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# NEWS

Energy News in Southeast Europe  
twice in a month

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**February (2) 2008 issue of Balkan Energy NEWS, with limited data.**

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## In this issue:

### Analysis:

- » Privatization of Oil industry of Serbia (NIS) – recent developments and present status

### News headlines

### Regional:

- » The company for PEOP project to be established
- » Natural gas companies to discuss establishment of joint gas company in March

### Albania:

- » Privatization of ARMO
- » Samsung to invest in Albania
- » Albania to invest in Kosovo energy sector

### Bosnia and Herzegovina:

- » 750,000 tons of oil derivatives imported in 2007
- » Parliament postponed discussion on strategic partnership for construction of power plants
- » Increase in natural gas prices
- » Republic of Srpska interested for South stream pipeline
- » Authorities willing to approve construction of bio-ethanol factory in Brcko
- » EP BiH reported 5.9 million euros of profit in 2008
- » ERS and EPS signed memorandum of understanding

### Bulgaria:

- » No large increase in electricity prices
- » Bulgargaz and Dalkia consider construction of CCGT plants in Macedonia
- » Electricity export ban to be lifted in March
- » HSE to abandon investment in TPP Russe
- » NEK to announce short listed bidders for NPP Belene
- » Electricity distributors demanded increase in electricity prices from July
- » Possible construction of natural gas pipeline toward Greece

### Croatia:

- » Decision on LNG terminal to be reached by mid March
- » Capital Zagreb to invest up to 100 million euros in natural gas networks
- » Ingra Group to build 58 million euros worth bio-diesel plant
- » Four biomass power plants to be built

**Greece:**

- » Further developments regarding PPC-RWE deal
- » CO2 emission reduction
- » French company won a tender for upgrade of oil refinery
- Enel to build gas fired power plant in Greece

**Macedonia:**

- » Government asked Bulgaria for electricity delivery
- » Government and Silmak reached an agreement for electricity delivery
- » 13 companies submitted bids for coal supply
- » Seven companies selected for construction of small HPPs
- » Makpetrol started to sell bio-diesel
- » New wind power researches in progress
- » EVN to revitalize small HPPs
- » MEPSO launched new tender for electricity import
- »

**Montenegro:**

- » Vice prime minister in favor of prequalification tender for strategic partnership with EPCG
- » Investment conference for energy sector to take place in May
- » EPCG submitted request for increase in electricity prices
- » 250 million euros needed for recapitalization of EPCG, government to keep 51 % stake
- » The Coalmine Pljevlja and TPP Pljevlja to be merged urgently

**Romania:**

- » State-owned energy companies to post over 500 million euros of profit in 2007
- » 220 million euros contract for desulphurization equipment in TPP Turceni
- » Russia to increase natural gas price by 7 %
- » Petrom reported 540 million euros of profit in 2007
- » Gaz de France to invest 100 million euros in natural gas storage facilities

**Serbia:**

- » New investments needed for stable coal supply after 2010
- » Gazprom and Srbijagas signed the contract for construction of South stream pipeline
- » 7.6 % increase in electricity prices from March 1
- » All companies and institutions to become eligible electricity and natural gas customers from March 1
- » Gazprom will not have share in PEOP through purchase of NIS
- » UNMIK refuses to purchase electricity from EPS
- » Srbijagas requested 20 % increase in natural gas prices

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

## Balkan Energy NEWS publication

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

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

1072	Slovenia	2008	12287	1083	991	978	941
1134		2010	12287	1083	991	1054	941
1077		2011	12590	955	1051	1127	907

Annual electricity consumption in GWh

Year	Sum	1	2	3	4
2007	11182	1027	891	953	850
2008	11570	1094	998	1012	911
2009	10994	1099	932	963	816
2010	11722	1074	979	1016	910
2011	12186	1155	1038	1075	938
2007	34506	3299	2989	2960	2637
2008	32723	3291	3196	2636	2636
2010	31954	3486	3052	3021	2443
2011	33452	3475	3107	3087	2577
2007	17842	1680	1543	1570	1348
2008	17507	1625	1530	1551	1323
2009	15574	1556	1481	1556	1356
2010	15306	4915	4539	4269	4105
2011	15306	4915	4539	4269	4105
2007	53504	4652	4271	4401	3894
2008	53565	4666	4107	4327	3913
2009	53565	4666	4107	4327	3913
2010	53565	4666	4107	4327	3913
2011	53565	4666	4107	4327	3913
2007	5170	4418	4860	4080	4080
2008	5170	4418	4860	4080	4080
2009	50636	4736	4268	4473	3803
2010	53365	4874	4472	4737	4111

## Country Reports on Energy Business in South Eastern Europe

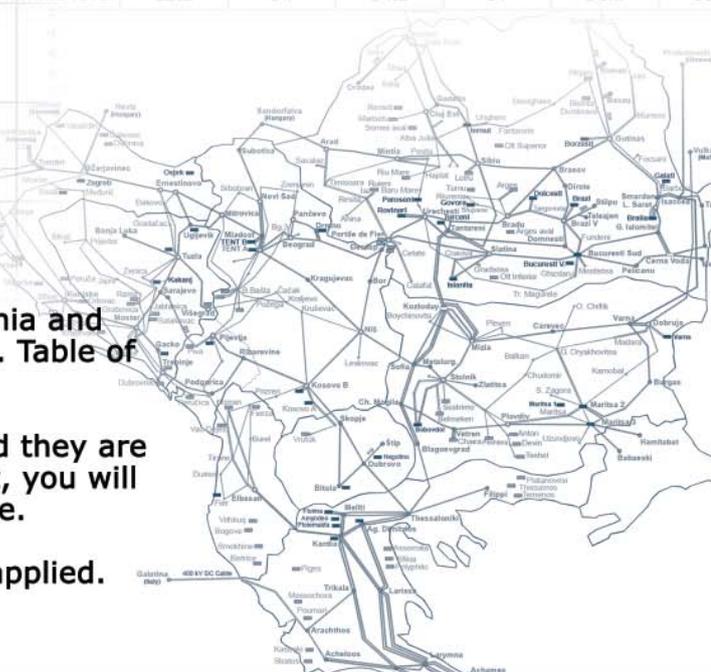
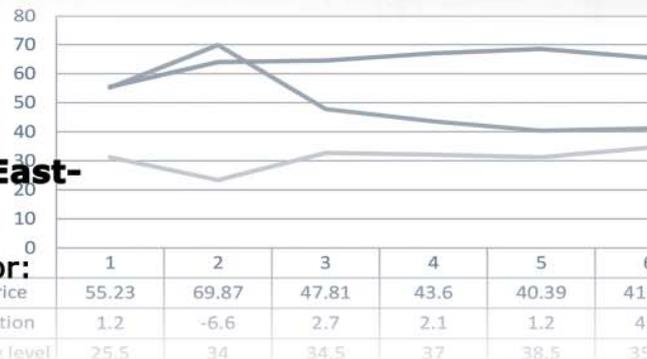
Country reports provide detailed overview of energy sector:

- 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

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**Power exchanges data:**

**Bosnia and Herzegovina: Electricity production in last 15 days (MWh)**

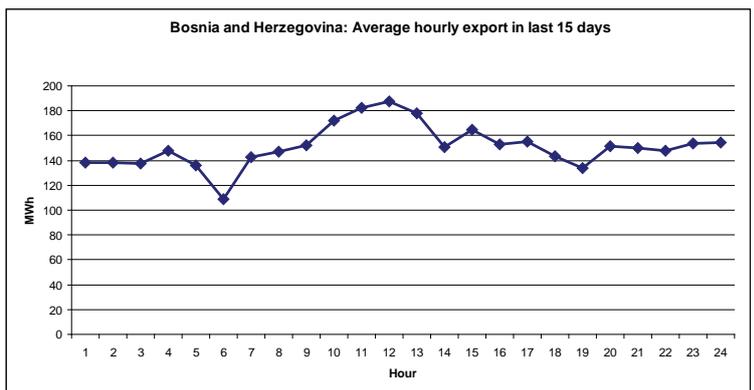
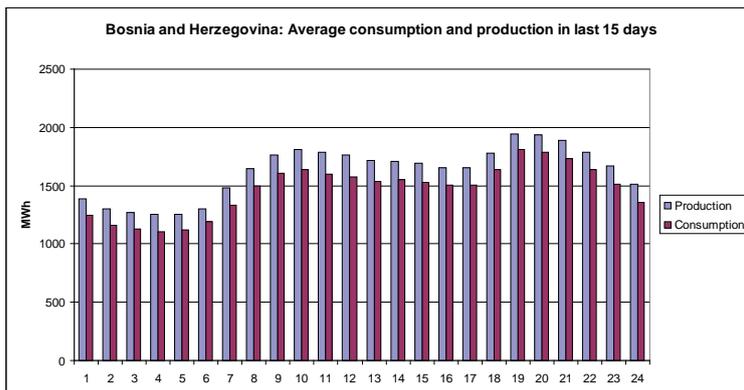
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24
16.2.2008	1523	1424	1399	1386	1364	1380	1581	1695	1876	1964	1983	1974	1955	1970	1977	1945	1896	2020	2118	2072	2034	1962	1840	1711
17.2.2008	1569	1441	1422	1405	1431	1447	1510	1614	1773	1902	1935	1938	1936	1911	1871	1811	1809	1976	2118	2125	2095	2015	1840	1694
18.2.2008	1528	1439	1411	1409	1407	1449	1695	1887	2005	2075	2056	2020	1966	1964	1966	1927	1924	2046	2151	2090	2077	1983	1851	1665
19.2.2008	1530	1398	1355	1343	1331	1394	1622	1812	1919	1950	1933	1897	1794	1788	1783	1742	1749	1889	2053	2053	2027	1916	1806	1660
20.2.2008	1520	1409	1367	1371	1365	1448	1615	1823	1880	1928	1890	1866	1755	1735	1730	1721	1719	1915	2039	2025	1995	1900	1776	1629
21.2.2008	1427	1348	1295	1282	1297	1358	1582	1763	1888	1906	1870	1816	1809	1823	1808	1759	1748	1886	2028	2019	1969	1881	1728	1576
22.2.2008	1408	1315	1274	1274	1275	1325	1546	1714	1811	1862	1774	1759	1694	1674	1700	1690	1690	1816	2000	1962	1896	1813	1708	1557
23.2.2008	1434	1348	1283	1266	1254	1285	1430	1584	1727	1807	1784	1793	1745	1741	1705	1679	1665	1778	1994	1957	1898	1784	1671	1509
24.2.2008	1399	1313	1277	1241	1191	1212	1347	1477	1599	1739	1739	1694	1652	1600	1567	1551	1557	1698	1936	1959	1893	1789	1609	1486
25.2.2008	1277	1217	1245	1215	1222	1259	1472	1620	1751	1794	1731	1666	1635	1631	1596	1551	1547	1663	1841	1874	1790	1713	1603	1439
26.2.2008	1329	1290	1258	1238	1242	1272	1434	1616	1670	1690	1645	1639	1608	1592	1609	1477	1519	1578	1760	1775	1717	1597	1490	1375
27.2.2008	1184	1094	1068	1064	1086	1112	1290	1505	1598	1609	1554	1538	1514	1523	1519	1435	1499	1597	1773	1768	1716	1623	1506	1299
28.2.2008	1150	1108	1066	1038	1051	1117	1263	1448	1544	1559	1549	1513	1477	1466	1450	1411	1433	1504	1711	1735	1681	1559	1476	1286
29.2.2008	1125	1081	1045	1039	1041	1111	1316	1481	1604	1600	1543	1524	1491	1471	1467	1461	1423	1546	1724	1734	1608	1511	1443	1286
<b>Average:</b>	<b>1386</b>	<b>1302</b>	<b>1269</b>	<b>1255</b>	<b>1254</b>	<b>1298</b>	<b>1479</b>	<b>1646</b>	<b>1760</b>	<b>1813</b>	<b>1785</b>	<b>1760</b>	<b>1717</b>	<b>1706</b>	<b>1696</b>	<b>1654</b>	<b>1656</b>	<b>1779</b>	<b>1946</b>	<b>1939</b>	<b>1885</b>	<b>1789</b>	<b>1668</b>	<b>1512</b>

**Bosnia and Herzegovina: Electricity consumption in last 15 days (MWh)**

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24
16.2.2008	1348	1281	1225	1183	1196	1237	1360	1487	1660	1758	1756	1751	1723	1774	1753	1716	1671	1811	1929	1874	1827	1738	1614	1505
17.2.2008	1381	1270	1242	1200	1205	1218	1301	1414	1577	1709	1722	1726	1712	1686	1632	1579	1599	1743	1909	1920	1878	1802	1633	1469
18.2.2008	1327	1244	1211	1207	1228	1300	1495	1685	1810	1844	1807	1783	1725	1758	1737	1687	1702	1828	1912	1855	1834	1784	1635	1446
19.2.2008	1351	1204	1175	1157	1177	1262	1421	1614	1698	1727	1700	1645	1577	1587	1563	1523	1519	1717	1883	1840	1815	1704	1588	1428
20.2.2008	1295	1176	1141	1150	1169	1247	1434	1607	1659	1667	1618	1583	1551	1576	1560	1522	1520	1688	1848	1828	1781	1692	1552	1414
21.2.2008	1252	1183	1138	1120	1131	1221	1404	1574	1688	1690	1655	1629	1604	1645	1603	1571	1553	1698	1844	1826	1772	1682	1554	1386
22.2.2008	1229	1158	1129	1130	1137	1206	1395	1566	1639	1663	1581	1542	1478	1501	1517	1507	1499	1639	1836	1783	1724	1621	1500	1373
23.2.2008	1253	1166	1126	1109	1065	1152	1238	1414	1583	1630	1564	1560	1541	1563	1516	1488	1474	1621	1811	1772	1722	1607	1483	1326
24.2.2008	1242	1150	1128	1062	1064	1112	1153	1317	1438	1547	1535	1481	1441	1398	1353	1360	1379	1529	1778	1781	1702	1602	1435	1291
25.2.2008	1123	1085	1069	1010	1052	1122	1294	1464	1582	1579	1511	1442	1416	1450	1415	1387	1381	1490	1697	1681	1621	1535	1411	1241
26.2.2008	1150	1095	1045	1038	1060	1137	1321	1466	1547	1535	1483	1457	1426	1439	1457	1435	1456	1567	1751	1722	1665	1566	1428	1288
27.2.2008	1168	1081	1055	1052	1060	1142	1308	1448	1558	1561	1509	1469	1453	1485	1447	1413	1452	1567	1763	1719	1674	1564	1459	1266
28.2.2008	1173	1100	1069	1035	1056	1136	1261	1424	1517	1512	1494	1467	1430	1448	1435	1388	1395	1497	1715	1720	1664	1566	1474	1296
29.2.2008	1171	1097	1082	1045	1050	1154	1319	1498	1556	1556	1502	1476	1464	1468	1452	1441	1411	1507	1698	1706	1620	1518	1427	1285
<b>Average:</b>	<b>1247</b>	<b>1164</b>	<b>1131</b>	<b>1107</b>	<b>1118</b>	<b>1189</b>	<b>1336</b>	<b>1498</b>	<b>1608</b>	<b>1641</b>	<b>1603</b>	<b>1572</b>	<b>1539</b>	<b>1556</b>	<b>1531</b>	<b>1501</b>	<b>1501</b>	<b>1636</b>	<b>1812</b>	<b>1788</b>	<b>1736</b>	<b>1642</b>	<b>1514</b>	<b>1358</b>

