvio Conti, and Genc Ruli, Albania's Minister for the Economy and Energy, signed on Monday a memorandum of understanding for the development of the Albanian energy sector. The agreement was signed in the presence of Italian Prime Minister Romano Prodi and Albania's Premier Sali Berisha.

By this agreement, Italian Enel SpA would build a coal fired power plant in Albania, with total capacity of 1 300 MW. It is estimated that investment in this project could reach 1 billion euros.

Coal for this power plant is supposed to be imported, and produced power would be used for both Albanian and Italian markets. Power should be imported to Italy through undersea link, which are planned to be constructed by Terna SpA. It is expected that power from this plant would have competitive cost for Albanian market, which is currently almost entirely dependent on hydroelectric facilities.

Enel might seek partial financing from international institutions, like World Bank or European Investment Bank.

The agreement was signed in the presence of Italian Prime Minister Romano Prodi and Albania's Premier Sali Berisha.

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### **EBRD investments in Albania for 2008 (Albania)**

The European Bank for Reconstruction and Development (EBRD) officials announced plans for investments of more than 120 million euros in Albanian energy and infrastructure project, as well as private projects.

Dan Berg, head of EBRD in Albania told to "The associated Press" that they are currently working on a plan for investments project in 2009. Currently, it is believed that this fund will be mostly invested in energy efficiency, to limit serious losses in Albanian distribution system. This fund will also be spent in civil infrastructure, like roads, ferry terminal and new airport terminal.

Since 1992, EBRD has invested around 400 million euros in Albania projects, and around 100 million in energy.

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### **Austrian company "CIH Immobilien und beteiligung gmbh" interested in Albania (Albania)**

Officials from Austrian company "CIH Immobilien und beteiligung gmbh" announced their intentions to invest in Albanian power sector. On a meeting with Albanian Prime Minister Sali Berisha, they presented their plan for building 21 MW mobile thermal power plant another thermal power plant, but with no precise information regarding capacity. Prime minister promised that their offer will be accurately reviewed.

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### **Government of RS adopted changes in energy balance sheet for 2007 (Bosnia and Herzegovina)**

In the first week of December, Government of Republic of Srpska (RS) adopted changes in energy balance sheet of RS for 2007.

Minister of economy, energy and development, Rajko Ubiparip, explained that reshaping of the budget was caused by unfavorable hydrology in past period and overall difficult period in Power utility of RS (ERS). The new production target for power plants in RS was set at 4.4 TWh instead of original 5.201 TWh. The new plan envisages electricity production in thermal power plants (TPP) of 2.550

TWh, while hydropower plants should produce overall amount of 1.849 TWh.

In the same time, the government adopted Proposal of energy balance sheet for 2008, according to which overall electricity production in the next year should reach 5.286 TWh, where 2.945 TWh should be produced by TPPs and 2.341 TWh by HPPs.

Minister pointed out that one of the most important projects in the past several years was the reduction of distribution losses, which reached even 26 % in the past. The target for 2007 was set at 14 %, while, according to latest data, the distribution losses stood at 15.6 % in period January-August this year. The loss target for 2008 is also set at 14 %.

The energy balance sheet for 2008 envisages electricity surpluses of 1.299 TWh, which would be exported.

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### **Oil refinery in Brod announced expansion in the region (Bosnia and Herzegovina)**

Oil refinery in Brod wants to develop its business activities and to increase market share in the region. This was said by the prime minister of Republic of Srpska (RS), Milorad Dodik, during his visit to the refinery in first week of December.

Dodik believes that the refinery would be superior to other refineries in the region. Prime minister confirmed that Russian NefteGazInkor, the new owner, plans to expand its activities in Serbia, Croatia, Hungary, and some other EU countries.

The Brod refinery currently employs 1,400 workers, while after the renewal, another 800 workers should be employed, Dodik said. He promised that government would pay all obligations toward workers in accordance to privatization contract. Prime minister announced that renewal of the refinery should start in December, where he considers the refinery as one of the key companies for development of RS and entire Bosnia and Herzegovina.

As a reminder, according to privatization contract, Russian company should invest overall amount of 979 million euros in Oil refinery in Brod, Motor oil refinery in Modrica and fuel distributor Petrol. NefteGazInkor paid 125.8 million euros for state owned shares in oil companies of RS.

In the related news, prime minister Dodik announced that initial contract for construction of hydropower plants (HPPs) Buk Bijela and Foca between governments of RS and Serbia could be signed during December.

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### **17 million euros loan for EP HZHB (Bosnia and Herzegovina)**

Government of Federation of Bosnia and Herzegovina (BiH) approved the signing the loan contract for renewal of hydropower plant (HPP) Rama (160 MW).

The renewal of HPP Rama is the part of Energy IV project funded by World Bank, European investment bank (EIB) and European bank of reconstruction and development (EBRD). The worth of the loan is 10 million euros, while KfW bank will provide another 7 million euros.

The 10 million euros loan will be repaid in 24 half-month payments with the interest rate set by KfW.

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### **Lukoil interested for construction petrol stations and oil terminals (Bosnia and Herzegovina)**

Russian oil company Lukoil expressed its interest for long-term cooperation in oil sector with Bosnia and Herzegovina (BiH). This was said after the meeting of government of Federation of BiH and representatives of Lukoil, which took place in Sarajevo in mid December. The Lukoil's delegation was led by vice presidents of the company N.T. Corni and A.A. Moskalenko, who had talks with prime minister of Federation of BiH Nedžad Branković and minister of energy, mining and industry, Vahid Heco.

Lukoil plans to deliver high quality fuel to BiH, to build oil terminals and petrol stations and to purchase existing petrol stations in the country. On the other hand, prime minister pointed out that the main interest of Federation of BiH at this point is to put in service the existing state-owned oil terminals and to initiate transport of oil and oil derivatives by trains. Branković also pointed out that construction of highway on 5C corridor would make possible construction of service network, including petrol stations. The land near the highway will be offered in tender, which could be a chance for Lukoil, prime minister said.

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### **Final decision on new HPPs on Drina River in January (Bosnia and Herzegovina & Serbia)**

Minister of economy, energy and development of Republic of Srpska (RS), Rajko Ubiparip, said after the meeting with Serbian minister of energy and mining, Aleksandar Popović, that two governments should reach final decision regarding the start of the construction of new hydropower plant (HPP) Buk Bijela and possibly HPP Foca on Drina River in January next year.

During the meeting in Belgrade, the minister Ubiparip explained that Power utility of RS (ERS) and Power utility of Serbia (EPS) should prepare general design of the project and feasibility study in accordance to previously adopted Project tasks.

Two ministers also discussed options for exercising rights of Serbia and RS in former Yugoslav's Adriatic pipeline. RS and Serbia have been collecting documentation in order to prepare joint activities regarding this issue.

Minister Ubiparip also announced that RS should provide conditions for construction of primary and secondary natural gas network in the country. He also hopes that South stream pipeline could reach RS, by which Bosnia and Herzegovina (BiH) could become transit country for natural gas.

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### **Government started negotiations for construction of HPPs on Neretva River (Bosnia and Herzegovina)**

Concession commission of the government of Federation of Bosnia and Herzegovina (BiH) approved the start of negotiations with

Intrade Energy from Sarajevo, which expressed interest for construction of system of three hydropower plants (HPPs) on Neretva River. Ministry of industry, energy and mining will conduct the negotiations, which should be completed in period of four months at most.

The Intrade Energy filed a request for concession contract in 2004 and claimed to invest 600 million euros in the project. The company earlier confirmed it had provided funds for the project, while the main contractors should be local companies Energoinvest and Hidrogradnja as well as US company General Electric.

On the other hand, SDP party is strongly against this project, claiming the project is questionable in terms of profitability and legality. In fact, SDP announced to file lawsuits against minister of industry, energy and mining, Vahid Heco and members of Concession commission claiming the decision on start of negotiations was illegal. The representatives also accused Concession commission and former government on corruption in this case claiming that government breached and changed rules for granting the concession contracts. SDP said that former regulations did not allow any company to submit a request for concession on its own.

President of Concession commission of Federation of BiH said everything was done in accordance to laws in this case and that there were no reasons for not starting the negotiations with Intrade Energy.

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### **Natural gas supply contract prolonged only until December 31 (Bosnia and Herzegovina)**

The management of Energoinvest and BH Gas confirmed it had signed extension of natural gas supply contract with Russian Gazexport during negotiations in Moscow in the end of November. The agreement was extended until December 31 and includes the same terms as the previous one.

On the other hand, two companies did not reach the final agreement for paying the debts toward Gazexport. As a reminder, Bosnia and Herzegovina owes some 105 million euros for natural gas delivered by Russians during the war in BiH. The dispute lasts for over 12 years.

Bosnia and Herzegovina (BiH) proposed paying of this debt through settlement of clearing debts between two countries. The Russia owes 125 million clearing dollars to BiH. The officials from BiH hope that another option would be relieving the debts by Russians, having in mind that natural gas was used for humanitarian purposes during the war conflict.

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### **NPP Kozloduy to expand operational life (Bulgaria)**

CEO of nuclear power plant (NPP) Kozloduy, Ivan Genov, said that modernization of two remaining units, 5 and 6, should extend their operational life by more than 20 years, i.e. until 2050. According to Genov, some 500 million euros have been invested in the past five years for that purpose, by which hundreds of measures had been undertaken in order to improve safety and reliability of units. The original operational life of the units is 40 years. The plan was confirmed by the Korchatovsky institute, which has been supervising the units since they have been put in operation.

The NPP intends to submit the request to Nuclear Regulatory Agency for extension of the plant's operational license.

Despite the shutdown of units 3 and 4 (which took place in the end of 2006), the management of NPP Kozloduy confirmed that the plant will exceed annual production target in 2007 by 6.3 %. On December 14, NPP produced 13.774 TWh, which was equal to NPP's annual plan. By the end of year, operating units 5 and 6 should produce overall amount of 14.643 TWh, comparing to 19.5 TWh in the last year. If this was achieved, it would be the record electricity production of these two 1,000 MW units.