**Bosnia and Herzegovina: Electricity exports in last 15 days (MWh)**

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24
16.2.2008	175	143	174	203	168	143	221	208	216	206	227	223	232	196	224	229	225	209	189	198	207	224	226	206
17.2.2008	188	171	180	205	226	229	209	200	196	193	213	212	224	225	239	232	210	233	209	205	217	213	207	225
18.2.2008	201	195	200	202	179	149	200	202	195	231	249	237	241	206	229	240	222	218	239	235	243	199	216	219
19.2.2008	179	194	180	186	154	132	201	198	221	223	233	252	217	201	220	219	230	172	170	213	212	212	218	232
20.2.2008	225	233	226	221	196	201	181	216	221	261	272	283	204	159	170	199	199	227	191	197	214	208	224	215
21.2.2008	175	165	157	162	166	137	178	189	200	216	215	187	205	178	205	188	195	188	184	193	197	199	174	190
22.2.2008	179	157	145	144	138	119	151	148	172	199	193	217	216	173	183	183	191	177	164	179	172	192	208	184
23.2.2008	181	182	157	157	189	133	192	170	144	177	220	233	204	178	189	191	157	183	185	176	177	188	183	
24.2.2008	157	163	149	179	127	100	194	160	161	192	204	213	211	202	214	191	178	169	158	178	191	187	174	195
25.2.2008	154	132	176	205	170	137	178	156	169	215	220	224	219	181	181	164	166	173	144	193	169	178	192	198
26.2.2008	179	195	213	200	182	135	113	150	123	155	162	182	182	153	152	42	63	11	9	53	52	31	62	87
27.2.2008	16	13	13	12	26	-30	-18	57	40	48	45	69	61	38	72	22	47	30	10	49	42	59	47	33
28.2.2008	-23	8	-3	3	-5	-19	2	24	27	47	55	46	47	18	15	23	38	7	-4	15	17	-7	2	-10
29.2.2008	-46	-16	-37	-6	-9	-43	-3	-17	48	44	41	48	27	3	15	20	12	39	26	28	-12	-7	16	1
<b>Average:</b>	<b>139</b>	<b>138</b>	<b>138</b>	<b>148</b>	<b>136</b>	<b>109</b>	<b>143</b>	<b>147</b>	<b>152</b>	<b>172</b>	<b>182</b>	<b>188</b>	<b>178</b>	<b>151</b>	<b>165</b>	<b>153</b>	<b>155</b>	<b>144</b>	<b>134</b>	<b>152</b>	<b>150</b>	<b>148</b>	<b>154</b>	<b>154</b>

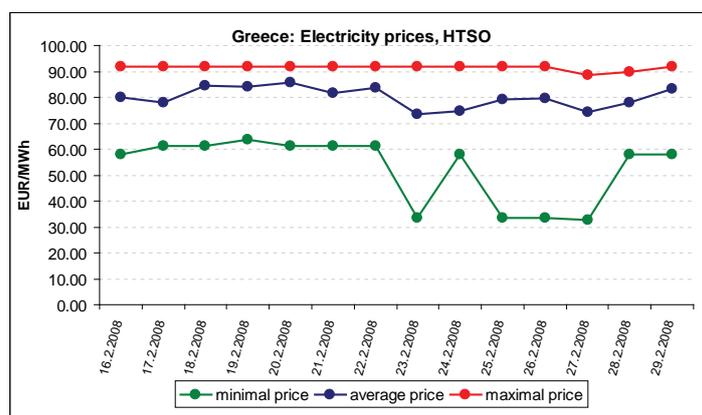
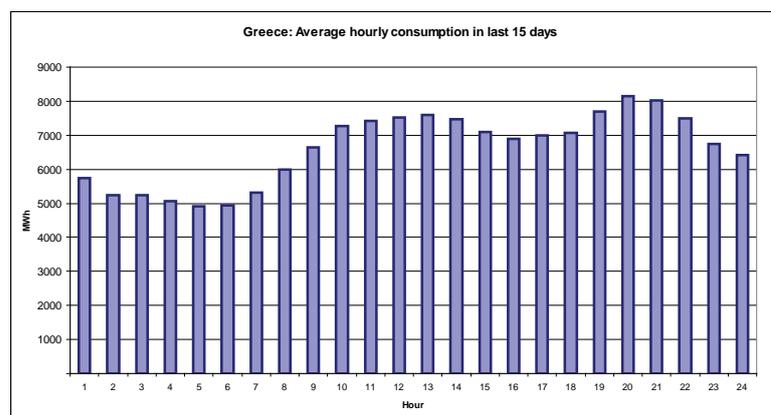


## Greece: Electricity consumption in last 15 days (MWh)

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24
16.2.2008	6050	5580	5580	5330	5140	5080	5250	5650	6350	7140	7600	7850	8000	7900	7450	7140	7350	7440	7920	8300	8000	7480	6800	6550
17.2.2008	6100	5550	5560	5350	5100	5040	5080	5150	5640	6400	7000	7450	7700	7350	6800	6650	6950	7100	7700	8100	7950	7500	6900	6740
18.2.2008	6200	5640	5740	5500	5300	5360	5900	6800	7600	8380	8490	8550	8650	8550	8200	8250	8330	8400	8800	9140	8840	8400	7450	7220
19.2.2008	6250	5800	5800	5700	5550	5590	5900	6800	7650	8430	8500	8600	8720	8620	8100	7850	7950	8050	8850	9250	8950	8400	7600	7300
20.2.2008	6150	5530	5590	5420	5340	5330	5950	6900	7400	8200	8230	8250	8300	8230	7950	7600	7700	7700	8350	8800	8700	8050	7330	6900
21.2.2008	5980	5480	5460	5310	5160	5200	5650	6480	7190	7880	7930	7980	8000	7900	7430	7220	7310	7380	8230	8550	8400	7600	6780	6480
22.2.2008	5840	5300	5300	5170	5040	5100	5540	6330	7050	7700	7700	7740	7800	7650	7300	7100	7200	7280	8000	8400	8240	7620	6880	6500
23.2.2008	5700	5200	5160	4960	4800	4770	4900	5270	5900	6540	6850	7100	7160	7060	6650	6360	6480	6560	7180	7750	7520	7000	6300	6050
24.2.2008	5420	4980	4930	4730	4530	4460	4460	4560	5000	5500	5900	6220	6340	6100	5650	5380	5550	5670	6400	7000	6900	6600	6000	5840
25.2.2008	5130	4680	4660	4470	4370	4450	5040	5900	6600	7200	7200	7200	7200	7120	6850	6670	6720	6850	7200	7700	7680	7150	6420	6030
26.2.2008	5400	4960	4920	4750	4620	4730	5220	6100	6750	7230	7180	7170	7170	7070	6850	6680	6850	6950	7430	7900	7870	7340	6550	6200
27.2.2008	5430	4950	4920	4750	4600	4710	5210	6050	6680	7170	7110	7110	7110	7070	6800	6600	6620	6700	7300	7740	7680	7260	6550	6080
28.2.2008	5300	4830	4820	4640	4530	4610	5100	5900	6600	7040	7040	7070	7080	7000	6660	6420	6420	6500	7130	7730	7700	7190	6380	5950
29.2.2008	5400	4930	4880	4720	4600	4680	5170	5970	6600	7100	7050	7000	7000	6950	6680	6460	6460	6500	7170	7750	7730	7180	6440	6000
<b>Average:</b>	<b>5739</b>	<b>5244</b>	<b>5237</b>	<b>5057</b>	<b>4906</b>	<b>4936</b>	<b>5312</b>	<b>5990</b>	<b>6644</b>	<b>7279</b>	<b>7413</b>	<b>7521</b>	<b>7588</b>	<b>7469</b>	<b>7098</b>	<b>6884</b>	<b>6992</b>	<b>7077</b>	<b>7690</b>	<b>8151</b>	<b>8011</b>	<b>7484</b>	<b>6741</b>	<b>6417</b>

## Greece: System Marginal Prices in last 15 days

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24
16.2.2008	63.60	61.32	61.32	61.32	61.31	57.88	61.31	63.59	85.30	92.00	92.00	92.00	89.90	92.00	86.87	86.87	89.90	91.95	91.95	91.97	92.00	85.35	85.30	81.45
17.2.2008	63.60	63.60	63.59	63.59	61.31	61.31	61.31	61.32	63.59	85.40	89.90	85.35	89.90	86.87	86.87	86.87	91.95	85.30	88.39	92.00	92.00	92.00	92.00	63.60
18.2.2008	85.30	61.31	63.59	61.31	61.31	61.31	85.30	85.30	92.01	92.01	92.01	92.01	92.01	92.01	92.00	92.00	92.00	92.01	92.01	92.02	92.01	92.01	88.39	89.90
19.2.2008	81.44	63.59	63.59	63.59	63.59	63.59	63.59	88.30	92.00	92.01	92.01	92.01	92.01	92.01	92.00	92.00	92.00	92.01	92.01	92.01	92.01	92.01	89.91	85.40
20.2.2008	89.90	61.32	81.44	61.32	63.59	63.59	85.40	89.90	92.00	92.01	92.00	92.00	92.00	92.00	92.00	92.00	92.00	92.00	92.00	92.00	92.01	92.00	86.87	85.35
21.2.2008	63.59	61.32	63.59	61.32	61.31	61.31	63.59	85.30	92.00	92.00	92.00	91.97	91.97	91.95	86.87	88.39	88.39	91.95	92.00	92.00	92.00	91.95	81.44	85.30
22.2.2008	89.90	61.32	63.59	63.59	63.59	63.59	63.60	86.87	92.00	91.97	92.00	92.00	92.00	92.00	89.90	86.87	92.00	91.95	92.00	92.00	92.00	92.00	85.30	85.30
23.2.2008	61.31	61.31	57.88	57.88	33.53	33.53	57.88	61.31	63.59	89.90	91.95	91.95	63.60	91.95	81.44	85.30	85.30	85.30	92.00	89.90	89.90	91.95	61.32	81.44
24.2.2008	63.59	63.59	61.31	61.31	61.31	57.88	61.31	61.31	63.59	63.60	88.39	86.87	88.39	86.87	63.60	63.59	81.44	81.44	85.30	92.00	86.87	89.90	85.32	91.95
25.2.2008	61.31	57.88	57.88	57.88	33.53	57.88	63.59	85.30	91.95	89.91	91.95	91.95	91.95	89.90	86.87	86.87	86.87	91.95	89.91	91.95	91.95	81.44	81.44	81.44
26.2.2008	63.59	61.31	57.88	57.88	33.65	57.88	63.59	85.30	92.00	88.39	89.90	89.90	89.90	88.30	89.90	86.87	89.90	86.87	92.00	89.90	89.90	89.90	85.30	85.30
27.2.2008	61.32	57.88	57.88	33.53	32.84	33.53	61.31	63.59	86.87	86.87	86.87	86.87	86.87	86.87	86.87	85.32	85.40	86.87	88.39	88.30	85.40	88.39	81.90	81.44
28.2.2008	61.31	61.31	57.88	57.88	57.88	57.88	61.32	63.59	88.30	88.30	88.30	88.30	88.30	86.87	86.87	85.40	88.30	85.40	88.30	88.39	88.30	88.30	89.90	81.45
29.2.2008	85.30	61.32	61.32	61.31	57.88	61.31	85.30	85.30	92.00	88.39	92.00	92.00	92.00	92.00	88.39	88.39	92.00	92.00	88.30	92.00	92.00	92.00	85.32	85.30
<b>Average:</b>	<b>71.08</b>	<b>61.31</b>	<b>62.34</b>	<b>58.84</b>	<b>53.33</b>	<b>56.61</b>	<b>67.03</b>	<b>76.16</b>	<b>84.80</b>	<b>88.05</b>	<b>90.81</b>	<b>90.37</b>	<b>88.53</b>	<b>90.11</b>	<b>86.36</b>	<b>86.40</b>	<b>88.90</b>	<b>89.28</b>	<b>90.33</b>	<b>91.17</b>	<b>90.60</b>	<b>90.81</b>	<b>83.66</b>	<b>83.19</b>



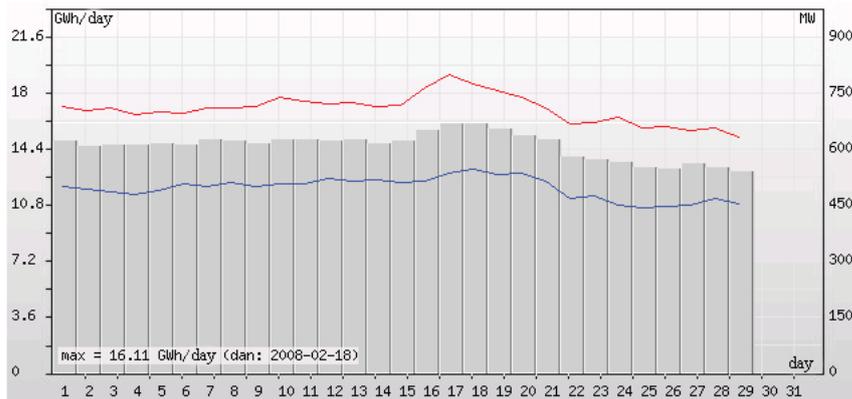
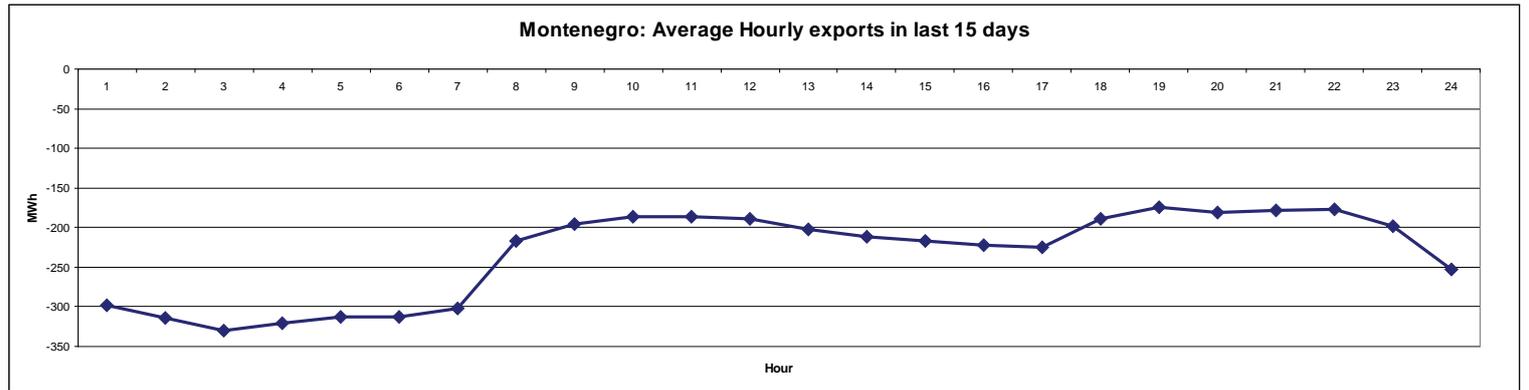
## Montenegro: Electricity exports in last 15 days per border (MWh)