In related news, CEO of NPP confirmed that company sold some 530 MW of electricity output in a free market, where only 80 MW was sold to NEK. The 440 MW was sold directly to 9 electricity distributors and 13 companies. In 2008, the amount of electricity for the end users should be increased, Genov announced. Also, NPP should try to export electricity independently in 2008. In this moment, NPP Kozloduy export electricity through NEK, where exports reached 2 TWh.

In 2008, the company will negotiate new prices for nuclear fuel supplied by Russian TVEL. The prices are expected to rise considerably, but this would not affect final electricity prices, Genov concluded.

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### **Delays in upgrade of TPP Maritsa Iztok 2 (Bulgaria)**

The end of the project for installation of sulfur dioxide removal equipment on units 5 and 6 in thermal power plant (TPP) Maritsa Iztok 2 was prolonged for another three months.

The TPP decided to launch new tender procedure for purchase of the necessary equipment after the offers in previous tender, which was launched in October, exceeded cost targets. In the same time, minister of energy, Petar Dimitrov, expressed doubts on potential cartel behavior of participating companies in the tender.

The new tender is expected to be launched by the end of 2007, while the entire procedure should be completed in three to six months.

The bids in the previous tender were submitted by Alstom Power, Austrian Energy & Environment and Rafako. According to the terms in cancelled tender, the equipment should be installed in a period of 30 months or in the beginning of 2011.

The project will be financed by 34 million euros loan from European bank for reconstruction and development (EBRD), 36 million euros from the ISPA programme and 10 million euros from the TPP's own sources.

In this moment, only units 7 and 8 have sulfur dioxide removal equipment, while Japanese Mitsui has been installing similar equipment on units 1 to 4. The cost of this project is 226 million euros, but this project also faces problems. After the inspection conducted by ministry of energy, it was established that costs also exceeded target. The ministry also found certain irregularities related to public procurement contracts.

The delays in aforementioned project are expected to result in ecological fines for the TPP in the next year.

In the related news, TPP Maritsa Iztok 2 has been waiting for the review of the request for the 10-year electricity trade licenses. Bulgarian power regulator, the State Energy and Water Regulatory Commission (SEWRC) should reconsider the request in December. The TPP believes that upgrades should be completed in 2009, which was

one of the reasons for submitting the request. The TPP started to sell electricity on deregulated market in 2006, when it signed its first supply contract with Maritsa Iztok mining company. On the other hand, TPP was forced to cancel the supply contracts on deregulated market in the beginning of year, due to obligations toward the National electric company (NEK) related to national energy balance.

SEWRC report showed that TPP's costs have been increased due to modernization programs, but the regulator believes that the company would be able to achieve earnings from sale of electricity.

In this moment, over 30 electricity trade licenses were granted by SEWRC, but only six companies are active in the market. The nuclear power plant (NPP) Kozloduy and TPP Maritsa Iztok 3 also have electricity trade license.

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### **Electricity traders against quota for protected customers (Bulgaria)**

The association of electricity traders sent a letter to the State Energy and Water Regulatory Commission (SEWRC) in which they proposed canceling or reduction of the electricity quota sold by the distribution companies to households and small end medium enterprises (SMEs) with up to 50 employees and annual turnover of over 10 million euros.

In July this year, SEWRC approved liberalization of electricity market. The new regulations defined the amount of electricity produced by nuclear power plant (NPP) Kozloduy, which was to be purchased by suppliers (power distribution and traders) and resold to households and SMEs. Those quotas are to be set every six months, where association of suppliers believe that quotas should be reduced in order to stimulate market competition.

The power output of deregulated market is estimated at 600 MW and the electricity is mainly supplied by NPP Kozloduy. The average price of the electricity on deregulated market is around 32 euros/MWh. The electricity that was not produced by NPP Kozloduy was not requested in this market having in mind its higher price, but also due to fact that the electricity is purchased by National electric company (NEK), which also has the electricity trade license.

Head of SEWRC, Konstantin Shushulov, said the quotas for protected customers should be set by mid December. Electricity traders and suppliers also called for making the clear distinction between customers eligible to buy cheaper electricity and those that are not.

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### **Opposition for EU demands for separation of production and transmission of electrical energy (Bulgaria)**

Bulgaria, along with Austria, Cyprus, France, Germany, Luxembourg and Slovakia, is against the proposal of European commission for separation of production and transmission of electrical energy. The Bulgaria and other countries announced to present alternative models for stimulating competition in electricity sector.

The model proposed by European commission envisages establishment of independent transmission system operators (ISO), which should be in charge for management of transmission networks, while the large power companies would still be the owners of those networks.

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### NEK fears of power shortages in 2008 (Bulgaria)

The executive director of National electric company (NEK), Marci Papazyan, expressed concerns that Bulgaria could have some 500 MW shortage in 2008, due to introduction of EU ecological standards and lack of coal supply for thermal power plant (TPP) Varna.

According to plans, in the beginning of 2008, one unit in TPP Bobov Dol should be decommissioned due to ecological reasons.

As for TPP Varna, the new owner, the CEZ, did not manage to acquire 500,000 tons of coal, which was necessary for TPP to operate normally this winter, Papazyan confirmed. In the mid December, the coal reserves stood at only 150,000 tons. The TPP Varna could be even forced to switch to natural gas, which would imply higher output prices, the head of NEK said. He also announced that NEK could penalize TPP Varna, after CEZ sold in a tender 200 MW of plant's output during entire 2008. NEK believe that TPP could not be able to meet its obligations under reserve capacity mechanism (RCM).

On the other hand, CEZ explained that shortage was consequence of record electricity production in July, August, September, and October and increase of standby power output in accordance to RCM. CEZ said the new coal supply agreements would increase the coal reserves on time.

Papazyan also reminded that combined heat and power plant (CHP) Rouse would not be obliged anymore to produce electricity at the request of NEK. The CHP was sold to Slovenian HSE, where privatization contract did not envisage such option. In the past, CHP Rouse was used by NEK as cold reserve capacity.

The head of NEK also called for banning the electricity export during the winter in order to prevent electricity shortages. In the same time, energy ministry was not in favor for such move, having in mind market rules.

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### EU approved construction of NPP Belene (Bulgaria)

On December 7, European commission officially supported technology that will be used in nuclear power plant (NPP) Belene. The spokesman of the energy commissioner Andris Piebalgs., Ferran Tarradellas, said that European commission (EC) had made detailed analyses and assessments, which showed that proposed technology in NPP Belene was very good. In the same time, NPP Belene could provide missing electricity for the region, Tarradellas said

According to official media release, EC found that the NPP Belene project was in accordance to articles 41 to 44 of Euroatom treaty. The particular articles require that any investment related to nuclear activities, has to be communicated to EC, which, in return, should give its opinion to the particular state. During the notification procedure, EC concluded that Belene project is in line with the objectives of Euroatom treaty. EC said that National electric company (NEK) incorporated future costs for decommissioning of the NPP as well as funds for the management of radioactive waste in its financial plans. EC also confirmed that design of the plant includes various passive security systems and improved protection against external hazards, such as earthquakes and plain crashes.

The Commission especially pointed out the need for Bulgaria to develop plans for the long-term management of the radioactive waste, particularly of high-level waste.

If Bulgaria decides to make a request for a Euroatom loan in the future, such request will be evaluated in relation to its economic, financial and ecological characteristics, EC said.

EC concluded it would closely monitor the project, particularly its ecological aspects.

The NPP should have two AES92 type pressurized water reactors, with overall capacity of 2,000 MW. The new reactors are based on VVER technology developed by Russian AtomStroyExport, which will be the main constructor of the plant. The main subcontractors will be Areva and Siemens. Comparing to old VVER 1000 reactors, AES92 have advance security systems in line with European Utility Requirements (EUR) for Light Water Reactors, EC confirmed. EC believes that construction works could start in 2008, while the reactors could be operational in 2014-2015.

The head of Bulgaria's nuclear regulatory agency (NRA), Sergey Tsochev, believes that Bulgaria could not be able to start construction works in NPP Belene before 2009. Tsochev said that NRA still need to approve technical details related to the project as well as the proposed security measures. The head of NRA said that the project is still far from the final approval.

According to plans, state-owned National electric company (NEK) will hold 51 % in the project, while the rest will be owned by strategic partner. The selected candidates are CEZ, E.ON, RWE, Electrabel and Enel, while the future partner should be selected in the beginning of 2008.

After EC gave its positive opinion regarding the Belene project, Bulgaria would be able to apply for 300 million euros loan from Euroatom, as it was earlier announced. Bulgaria will also take similar loan from European investment bank, while the government already took 250 million euros bridge loan, which was provided by BNP Paribas. Overall worth of the project is estimated at 4 billion euros.

In the same time, Bulgarian green party issued a press release in which it repeated its standpoint against construction of NPP Belene and NPPs in general. The EC's approval of Belene project was also disapproved by Greenpeace and other environmental NGO's. Bulgaria's green party called for increase of energy efficiency, and savings in energy consumption and increased use of renewable energy sources.

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### Natural gas prices to increase gradually by 36 % in 2008 (Bulgaria)

According to proposal of State Energy and Water Regulatory Commission (SEWRC), natural gas prices should rise by 36 % during 2008, where increase should be divided in monthly increments of 7.95 % in order to reduce pressure on customers. The final decision should be reached in December.

In November, natural gas company Bulgargaz requested 33.5 % increase in natural gas prices. In beginning of December, this request was changed and Bulgargaz demanded 25.4 % increase in prices i.e. the price of 225 euros/1,000 cubic meters starting from January 2008.

According to the contract between Bulgargaz and main supplier, Gazprom, the natural gas supply price should be gradually harmonized to market prices by 2012. In this moment, domestic natural gas prices are equal to 40% of market ones, Bulgarian media said. In the first nine months, Bulgargaz reported 392 million euros worth sales and another 55 million euros of incomes from transit revenues. In the same period, the profit reached 65 million euros.