	16.2.2008	17.2.2008	18.2.2008	19.2.2008	20.2.2008	21.2.2008	22.2.2008	23.2.2008	24.2.2008	25.2.2008	26.2.2008	27.2.2008	28.2.2008	29.2.2008
Montenegro - Albania	2493	2650	2680	2884	3171	3168	3278	2742	3141	3084	2832	2409	2979	3373
Montenegro - BiH	-7451	-7701	-7733	-7537	-8527	-8555	-5474	-6573	-8327	-7317	-6193	-4448	-6970	-7971
Montenegro - Serbia	831	533	1576	2116	-1032	-1647	-1045	-2543	-2557	-1926	-2868	-3385	-4416	-2033
<b>Total</b>	<b>-4127</b>	<b>-4518</b>	<b>-3477</b>	<b>-2538</b>	<b>-6388</b>	<b>-7034</b>	<b>-3240</b>	<b>-6373</b>	<b>-7743</b>	<b>-6160</b>	<b>-6230</b>	<b>-5425</b>	<b>-8408</b>	<b>-6632</b>

### Montenegro: Electricity export in last 15 days (MWh)

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24
16.2.2008	-395	-390	-361	-349	-335	-333	-350	-202	-134	-66	-57	-61	-47	-48	-24	-32	-56	-102	-109	-116	-109	-100	-149	-201
17.2.2008	-270	-339	-387	-362	-366	-364	-379	-304	-83	-70	-83	-76	-87	-80	-83	-85	-102	-116	-141	-156	-161	-145	-137	-144
18.2.2008	-123	-209	-375	-370	-364	-366	-301	-54	-47	-53	-57	-60	-64	-67	-67	-81	-71	-98	-110	-114	-96	-92	-105	-134
19.2.2008	-121	-93	-215	-277	-264	-195	-87	-49	-53	-31	-32	-37	-26	-20	-41	-38	-44	-91	-119	-127	-110	-120	-110	-240
20.2.2008	-361	-336	-373	-371	-371	-348	-304	-58	-90	-113	-91	-171	-281	-312	-313	-320	-322	-313	-225	-198	-195	-196	-321	-405
21.2.2008	-369	-370	-360	-339	-344	-339	-359	-333	-337	-322	-315	-307	-308	-320	-323	-346	-340	-280	-203	-182	-160	-172	-163	-145
22.2.2008	-234	-331	-308	-294	-290	-300	-247	-12	3	-19	-10	-8	-51	-117	-119	-109	-123	-34	-66	-75	-74	-65	-137	-224
23.2.2008	-177	-298	-324	-312	-304	-306	-346	-308	-281	-213	-212	-193	-219	-218	-237	-266	-271	-206	-157	-272	-284	-266	-322	-383
24.2.2008	-379	-345	-315	-285	-268	-288	-319	-331	-333	-329	-312	-318	-312	-299	-314	-315	-329	-336	-317	-330	-341	-330	-352	-349
25.2.2008	-362	-321	-294	-287	-266	-299	-310	-306	-308	-298	-301	-312	-296	-301	-292	-309	-311	-128	-135	-136	-126	-113	-108	-241
26.2.2008	-333	-314	-290	-281	-275	-279	-275	-267	-275	-291	-274	-259	-277	-288	-277	-267	-271	-228	-125	-125	-150	-248	-245	-317
27.2.2008	-331	-311	-277	-262	-248	-271	-266	-170	-132	-151	-246	-230	-227	-235	-255	-277	-278	-197	-184	-173	-167	-175	-170	-194
28.2.2008	-390	-416	-435	-426	-404	-414	-415	-395	-412	-417	-379	-371	-393	-411	-423	-410	-393	-273	-242	-224	-207	-174	-169	-216
29.2.2008	-327	-331	-298	-277	-272	-275	-280	-256	-248	-238	-239	-239	-252	-256	-265	-256	-245	-243	-302	-305	-312	-292	-285	-339
<b>Average</b>	<b>-298</b>	<b>-314</b>	<b>-329</b>	<b>-321</b>	<b>-312</b>	<b>-313</b>	<b>-303</b>	<b>-218</b>	<b>-195</b>	<b>-186</b>	<b>-186</b>	<b>-189</b>	<b>-203</b>	<b>-212</b>	<b>-217</b>	<b>-222</b>	<b>-225</b>	<b>-189</b>	<b>-174</b>	<b>-181</b>	<b>-178</b>	<b>-178</b>	<b>-198</b>	<b>-252</b>

### Montenegro: Average Hourly exports in last 15 days

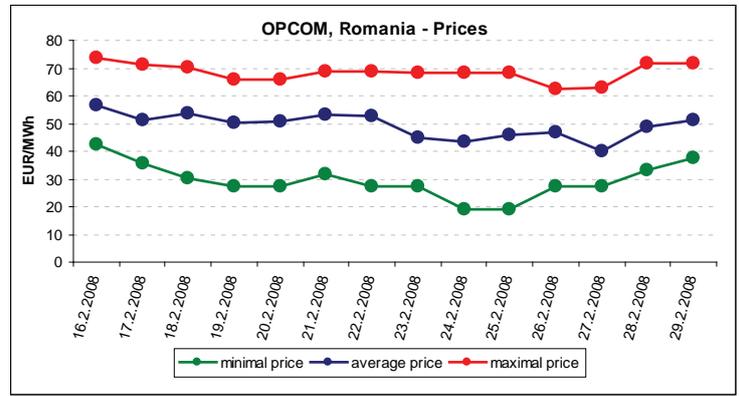
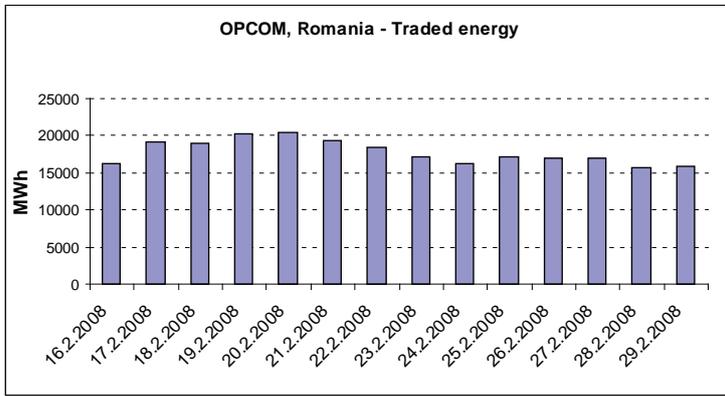


Gray block: Daily consumption (in GWh)  
 Red line: Maximal daily load (in MW)  
 Blue line: Minimal daily load (in MW)  
 (source: TSO EPCG)

### Romania: Electricity consumption in last 15 days (MWh)

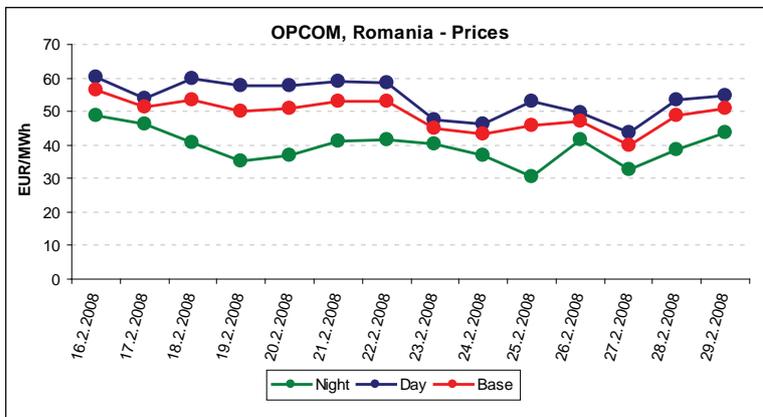
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24
16.2.2008	6591	6442	6332	6298	6323	6381	6547	6837	7119	7348	7411	7290	7210	7121	6999	6879	6916	7343	8005	8078	7871	7567	7101	6739
17.2.2008	6458	6229	5994	5929	5951	5966	5920	5991	6193	6327	6393	6358	6369	6318	6171	6162	6245	6677	7282	7378	7278	6973	6604	6249
18.2.2008	6112	5942	5874	5841	5917	6119	6620	7488	7904	8053	8058	7984	7961	7983	7863	7719	7618	7817	8330	8412	8230	7847	7319	6837
19.2.2008	6422	6261	6178	6116	6214	6406	6833	7464	7757	7886	7845	7779	7740	7688	7560	7460	7400	7541	8205	8303	8129	7778	7210	6746
20.2.2008	6453	6292	6195	6155	6183	6389	6820	7454	7818	7922	7877	7825	7781	7801	7664	7513	7435	7622	8148	8329	8150	7740	7247	6761
21.2.2008	6375	6192	6087	6059	6116	6354	6778	7325	7671	7824	7783	7670	7621	7571	7488	7391	7385	7633	8132	8281	8113	7697	7144	6669
22.2.2008	6363	6212	6137	6072	6061	6325	6718	7289	7612	7734	7664	7560	7431	7377	7264	7110	7079	7163	7885	8176	8071	7635	7073	6605
23.2.2008	6197	6009	5815	5753	5756	5848	5971	6201	6466	6599	6607	6600	6505	6375	6248	6176	6184	6267	6939	7218	7124	6862	6490	6095
24.2.2008	5908	5706	5589	5541	5576	5613	5629	5579	5758	5827	5818	5763	5743	5714	5601	5590	5659	5845	6537	6765	6713	6507	6187	5843
25.2.2008	5610	5460	5412	5383	5476	5673	6176	6883	7393	7529	7564	7511	7448	7382	7280	7058	7050	7144	7763	8029	7926	7522	7014	6626
26.2.2008	6144	5963	5893	5879	5947	6123	6474	6931	7235	7364	7345	7198	7115	7053	6767	6747	6743	6936	7561	7919	7837	7496	6985	6574
27.2.2008	6093	5885	5790	5778	5806	5988	6411	6906	7229	7222	7201	7090	7125	7042	6783	6611	6593	6720	7398	7720	7704	7307	6800	6387
28.2.2008	5996	5751	5732	5703	5794	5965	6374	6725	6982	7015	6910	6835	6835	6842	6686	6556	6566	6587	7377	7764	7655	7294	6802	6292
29.2.2008	5943	5802	5652	5655	5696	5815	6313	6810	7006	7045	6972	6876	6758	6734	6644	6555	6502	6685	7353	7754	7634	7230	6649	6170
<b>Average:</b>	<b>6190</b>	<b>6010</b>	<b>5906</b>	<b>5869</b>	<b>5915</b>	<b>6069</b>	<b>6399</b>	<b>6849</b>	<b>7153</b>	<b>7264</b>	<b>7246</b>	<b>7167</b>	<b>7117</b>	<b>7071</b>	<b>6930</b>	<b>6823</b>	<b>6812</b>	<b>6998</b>	<b>7637</b>	<b>7866</b>	<b>7745</b>	<b>7390</b>	<b>6902</b>	<b>6471</b>





**Opcom, Romania: Prices in last 15 days**

	16.2.2008	17.2.2008	18.2.2008	19.2.2008	20.2.2008	21.2.2008	22.2.2008	23.2.2008	24.2.2008	25.2.2008	26.2.2008	27.2.2008	28.2.2008	29.2.2008
Base Price	56.43	51.42	53.44	50.01	50.91	53.16	52.89	45.12	43.23	45.70	47.04	40.08	48.59	51.11
Base Quantity	16239	19177	19015	20259	20377	19410	18421	17126	16276	17216	16998	16998	15781	15882
Day Price	60.23	53.96	59.83	57.49	57.85	59.17	58.65	47.56	46.29	53.23	49.80	43.81	53.64	54.92
Day Quantity	10513	13005	12742	13238	13570	12689	11895	11460	10873	11090	11004	11004	10423	10206
Night Price	48.83	46.34	40.66	35.04	37.04	41.16	41.37	40.23	37.10	30.63	41.53	32.62	38.50	43.49
Night Quantity	5727	6172	6273	7020	6806	6721	6527	5666	5403	6126	5994	5994	5358	5676



Day Energy (06-22h)  
Base energy (00-24h)  
Night energy (22-06h)

**Tables with offered Available Transfer Capacities (ATC) in Balkan region for March 2008**

NOS BIH - Bosnia & Herzegovina								March 2008.
Border+Direction	TTC	TRM	NTC	AAC	ATC	AATC	Price	Validity period:
IMPORT								
Croatia > BIH	-	-	100	-	52	52	*	01.-31.3.2008.
Montenegro > BIH	-	-	225	-	0	0	*	01.-31.3.2008.
Serbia > BIH	-	-	150	-	80	80	*	01.-31.3.2008.
EXPORT								
BIH > Croatia	-	-	225	-	15	15	*	01.-31.3.2008.
BIH > Montenegro	-	-	145	-	61	61	*	01.-31.3.2008.
BIH > Serbia	-	-	139	-	10	10	*	01.-31.3.2008.

OPS HEP - Croatia								March 2008.
Border+Direction	TTC	TRM	NTC	AAC	ATC	AATC	Price	Validity period:
IMPORT								
Hungary > Croatia	-	-	-	-	400*	400*	4.10	01.-31.3.2008.
Slovenia > Croatia	-	-	-	-	75	70	0.00	01.-31.3.2008.
Serbia > Croatia	-	-	-	-	100	100	1.31	01.-31.3.2008.
BIH > Croatia	-	-	-	-	50	48	0.37	01.-31.3.2008.
EXPORT								
Croatia > Hungary	-	-	-	-	200*	195*	0.60	01.-31.3.2008.
Croatia > Slovenia	-	-	-	-	150	146	0.22	01.-31.3.2008.
Croatia > Serbia	-	-	-	-	125	120	0.63	01.-31.3.2008.
Croatia > BIH	-	-	-	-	25	25	2.04	01.-31.3.2008.

MAVIR - Hungary								March 2008.
Border+Direction	TTC	TRM	NTC	AAC	ATC	AATC	Price	Validity period:
IMPORT								
Croatia > Hungary	600	200	400	200	200	195*	0.60	01.-31.3.2008.
Romania > Hungary	400	100	300	200	100	100	0.85	01.-31.3.2008.
Serbia > Hungary	550	100	450	275	175	170	0.06	01.-31.3.2008.
EXPORT								
Hungary > Croatia	1050	200	850	450	400	400*	4.10	01.-31.3.2008.
Hungary > Romania	500	100	400	225	175	175	0.26	01.-31.3.2008.
Hungary > Serbia	550	100	450	250	200	194	3.61	01.-31.3.2008.

\* Common auction conducted by MAVIR

MEPSO - Macedonia								March 2008.
Border+Direction	TTC	TRM	NTC	AAC	ATC	AATC	Price	Validity period:
IMPORT								
Serbia > Macedonia	410	100	310	0	155	155	0.40	01.-31.3.2008.
Greece > Macedonia	220	100	120	0	0	0	-	01.-31.3.2008.
EXPORT								
Macedonia > Serbia	280	100	180	0	90	0	0.00	01.-31.3.2008.
Macedonia > Greece	200	100	100	0	0	0	-	01.-31.3.2008.

Remark: No transparent allocation procedure on Greek and Bulgarian border

TSO EPCG - Montenegro								March 2008.
Border+Direction	TTC	TRM	NTC	AAC	ATC	AATC	Price	Validity period:
IMPORT								
Albania > Montenegro	-	-	-	-	100	0	0.00	01.-31.3.2008.
BIH > Montenegro	-	-	-	-	115	150	0.75	01.-31.3.2008.
Serbia > Montenegro	-	-	-	-	85	70	0.50	01.-31.3.2008.
EXPORT								
Montenegro > Albania	-	-	-	-	50	50	0.55	01.-31.3.2008.
Montenegro > BIH	-	-	-	-	150	0	0.00	01.-31.3.2008.
Montenegro > Serbia	-	-	-	-	30	10	0.50	01.-31.3.2008.

Transelectrica - Romania								March 2008.
Border+Direction	TTC	TRM	NTC	AAC	ATC	AATC	Price	Validity period:
IMPORT								
Bulgaria > Romania	200	100	50	50	0	0	0.00	01.-31.3.2008.
Serbia > Romania	300	100	100	50	50	50	0.01	01.-31.3.2008.
Hungary > Romania	500	100	200	25	175	175	0.18	01.-16.3.2008.
	400	100	150	25	125	125	0.06	17.-31.3.2008.
Ukraine > Romania	350	100	250	100	150	10	0.000	01.-31.3.2008.
EXPORT								
Romania > Bulgaria	550	100	225	50	175	175	2.75	01.-31.3.2008.
Romania > Serbia	500	100	200	50	150	150	0.95	01.-31.3.2008.
Romania > Hungary	400	100	150	50	100	100	0.75	01.-23.3.2008.
	300	100	100	50	50	50	1.17	24.-31.3.2008.
Romania > Ukraine	150	100	50	0	50	0	0.00	01.-31.3.2008.

EMS - Serbia								March 2008.
Border+Direction	TTC	TRM	NTC	AAC	ATC	AATC	Price	Validity period:
IMPORT								
Hungary > Serbia	-	-	-	-	225	225	*	01.-31.3.2008.
Romania > Serbia	-	-	-	-	200	200	*	01.-31.3.2008.
Bulgaria > Serbia	-	-	-	-	200	200	*	01.-31.3.2008.
Macedonia > Serbia	-	-	-	-	90	0	*	01.-31.3.2008.
Albania > Serbia	-	-	-	-	105	0	*	01.-31.3.2008.
Montenegro > Serbia	-	-	-	-	75	0	*	01.-31.3.2008.
BiH > Serbia	-	-	-	-	75	25	*	01.-31.3.2008.
Croatia > Serbia	-	-	-	-	175	115	*	01.-31.3.2008.
EXPORT								
Serbia > Hungary	-	-	-	-	225	100	*	01.-31.3.2008.
Serbia > Romania	-	-	-	-	100	65	*	01.-31.3.2008.
Serbia > Bulgaria	-	-	-	-	50	50	*	01.-31.3.2008.
Serbia > Macedonia	-	-	-	-	155	115	*	01.-31.3.2008.
Serbia > Albania	-	-	-	-	105	95	*	01.-31.3.2008.
Serbia > Montenegro	-	-	-	-	145	140	*	01.-31.3.2008.
Serbia > BiH	-	-	-	-	50	45	*	01.-31.3.2008.
Serbia > Croatia	-	-	-	-	150	149	*	01.-31.3.2008.

\* No price information available

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

General remark 2: All prices for capacity are presented in €/MWh

- 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)

- AATC (ALLOCATED Available Transfer Capacities) values are the results of allocation procedure conducted by respective TSO in which table this value appears

## Danube water-level in cm for last 30 days

relevant for:

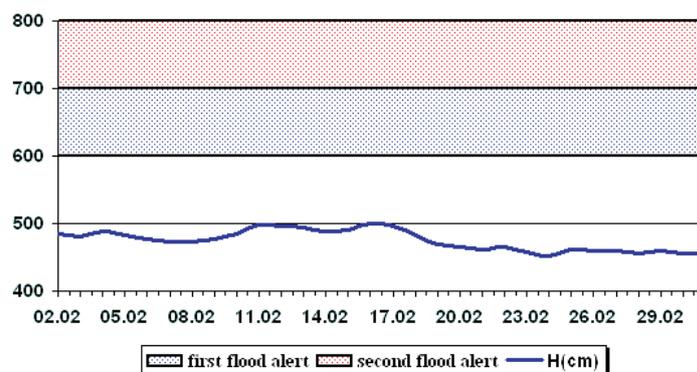
HPP Portile de Fier I, 1167 MW, Romania

HPP Portile de Fier II, 270 MW, Romania

HPP Djerdap I, 1058 MW, Serbia

HPP Djerdap II, 270 MW Serbia

(source: Republic Hydrometeorological Service of Serbia)



## Analysis:

### Privatization of Oil industry of Serbia (NIS) – recent developments and present status

During the past few years, privatization of Oil industry of Serbia (NIS) was one of the major issues in energy sector of Serbia, and during this period, approach of government of Serbia has been changing several times. There was a large overturn in complete strategy from November 2007, when Gazprom intention for entering the Serbian market became more direct.

In July 2007, government standpoint regarding privatization of NIS was:

- » Public tender procedure for selling minority stake of NIS
- » Oil refineries would not be in tender procedure
- » Search for strategic partner
- » Revitalization of NIS and its subsidiary companies, with large network of pump stations, in order to increase its worth
- » Revitalization of oil refineries, in order to increase quality of oil product in order to find strategic partner

Today, it is not possible to precisely determine government strategy regarding privatization of NIS, but major standpoints would be:

- » Direct contract for selling majority stake of NIS to Gazprom.
- » Selling all subsidiaries, with oil refineries "Novi Sad" and "Pancevo"
- » No large investments in NIS until realization of contact with Gazprom
- » Get a stake in a "South stream project" which will pass through Serbia

There are disputes within the government regarding privatization of NIS. While some of representatives think that best price can be achieved with open tender procedure, others think that selling to Gazprom would be the best possible solution, scarifying possibly higher selling price for energy stability and possibility for Serbia to become more important energy figure in this region. Also, there is a question related to two oil refineries: Sale of them could rise value of

NIS, and it could lead to modernization, but there is a fear that further investments into them could be ignored and import of crude oil derivatives could be increased.

Currently, it is not possible to tell when will the tender be announced, or would it even be published and what it will include in the selling package.

#### Structure of NIS:

In 2005, NIS has been reconstructed in 4 large sectors from large number of smaller subsidiaries. Some of the subsidiaries have been divided.

» 1. NIS-Naftagas (<http://www.nis-naftagas.co.yu/>) - exploration and extraction of oil and gas, formed from:

- NIS Naftagas
- Jugopetrol nafta

» 2. NIS Petrol (<http://www.jugopetrol.co.yu/>) - oil related, formed from:

- NIS RNP (Oil refinery Pancevo) <http://www.rnp.co.yu/rnp/index.jsp>
- NIS RNS (Oil refinery Novi Sad) <http://www.rns-nis.co.yu/>
- NIS NAP (Petrol stations and distribution of oil products, part of) <http://www.nap.co.yu/>
- NIS Jugopetrol (Trade and distribution of oil and oil products, vehicles, spare parts for vehicles, mixed goods)

» 3. NIS-TNG (<http://www.nis-tng.co.yu/>) - gas related, formed from:

- NIS Energogas <http://www.energogas.co.yu/>
- NIS Jugopetrol (Distribution of gas)

» 4. NIS-Tourism (hotels and restaurants)

Two companies were divided from NIS and formed as independent companies, and by that fact, they will not be included in tender procedure.

- "Transnafta AD" - transport of oil trough pipelines
- "Srbijagas AD" - transport, distribution and trade of natural gas (<http://www.srbijagas.com/>)

#### Recent developments regarding NIS privatization BEFORE Gazprom started negotiations for majority takeover without tender process

In June 2005, government announced privatization consultants regarding privatization of two oil refineries owned by NIS. Together with oil refineries, government has been considering to sell petrol stations as well in the same package. At that time, Bookkeeping value of NIS was evaluated at 1.6 billion euros, and the assessment had been done by the Deloitte. Experts believed that worth of NIS at the time was 2 billion euros, that if privatization of NIS were made in several phases, sale price would reach up to 7 billion euros, and that investments of only 300 million euros could increase company's worth up to 2 to 3 times higher than was at the time.

From 23 companies with 38 subcontractors who applied in the first round of the tender for the privatization advisor of the NIS, government selected consortium Merrill Lynch International and Raiffeisen Investment AG. The Merrill Lynch offered the lowest price for its services: the 900,000 euros as the fixed payment and commission fee of 1.2 % of privatization incomes. The selection of the privatization advisor was one of the conditions for Serbia set by the IMF for the finishing of the current financial arrangement and write-off of 700 million euros of debts by the Paris Club Creditors.

11 months later, the consortium of Merrill Lynch (ML) and Raiffeisen Investment (RI), presented privatization strategy for national oil company to the government of Serbia, and government accepted it. According to the approved privatization strategy, NIS will be privatized in two phases. During the first phase, government and future strategic partner should acquire equal stake in the company of 37.5 % of shares. Strategic partner should acquire 37.5 % of shares through capital stake increase, for which some 250 million dollars should be invested, minister estimated. The rest of 25 % of shares in NIS should be partially transferred to the NIS's employees (6.3 %) and partially the shares should be transferred to the national privatization registry (18.7 %). The NIS employees would receive 200 euros per year spent in the company if they decide to leave the company, and employees will be free to sale their shares immediately. The privatization advisor set the lowest prices of shares in NIS at 158 dollars, with overall number of 8.15 million shares and overall share capital of NIS of 1.024 billion dollars.

The second phase of privatization should start three years after, during which strategic partner would acquire 49 % of the shares in the company, through increase of capital stake or through the sale of shares by the state. At the end of the second phase, state should own 21 % of shares in NIS, privatization registry will control 15 % of shares, and the same amount of shares should be listed on stock exchange. During this stage, strategic partner should invest another 250 million dollars. In addition, strategic partner will be obliged to obey rules on environmental protection, quality of fuel and working conditions.

In the third phase of privatization, the government will have privileged right to decide how it will sell its remaining stake in NIS. The participation in the tender will be allowed to consortiums, but not to financial investors or investments funds, which main line of business is different from main line of business of NIS. The government would also have privileged right to reject the bid from particular consortium if it has estimated that particular consortium would not preserve NIS as vertically integrated company.

In October 2006 Privatization agency published public invitation for potential investors regarding privatization of NIS. The invitation is aimed to find how many investors are interested in privatization of NIS. In the invitation the government had been offering for sale 25 % of shares in the NIS. The letter of intentions by potential investors should have been submitted by the mid October. It was planned for tender to be launched in October, but it was postponed due to parliamentary elections. After long parliamentary crisis, newly elected minister of energy and mining, Aleksandar Popov announced that privatization of NIS should be expected in autumn 2007, and changes in privatization model from 2006 were announced, but principle of minority stake remained. At that moment, two oil refineries were excluded from privatization process, and there was a plan for their modernization with future strategic partner. It is interesting to point that in that moment, vice Prime Minister Bozidar Djelic announced that none of the large public companies, such as NIS, will undergo majority privatization during mandate of the current government. The privatization of NIS and other important public companies should be gradual in order to revitalize those companies, increase their worth and attract investors. Vice president confirmed interest of Serbia to preserve oil refineries in Pancevo and Novi Sad and to find partner willing to invest in their renewal, in order not to shut them down in any case. According to some sources, the Serbian government fears that some of the interested parties could shutdown oil refineries of NIS and supply Serbian market from its refineries.

Companies that publicly expressed interest into privatization of NIS by the end of July were: Russian Rosneft Rosneft, Romanian oil company Rompetrol, Austrian OMV, MOL, Hellenic Petroleum, PKN Orlean, Motor Oil, Slovenian Petrol, Israelian Merhab Group and Delek.

Romanian oil company Rompetrol announced it was willing to pay the highest price in order to win in the privatization tender for NIS. CEO of Rompetrol Dinu Patriciu confirmed the Rompetrol is willing to invest almost 1 billion dollars for upgrade of NIS's oil refineries in the period of three years. Hellenic Petroleum was considering the option for submitting the joint bid with OMV in the incoming tender release.

Also, in July 2007, management of NIS confirmed it had had talks with 17 banks, which expressed readiness to grant 14-year loan to NIS, after which the company had selected the best offer. 380 million euros loan was supposed to be invested in modernization of oil refineries "Novi Sad" and "Pancevo", recapitalization and modernization of 300 petrol stations. In that time, issues regarding pollution of these refineries were very popular in domestic media, mostly for refinery "Pancevo", since city of Pancevo is most polluted city in Serbia. No investments in oil refineries were made in last 15 years. Since today, loan and investments were not realized.

### **Recent developments regarding NIS privatization AFTER Gazprom started negotiations for majority takeover without tender process**

In December 2006, Serbia and Gazprom signed Memorandum of understanding for construction of natural gas pipeline across Serbia, the cost of which is estimated at some 1 billion euros. In the beginning of August 2007, Aleksandar Popovic said the Gazprom had not yet decided whether to extend the South stream pipeline across Serbia. In October 2007, President of Serbia, Boris Tadic, and prime minister of Serbia, Vojislav Kostunica, had a meeting with chairman of the management board of Gazprom, Aleksey Miler, who visited Serbia in the first half of October. The meeting was also attended by minister of energy and mining of Serbia, Aleksandar Popovic and Russian ambassador Aleksandar Alekseev. Gazprom's officials confirmed they have been considering participating in privatization of NIS, construction of natural gas pipeline and underground storage facilities in Serbia.

Finally, in November 2007, spokesman of Gazprom, Sergey Kupriyanov said that Gazprom wants to participate in privatization of NIS and aims to acquire majority stake in NIS. Serbian Minister of economy, Mladjan Dinkic expressed his points that NIS should be privatized by selling the majority stake in the company, where the state would preserve 'golden share' in the company. Union of NIS was strictly against selling the majority stake, and demanded that privatization of the company should be carried out in accordance to previously adopted strategy that implies sale of minority stake to strategic partner.