In the related news, SEWRC rejected a request for increase of heating prices until July next year. According to head of SEWRC, incremental rise in natural gas tariffs would make unnecessary to increase heating tariff during this heating season.

On the other hand, heating companies from Plovdiv, Varna, Burgas and Pernik believe that the refusal for increase in heating tariffs could worsen their financial position. In the joint letter, the companies concluded that fixed rate of return of 9 % was not enough to cover the costs.

The companies also asked from regulator to approve increase in price of electricity produced by them and delivered to National electric company (NEK).

According to recent data, heating companies owe some 100 million euros to Bulgargaz for delivered natural gas.

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### **89 million euros for new wind farm (Croatia)**

The German-Croatian company Jura Energija, the subsidiary of German company Jura Energie, announced a construction of wind farm on Svilaja Mountain. The cost of the project is 89 million euros, where 70 % of funds will be provided through loans. The wind farm will be built in Sibenik-Knin county (16 wind generators) and Split county (17 generators) and overall power output will be 66 MW. The wind poles will be produced by Danish Vestas.

The new wind farm will be connected to distribution grid of Croatian power utility (HEP), and the electricity produced should be sold to HEP at price of 7.2 eurocents/kWh.

Since 2000, Jura Energija has been conducting wind measurements in several sites in Dalmatia province. The Svilaja Mountain was chosen as the best site after the measurements had been conducted in period of four years. The public debate regarding the Environmental study was already carried out so that construction works should start in spring 2008.

Jura Energija was established in 1996. The company plans to build wind farms in Germany, Croatia and Greece.

According to Energy development strategy of Croatia until 2010, some 300 MW in wind farms should be installed. In 2010, the electricity production in wind farms should reach 900 GWh per year, by which the electricity produced in renewable energy sources should account for 4.5 % of overall electricity consumption in the country. In 2002, this ratio stood at 0.6 %.

In this moment in Croatia, there are two operational wind farms, one near city of Sibenik and one on island of Pag. Overall power output of these farms is 16.8 MW (21 wind generators) with overall annual production of 47 GWh.

Croatia aims to reach 5.8 % ratio of electricity produced in RES, for which legislation envisaged subsidies for both the electricity pro-

ducers and producers of equipment. In the same time, the future wind farms will be relieved of payment the municipality taxes.

Some 100 sites in Croatia are foreseen for construction of wind farms with overall output of 1,300 MW. In this moment, projects for construction of some forty wind farms with overall power output of 600 MW are in preparation phase.

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### **No increase in electricity prices in the beginning of 2008 (Croatia)**

Deputy minister of minister of economy, labor and entrepreneurship, in charge of energy and mining, Zeljko Tomsic confirmed that there would be no increase in electricity prices starting from January 1 2008. Nevertheless, the electricity prices should be increased during the first quarter of 2008, Tomsic believes. The price increase should be approved by the government and Croatian regulatory energy agency (HERA).

The main reasons for price increase are the higher prices of imported electricity (some 70-80 euros/MWh) and increase in prices of coal and fuel oil (some 100 %).

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### **Record output of TPP Plomin I (Croatia)**

Croatian power utility (HEP) confirmed that thermal power plant (TPP) Plomin 1 (120 MW) reported the highest annual electricity production during 38 years of operation. The record production of 700 GWh (with 7,000 hours in operation) was reported in the beginning of December, while the overall electricity production in 2007 should reach 750 GWh (with 7,500 hours of operation).

According to HEP's data, historic average production of the unit is 600 GWh. The record output of the unit near the end of its operational life was the result of upgrade and modernization projects, high quality personnel as well as high quality external associates, such as Siemens, Djuro Djakovic, Ato and Turbomehanika, HEP said in a press release. The result was also the consequence of long lasting drought in this year.

During 38 years or 178,700 hour of operation, TPP Plomin I produced 16.229 TWh of electricity, for which it spent 8 million tons of coal. In 2007, availability rate of the unit was 84.5 %, while unit spent 300,000 tons of coal.

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### **HEP invested 400 million euros in 2007 (Croatia)**

During the Christmas meeting with business partners and customers, chairman of the management board of Croatian power utility (HEP), Ivan Mravak, said that the most important event for the company in 2007 was investing 400 million euros in new power plants.

In particular, HEP has continued construction of hydropower plant (HPP) Lesce (42 MW) and new unit (100 MW) in combined heat power plant (CHP) Zagreb. HEP also signed contracts for construction of new gas fired unit (250 MW) in thermal power plant (TPP) Sisak and initiated preparation works for replacement capacity (500 MW) in TPP Plomin.

By these projects, HEP started 10-year investment cycle for construction of 1,300 MW in new power plants, which should cover estimated increase in consumption. The estimated rise in consumption should reach 3 % in the next several years, according to HEP. The head of HEP announced that company has been preparing for the full liberalization of electricity market, which should take place on July 1 2008.

In the same time, HEP confirmed that the latest bond subscription, 95 million euros worth, was subscribed in full. The collected funds should be invested for business operations and investments in capital projects.

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### **Janaf to invest 15 million euros in new oil pipeline (Croatia)**

Adriatic pipeline (Janaf) plans to relocate existing oil pipeline that runs across Krk Bridge and to build new undersea pipeline between island of Krk and the mainland. The main reasons for relocation are ecological and transport safety as well as minimizing risks of natural disasters and terrorist attacks. The cost of the project is estimated at 15 million euros.

Janaf confirmed that preparation works for construction of new pipeline have started, while construction works should start in 2008 or 2009. The completion of the project is expected in period of 4-5 years.

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### **Home electricity bills rise 8 % (Greece)**

On 3rd of December, household electricity bills increased up to 8% for low and mid voltage users. High voltage users, like industry, will pay 10% more. Public Power Corporation (PPC) has requested an increase from 10 to 30 %, but government declined this request and decided to keep electricity prices below EU average and avoid public dissatisfaction.

Residential tariffs for small consumption users will not be changed. Also, government, which must approve any change in prices, has defined subventions for agricultural consumption, large families and residents of islands. With these subventions, PPCs incomes would decrease for around 437 million euros per year.

Another increase of electricity prices should be in July 2008 (after new tariff structure), and from 2009, prices will follow increase of fuel and gas prices on a world market.

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### **French company to build solar plant (Greece)**

French company Voltalia, specialized in renewable energy announced that it is considering to build two solar power plants with a total capacity of 22MW. Smaller, 6MW plant is planned to be build in Thessalia, east region of Greece, and larger, 16 MW plant in Corinthos, southern Greece.

The acceleration of rollouts strengthens Voltalia's target of 100 mw in solar power capacity by 2013, it said.

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### **New board of directors of Hellenic Petroleum (Greece)**

On 11th of December, Hellenic Petroleum CEO, Mr. Panos Cavoulacos has handed his resignation to the board. He received thanks for his contribution to the company, such as creation of an international competitive energy group, implementation of strategies to develop the company portfolio of activities and maximization of profits.

The position of the Chief Executive Officer of Hellenic Petroleum was assigned to Mr. John Costopoulos, economist, who was CEO of Petrola Hellas from 2001 to 2003, and since 2003, member of Board of Directors and a Management Consultant to Hellenic Petroleum.

The new Board of Directors consists of:

1. Efthimios Christodoulou, Chairman of BoD, representative of the Greek State
2. John Costopoulos, Chief Executive Officer, representative of the Greek State
3. Nikolaos Lerios, Executive Member, representative of the Greek State
4. Vassilios Bayiokos, representative of the Greek State
5. Panagiotis Pavlopoulos, representative of the Greek State
6. Marios Tsakas, representative of the Greek State
7. Elisabeth Tiplidou-Loverdou, representative of the Greek State
8. Theodoros-Achilleas Vardas, Executive Member, representative of Paneuropean Oil & Industrial Holdings
9. Georgios Kallimopoulos, representative of Paneuropean Oil & Industrial Holdings
10. Andreas Vranas, minority shareholders representative
11. Iason Stratos, minority shareholders representative
12. Dimitrios Deligiannis, employees representative
13. Vassilios Nikitas, employees representative

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### **Possibility of undersea pipeline to Libya (Greece)**

On a official visit to Libya, Greek Deputy Minister for Foreign Affairs Petros Dukas met with president of NOC, Libyan national oil company. They were considering possibilities regarding construction of undersea pipeline for transport of natural gas from Libya to the island of Crete and concluded that this project could be beneficial for both parties. No additional details have been revealed.

Greece is a major consumer of Libyan oil and petroleum products, with trade estimated at about \$1.2 billion in 2007

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### **HPP Spilje finished overhaul (Macedonia)**

Hydropower plant (HPP) Spilje (84 MW) finished regular overhaul in the beginning of December. The repair works included underwater works with divers, which repaired the grid that directs the water into the turbine. The repair works were carried out by Bulgarian company from Varna. HPP Spilje should produce 600-800 MWh of electricity per day in the incoming period.

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## **Dislocation of Temnica River finished, TPP Oslomej to have stable coal supply (Macedonia)**

In the beginning of December, Macedonian power plants (ELEM) confirmed that dislocation of Temnica River was completed after six month works.

By this project, the stable coal supply for thermal power plant (TPP) Oslomej (100 MW) would be provided in the next 10 years, i.e. until 2018.

The cost of the project was 7 million euros, where some 750,000 cubic meters of material was used for construction of new riverbed. In the same time, TPP Oslomej was out of operation in the past five months. After the river was diverted, some 8 million tons of coal will be produced in the pit mine Oslomej-West. TPP Oslomej produces some 9 % of overall electricity production in the country.

During the official ceremony that marked the end of the project, director of ELEM, Vlatko Cingoski, said that ELEM has the most important strategic significance for the country. ELEM should become regional player, because energy independence would lead to economic progress, Cingoski said. He announced new investments in ELEM, which should provide enough electricity for all customers in Macedonia. In the same time, vice prime minister of Macedonia, Zoran Stavreski confirmed government's support for exploration of other coalmines in the region.