In early December, 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, mostly regarding construction of South stream project. 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 expected to earn some 200 million dollars per year 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). 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 and that main pipeline will go via Romania. The natural gas could be transited only to Bosnia and Herzegovina, which would bring insignificant profit.

At that time, at the end of 2007, 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 and announcements from ministry were that Gazprom is only interested to take part in modernization of NIS. Also, 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. Minister of economy Madjan Dinkic and his party "G17+" voted against Russian proposal. The Ministry of economy claimed that Russians did not give any kind of guarantees for building the South Stream across Serbia, while, in exchange, they requested to purchase NIS through direct agreement at unrealistic low price. Also, Russia mentioned only to build the extension and not the main route of the pipeline, where the main route should be decided in 2008. Russia demanded not to apply EU environmental standards in NIS until 2012, which would additionally increase pollution in Belgrade and Pancevo due to poor ecological standards of Refinery in Pancevo. Minister of energy and mining, Aleksandar Popovic claimed that Russia did not mention any of cash offers in its proposal.

From the end of December till middle of January, Russian Gazprom issued a press release regarding proposed cooperation with Serbia. According to Gazprom, the construction of South stream natural gas pipeline would make Serbia the natural gas transit country. Gazprom also confirmed interest for privatization of NIS and underground natural gas storage facility in Banatski Dvor. According to earlier unconfirmed claims, Gazprom offered 400 million euros for 51 % stake in NIS and another 500 million euros in investments. The Gazprom also accepted to pay some 600 million euros of debts of Serbian Oil Company. European commission (EC) expressed its concerns over the potential takeover of NIS by Gazprom. EC said that, according to most of the experts, the worth of NIS was much higher comparing to Russian offer. EC believes that privatization of NIS must be fully transparent, and motivated exclusively by commercial and economic interests, spokesperson of EC said. As a reminder, OMV, PKN Orlen, MOL, Rompetrol and Hellenic Petroleum more than once expressed interest for privatization of NIS. Greece's Hellenic Petroleum (HELPE) and Austrian OMV announced possible establishment of joint venture that should take part in a future tender for privatization of NIS.

On January 25th in Moscow, Russia and Serbia signed the agreement for cooperation in oil and natural gas sector. The agreement was signed a month after Russia offered cooperation to Serbia. According to agreement, Russian oil and gas company Gazprom should purchase 51 % of Oil industry of Serbia (NIS) for minimum of 400 million euros, while another 500 million euros should be invested by 2012.

Also, Gazprom should build the natural gas pipeline across Serbia, where its minimum annual capacity should be 10 billion cubic meters of natural gas. The agreement also envisaged the construction of underground natural gas storage facility in Banatski Dvor. Russian partners will own 51 % of the facility, where they would build and operate the facility. The local companies will have privileged right to take part in the project, while the state of Serbia should provide tax and customs relieves. Storage facility should have capacity of at least 300 million cubic meters, while daily flow should be at least 1.6 million cubic meters. Russian analysts believed that Serbia could try to increase sale price for NIS to 700 million euros.

On February 25th, in Belgrade, the chairman of the management board of Gazprom Aleksey Miler and director of Serbian natural gas company Srbijagas Sasa Ilic signed the contract for construction of natural gas pipeline across Serbia. The pipeline will be part of South stream natural gas pipeline.

Director of Srbijagas, Sasa Ilic believes that the pipeline could be built by January 1, 2014. Srbijagas and Gazprom should establish

joint venture that will manage natural gas transit across Serbia by May 25th. The future company will immediately start to prepare feasibility study for the project, which should be completed in period of 18 months. The construction works should start by the end of 2011 at the latest. The annual capacity of the 400 km long pipeline will be at least 10 bcm, where the capacity could be increased.

The contract is in line with the interstate Cooperation agreement in oil and natural gas sector between Russia in Serbia signed in Moscow on January 25. The agreement envisaged construction of South stream pipeline across Serbia and sale of 51 % of shares in Oil industry of Serbia (NIS) to Gazprom for 400 million euros in cash and 500 million euros of investments in next four years.

Dimitri Medvedev confirmed that Gazprom was very close to final purchase of NIS. In the same time, general manager of NIS Srdjan Bosnjakovic believed that negotiations for sale of NIS should start soon and should finalize by the end of the year.

If Gazprom becomes new owner of NIS, the Gazprom and Lukoil would have overall number of 600 petrol stations in Serbia (450 of NIS, and 150 of Lukoil), by which Russian companies would have some 33 % of the retail market share in the country.

## News:

### **The company for PEOP project to be established (Region)**

During the meeting in Brussels in the second half of February, Serbia, Croatia, Italy and Romania agreed that experts' team should present the final proposal for establishment of joint company, which should take place in Zagreb on March 6.

The meeting in Croatian capital would be the first concrete decision regarding the PEOP after participating countries signed ministerial declaration in March last year.

In two weeks after the signing the agreement, all member countries of Interstate committee for construction of Pan European oil pipeline (PEOP) should appoint their companies that should take part in the joint company for the development of the pipeline. The project company should be established on the principles of private public partnership. The company should be registered in a month and a half after signing the agreement, while the head office of the future company should be in London, which was explicitly demanded by Italy. The project company should provide all necessary licenses, studies, interstate agreements in order to invite potential investors, i.e. oil companies and financial institutions to take part in the project.

PEOP is intended to transport crude oil from Romanian port of Constanta to Trieste in Italy, where the pipeline would be connected to TAL pipeline. Originally, Slovenia took part in the project, but, since some time, it seemed reluctant to take part in the project due to ecological reasons. Overall length of the pipeline should be 1,300 km, while the pipeline should be completed after 2011. The existing parts of Adriatic pipeline from Omisalj (Croatia) and Novi Sad (Serbia) could become part of new transport system, which should reduce construction costs.

After the meeting in Brussels, European commission (EC) confirmed it has been supporting the PEOP project, which should help environmental protection in highly congested regions of Mediterranean and Danube. The Deputy Director-General for Energy and Transport in charge of energy in EC, Fabricio Barbaso, also said that Kaza-

khstan and Azerbaijan gave official assurances to Romania that they are willing to provide oil supplies for the pipeline. Barbaso also believes that PEOP project would promote regional integrations and the economic development of the participating countries.

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### **Natural gas companies to discuss establishment of joint gas company in March (Region)**

The first joint meeting of the regional natural gas companies, during which the participants would discuss the establishment of joint regional gas company, should take place in Bucharest on March 13-14. The host of the meeting will be Romania's Transgaz.

The establishment of the joint company was proposed by Hungarian MOL in the end of the last year. According to proposal, the new company should be in charge for management of integrated natural gas network in Central and Southeastern Europe. The new project was named New Europe Transmission System (NETS).

MOL sent invitations to natural gas companies in Slovenia, Croatia, Bosnia and Herzegovina (BiH), Romania, Bulgaria, Serbia and Austria. In the same time, the initiative has been open to all other interested companies.

During the meeting in Romania, the participants should discuss strategic, regulatory and financial issues and the management of entire project. The main aim of the meeting is to set long-term plans and short-term activities of the project.

The executive director of Transgaz Ioan Rusu confirmed that Transgaz has supported the project from the very beginning. Director of natural gas transmission department of MOL Janos Zuga said that NETS's momentum has been increasing each day. The main aim of the project is the improvement of natural gas supply in Central and Southeastern Europe, MOL's official said. New regional gas company should have 27,000km long pipeline network.

On the other hand, according to sources, officials from Bulgarian gas company, Bulgargaz said they had not been informed about the meeting. According to Bulgarian press, the high officials of Bulgargaz were not available for the comment.

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### **Privatization of ARMO (Albania)**

On 19th February, Ministry of Economy, Trade and Energy announced open international tender for privatization of 85% shares of oil refinery ARMO. ARMO is 100% owned by government.

ARMO owns two refineries at Ballsh and Fier, approximately 100 kilometers south of Tirana. It also owns a research center, 11 depots and a network of gas stations, which according to company figures are valued at a total 110 million EUR.

As a reminder, Albanian government has announced "big round of privatization" in 2008, with a goal of selling all major assets controlled and owned by state. "One of the main criteria will require the contractor to make an investment that will help develop this key sector." Prime Minister Sali Berisha said.

Offers will be evaluated on 21st of May, 2008.

In related news, Albanian government discussed and approved draft law "On definition of form and structure of the privatization formula of "Operator of Distribution System"; proposed by the Ministry of Economy, Trade and Energy.

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### **Samsung to invest in Albania (Albania)**

Representatives of Samsung had a meeting with Albanian Prime Minister Sali Berisha regarding two new energy projects. According to sources, Samsung aims to build 40 MW TPP on heavy oil, which will be located near city of Fier. They also plan to construct an inter-connection line between Babica and Saranda.

Samsung is aiming for "Albanian for 1 EUR" initiative. As a reminder, under this initiative, public owned land and assets are made available to investors for a token price, in exchange for the promise of substantial capital investment.

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### **Albania to invest in Kosovo energy sector (Albania)**

On 26th of February, Albanian government expressed their intentions to invest in Kosovo energy sector. "We have stated it before and I will restate it that we would like to be a major stakeholder in Kosovo's thermal power plants," said Mr. Sali Berisha

Albania aims to a project "Kosovo C", coal fired power plant, with installed power of around 2000 MW. According to different analyses, Kosovo lies on large reserves of coal. Like Albania, Kosovo also has problems with frequent power cuts.

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### **750,000 tons of oil derivatives imported in 2007 (Bosnia and Herzegovina)**

In 2007, overall import of oil derivatives in Federation of Bosnia and Herzegovina (F BiH) reached 747,638 tons. 90 % of that amount was the liquid fuels. According to data, there are some 12 large oil import companies in F BiH.

The largest import company was the subsidiary of Croatian oil industry (INA), Holdina, the import of which stood at 154,274 tons. The second ranked importer with 143,274 tons was Hifa Oil, while the subsidiary of Slovenian Petrol, Petrol BH Oil company imported 110,545 tons. Those three companies provided 55 % of overall import in F BiH. Just fourth ranked oil importing company was Energo-petrol, which imported 63.548 tons.

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### **Parliament postponed discussion on strategic partnership for construction of power plants (Bosnia and Herzegovina)**

The MPs (both ruling and opposition parties) in parliament of Federation of Bosnia and Herzegovina (BiH) decided by a large majority to postpone the discussion on the government's proposal for signing the contract with strategic partners in the large-scale projects for construction of power plants.

The discussion was postponed indefinitely after the request of prime minister Nedžad Branković. Branković said that the government had decided to hire international consultant that will evaluate references and eligibility of potential strategic partners.

The minister of energy, mining and industry Vahid Heco said the postponement was the good move, since the government's project needs to earn strong support from the parliament. The construction of eight new power plants is the most important project after the war in BiH, said energy minister, and urged MPs to vote for the proposal. Heco confirmed that the latest parliamentary decision was agreed by SDA party and SBIH party.

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### **Increase in natural gas prices (Bosnia and Herzegovina)**

The government of Federation of Bosnia and Herzegovina (F BiH) approved the decision for increase in natural gas prices. Starting from March 1, natural gas distributors in the country should pay 315 euros/1,000 cubic meter of natural gas (no VAT included).

The rise in prices was explained by rise in supply prices and by rise in transit expenses across Hungary and Serbia. The additional reason for increase in prices was the increase of price of oil and oil products in the last year. The price of natural gas in F BiH has not been changed since April last year.

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### **Republic of Srpska interested for South stream pipeline (Bosnia and Herzegovina)**

Prime minister of Republic of Srpska (RS) Milorad Dodik said that RS would send official request to Russia to reconsider construction of the extension of South stream pipeline in RS. Dodik believes this would be the best option for natural gas supply of RS.

Dodik said this after the meeting with the first vice prime minister of Russia Dimitri Medvedev, Russian foreign minister Sergey Lavrov and chairperson of the management board of Gazprom Aleksey Miller. The meeting took place in Belgrade, during the signing of the contract for construction of South stream pipeline across Serbia.

Dodik and Russian officials also discussed further development of projects in oil sector in RS. As a reminder, Russian company Nefte-GazInkor became the majority owner of three major oil companies in RS in the last year.

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### **Authorities willing to approve construction of bio-ethanol factory in Brcko (Bosnia and Herzegovina)**

The government of Brcko District has accepted an initiative and certain demands of interested company, the EI Group from Canada and Scotland, related to construction of large bio-ethanol factory. The future plant should have strategic significance for entire Bosnia and Herzegovina (BiH), local officials said.

The cost of construction of the factory, which should be built on 20 hectares, should reach 150 million euros and the factory should be

built in four years. The factory should be located on Sava River on the city's outskirts and it should employ 400 people.

The project should be implemented through at least 30-year concession contract. The District government should very soon officially approve the Proposal for construction of the bio-ethanol factory, while the members of District parliament should reach the final decision on the project.

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### **EP BiH reported 5.9 million euros of profit in 2008 (Bosnia and Herzegovina)**

In 2007, Power utility of Bosnia and Herzegovina (EP BiH) reported overall turnover of 368.6 million euros, while overall expenses reached 310 million euros. The company posted net profit of 5.9 million euros, which was 12.5 % higher comparing to previous year. This was said during the first press conference held by the newly appointed general manager of EP BiH Amer Jerlagic.

In 2008, EP BiH should report 420 million euros of income, while expenses should reach 345 million euros. The net profit of the company should reach some 3 million euros.

In the same time, 87.5 million euros will be invested. Along with investments approved earlier, overall investments in 2008 should reach 153 million euros.

General manager confirmed that company has been preparing the project for construction of 24 small hydropower plants (HPPs) near city of Konjic.

Answering the question whether the EP BiH should continue large-scale projects for construction of eight power plants, Jerlagic announced that EP BiH started to prepare the project papers for construction of those plants by itself. The previous contract signed with APET Group for this purpose has expired, head of EP BiH said. Jerlagic said that EP BiH initiated activities for acquiring licenses for the projects and explorations works on the ground.

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### **ERS and EPS signed memorandum of understanding (Serbia& Bosnia and Herzegovina)**

On February 29 in Banja Luka, the officials of Power utility of Serbia (EPS), Power utility of Republic of Srpska (ERS) and hydropower plant (HPP) Visegrad signed the memorandum of understanding that should be another step in the joint project for construction of HPP Buk Bijela.

According to memorandum, EPS should control 50 % stake in the project named HPP Gornja Drina, while ERS and HPP Visegrad should control 25 % stake each. The joint venture will have head office in city of Foca in Republic of Srpska (RS).

General manager of ERS Branislava Milekic explained that MoU should be approved by governments of RS and Serbia and the shareholders assembly of HPP Visegrad, after which the final contract for the project would be signed. She reminded that feasibility study for the project was underway. HPP Buk Bijela should have power output of 150 MW, while annual production should reach 400 GWh.

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### **No large increase in electricity prices (Bulgaria)**

There would be no large increase in electricity prices, the head of State Energy and Water Regulatory Commission (SEWRC), Konstantin Shushulov said. His statement came after publishing the news that electricity bills in January increased by 25 %.