During this year, ELEM and TPP Oslomej managed to complete another important project. The coalmine Stari rudnik was also opened, by which some 80,000 tons of coal would be produced in the first phase. The worth of the investment was 1.5 million euros. The coal reserves at this particular coalmine are estimated at 1.3 million tons, while some 200,000 tons should be produced per year.

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## **750 million euros for energy import in 2008 (Macedonia)**

According to published energy balance sheet of Macedonia for 2008, import of electricity, oil and natural gas for the next year should reach some 750 million euros. The most of the funds, 398 million euros, will be paid for import of 906,203 tons of liquid fuels. 283 million euros should be spent for import of 3.786 TWh of electricity, 36 million euros for import of coal, 21 million euros for import of natural gas, while 8.8 million euros should be spent for import of coke.

The domestic sources could be able to provide only 52.5 % of country's needs, the document said. The gross energy consumption in 2008 should reach 130,750 TJ, which should be 8.33 % higher comparing to 2007.

Ministry of economy, which prepared balance sheet, explained that increase in energy import was related to increased electricity and coal import of industrial customers Skopski leguri, Feni and Silmak. (On the other hand, management of Silmak announced it would not be able to purchase expensive electricity).

The energy balance does not contain data related to electricity production of thermal power plant (TPP) Negotino. Ministry said that TPP should be put in service in case of need, since production in this TPP is not economically viable.

In the next year, consumption of natural gas should be increased since Skopje heating company announced increase in needs of 46 %.

Energy balance sheet envisaged that electricity demand in next year should be increased by 15 % up to 9.964 TWh, where electricity production should stand at 6.178 TWh. The member of Macedonian academy of science, Tose Bosevski, believes that projections on electricity production, import and consumption are overrated and unrealistic, having in mind existing power plants and import capacity of Macedonia's transmission system. In addition, he warned that estimations regarding the increase in hydro potential of 45 % comparing to this year was not reasonable.

In the same time, large industrial customers warned that, due to liberalization of electricity market announced for the next year, they would be forced to pay over 100 million more for electricity import, i.e. they should pay 80 euros/MWh instead of 30 euros/MWh as it was today.

The officials from Power utility of Macedonia (ESM-EVN) said that data related to their annual needs are unrealistic too. ESM-EVN said that ministry did not request any of data from them. Ministry of economy responded that Macedonia's transmission system operator (MEPSO) provided these data.

The ministry of economy announced that, in the future, energy balance sheet should be prepared in accordance to demanded electricity import, while those that demand more than they need would be penalized.

Prime minister, Nikola Gruevski, said that large customers have to be aware that state could not subsidize them anymore by providing the cheap electricity. This was the reaction to announcement of Silmak of stopping the ferrosilicon production starting from January 1 2008. Prime minister said that electricity prices for households and small and medium enterprises should remain unchanged, while eight large companies should purchase electricity on free market.

The management of Silmak, which employs 700 people, called for postponement of new Energy law and reminded that large customers employ over 6,000 people and make the most of the gross domestic product (GDP).

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## **MEPSO initiated signing contracts for allocation of cross-border capacity (Macedonia)**

Macedonia's transmission system operator (MEPSO) stated it had started procedure for signing the contracts with Serbian transmission system operator (EMS) and Bulgarian transmission system operator (ESO). The contracts should regulate allocation of cross-border capacity on these two Macedonian borders.

MEPSO said that contract with EMS was signed by both companies, while the contract with ESO should be signed by the end of month.

The abovementioned agreements will be valid for one year and they should regulate allocation of cross-border capacity for import and export of electricity on Macedonian borders. MEPSO believes that this new procedure should increase overall security of national transmission system. MEPSO announced it would try to sign similar contract with Greece.

In the related news, MEPSO announced that each company involved in electricity trade in Macedonia, should be granted unique ETSO identification code (EIC). MEPSO, as authorized company, invited all companies to submit applications for granting EIC in Macedonia.

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### **European commission against changes in Energy law (Macedonia)**

According to Macedonian media, EU demanded from Macedonia to revise announced changes in Energy law in order to meet obligations in accordance to Energy community. EC invited Macedonian officials to have a technical meeting over this issue in the end of January.

European commission (EC) criticized government of Macedonia and concluded that proposed changes would create monopoly of state-owned Macedonian power plants (ELEM), which would be against EU directives. The first main objection of EC is related to key role of ELEM in import and wholesale of electricity. EC also believes that decision of ELEM to cover only electricity losses of 11 % at regulated prices would create favorable market position for ELEM, having in mind its monopoly in electricity production market. EC also announced it would request official opinion regarding this issue from Macedonia's Competition council.

Asked to comment the harsh critics in the report of EC, the government of Macedonia said that it has been analyzing the document and refused to give any comments. The government's standpoints should be presented after detailed analyses of the report, the spokesman of the government, Ivica Bocevski said.

According to earlier announcements, the new Law should be discussed by parliament of Macedonia in mid December through urgent procedure.

In the same time, World Bank asked from government and Macedonian power utility (ESM-EVN), owned by Austrian EVN to find compromise regarding new Energy law.

EVN believes that changes in Energy law would cause hikes in electricity prices.

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### **Government and EVN argue over level of investments (Macedonia)**

The disputes between government of Macedonia and Power utility of Macedonia (ESM-EVN) continued in the first half of December.

Government of Macedonia claims that EVN invested only 10 million euros in the first year of ownership comparing to planned investments of 33 million euros. On the other hand, EVN claims it invested 40 million euros in period of 18 months. The company said that government has been referring only to period April 7 2006-April 7 2007, during which certain investments were stalled due to slow administrative procedures.

The supervising board of EVN approved investment program for 2008, according to which company would invest 33.34 million euros in Macedonia.

In the same time, officials from EVN repeated once again that ESM-EVN was not for sale. This was the comment to the latest announcements that government could purchase ESM-EVN if Austrians are considering leaving Macedonia.

The Austrians announced they were ready to called Arbitrage court in London to establish the exact amount of investments. EVN is also

against the proposal that only electricity losses of 11 % should be paid at regulated prices, while the rest should be paid at market prices.

During the first half of December, EVN organized several meetings with Macedonian MPs in order to present their standpoints regarding new Energy law. According to some media, this kind of pressure could produce favorable results for EVN.

In mid December, the government of Macedonia received official invitation from EVN regarding negotiations on new Energy law and EVN's investments in the country. The invitation did not contain any proposals and it came too late, vice prime minister, Zoran Stavrevski confirmed.

The high official of EVN, Piter Laer, earlier said that EVN would propose compromise solution to the government. He did not want to reveal the proposal.

In the same time, Stavrevski denied claims that advisor Hanton and Williams, which was hired by the government, would revise proposed model for liberalization of electricity market. The advisor proposed gradual liberalization and it was against monopolistic position of ELEM after January 1 2008. The government said it was not obliged to accept advisor's proposal.

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### **70 million euros for electricity import in 2008, EFT the main supplier (Montenegro)**

The Negotiation commission of Power utility of Montenegro (EPCG) has finished evaluation of adjusted bids in the tender for import of electricity for 2008. The tender was canceled due to high prices (87 euros /MWh in average), and EPCG called participants to lower the offered prices. EFT, Rudnap, RE Trading and GEN-I decided to adjust their initial offers.

The Commission decided to accept offers of four companies and later accepted offer of ATEL. The five companies will deliver overall amount of 841.529 GWh at overall price of 70.622 million euros (83.92 euros/MWh in average). According to original tender terms, EPCG demanded to import 869.19 GWh of electricity in 2008, for which it was ready to pay 65.2 million euros.

The 672.634 GWh or 79.93 % of the amount or will be delivered by the EFT, for which EPCG will pay 56.5 million euros or 84 euros/MWh. The 77 GWh (9.15 %) will be delivered by Rudnap at price of 6.46 million euros (83.89 euros/MWh), RT Trading will deliver 34.418 GWh (4.09 %) at price of 2.8 million euros (81.35 euros/MWh), GEN-I will deliver 14.474 GWh (1.72 %) at the price of 1.2 million euros (82.9 euros/MWh), while ATEL will deliver 42.917 GWh (5.1 %) at the price of 3.6 million euros (83.88 euros/MWh)

By these contracts, EPCG will provide 99 % of planned import for 2008. All companies abandoned their requests for advance payments, where EPCG should pay the funds 20 days after the particular contract was realized.

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## **25 euros for electricity bills in October and November (Montenegro)**

Minister of economic development, Branimir Gvozdenovic, confirmed that average electricity bill of the households customers was 23 euros in October.

According to the government's data, some 90 % of 287,000 households paid under 60 euros per month for electricity bills in October. 0.52 % of households paid over 150 euros for electricity bills, 1 % of households paid between 100 and 150 euros, 1.4 % households paid between 80 and 100 euros, while 80 % households paid under 40 euros for electricity bills in October.

In the same time, average electricity bills in November, reached 27 euros, which was 19 % higher comparing to October. Some 55 % of households will pay electricity bills under 20 euros. The bills between 20 and 40 euros will be paid by 20 % of households, 12 % of households will pay bills between 40 and 60 euros, 6.3 % of households will pay bills between 60 and 80 euros, while bills over 80 euros will be paid by 6.4 % of households in November. Overall electricity bill for households in November was 7.78 million euros.

The minister said that government adopted information regarding the activities related to the safety of electricity supply and obliged responsible ministries to undertake maximum efforts so that Power utility of Montenegro (EPCG) should collect some 100 million euros of debts for unpaid electricity bills. Gvozdenovic said that collection of part of these debts would provide funds for investments in distribution and transmission network.

The government confirmed that recently imposed short-term measures stabilized production in coalmine Pljevlja and thermal power plant (TPP) Pljevlja, which suffered ten unplanned outages in the last three months. In the first week of December, the coal reserves in the TPP stood at 50,000 tons, which enabled the start of electricity production in the TPP Pljevlja.