The reasons for increase in bills could be mistakes in reading the electricity meters, and most likely, much lower temperatures comparing to January last year. The new method for reading the electricity meters must not harm customers, Shushulov said.

Commenting the announcement for establishment Bulgarian energy holding (BEH), Shushulov said that BEH could be involved in electricity trade. On the other hand, the participation of subsidiary of Bulgargaz, the Bulgartransgaz, in the holding would be against the new EU directives related to separation of distribution and transmission of natural gas, head of SEWRC concluded.

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### **Bulgargaz and Dalkia consider construction of CCGT plants in Macedonia (Bulgaria)**

Bulgarian state-owned natural gas company Bulgargaz and French company Dalkia (owns Varna heating company) should establish joint venture for the purpose of co-generation projects in neighboring Macedonia. The joint venture should be involved in construction of two 200 MW CCGT plants.

Executive director of Bulgargaz, Lyubomir Dencev said that the company has been invited by Macedonia to take part in the tender procedure for the abovementioned projects. According to sources, Bulgargaz should control 20 % stake in the joint venture. The Bulgargaz wants to increase its capitalization and profit, while the most of the risks will be on French company.

On the other hand, officials from Dalkia denied commenting abovementioned announcements.

Sources from the energy ministry believes that joint venture company would not be in line to the latest government's plans related to the establishment of large national energy holding, the part of which should be the Bulgargaz.

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### **Electricity export ban to be lifted in March (Bulgaria)**

Minister of economy and energy Petar Dimitrov announced that electricity export from Bulgaria would be continued starting from March 1. Bulgaria imposed export restriction in January due to high domestic consumption caused by extremely low temperatures.

The minister denied claims on Bulgaria's export of electricity to Kosovo. On the other, hand, starting from March 1, Bulgaria could export electricity to province (which declared independence from Serbia on February 17), if Kosovo requested so, the minister said.

In the same time, Electricity system operator (ESO) confirmed it has contracted export of 140 MWh/h in period March 1-31 both on Greek and Serbian border. According to ESO, contracted price at Greek border is 85 euros/MWh.

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### **HSE to abandon investment in TPP Ruse (Bulgaria)**

According to Slovenian press, Holding of Slovenian power plants (HSE) has been slowly withdrawing from investment in thermal power plant (TPP) Ruse.

In 2007, HSE bought 100 % of shares in the company for 85 million euros. Soon after, HSE sold 49 % of shares to Russian Mechel. According to sources, the rest of 51 % shares should be sold by HSE to Mechel by 2010.

HSE claims it would be entitled to purchase electricity from TPP Ruse by 2017, regardless of its ownership share in the TPP.

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### **NEK to announce short listed bidders for NPP Belene (Bulgaria)**

The National electric company (NEK) should decide by the end of March which companies would enter final stage of the tender for acquiring 49 % of the stake in future project company that will be in charge for construction and operation of nuclear power plant (NPP) Belene. According to sources, the favorites are RWE and Electrabel. The news was published by Bulgarian press who quoted sources from energy ministry.

NEK has selected Enel, E.ON, RWE, CEZ and Electrabel to be the potential partners and recently asked from them to improve their initial bids. NEK explained that initial bids of all candidates implied they wanted majority managerial rights in the project company, which was unacceptable for Bulgaria.

In the first half of February, CEO of NEK Lyubomir Velkov said that NEK should select strategic partner and the bank that would arrange the financing of the project by the end of this year. Velkov also said that bidders would be offered to sign long-term electricity purchase agreement, but the sources said no such offer was made so far. In the same time, only two banks applied for providing the loan for the project, which implies the banks consider the project to be risky one, sources said.

Sources believe that winner in the tender would be decided by taking into account the financial assets of the bidder, the cash bid, the experience in nuclear energy sector and the experience and accomplishment record on Bulgarian market.

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### **Electricity distributors demanded increase in electricity prices from July (Bulgaria)**

Electricity distributors in the country requested an increase in electricity prices for households and business customers starting from July 1.

During the joint press conference, CEZ, EVN and E.ON presented their joint request. They believe that price increase would compensate inflation losses in period October 2006-July 2008, investments in electricity grid, improved security and quality in supply and the increased usage of renewable energy sources.

CEZ, which owns electricity distributors in Sofia and Pleven, requested 9 % increase in prices for households, 6.2 % for companies

and 1.1 % for commercial customers. Now, households supplied by CEZ pay average price of 6.7 eurocents/kWh.

German E.ON, the majority owner of electricity distributors in Varna and Gorna Oriahovitsa requested 10.1 % increase in prices for households.

EVN, the majority owner of electricity distributors in Plovdiv and Stara Zagora, requested 12.5 % increase in prices for households and average increase of 11.3 % for companies and business customers.

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### **Possible construction of natural gas pipeline toward Greece (Bulgaria)**

Minister of economy and energy of Bulgaria Petar Dimitrov announced that Bulgaria could build 80km long natural gas pipeline toward Greece, between city of Haskovo (Bulgaria) and Komotini (Greece).

The potential pipeline should be linked to existing pipeline between Greece and Turkey, which transports natural gas from Iran and Azerbaijan. In that case, Bulgaria would negotiate additional natural gas supplies with Iran and Azerbaijan

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### **Decision on LNG terminal to be reached by mid March (Croatia)**

Deputy minister of economy, labor and entrepreneurship Zeljko Tomsic said in an interview to Reuters that the government of Croatia should reach decision on the location of the liquefied natural gas (LNG) terminal by mid March. Soon after, the Croatia and foreign partners should sign an agreement for construction of the terminal.

Deputy minister confirmed that Croatia would not accept that E.ON Ruhrgas, OMV and Total (which own 61 % stake in the project company for construction of LNG terminal) had majority managerial rights in the consortium.

Tomsic explained that Croatia had proposed that Croatian companies involved in the project, i.e. Croatian power utility (HEP), Croatian oil industry (INA) and Plinacro, should have veto rights (which was rejected by foreign partners) or to reach decisions with 76 % majority. Deputy believes that final agreement, acceptable for all shareholders, is near. The LNG terminal could still be built in 2012, but the state should intensify activities, Tomsic concluded. Other foreign partners in the consortium are RWE and Geoplina (Slovenia). Croatian companies control 25 % stake in the project.

The cost of the project is estimated at 1 billion euros. LNG terminal should have capacity of 15 billion cubic meters, and the project is the part European efforts to diversify energy supply routes and to reduce dependence on Russian gas. The Croatia itself should take some 2 bcm of gas per year.

During the same occasion, Tomsic commented the delays in the Pan European oil pipeline (PEOP) project, which is aimed to transport crude oil from Caspian region from Constanza (Romania) to Trieste (Italy). Croatian official was less optimistic on this project saying that delays were related to Slovenian doubts over the environmen-

tal concerns. If Slovenia does not change its position, the pipeline could be built under sea between Croatia and Italy.

The PEO, initially planned to be put in service in 2012, should have annual capacity between 60 and 90 million tons of oil.

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### **Capital Zagreb to invest up to 100 million euros in natural gas networks (Croatia)**

Zagreb holding has presented the plans for investments in natural gas networks in the Croatian capital.

From 2008 until 2011, between 80 and 100 million euros should be invested in the natural gas systems managed by the city's gas company. Some 300km on natural gas pipelines should be built, while 200km of old pipelines should be revitalized. The investments should enable connection of new 25,000 customers to gas network.

The city's gas company will provide some 50 % of necessary funds for the project, and the rest should be provided by Zagreb holding through bond issuing.

The main problem for the gas company could be the new tariff system, which does not include anymore the fee for development of the network. The gas company has been collected some 10 million euros per year through this fee. Starting from this year, new regulations imply that the gas company should provide its own funds for construction of new pipelines.

In this moment, Zagreb's gas company, the largest one in Croatia, has 230,000 customers, which is over 40 % of natural gas customers in entire country. In 2006, the company reported 125 million euros of income and 2.5 million euros of profit. The company delivers some 420 million cubic meters of natural gas per year.

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### **Ingra Group to build 58 million euros worth bio-diesel plant (Croatia)**

The Ingra group, i.e. its subsidiary Bio Adria, and Brod Port signed the contract for usage of land for construction of bio-diesel refinery near city of Slavonski Brod.

The future refinery will be spread on 94,000 square meters and it should have annual capacity of 150,000 tons. In this moment, leading producer of bio-diesel in Croatia, the Ozalj factory, produces some 20,000 tons of bio-diesel per year.

The abovementioned contract is the main condition for the start of the 58 million euros worth project. The refinery should be operational in 2009. The bio-diesel will be produced from rapeseed and one third of the output should be sold on Croatian market, while the rest should be exported, mostly in Austria.

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### **Four biomass power plants to be built (Croatia)**

According to the EU standards, by 2010, Croatia should cover 6 % of overall electricity production from renewable energy sources (RES)

In 2007, this ratio was only 0.4 %, where the most of the RES came from small hydropower plants (HPPs) and wind farms.

On the other hand, 37 % of Croatian territory or some 2.5 million hectares is covered with forests, so that more and more investors have been considering an option for usage of wood residuals in energy production. Some 81 % of the forests in Croatia are property of the state.

The interest for biomass power plants was strongly increased after Austrian company XYLO Gas presented its revolutionary invention, the wood residual power plants. The XYLO's plants, which have been developed in the past seven years, have utilization rate of 77 % and they do not produce any greenhouse gas emissions.

According to Croatian experts, new designed power plant produces some 27 % of electricity and 42 % of heat energy from wood residuals. The XYLO plant uses wood for production of gas, which is being converted into energy. The only residual in production process is wooden coal (some 5-10 %).

In this moment in Croatia, the investors should sign two contracts for construction of biomass power plants in Lika region, and another two for biomass power plants in Gorski Kotar, Croatian media reported.

According to estimations, wood industry in Croatia "produces" some 1 million tons of wood residuals. Estimated price of wood residuals is 30 euros/ton.

The average XYLO's biomass power plant with power output of 1 MW spends some 10,000 tons of wood residuals per year, which could imply that Croatia has potential for construction of 100 MW in such biomass power plants, experts said.

The construction price of XYLO's plant is 3.5 million euros/MW, so that rate of return of investments (taking in account price of wood residuals and price of electricity of 13 eurocents/kWh) is some three to four years.

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### **Further developments regarding PPC-RWE deal (Greece)**

On 20th of February, in a meeting with members of the Greek parliament in order to discuss the utility's strategy, the CEO of PPC, Takis Athanasopoulos, defended the partnerships with RWE and Halyvourgiki. The partnership with RWE will help PPC to diversify its fuel mix through the introduction of coal, while the partnership with Halyvourgiki will offer stability to the system due to the favorable location of the intended plant in Attica area, he said. During the meeting, he also noted that, despite the protest of union, discussion regarding MoU will be continued in board of directors.

Few days later, PPC announced that BoD will hold a meeting on 26th of February to continue discussion regarding deals with RWE and Halyvourgiki. PPC has already attempted to bring this issue on BoD, but both times meeting was interrupted by employees. And again, third time, union declared 24 hour strike. "We are resolved. We are a strong union and know how to fight," Union president Nikos Fotopoulos said

As announced, trade union blocked the entrance and entered the room where BoD meeting would take place. The workers, who had staged a rally outside the company's headquarters, occupied the boardroom, forcing PPC President Takis Athanassopoulos to cancel the scheduled meeting and abandon the building. But, meeting of

BoD was held, but nothing regarding deal RWE and Halyvourgiki was mentioned. Mr. Athanassopoulos decided that the approval of the memorandum will take place by taking the MoU to each and every member of the BoD for signature, through rotation, and by that, prevent any further intervention from the union.

As a reminder, by this agreement, PPC and RWE would build 2 coal fired power plants, 800 MW each, and PPC would have 49% stake, while RWE would have remaining 51%, sale of two gas-turbines units totaling 167 megawatts, for use in summer peaks in the 2008-2010 period, further development of the natural gas sector and meeting the targets of the PPC renewable energy sources subsidiary. Regarding less problematic agreement with Halyvourgiki SA, proposal is construction and operation of an 880 megawatt natural-gas fired electricity generation unit. Power plant is supposed to be build in Elefsina, south-west of Athens, and it will supply Athens and southern Greece.

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### **CO2 emission reduction (Greece)**

The minister of environment has signed Greece's National Allocation Plan (NAP) for the period 2008-2012, regarding CO2 reduction. The target is a 16.6% reduction for the period against the earlier one of 8.9%.

"Our country is the only one (in the EU) to have been indicted to the UN's compliance committee and this has very serious repercussions for Greece and for the EU," European Environment Commissioner Stavros Dimas said a month ago. He questioned forecasts by Greek authorities, according to which CO2 emissions will be lowered by 16.6 percent by 2012, saying that authorities had only reached the 6 percent mark so far.

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### **French company won a tender for upgrade of oil refinery (Greece)**

French oil engineering company Technip has won a contract from Hellas for engineering, procurement and construction management of a crude oil distillation unit at the Corinth refinery in Greece. It is estimated that total investment will be around 180 million EUR.

This upgrade will boost refinery production capacity for 60 000 barrels/day, to 170 000 barrels/day total. It is expected to be operational by 2010.

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### **Enel to build gas fired power plant in Greece (Greece)**

Greek TSO officials announced that Enel SpA has won a bid to build a 447 megawatt power plant in Greece. The license for the gas fired power plant is the first issued by the Hellenic Transmission System Operator, under a complex guarantee system aimed at bringing new investment into the Greek power market.

Cost of this project is not announced Enel plans to invest up to 1 billion EUR in Greece energy sector.

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### **Government asked Bulgaria for electricity delivery (Macedonia)**

In the second half of January, vice prime minister of Macedonia Zoran Stavrevski visited Bulgaria and asked from Bulgarian officials to export electricity to Macedonia. The vice prime minister was accompanied with director of Macedonian power plants (ELEM) Vlatko Cingoski and director of Macedonia's transmission system operator (MEPSO) Vladimir Zdravev.

Petar Dimitrov, Bulgarian energy minister, promised to Macedonian officials that Bulgaria should be able to export electricity to Macedonia after March 31, having in mind that Bulgaria restricted electricity export until that date due to considerable increase in domestic electricity consumption. In the meantime, Bulgarian side offered to delivery electricity to Macedonia in case of emergency.

During the same occasion, Stavrevski requested from Bulgarian officials to speed up the construction of 400kV interconnection power line Stip (Macedonia) - Cervena Mogila (Bulgaria) and construction of natural gas pipeline Petric (Bulgaria)-Strumica (Macedonia).

The construction of 400kV power line started in 2006. According to Macedonian press, the construction of 40km part of the line on Macedonian soil is almost finished, while 100km part in Bulgaria is still to be completed.

The government of Macedonia confirmed that two parties agreed that 400kV power line should be put in service until the end of July. Minister Dimitrov also supported the construction of natural gas pipeline, where experts from two countries should negotiate on this issue in incoming period.