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## **Government called for reconsidering privatization of TPP Pljevlja (Montenegro)**

The government of Montenegro said in the official information that privatization of energy complex in Pljevlja should be reconsidered once again if all political parties reached consensus over this issue. This was the first time that government officially announced potential restart of privatization procedure.

As a reminder, the sale of thermal power plant (TPP) Pljevlja and 31 % of shares in coalmine Pljevlja was cancelled this summer, after national parliament voted against sale of energy complex to Russian En Plus. At the time, the government decided to continue negotiations for privatization until the wider consensus or at least consensus between ruling DPS and SDP party was reached. (Small coalition partner SDP was against the privatization.)

The government believes that privatization of energy complex might be an option having in mind large problems in TPP and coalmine. The government's information suggested that political parties should reach consensus over this issues immediately.

In the same information, the government obliged Power utility of Montenegro (EPCG) and coalmine Pljevlja to submit proposal for their merger during December. In addition, the government

obliged EPCG urgently to prepare programs for recapitalization of the company in order to provide investments in the next two years, to increase utilization of power plants, to reduce electricity losses and to increase collection rate of electricity bills. Government obliged EPCG to find a partner that should prepare the company to list its shares on some of the foreign stock exchanges. The EPCG was also obliged to prepare the project documentation for construction of unit 2 in TPP Pljevlja in a form of joint venture. The cost of this project is estimated at 170 million euros.

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## **Government adopted energy strategy until 2025 (Montenegro)**

In mid December, the government of Montenegro officially approved Strategy of development of energy sector in Montenegro until 2025. The document was prepared by Slovenian company IR-RET in cooperation with ministry of economic development.

The English translation of the Strategy should be submitted to European commission, where its objections should be incorporated in the action plan for implementation, which should be prepared in the next four months. In the same time, EC earlier demanded from the government not to approve the Strategy until it has analyzed the document.

According to the Strategy, overall investments in energy sector should reach almost 2 billion euros. Montenegro alone will not be able to provide funds for all projects, so that government proposed several models for funding the projects, such as recapitalization and public private partnership.

Minister Branimir Gvozdenovic said that Montenegro wants to increase utilization of its energy potential, to modernize existing energy facilities and to build new ones. The focus will be on usage of hydro potential of Komarnica and Moraca River, and on construction of small hydropower plants (HPPs), for which the tender was already published, minister said.

The usage of coal in energy balance sheet of Montenegro will be increased after the construction of unit 2 in thermal power plant (TPP) Pljevlja. Its construction will be followed by construction of central heating system in city of Pljevlja, which will use secondary heat from the TPP. New large HPPs should provide additional 407 GWh of electricity for Montenegro, while, according to estimations, overall hydro potential of the country is estimated at 1.4 TWh.

The construction of first new electricity production facilities, i.e. small HPPs and wind farms should take place in three years, while the new unit in TPP Pljevlja should be operational in 2011. In 2013, HPP Andrijevo and HPP Zlatica should be put in service, in 2014, HPP Raslovici, while in 2015, HPP Komarnica, HPP Milunovici and wind farms should be built.

The Strategy envisaged higher usage of renewable energy sources (RES), i.e. construction of biomass power plants, wind farms, solar power plants, small HPPs and waste power plants.

The Strategy also envisaged projects for oil and gas explorations in Montenegro's shore, and exploration of coal reserves in Pljevlja and Berane coal basin.

The potential natural gas reserves are estimated at 425 billion cubic meters, while potential oil reserves are estimated at 7 billion barrels. Those reserves could not be exploitable before 2020, the analyses showed. According to projections, oil consumption in the country

should rise by 40 to 60 % comparing to 2003. The consumption of liquefied natural gas (LNG) should rise from 99,800 tons in 2005 up to 227,600 tons.

The most of the funds should be invested in coalmine Pljevlja (79 million euros), central heating system of city of Pljevlja (20 million euros), construction of unit 2 in TPP Pljevlja (175 million euros), construction of new large HPPs (655 million euros), small HPPs (120 million euros), wind farms (60 million euros), upgrade of unit 1 in TPP Pljevlja (43 million euros), renewal of HPP Piva (70 million euros), renewal of HPP Perucica (49 million euros), investments in transmission (199 million euros) and distribution power grid (491 million euros). The considerable funds should be invested in LNG terminals (47 million euros).

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### **Modernization of HPP Iron Gates 2 (Romania)**

Hydropower producer, Hidroelectrica plans to upgrade hydropower plant Iron Gates 2 (Portile de Fier 2), where the cost of the project is estimated at 6.95 million euros. The renewal is related to replacement of 110/20/6.3 kV substation, and the project should last five years. The tender contract will be awarded through tender procedure, while deadline was set at January 30. The main condition in the tender will be the best price.

The medium term upgrade program of Hidroelectrica envisages overall investments of 1 billion euros.

Hidroelectrica's electricity production covers some 30 % of Romania's consumption. The company manages 304 HPPs with overall power output of 6,325 MW, which is 42.1 % of total installed power output in Romania.

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### **Enel and E.ON with Termoelectrica to build new unit in TPP Braila (Romania)**

Italian Enel and German E.ON, in cooperation with state-owned power producer Termoelectrica, will take a part in the project for construction of new 700-900 MW unit in thermal power plant (TPP) Braila. The cost of the project is estimated at 1 billion euros, while the unit should be operational in 2012. The TPP should be coal fired, and the coal should be supplied from Russia.

The general manager of Termoelectrica, Ioan Ungureanu confirmed that the company received two separate letters of intent from Enel and E.ON regarding the Greenfield investment in TPP Braila. Ungureanu said that trilateral meeting should be held in mid December, at request of Enel and E.ON. During the meeting, the development phases and timetables of the project should be set. Enel and E.ON should carry out the market study, feasibility study and grid connection study in the incoming period.

Enel is already present in electricity market in Romania, after it won in the tender for privatization of electricity distributor, Electrica Muntenia Sud. Enel controls 67.5 % in the company, which supplies 2.5 million customers, or 25 % market in the country. Enel plans to become involved in distribution and supply of electricity in Romania. Enel also plans to build new nuclear power plants, TPPs and to be involved in renewable energy sources. The company is among six companies selected in the tender for construction of units 3 and 4 in NPP Cernavoda.

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### **Strategic partner for units 3 and 4 in NPP Cernavoda to be selected in January (Romania)**

Director of department of energy policies at the ministry of economy and finance, Alexandru Stanculescu, said that negotiations with future strategic partners interested for construction of units 3 and 4 in nuclear power plant (NPP) Cernavoda should be completed by the end of January next year.

The negotiation commission invited Enel, Iberdrola, CEZ, Electrabel, RWE and local company ArcelorMittal Romania in the final stage of the tender.

According to Romanian media, the negotiations would focus on establishment of joint venture, where all companies could be included in the project. Two units should be operational in 2014 and 2015 respectively, while overall cost of the project is estimated at 2.2 billion euros.

In June this year, the government of Romania approved a new strategy for construction of the units. The future joint venture, which will be involved in construction and operation of the units, needs to be registered in Romania, while future strategic partners will be obliged to provide 30 % of necessary cash funds for the project. The strategy also envisaged the no company would be allowed to have majority share in the company.

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### **Electrica to invest 150 million euros in electricity production next year (Romania)**

The state-owned electricity distributor, Electrica, announced to invest minimum 150 million euros in electricity production projects in the next year. This was said by the general manager of the company, Corneliu Stan. The year 2008 will be the first year for Electrica with budgeted funds for electricity production projects, head of the company said.

The first Electrica's power plants should be operational in the beginning of 2009. Stan announced that Electrica would sign partnership contract with local company that owns wind farm, and has a license to produce 70 MW of power output.

Electrica wants to establish a special department that should be involved in electricity production in the future. According to plans, the company should invest some 300 million euros in electricity production from renewable energy sources in period 2008-2010.

In the first nine months this year, Electrica reported consolidated turnover of 1.4 billion euros, which was 11 % higher comparing to same period last year. The gross profit stood at 53 million euros (+43.4 %).

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### **Transgaz's IPO oversubscribed 28 times up to 1.8 billion euros (Romania)**

Bucharest stock exchange (BVB) confirmed that the initial public offering (IPO) of natural gas transmission operator, the Transgaz, was the largest ever in its history.

Overall number of 12,064 investors subscribed, with total worth of 1.8 billion euros. According to BVB, overall number of 32.87 million shares was subscribed. Large investors oversubscribed 38.95 times, by offering 1.5 billion euros, while small investors oversubscribed 12.4 times. Among investors are EBRD, Bulgarian Bulgargaz, investments funds and other foreign companies.

General manager of Transgaz said the company expected successful IPO, but the final result was beyond company's expectations.

As a reminder, in the second half of November, Transgaz launched IPO, which was planned to reach 67 million euros. Transgaz offered 10 % or 1.177 million shares at price of 54.56 euros.

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### **Siemens to reconstruct substation in TPP Kosovo A (Serbia, Kosovo)**

In the end of November, Kosovo Transmission system and market operator (KOSTT) confirmed it had signed 4.9 million euros contract with Siemens for reconstruction of 220/110 kV substation in thermal power plant (TPP) Kosovo A. The reconstruction should last 24 months, and it will be paid by Kosovo Budget. Siemens guaranteed that the project would be completed on time, Kosovo media reported.

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### **Hellenic Petroleum and OMV in a joint venture for NIS (Serbia)**

Greece's Hellenic Petroleum (HELPE) and Austrian OMV should establish joint venture that should take part in a future tender for privatization of Oil industry of Serbia (NIS), General Manager of International Activities of HELPE, Michael Myrianthis, said in Belgrade during a press conference related to five years of business operations of HELPE in Serbia.

According to HELPE's official, HELPE and OMV already finished all preparations for establishment of consortium. Myrianthis said that the consortium would represent European alternative for privatization of NIS. He hoped that the tender would be launched soon and pointed out that two large oil companies have serious intentions regarding NIS.