Bulgarian and Macedonian officials also discussed potential cooperation in construction of CCGT power plant in Skopje. It is expected that tender for construction of the plant should be published very soon.

In the first half of February, MEPSO confirmed that electricity consumption in 2008 was higher than planned, while electricity production was lower than planned due to low water inflows. Additional worries for MEPSO came after declaration of independence of Serbian province Kosovo and possible Serbia's decision to impose power embargo by disconnecting major power lines. This would surely affect Macedonia, although Serbian officials claimed that embargo would not happen.

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### **Government and Silmak reached an agreement for electricity delivery (Macedonia)**

Ferrosilicon producer Silmak should resume operations in March this year, after the vice prime minister Zoran Stavrevski and the director of Silmak Zoran Stojanovski reached an agreement for restart of electricity delivery.

According to the latest agreement, state-owned Macedonian power plants (ELEM) should deliver 30 MWh/h of electricity during night to Silmak. In the same time, Silmak promised to import missing 30 MWh/h of electricity during day.

Stavrevski said that the latest agreement would not provide profit but also would not incur losses to national power company.

The problems for Silmak occurred on January 1, after new regulations in electricity sector were put in power. The new rules envis-

aged that all large industrial customers should provide missing electricity on free market by themselves. The Silmak was the only customer in the country that did not manage to provide missing electricity.

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### **13 companies submitted bids for coal supply (Macedonia)**

Total number of 13 companies submitted bids in the international tender for import of coal for thermal power plant (TPP) Bitola and TPP Oslomej. Macedonian power plants (ELEM) confirmed that price of coal varies between 39 and 45 euros per ton.

ELEM wants to import 200,000 tons for TPP Oslomej and 400,000 tons for TPP Bitola, so that total cost of the import should reach some 24 million euros.

The bids in the tender were submitted by local companies Aksios DM, Rudnik Kovin, Gemak Trade, Interenergo system, Eurocompany, the companies from Kosovo Toni Komerc, Libertas, Tri TC and Askom GUP, Serbian company Abex financial consulting, US company Stakom, the consortium EFT MK and Silmak, and Slovenian consortium Interenergo Ljubljana and Poteza.

According to the unofficial sources quoted by Macedonian press, the favorites in the tender are Gemak Trade, EFT MK and Silmak, Interenergo and Poteza, and Abex financial consulting.

The government decided to launch the tender for import of coal due to problems in coal production in domestic coalmines. In the same time, the coal export from Macedonia was banned.

According to energy balance sheet for 2008, the annual coal consumption should reach 7.3 million tons or 3 % higher compared to last year.

The experts believe that the tender was bad move of the government having in mind that the country has domestic coal reserves, which have not been properly exploited. In the same time, the coal export could imply increase in electricity prices due to increase in production costs, experts concluded.

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### **Seven companies selected for construction of small HPPs (Macedonia)**

Spokesperson of the government of Macedonia, Ivica Bocevski, confirmed that seven out of twelve companies that recently submitted bids in the tender for construction of 28 small hydropower plants (HPPs) were selected to build 24 small HPPs. The tender bids were opened in the first half of January.

Austrian company Energie-Zotter-Bau GmbH was the most successful bidder since it had won rights to build HPPs on fourteen HPPs. Italian company CO-VER should build four HPPs, while Swiss company Duferco should build two HPPs. German PCC, Slovenian Poteza, local companies MZT Pimi and Hidroinvest should build one HPP each.

The HPPs will have power output up 5 MW, and it would be built in the confluences of rivers Vardar, Strumica and Crni Drim. The HPPs will be given in concession for 20 years. The investors are obliged to start construction of HPPs one year after they were granted a concession and to start electricity production two years later.

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### **Makpetrol started to sell bio-diesel (Macedonia)**

Oil company Makpetrol announced it had started to sell bio-diesel (type B6) in 20 petrol stations in Macedonia. This is the high quality and ecological fuel, the company said.

Makpetrol pointed out that, until now, this type of bio-diesel has been sold only in Germany and Norway. Bio-diesel B6 is produced in company's own refinery located near capital of Skopje. The price of bio-diesel will be only 1 eurocents/liter higher comparing to regular diesel fuel. According to regulations, Makpetrol has right to impose market prices for bio-diesel.

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### **New wind power researches in progress (Macedonia)**

The officials from Macedonian power plants (ELEM) said that wind measurements projects have been in progress on four new sites. ELEM said that exact locations of potential wind farms would remain secret in order to protect its business interests. So far, the researches have been favorable, according to ELEM.

Previously, ELEM conducted wind researches on four other sites, where two of them proved to be suitable for construction of wind farms. According to local experts, the construction of wind farms in Macedonia is feasible having in mind favorable geography of the country.

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### **EVN to revitalize small HPPs (Macedonia)**

Austrian EVN, the owner of Power utility of Macedonia-Distribution (ESM), signed the contract with Hidropol regarding the new time-frame for renewal of all of the seven small hydropower plants (HPPs) in Macedonia. The small HPPs have been in concession since 2001. The new contract was signed in order to clarify all potential misunderstandings that could arise from previous rehabilitate-operate-transfer (ROT) contract signed by Hidropol and ESM before the national distributor was sold to EVN.

In the past two years, the main renewal works have been finished in HPPs Kalimanci and Pena. During the March, HPPs Pesocani and Sapuncica should be put in service, while HPP Matka should be put in service in fall this year. According to new contract, HPPs Dosnica and Zrnovci should be revitalized by the end of 2010.

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### **MEPSO launched new tender for electricity import (Macedonia)**

Macedonia's transmission system operator (MEPSO) launched a new tender for import of 301.59 GWh of electricity in this year.

MEPSO demanded to import electricity in period March 16 until December 31, 2008. Electricity import in period March 16-31 will be 27.2 GWh, in April 10.2 GWh, in May 59.21 GWh, in June 69.0 GWh, in July 23.25 GWh, in August 23.25 GWh, in September 15.3 GWh, in October 22.5 GWh, in November 30.6 GWh, while in December, electricity import will be 21.08 GWh.

The interested companies should submit bid for at least one month, where the each bidder could submit only one bid. MEPSO preserved the right to adjust electricity import by +/- 20 % on weekly level. The deadline for submission of bids is set at March 11, when the public opening of bids should take place.

MEPSO published the tender after government of Macedonia concluded that the country would be missing electricity in the next period. Spokesperson of the government, Ivica Bocevski said that additional import was necessary due to low electricity production in HPPs caused by low water inflows.

In this year, the national power producer, ELEM, should produce 5.5 TWh of electricity, comparing to 6.2 TWh in 2004, 6.47 TWh in 2005 and 6.33 TWh in 2006.

MEPSO already contracted import of 587.225 GWh of electricity in this year, for which it paid some 63 million euros.

In the same time, thermal power plant (TPP) Negotino was put in service in the end of February. The TPP should be in service until the tender was finished.

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### **Vice prime minister in favor of prequalification tender for strategic partnership with EPCG (Montenegro)**

Vice prime minister Vujica Lazovic said it would be good to launch a prequalification tender for selection of strategic investors interested in cooperation with Power utility of Montenegro (EPCG). Such tender would be beneficial since it would increase the number of potential partners, Lazovic believes.

High official believe that best option for development of EPCG is that company remains owned by the state, while the strategic partner should be respectable foreign power company. EPCG needs to sign contract with strategic investor in order to provide missing funds for the new technologies and investments.

After large number of analyses, it was concluded that recapitalization of the company would be the most favorable option, which would provide sustainable development. Lazovic is also in favor of joint venture projects for construction of particular power plants.

The recapitalization would imply merger of coalmine Pljevlja and EPCG, by which mutual debts would be resolved and the conditions for construction second unit in thermal power plant (TPP) Pljevlja would be set.

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### **Investment conference for energy sector to take place in May (Montenegro)**

Deputy minister of economic development Miodrag Canovic announced that energy conference, during which Montenegro should present the five-year Action plan for implementation of Strategy of energy development to potential investors, would take place on May 30. The conference will be organized by United Nations industrial development organization (UNIDO).

According to previous announcements, the conference should have taken place in March. Deputy confirmed that experts' teams should finalize Action plan by the end of March. The plan will contain projects for construction of hydropower plants (HPPs) on rivers Moraca and Komarnica, and construction of second unit in thermal

power plant (TPP) Pljevlja. It will also include projects for renewal of transmission and distribution grid of Power utility of Montenegro (EPCG), and renewal of TPP Pljevlja, HPP Piva and HPP Perucica. The Action plan also envisages projects for oil and gas researches in Adriatic.

According to estimations, overall worth of the projects named in the Strategy is some 2 billion euros. During the next five years, Montenegro should invest some 500 million euros in order to maintain stability in energy sector, Canovic said.

Ministry of economic development believes that some 300 million euros needs to be invested in electricity grid. 100 million euros should be invested for renewal of TPP Pljevlja, while some 175 million euros should be invested for construction of unit 2 in the TPP. 565 million euros will be invested for construction of new HPPs, while 120 million euros should be invested in construction of small HPPs. The cost of renewal of existing HPPs is estimated at 130 million euros, while the cost of construction of wind farms is estimated at 60 million euros, the ministry said.

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### **EPCG submitted request for increase in electricity prices (Montenegro)**

The board of directors of Power utility of Montenegro (EPCG) officially approved the company's request for increase in electricity prices and its submission to Regulatory energy agency (REA). EPCG submitted the request for increase in electricity prices in the end of February. REA will have three months to reach the final decision.

As it was earlier announced, EPCG demanded from REA to approve 250 million euros of regulated income for this year. The board explained that, in period from July-December last year, the company's income was negative due to inadequate electricity prices.

The board also approved new fees for connection of customers to distribution grid. New fees will be submitted for approval to REA.

The board of directors of EPCG said that current situation in electricity sector in the country is satisfactory, despite the low water inflows, because thermal power plant (TPP) Pljevlja did not have major interruptions in operation in the past several months. Until the end of winter season, there should be no problems in electricity supply, since coal delivery has been stable and the company purchased additional amount of electricity from Power utility of Republic of Srpska (ERS), the board said.

During the same session, the board adopted the Draft project report related to the first phase of restructuring of EPCG. According to existing strategy, EPCG should be restructured into five independent companies by the end of March, while each company would have license for particular activities in electricity sector.

In the same time, EPCG denied claims that electricity prices could rise by 30 %. The news was published by several newspapers that quoted sources from national power company.

Deputy minister of economic development Miodrag Canovic also said that there should be no large increase in electricity prices this year. The 30 % increase announced by some media is groundless, Canovic said.

EPCG believes that distribution losses in this year will be the lowest in the past several years. The management hopes the collection

rate of electricity bills will reach 94 % and that company would post profit in this year.

EPCG said that replacement of old electricity meters has been continued in February. By replacing the meters, low tariff period during day between 13.00-16.00h will be cancelled. This decision was reached already in 2006. The low tariff period will be only between 23.00-07.00h during workdays in winter and 00.00-08.00h during workdays in summer. The low tariff period is also applied for each Sunday from 00.00-24.00h. So far, one third of overall number of 300,000 electricity meters was replaced, and overall replacement cost should reach 4.5 million euros.

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### **250 million euros needed for recapitalization of EPCG, government to keep 51 % stake (Montenegro)**

During the joint meeting, representatives of the government of Montenegro, Coalmine Pljevlja and Power utility of Montenegro (EPCG) adopted the Action plan for implementation of Strategy of energy development.

According to Plan, some 250 million euros should be invested for the development of transmission and distribution grid and renewal of existing power plants. The funds should be provided through recapitalization, deputy minister of energy development Miodrag Canovic said.

EPCG should be recapitalized, where the government should keep 51 % of shares in the company. So far, Czech CEZ and J.P. Morgan expressed interest for recapitalization of Montenegro's power company.

During the same meeting, participants reconsidered possibility for the Coalmine to acquire a loan. The guarantees for the loan could be provided by EPCG and the funds would be provided after the recapitalization.

Deputy minister confirmed that one of the topics of the meeting were the activities related to public private partnership for construction of unit 2 in thermal power plant (TPP) Pljevlja.

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### **The Coalmine Pljevlja and TPP Pljevlja to be merged urgently (Montenegro)**

The chairman of the Board of directors of Coalmine Pljevlja, Djordje Dzuverovic confirmed that the government of Montenegro, Power utility of Montenegro (EPCG) and the Coalmine decided that the thermal power plant (TPP) Pljevlja (which is the part of EPCG) and the coalmine Pljevlja should be merged immediately.

According to Dzuverovic, the restructuring of the Coalmine should be done through recapitalization, where the state should own 67 % of the joint company. The change of ownership structure in the coalmine should be done by swap of shares. In this moment, the government controls 31 % of shares in the coalmine.

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### **State-owned energy companies to post over 500 million euros of profit in 2007 (Romania)**

According to the latest estimations, the state-owned energy companies should post overall profit of 500 million euros in 2007. The profit was boosted by higher electricity and natural gas prices.

Natural gas producer Romgaz and natural gas transmission company Transgaz should be the most profitable companies in energy sector. The Romgaz's gross income in 2007 reached 250 million euros (+22 % comparing to 2006), while the turnover should reach some 980 million euros.

Transgaz reported 67 million euros of gross profit (-5.7 %), while turnover reached 311 million euros (+14.2 %).

Third ranked company by profit is the hydropower producer Hidroelectrica, the largest electricity producer in Romania, which reported 33.5 million euros of net profit in 2007 % (+100 %). According to company's press release, in 2007, overall electricity production reached 15.6 TWh, which was 12 % lower comparing to previous year. Last year's Hidroelectrica's output accounted to 25 % of national electricity consumption.

The thermal power plant Rovinari should post 32 million euros of profit (+100 %), while electricity distributor Electrica should post gross profit of 30 million euros. The transmission system operator Transelectrica should post 15 million euros of profit, estimations show.

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### **220 million euros contract for desulfurization equipment in TPP Turceni (Romania)**

Energy complex in Turceni and industrial group A-Tec industries signed a 220 million euros contract for construction of desulfurization equipment in the thermal power plant (TPP) Turceni.

The equipment, which would include four units, should be installed by March 2013. The project will be funded through loan granted by Japanese Bank for International Cooperation.

TPP Turceni is the largest TPP in Romania. Along with TPP Craiova and TPP Rovinari, it provides one third of Romania's overall electricity production.

TPP plans to report some 450 million euros of turnover in this year, which would be 8 % higher comparing to 2007. In the same time, the profit should decrease by 57 % down to 11.5 million euros, due to environmental investments, i.e. payment of pollution rights imposed by EU.

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### **Russia to increase natural gas price by 7 % (Romania)**

The commercial representative of Russia in Romania, Igor Sidorov, said that Russia has been considering increasing price of natural gas delivered to Romania by 7 % (20 dollars/1,000 cubic meters).

According to Sidorov, Romania has been paying some 280-300 dollars/1,000 cubic meters. In last year, the price of natural gas delivered by Russia increased by 50-70 dollars/1,000 cubic meters. The increase would depend on fuel prices and international natural gas prices, Russian official said.