General manager of HELPE's subsidiary in Serbia Eko Yu, Vasilis Panagopoulos, confirmed that HELPE invested 100 million euros for development of retail network in Serbia in the last five years. In the end of 2007, Eko Yu should double its market share, which should stand between 4.5 and 4.7 %. So far, HELPE employed 540 people in Serbia. Overall number of petrol stations of HELPE in Serbia should reach 37 by the end of year (34 in the beginning of December), while the company plans to open eight new stations in the next year. HELPE considers Serbia as its strategic market, while company wants Belgrade to become center of company's regional activities, Panagopoulos said.

The news about the new consortium was also confirmed by OMV, which said the final agreement is yet to be reached. In the same time, OMV said that joint venture with HELPE is just one of the options for privatization of NIS. The Austrian company is already the third largest Greenfield investor in Serbia with overall investments of 150 million euros. OMV hopes that Serbian government would decide on privatization model for NIS by the end of the year.

In the related news, vice prime minister of Serbia, Bozidar Djelic, announced that the government would approve the strategy for privatization of NIS and Petrochemical factory in Pancevo by the end of the year. Djelic said that government has been still reconsidering whether the privatization model would imply sale of majority or minority stake in both companies. The government believes that it would be the best to have one strategic partner for both of the companies, Djelic said.

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### **Unit 4 in TPP Nikola Tesla A finished capital overhaul (Serbia)**

Power utility of Serbia (EPS) confirmed it had finished capital overhaul of unit 4 (300 MW) in thermal power plant (TPP) Nikola Tesla A. The cost of the project reached 75 million euros. The renewal lasted eight and a half months and it was entirely financed by EPS.

Official from TPP pointed out this was the most important project in EPS since 2000. The modernization of unit included installation of new management system, which will enable automatic management of the unit. During the overhaul, steam turbine and ancillary equipment of the boiler was renewed, the boiler installations were replaced, the electrical equipment was modernized, and the new electro filters were installed.

The renewal works have been carried out by local companies Gosa Montaza, TE ENEL-ABS, Minel, Mihajlo Pupin institute, Energoprojekt, Izoprogres and international consortium Alstom- Boosen Babcock.

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### **Russia offers construction of South stream pipeline and cooperation in oil and gas projects (Serbia)**

Russian ambassador Aleksandar Alekseev handed over to Serbian minister of energy and mining, Aleksandar Popovic, the Draft agreement on cooperation in oil and natural gas sector between two countries. The final agreement should be harmonized and signed in January, Popovic hopes. The Draft represents continuation of memorandum of understanding regarding the construction of part of South stream natural gas pipeline across Serbia signed in December last year. Although it may seem that the Russian offer came suddenly, some experts in Serbia believe that the agreement has been prepared for quite some time.

Minister Aleksandar Popovic and ambassador Alekseev held a joint press conference regarding this announcement.

Minister Popovic believes that Draft agreement could bring energy safety to Serbia. He confirmed that Russia offered joint construction of South stream natural gas pipeline, where the agreement also envisages extension of the pipeline toward Republic of Srpska (RS). According to earlier announcements, the future pipeline should be 400km long; the cost of the construction is estimated at over 1 billion dollars, while annual capacity of the pipeline should be some 20 billion cubic meters. Serbia expects to earn some 200 million dollars from transit revenues.

Russia also offered strategic partnership in project for construction of underground natural gas storage facility in Banatski Dvor as well as in the project for modernization of Oil industry of Serbia (NIS).

By signing this agreement, Serbia would become energy leader in the region, Popovic said. The construction of the South stream pipeline would bring transit revenues and long-term energy stability for Serbia in both natural gas and electricity sectors, Popovic said. The agreement is vital since it would provide energy stability for both citizens and industry, he said. According to national strategy, Serbia plan to introduce use of natural gas in 400,000 households in the country. (Overall number of households is 2.5 millions)

By construction of Banatski Dvor, Serbia would become important market player in the natural gas sector in the region. Minister did not want to reveal the details of the agreement, such as start of the construction of the pipeline and partnership agreement for NIS, yet he said that start of the projects would depend on defining the exact route of the pipeline.

Popovic promised that Serbia would provide full support and conditions for construction of the pipeline, and confirmed that large part of paperwork, related to the most likely route across Serbia, has been already done. The details of the agreement should be discussed in the next month, after the agreement was presented to the rest of the Serbian government.

Russian ambassador said that the implementation of the agreement would bring energy safety to Serbia and entire region. The agreement would bring mutual benefit to both countries and it would improve overall cooperation between Russia and Serbia. The realization of the agreement would make Serbia an energy transit country, ambassador said. Alekseev confirmed that Russia is ready to start the projects as soon as possible.

Few days after, the government of Serbia adopted information that pointed out the need for cooperation between Russia and Serbia in oil and natural gas sectors. The government also formed Work team, led by Prime Minister Vojislav Kostunica, while the deputy will be vice Prime Minister Bozidar Djelic. The Work team will continue negotiations with Russian side.

In the same time, several energy experts sent an open letter to Russian ambassador and Serbian minister saying they did not present complete information related to the Draft agreement. The critics said that Serbia would get only the extension of the main pipeline, which implies that Serbia would not transit natural gas. The natural gas could be transited only to Bosnia and Herzegovina, which would bring insignificant profit. In order to back their claims, the critics said that Italian Eni published on its website the potential routes for South stream pipeline, where none of them includes Serbia. Eni said those alternatives were harmonized with Gazprom, critics said.

The experts accused government that Serbia would sell NIS and even some parts of Power utility of Serbia (EPS) to Russian Gazprom in order to get South stream pipeline. Gazprom earlier expressed interest both for NIS and for construction of natural gas fired plants in Serbia, experts said.

The experts did not object the fact that natural gas pipeline would bring huge benefit and energy stability to the country, yet they expressed concerns related to linked trade related to NIS. The best option for privatization of NIS will be a tender procedure, critics said.

On the other hand, officials from ministry of energy and mining of Serbia denied claims that South stream pipeline would be built in exchange for sale of NIS to Gazprom. The Gazprom is only interested to take part in modernization of NIS, officials said. In the same time, the cabinet of minister of energy has strongly denied claims that Russia would build just the extension of the pipeline, instead of the main transit route.

The experts in favor of agreement with Russia believe that construction of either the extension or the main transit route of the pipeline would be great deal for Serbia.

As for Gazprom, press officer Denis Ignatiev, confirmed that Gazprom is interested for privatization of NIS. The Russians have already informed the government of Serbia on their intentions, Ignatiev said. In October this year, a delegation of Gazprom paid a visit to Serbia. Chairman of the management board of Gazprom, Aleksey Miler, met President of Serbia, Boris Tadic, and prime minister of Serbia, Vojislav Kostunica. Miler said that Gazprom has been considering participating in privatization of NIS, construction of natural gas pipeline and underground storage facilities in Serbia, while Gazprom considers these projects as single complex project.

The Russian proposal came just several days after some Serbian media and some Serbian experts reported that South stream pipeline would bypass Serbia. According to those sources, the preliminary analyses of Eni and Gazprom, the two companies that should build the pipeline, showed that pipeline's route toward West Europe should include Romania instead of Serbia.

In the end of November, Eni and Gazprom signed the agreement for the South stream project, by which two companies established a joint venture. According to some announcements at the time, the future pipeline should run from Russia toward Bulgaria under the Black Sea, after which the pipeline will separate in two directions-to Austria and to Italy, via Greece. Serbian media reported that head of Eni, Paolo Scaroni, believed that pipeline should run across Romania, Hungary and Czech Republic. The pipeline should be operational in 2013 and it should deliver some 30 billion cubic meters of gas per year from Russia to Europe.

In the same time, some media implied that OMV and MOL have been lobbying for route across Hungary and Austria toward Italy. According to them, the OMV's intentions were revealed by offering the 50 % in its storage facility in Baumgarten to Gazprom.

At the time, the official from ministry of energy and mining of Serbia denied those announcements. He said that the latest agreement between Eni and Gazprom envisaged preparation of the feasibility study for construction of the pipeline. The study should be finished by 2008, and only than the final route of the pipeline would be known

In addition, Serbian state press agency Tanjug quoted unofficial sources from Russian Gazprom that final route of the pipeline was not decided yet. The source also said that rival, Nabucco project, would not be competitive to South stream project.

In the same time, Hungarian prime minister Ferenc Gyurcsány said that Russian prime minister, Viktor Zubkov promised that South stream pipeline would certainly reach Hungary. Hungary expressed great interest for this project, Hungarian prime minister said.

The Serbian newspapers implied that, in return to the construction of new pipeline, Serbia should sell majority stake in NIS to Gazprom. On the other hand, some analysts believe that sale of NIS to Russians, would be the best option having in mind that Russians have oil reserves, which needs to be processed so that they would not shutdown NIS's refineries. If Serbia rejects the Russian offer, the South stream pipeline would certainly bypass Serbia, local experts said.

Commenting the Russian proposal few days after, minister Popovic pointed out the great significance of new pipeline. Asked whether the Russians would establish monopoly in Serbia, minister said that

Serbia is already highly dependent on import of natural gas from Russia, where new pipeline would not change anything in that sense.

Another aspect of Russian offer is the political situation related to Kosovo province. The proposal of Russia, which is the main and maybe only political ally of Serbia in this moment, came in the middle of final negotiations over Kosovo status. On the other hand, Russia did not want to link these two issues. In the same time, Russian media believe that potential Serbian-Russian agreement in oil and gas sector could change not only economic, but the political situation in the region too.

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### EMS became coordinator of SMM control block (Serbia)

Starting from December 1, Serbian transmission system operator (EMS) has become coordinator of SMM control block (former JIEL block), consisted of power systems of Serbia, Montenegro and Macedonia. The block was named after the first letters of member countries.

After the break up of former Yugoslavia in 1991, Serbia, Montenegro and Macedonia were separated from the main UCTE grid due to destruction of main interconnection lines. Serbia, Montenegro, and Macedonia and Republic of Srpska (RS) established JIEL control block and, along with Romania, Bulgaria, Greece, and Albania were the part of 2nd UCTE synchronous zone. Two zones reconnected in October 2004. The coordinator of JIEL control block as well as 2nd zone was Electricity coordinating center (EKC), which was established by power utilities of Serbia, Montenegro, Macedonia and RS. According to UCTE manual, control block is made of one or more transmission system operators (TSOs), which is the independent control and accounting party in relation to the rest of UCTE grid. The Multilateral agreement signed by all TSOs in UCTE envisaged that only TSO can be a coordinating center, and since EKC was not a TSO, Macedonian transmission operator (MEPSO), EMS and Power utility of Montenegro (EPCG) agreed

that EMS should be new block coordinator and renamed the control block.

EMS pointed out that, with help of EPCG, MEPSO and EKC, it implemented new IT systems and new database related to functioning of control block. In addition, EMS established new department for coordination of control block and introduced new dispatcher in national dispatching center, which will be responsible for control block.

In related news, the government of Serbia appointed Milos Milankovic, the former general manager of Srbijagas (national gas company) to be a new general manager of EMS. In the same time, the government appointed Sasa Ilic an acting general manager of Srbijagas.

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### The winner in tender for TPP Kosovo C to be decided in 2008 (Serbia, Kosovo)

Kosovo's officials said that announcement of the winner in the tender construction of TPP Kosovo C was postponed. In the same time, transaction and environmental consultants have presented their reports. The coordinator of the project believes that winner in the tender should be selected next year.

As a reminder, in the first half of January of 2007, government of Kosovo selected the consortium of Sencap and Enel, RWE, the consortium of CEZ and AES, the consortium of EnBW and Washington Group International, to enter the second phase of the tender for development of lignite mine and construction of 2,100 MW TPP in Kosovo.

The tender was supposed to be completed by the end of this year, while the works should start in 2008. The tender includes renewal of existing power plants and power grid. The overall worth of the project is estimated at 3.5-5 billion euros

## Tenders:

### Electricity

Company / organization:	EBRD, related Romania
<b>CFR Traction Energy Network Management LOT 1,2 - General</b>	
Content:	CFR Electrificare is a Beneficiary of 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 26 million equivalent (EUR 22m from the Bank and EUR 4m in VAT and other taxes), will require the procurement of the following goods, works and services: Lot 1: Supply and Installation of equipment sets for the Upgrading and Rehabilitation of 12 traction substations 110/25kV and the associated sectioning/subsectioning posts and disconnectors remote control Lot 2: Supply and Installation of equipment sets for the control and surveillance (SCADA) of four railway energy dispatchers: DEF Timisoara, DEF Caransebes, DEF Craiova and DEF Targu-Jiu.
Deadline:	22 Oct 2008 at 00:00, Bucharest time.
Contact:	Mr I Truica; Technical Director S.C. Electrificare SA B-dul D Golescu nr.38 Bucharest, Romania Tel: + 40 21 3192512; Email: ionel.truica@cfr.ro
Company / organization:	EBRD, related Bulgaria
<b>Kozloduy Nuclear Power Plant - General</b>	
Content:	The following notice refers to goods, works and services to be procured through open tendering for projects financed by the Kozloduy International Decommissioning Support Fund which is administered by the European Bank for Reconstruction and Development.  For more information, please visit <a href="http://www.ebrd.com/oppo/procure/oppo/goods/general/070803a.htm">http://www.ebrd.com/oppo/procure/oppo/goods/general/070803a.htm</a>
Deadline:	3 Aug 2008 at 24:00, Kozloduy time
Contact:	Mr. Daryll Jones Fax. + 359 973 7 4508 E-mail: kpmu@npp.bg

Company / organization:	EBRD, related Bosnia and Herzegovina
<b>Stanari Thermal Power Plant Project</b>	
Content:	<p>EFT-Thermal Power Plant Stanari" Ltd., member of Energy Financing Team Group, is considering applying in its own name or through a joint-venture to be established with a strategic partner, to the European Bank for Reconstruction and Development (EBRD) for a loan towards the co-financing of the construction of 420 MW lignite fired Power Thermal Plant Stanari.</p> <p>The power plant will be located near the town of Stanari, 70 km east of the city of Banja Luka. The new plant will be fuelled by lignite from the nearby Stanari lignite mine.</p> <p>The proposed power plant will require engineering, procurement and construction of a supercritical, single unit lignite fired power plant of 420 MW nominal capacity, pursuant to a "turnkey" engineering, procurement and construction ("EPC") contract.</p> <p>The plant shall be equipped with all necessary facilities including a complete flue gas treatment system, indirect dry cooling system, process water and water management system, coal storage and handling system, ash disposal system and ancillaries.</p> <p>The power plant shall be designed to fulfill the following objectives:</p> <ul style="list-style-type: none"> <li>• Gross efficiency of at least 43%</li> <li>• High level of availability</li> <li>• Automated to a high degree, including flexible operating characteristics</li> <li>• Compliance with National and European Union environmental requirements.</li> </ul> <p>Tendering for the EPC contract is expected to begin in September 2007 with pre-qualification of applicants. Procurement of services, supply, installation and works will be carried out following the results of a tender process.</p> <p>Contracts to be financed with loans from the EBRD will be subject to its Procurement Policies and Rules. The proceeds of the EBRD's loan will not be used for the purpose of any payment to persons or entities, or for any import of goods, if such payment or import is prohibited by a decision of the United Nations Security Council taken under Chapter VII of the Charter of the United Nations or under a law or official regulation of the purchaser's country.</p>
Deadline:	27 July 2008 at 24:00, Belgrade time
Contact:	<p>Danilo Milosevic  Chief Mechanical Engineer  Energy Financing Team Ltd.  Bulevar Mihaila Pupina 10b/II  Belgrade, Serbia  Tel: +381 11 3011 061  Fax: +381 11 3011 053  email: danilo.milosevic@eft-group.net</p>

Company / organization:	EBRD, related Romania
<b>CFR Traction Energy Network Management LOT 1,2 - General</b>	
Content:	<p>This notice updates the General Procurement Notice published on EBRD Website dated 22nd July 2005 under reference 5104-GPN-36043 and updated on 24 July 2006.</p> <p>CFR Electricare is a Beneficiary of 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 26 million equivalent (EUR 22m from the Bank and EUR 4m in VAT and other taxes), will require the procurement of the following goods, works and services:</p> <p>Lot 1: Supply and Installation of equipment sets for the Upgrading and Rehabilitation of 12 traction substations 110/25kV and the associated sectioning/subsectioning posts and disconnectors remote control</p> <p>Lot 2: Supply and Installation of equipment sets for the control and surveillance (SCADA) of four railway energy dispatchers: DEF Timisoara, DEF Caransebes, DEF Craiova and DEF Targu-Jiu.</p> <p>Tendering for the above contracts is expected to begin in the fourth quarter of 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, or for any import of goods, if such payment or import is prohibited by a decision of the United Nations Security Council taken under Chapter VII of the Charter of the United Nations or under a law of official regulation of the Purchaser's country.</p>
Deadline:	22 Oct 2008 at 00:00, Bucharest time
Contact:	<p>Mr I Truica, Technical Director  S.C. Electricare SA, B-dul D Golescu nr.38  Bucharest, Romania  Tel: + 40 213192512  Email: ionel.truica@cfr.ro</p>

Company / organization:	EBRD, related Bulgaria
<b>Rehab and Extension of Power Transmission Network LOT 1,2,3</b>	
Content:	<p>The National Electric Company – NEK-EAD (the “Employer”) intends using the proceeds of the grant funds provided by the “Kozloduy International Decommissioning Support Fund” (the “KIDSF”), administered by the European Bank for Reconstruction and Development (the “Bank”) and of its own financial sources towards the cost of the “Rehabilitation and Extension of the Power Transmission Network Project - substations Tzarevetz, Burgas, Metalurgichna”.</p> <p>The project, which has a total estimated cost of EUR 14.6 million, includes the implementation of the following three projects:</p> <p>(i) Project „Rehabilitation and extension of s/s Tzarevetz 400/110/31,5 kV” Procurement of equipment for the replacement and the extension of the 400 kV switchyard (400/110/31,5 kV equipment, shunt reactors, relay protections, control system); design works, procurement of materials, installation and erection works (foundations, steel structures, roads, cable channels, fences, commissioning and training).</p> <p>(ii) Project „Rehabilitation and extension of s/s Burgas 400/110/31,5 kV” Procurement of equipment for the replacement and the extension of the 400 kV switchyard (400/110/31,5 kV equipment, shunt reactors, relay protections, control system); design works, procurement of materials, installation and erection works (foundations, steel structures, roads, cable channels, fences, commissioning and training).</p> <p>(iii) Project „Rehabilitation of s/s Metalurgichna 400/110/31,5 kV” Procurement of equipment for the replacement of the 400 kV switchyard (400/110/31,5 kV equipment, shunt reactors, relay protections, control system); design works, procurement of materials, installation and erection works (foundations, steel structures, roads, cable channels, fences, commissioning and training).</p> <p>The Contracts in reference shall be awarded in compliance with the EBRD Procurement Policies and Rules and will be open to firms that qualify under the Rules of the KIDS Fund: The eligible countries as at 1 November 2007 are: EU member states, Switzerland, all so-called PHARE countries and the EBRD’s Countries of Operations.</p>
Deadline:	13 Nov 2008 at 00:00, Sofia time
Contact:	<p>Mrs. Ludmila Vitanova Head of Investment Department Natsionalna Elektricheska Kompania 5, “Vesletz” str., 1040 Sofia BULGARIA Tel.: +359 2 9263 552 Fax: +359 2 986 12 88 E-mail: lvitanova@nek.bg</p>

Company / organization:	EBRD, related Romania
<b>Upgrading and Rehabilitation Electric Traction Power Supply</b>	
Content:	<p>This Invitation for Tenders follows the General Procurement Notice for this project which was published on EBRD website on 24 July 2006 (5394-GPN-36043) and updated on 23 October 2007 (5630-GPN-36043). S.C. “ELECTRIFICARE CFR” S.A., The Employer, has received a loan from the European Bank for Reconstruction and Development (the Bank) towards the cost of “Upgrading and Rehabilitation of Electric Traction Power Supply Equipment for Timisoara, Caransebes, Craiova and Targu-Jiu Railway Electrification Centers”.</p> <p>The Employer now invites sealed Tenders from Contractors for the following Contracts to be funded from part of the proceeds of the loan:</p> <ul style="list-style-type: none"> <li>• Lot 1: Supply and Installation of equipment sets for the Upgrading and Rehabilitation of 12 traction substations 110/25kV and the associated sectioning/subsectioning posts and disconnectors remote control.</li> </ul> <p>Tenderers shall demonstrate successful experience as prime Contractor in the execution of at least two Contracts of the nature and complexity comparable to the above Contracts within the last three years:</p> <ul style="list-style-type: none"> <li>• the supply and installation for new or for the renewal of substations for railway electric traction using an alternative single phase system (the national grid entry voltage – power transformer – powering of the catenary through feeder cells), or</li> <li>• the supply and installation for new or for the renewal of electric stations in the same diagram (entry on high voltage – power transformer – bar on medium voltage which supply two or more users through separate cells); and they have to demonstrate also a minimum average annual turnover (defined as billing for works in progress and completed) over the last three years, of:</li> <li>• ten (10) million EURO equivalent.</li> </ul> <p>Tendering for Contracts to be financed with the proceeds of a loan from the Bank is open to firms from all countries. The proceeds of the Bank’s loan will not be used for the purpose of any payment to persons or entities, or for any import of goods, if such payment or import is prohibited by a decision of the United Nations Security Council taken under Chapter VII of the Charter of the United Nations.</p> <p>Tender Documents may be obtained from the address below upon payment of a non-refundable fee of:</p> <ul style="list-style-type: none"> <li>• EURO 500 (five hundred) or equivalent in a convertible currency, paid by cash, check or by bank transfer to: Upon request, the documents will be promptly dispatched by courier, but no liability can be accepted for loss or late delivery.</li> </ul> <p>All Tenders must be accompanied by a Tender Security of EURO 300.000 (three hundred thousand) or its equivalent in a convertible currency, and must be delivered to the address below on or before 14th of January 2008 at 12:00, at which time they will be opened in the presence of the Tenderers’ representatives who wish to attend.</p>
Deadline:	14 Jan 2008 at 12:00, Bucharest time
Contact:	<p>Mr. Ionel TRUICA, Technical Manager S.C. “ELECTRIFICARE CFR” S.A. 38, Dinicu Golescu Blvd., 7th floor, room no.51, 010873 Bucharest 1, Romania Tel.: (+40 21) 319 25 12 Fax: (+40 21) 311 98 38 e-mail: ionel.truica@cf.ro</p>

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

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

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

Company / organization:	NEK, related Bulgaria
<b>Bridge Financing for the Belene NPP Project</b>	
Content:	Natsionalna 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 <a href="http://www.aop.bg">http://www.aop.bg</a> and in the Supplement to the Official Journal of the European Union <a href="http://ted.europa.eu">http://ted.europa.eu</a> . The documents for participation in the public procurement procedure may be obtained at the Head Office of NEK EAD or via e-mail upon submission of a document evidencing payment of the documentation fee of 500 Euro. The payment may be made either at the pay-office of NEK EAD or by bank transfer to the NEK account: IBAN: BG35KORP92201400534102, BIC: KORPBGSF in Corporate Commercial Bank AD.
Contact:	Yulian Kiossev, tel. (+3592) 9263490 ykiossev@nek.bg.

Company / organization:	EBRD, related Bosnia and Herzegovina
<b>Power Distribution Reconstruction Project</b>	
Content:	This GPN updates the notice published on the EBRD website on 11 November 2005. Bosnia and Herzegovina has applied for a loan from the European Bank for Reconstruction and Development ("The Bank") towards the cost of reconstructing and modernising the electricity distribution infrastructure in Bosnia and Herzegovina, enabling the three local power utilities (Elektroprivreda Bosne Hercegovine ("EPBIH"); Elektroprivreda Republike Srpske ("EPRS") and Elektroprivreda Hrvatske Zajednice Herceg Bosne ("EPHZHB")) to improve reliability and quality of electricity supply, reduce losses and improve energy efficiency. The proposed project has a total estimated cost of Euro 55 million, proposed to be financed by the EBRD, and will require the procurement of the following goods, works and services for: (a) Goods and related Services for purchasing of metering equipment for residential consumption and Low and Medium Voltage substations, Low and Medium Voltage transformers, cables and auxiliary equipment for Low and Medium Voltage lines, machinery and equipment for the installation of the aforementioned items; (b) Works for the installation of the aforementioned items; (c) Consulting services to support the three Project Implementation Units established by the three power utilities. Tendering for contracts under (c) above was completed in June 2006. Procurement for goods & services and works under (a) and (b) above has started and should be completed by December 2007.
Deadline:	2 June 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
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Company / organization:	<b>EBRD, related Romania</b>
<b>Design, Construction and Commissioning of the 390 Km Agadyr-YuKGRES Section of 500 KV Second Transmission Line of Kazakhstan North-South Transit Consulting Services Loan: Management and Monitoring Of Construction Contract Implementation Progress</b>	
Content:	The Kazakhstan Electricity Grid Operating Company (KEGOC) has received a loan from the European Bank for Reconstruction and Development, and it intends to use part of the proceeds of the loan for payments under the contract for consulting services for Management and Monitoring of Construction Contract implementation process. The assignment is expected to be carried out in three Phases as described below. Phase I 1.1 Supervision of quality assurance by Contractor and PIU during implementation of survey work and design estimates. 1.2 Quality and the accepted technical solutions assessment during elaboration of design estimates. 1.3 Final review and approval of the made up design estimates for the construction of 500 kV OTL 500 kV Agadyr SS– 500 kV YuKGRES SS. Phase II 2.1 Managerial and monitoring support during contracting. 2.2 Analyses of the results of the tests performance for the quality conformance of the equipment and materials supplied under the project to the quality and technical characteristics operated together with KEGOC JSC specialists. Tests results evaluation. 2.3 Quality assurance surveillance by the Contractor and PIU during implementation of the construction and erection works. 2.4 Environmental measures monitoring during implementation of the construction and erection works. 2.5 Verification of implementation according to the PIP and review of any changes to the PIP. 2.6 Verification of the proper use of available funds. 2.7 Submit periodic activity reports as may be requested from time to time by KEGOC. Phase III 3.1 Confirmation of the Project Completion in accordance with the PIP and preparation of a Project Completion Report

## Oil and Gas

Company / organization:	EBRD, related Bulgaria
<b>Bulgartransgaz Silistra System Development</b>	
Content:	<p>Bulgartransgaz EAD intends to use the proceeds of the Grant funds provided by the Kozloduy International Decommissioning Support Fund, administered by the European Bank for Reconstruction and Development and its own resources to finance the cost and complete the Project for delivery and construction of high pressure gas pipeline to, and gas regulation station in Silistra. The Project, which has a total estimated cost of EUR 10.7 million, will require the following deliveries and construction services:</p> <p>A. Delivery of steel pipes and fittings for a gas pipeline. Delivery of about 80 km of steel pipes for high pressure gas pipeline (PN 64), most of which are DN 300 (14") and other pipes of smaller diameter as well as fittings, required for the construction of the gas pipeline.</p> <p>B. Delivery of gas valves. Delivery of gas valves for high pressure gas pipeline (PN 64), mainly DN 300 (14") and others of smaller diameter.</p> <p>C. Overall delivery, supervision and commissioning of technological equipment for the Unattended Gas Regulation Station (UGRS). Delivery, Supervision and Commissioning of one complete set of technological equipment for the Construction of an Unattended Gas Regulation Station. Gas Regulation Station is a facility for regulation of gas pressure, equipped with commercial metering devices.</p> <p>D. Construction of high pressure gas pipeline to, and gas regulation station in Silistra. Construction and Commissioning of about 80 km gas transmission pipeline, optical fiber cable line within the gas pipeline easement and an UGRS (including the value of the used equipment and materials, except the delivered under the above Delivery Contracts A, B and C). The construction includes:</p> <ul style="list-style-type: none"> <li>• Temporary construction and preparatory works;</li> <li>• Delivery of materials and equipment (except of those included in the Delivery Contracts (A, B and C) above);</li> <li>• Construction and installation;</li> <li>• Pre-commissioning and commissioning tests;</li> <li>• Getting Permission on Commissioning by the competent control authorities;</li> <li>• Remedy of defects within the warranty periods after the acceptance by the State Acceptance Commission and Permission for use of the constructed pipeline and UGRS.</li> </ul> <p>The Contracts in reference shall be awarded in compliance with the EBRD Procurement Policies and Rules and will be open to firms that qualify under the Rules of the KIDS Fund: The eligible countries as at 1 November 2007 are: EU member states, Switzerland, all so-called PHARE countries and the EBRD's Countries of Operations. The proceeds of the Grant shall not be used for the purpose of any payment to persons or entities, or for any import of goods, if such payment or import is prohibited by a decision of the United Nations Security Council taken under Chapter VII of the Charter of the United Nations or under a law or official regulation of the purchaser's country.</p>
Deadline:	3 Nov 2008 at 00:00, Sofia time.
Contact:	<p>Mr. Angel Semerdjiev Executive Director Bulgartransgaz EAD 66, Pancho Vladigerov Blvd. Sofia 1336 Bulgaria Fax : + 359 29396462 e-mail: Silistra@bulgartransgaz.bg</p>