Sidorov explained that neighboring Bulgaria has been paying natural gas at lower prices since Bulgaria has been giving certain facilities to Russian companies.

In this moment, some 60 % of natural gas consumption in Romania has been covered from domestic sources, while the rest has been imported from Russia. The annual natural gas consumption reaches some 18 billion cubic meters.

Sidorov also confirmed that Gazprom is still interested in cooperation with Romgaz in the project for construction of natural gas storage facility in Margineni, where two companies should invest equal shares. In the same time, Gazprom expressed interest for privatization of Romgaz. According to Gazprom's officials, Romania has important role in transiting natural gas to Turkey, Bulgaria, Greece and Macedonia. In 2006, the transit amounted to 15.5 billion cubic meters, while, in 2007, the transit reached 17.4 billion cubic meters, Gazprom said.

The Romanian officials said that feasibility study for Margineni storage facility should be finished by mid 2008. The cost of the study is 2 million euros. The facility should have capacity of 2 billion cubic meters, while the cost of construction is estimated up to 250 million euros.

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### **Petrom reported 540 million euros of profit in 2007 (Romania)**

The largest company in Romania, the oil company Petrom reported some 540 million euros of net profit in the last year, which was 22 % lower compared to previous year.

The overall income in 2007 reached 3.7 billion euros (-6 %). In the same time, the Austrian OMV, the majority owner of Petrom, reported net profit of 1.84 billion euros (11 %), while overall sales stood at 20 billion euros.

General Manager of OMV, Wolfgang Ruttensstorfer believes that modernization projects, undertaken by the group in Romania, will show results in this year.

In 2007, Petrom produced 70.27 million barrels of crude oil, which was 4 % lower compared to 2006. The reduction was caused by international factors, the company's report said. In the same time, natural gas production reached 5.75 billion cubic meters (-3 %). Petrom initiated ten programs aimed to increase natural gas output.

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### **Gaz de France to invest 100 million euros in natural gas storage facilities (Romania)**

Gaz de France, the majority owner of natural gas distributor Distrigaz Sud, announced it would invest some 100 million euros for tripling the capacity of natural gas storage facilities in Amgaz and Depomures. The projects should be carried out by 2012.

The capacity of Amgaz storage facility will be increased from 30 million cubic meters up to 300 million cubic meters. On the other hand, the capacity of Depomures facility should be increased from present 300 million cubic meters up to 600 million cubic meters.

Gaz de France acquired aforementioned storage facilities in 2007. In this moment, French company has 12 % market share in natural gas storage market in the country.

In 2008, overall investments of Distrigaz Sud should reach 90 million euros, which would be 20 % lower compared to last year. The company has 1.1 million customers including the capital Bucharest.

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### **New investments needed for stable coal supply after 2010 (Serbia)**

General manager of Kolubara mining company ( the largest coal mine in Serbia and the part of Power utility of Serbia /EPS/), Vladan Jovicic said in an interview to the company's newspaper that coal supply of the existing thermal power plants (TPPs) would be rather uncertain after 2010, if no major investments were made.

Despite the record high outputs reported by the coalmines in Serbia in past several years, the low electricity prices did not provide sufficient income necessary for basic investments in this year, general manager warned.

The lack of funds will affect all parts of EPS, where Kolubara coalmine is even more affected due to over aged mining equipment. Jovicic reminded that, according to adopted business plans for 2008, EPS would be missing some 130 million euros for planned investments, despite the fact that all economic societies in EPS posted good production results in the last year.

High official called for implementation of Strategy of energy development of Serbia, which implies that Kolubara coalmine, and future TPPs Kolubara B and unit 3 in TPP Nikola Tesla B should be developed in accordance to the latest technologies.

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### **Gazprom and Srbijagas signed the contract for construction of South stream pipeline (Serbia)**

On February 25 in Belgrade, the chair of the management board of Gazprom Aleksey Miler and director of Serbian natural gas company Srbijagas Sasa Ilic signed the contract for construction of natural gas pipeline across Serbia. The pipeline will be part of South stream natural gas pipeline.

The Russian delegation was led by the first vice prime minister of Russia and chair of the board of directors of Gazprom Dimitri Medvedev. The prime minister of Serbia Vojislav Kostunica believes that signing the contract was clear sign of comprehensive cooperation between two countries.

The signing of the agreement was also attended by minister of energy and mining of Serbia Aleksandar Popovic, minister of foreign affairs Vuk Jeremic, minister of trade Predrag Bubalo and minister of infrastructure Velimir Ilic. The Russian side was also represented by minister of foreign affairs Sergey Lavrov and Russian ambassador in Serbia Aleksandar Alekseev.

Director of Srbijagas, Sasa Ilic believes that the pipeline could be built by January 1, 2014. Srbijagas and Gazprom should establish joint venture that will manage natural gas transit across Serbia by May 25. The future company will immediately start to prepare feasibility study for the project, which should be completed in period

of 18 months. The construction works should start by the end of 2011 at the latest.

The annual capacity of the 400 km long pipeline will be at least 10 bcm, where the capacity could be increased. According to Ilic, the South stream pipeline will run from Black sea, across Bulgaria to Serbia. The funding of the project should be open for all interested banks, director Ilic said.

The project for construction of Banatski Dvor will be subject to special agreement that will be signed by Gazprom and Srbijagas, Ilic explained. He believes that storage facility should be operational by the end of the year.

The contract is in line with the interstate Cooperation agreement in oil and natural gas sector signed by Russia in Serbia in Moscow on January 25. The agreement envisaged construction of South stream pipeline across Serbia and sale of 51 % of shares in Oil industry of Serbia (NIS) to Gazprom for 400 million euros in cash and 500 million euros in investments in next four years. The agreement also envisaged construction of underground natural gas storage facility in Banatski Dvor (10 bcm of capacity). Russians will be entitled to 51 % stake in both the pipeline and storage facility. For the purpose of implementation of the projects, Serbia should provide land, the licenses and favorable tax and customs.

Dimitri Medvedev confirmed that Gazprom was very close to final purchase of NIS. In the same time, general manager of NIS Srdjan Bosnjakovic believes that negotiations for sale of NIS should start soon and finalize by the end of the year.

Spokesperson of Gazprom said that sale of NIS was not a topic of the latest meeting in Belgrade and that negotiations were still in progress.

The minister of regional development of Serbia Mladjan Dinkic once again reiterated its standpoint that NIS should not be sold to Gazprom. In the same time, he supported the agreement in natural gas sector between Russia and Serbia.

Dinkic believes that price of 400 million euros for majority stake in NIS is humiliating and that the best option for privatization of NIS would be an international tender.

The minister proposed that Serbia should keep the majority stake in NIS until the natural gas pipeline across Serbia was built. Dinkic believes that Serbia, as Russia, should obey economic principles in energy sector, saying that Russia recently increased natural gas prices for Serbia by 30 %.

On the other hand, several experts and newspapers warned that Gazprom and government of Serbia did not present details of the contracts to the public.

In the related news, the prime minister of Hungary Ferenc Gyurcsany confirmed that Hungary and Russia agreed on construction of the part of South stream pipeline across Hungary. The agreement envisaged that two sides would have equal shares in the project. Gyurcsany said this agreement was not against the Nabucco project, since two pipelines could operate side by side.

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### **7.6 % increase in electricity prices from March 1 (Serbia)**

In the end of February, the government of Serbia approved 7.6 % increase in electricity prices in average for tariff customers. The in-

crease in prices came after the request submitted by Power utility of Serbia (EPS), who said that average increase for households would be 3.6 %. For other customers, the increase will be 14 % in average.

New prices will be effective starting from March 1. The electricity prices in Serbia increased last time by 15 % in May 2007, when the average price for households increased up to 4.8 eurocents/kWh.

Along with new prices, the new tariff system should come in force. The new system should have been introduced in August last year. According to new rules, new electricity bills should have separated prices for production, transmission and distribution costs. In the same time, new tariff system implies that electricity prices should be approved first by Regulatory energy agency (REA) after which the prices would be approved by the government.

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### **All companies and institutions to become eligible electricity and natural gas customers from March 1 (Serbia)**

Serbia's Regulatory energy agency (REA) announced that, starting from March 1, all companies and institutions in the country, regardless of their consumption, would become eligible electricity and natural gas customers. Those customers will be allowed to purchase electricity and natural gas on free market. The same status should be granted to households in 2015.

By the latest decision, REA met the obligations in accordance to Energy treaty in Southeastern Europe, which envisaged that all electricity customers, apart from households, should become eligible electricity customers by the beginning of 2008.

With the latest decision of REA, some 47 % of electricity market and 90 % of natural gas market will be liberalized in Serbia.

Until now, the minimal electricity consumption for eligible customers was set at 3 GWh per year, while natural gas consumption was set at 50 million cubic meters of gas per year. In accordance to those terms, there were some 350 eligible electricity customers and 13 eligible gas customers.

On the other hand, REA said none of electricity companies changed its supplier due to favorable electricity prices provided by Power utility of Serbia (EPS).

In order to implement new regulations in electricity sector, new tariff system for electricity distribution should be approved. The tariff system for electricity transmission was approved on January 1.

As for natural gas sector, natural gas company Srbijagas should submit tariff systems for transmission and distribution of natural gas to the REA for approval.

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### **Gazprom will not have share in PEOP through purchase of NIS (Serbia)**

Ministry of energy and mining of Serbia denied recent claims said by some experts in Serbia that Russian Gazprom, (the future majority owner of the Oil industry of Serbia /NIS/) should have ownership share in the future Pan European pipeline (PEOP).

The ministry said that Serbia would be represented in the project by the Oil transport company Transnafta, which is not part of NIS anymore. On the other hand, once the project was started, Serbia would probably seek for potential investors, which would be only option for Gazprom to take part in the project, officials said.

PEOP should connect Romania and Italy and it should run across Serbia. The pipeline is aimed to transport oil from Caspian region. It should be 1,300 km long and the annual capacity should reach 60 million tons. The cost of the project is estimated at 2-3 billion euros, while the cost of the construction 145 km long section of the pipeline in Serbia could reach 300 million euros.

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### UNMIK refuses to purchase electricity from EPS (Serbia)

Minister of energy and mining of Serbia Aleksandar Popovic said that United mission in Kosovo (UNMIK) owes some 4.9 million dollars to Power utility of Serbia (EPS) for electricity delivered during the emergencies in electricity grid in the Kosovo province, which recently declared independence from Serbia.

Minister Popovic explained that UNMIK did want to purchase electricity from Serbia, so that electricity was purchased from other countries in the region. On the other hand, in case of emergencies, EPS has been delivering electricity to UNMIK in accordance to the UCTE regulations.

In the same time, UNMIK refused an offer of EPS related to the donation of electricity for 12,500 of Serbian households and 5,000 of Albanian households in Kosovo. In January this year, EPS offered to deliver some 25 GWh of electricity to UNMIK. The contract offered by EPS envisaged which particular areas would have been regularly supplied with electricity.

According to Serbian press, Kosovo energy corporation (KEK) has been able to produce only 800 MWh/h of electricity, while hourly needs reached 1,000 MWh. Because of that, the power cuts occur on regular basis in the province.

By the end of March, the tender for construction of thermal power plant (TPP) Kosovo C, should be launched by the interim government of Kosovo. The TPP should have power output of 2,100 MW and it should be put in service by 2014.

After Kosovo province declared independence from Serbia, energy experts and public in Serbia wondered how the state would protect its property, especially property of EPS. According to Serbian officials, the worth of the property of EPS in Kosovo is some 3 billion euros. The estimated loss for EPS for not operating its facilities in the province since 1999 is some 200 million euros per year.

In the same time, the lignite reserves in Kosovo (up to 20 billion tons according to estimations) account for 70 % of overall lignite reserves in Serbia. So far, only 2 % of lignite reserves in Kosovo have been utilized.

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### Srbijagas requested 20 % increase in natural gas prices (Serbia)

Director of Serbian gas company Srbijagas confirmed the company submitted a request for 20 % increase in natural gas prices for households.

The main reason for increase is the 30 % increase in imported gas prices imposed by Russian Gazprom from the beginning of year. The current price of natural gas for households is 270 euros/1,000 cubic meters.

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## Tenders:

### Electricity

Company / organization:	<b>EBRD, related Bulgaria</b>
<b>Enemona CNG project - General</b>	
Content:	<p>The project announced within this procurement notice will be financed from the Kozloduy International Decommissioning Support Fund, established in 2001 for supporting the decommissioning of units 1- 4 of the Kozloduy Nuclear Power Plant. One of the purposes of this Fund is to finance or co-finance the preparation and implementation of selected projects that aim the necessary restructuring, upgrading and modernisation in the energy sector and improving energy efficiency.</p> <p>This General Procurement Notice draws attention to the forthcoming tender for Supply and installation of equipment for five Compressed Natural Gas vehicles in Bulgaria. The purpose is the development of a natural gas supply system in towns Svilengrad and Kardjali in South-East Bulgaria.</p> <p>The project includes:</p> <ul style="list-style-type: none"> <li>• Design, supply and installation of 5 vehicles for transportation of the natural gas from the compressed natural gas terminal on the high pressure distribution network to the terminals in the low pressure consumer distribution system.</li> </ul> <p>Budget for the project: €650,000.</p> <p>The invitation for tenders for the implementation of the project is expected in the second quarter of 2008. The invitations will be open to firms that qualify under the Procurement Policies and Rules of the EBRD and the KIDSF.</p>
Deadline:	13 Feb 2009 at 00:00, Sofia time
Contact:	<p>Mrs. Nadya Ivanova; Enemona Utilities EAD Balscha str. 1, bl. 5 1408 Sofia, Bulgaria Tel: +359 2 80 54 746; Fax: +359 2 91 79 873; e-mail: n.georgieva@enemona.com</p>
Company / organization:	<b>EBRD, related Bulgaria</b>
<b>Kozloduy Nuclear Power Plant - General</b>	
Content:	<p>The following notice refers to goods, works and services to be procured through open tendering for projects financed by the Kozloduy International Decommissioning Support Fund which is administered by the European Bank for Reconstruction and Development.</p> <p>For more information, please visit <a href="http://www.ebrd.com/oppo/procure/opps/goods/general/070803a.htm">http://www.ebrd.com/oppo/procure/opps/goods/general/070803a.htm</a></p>
Deadline:	3 Aug 2008 at 24:00, Kozloduy time
Contact:	<p>Mr. Daryll Jones Fax. + 359 973 7 4508 E-mail: kpmu@npp.bg</p>

Company / organization:	EBRD, related Romania
<b>Rehabilitation and Modernisation of thermal power plant</b>	
Content:	<p>. S.C. Complexul Energetic Turceni S.A. has applied for a loan from the European Bank for Reconstruction and Development [the Bank] and intends to use the proceeds to finance the Rehabilitation and Modernisation of Units 3 and 6 at its coal fired thermal power plant located in Turceni, Gorj County, Romania. The proposed project, which has a total estimated cost of EUR 425 million (excluding VAT), will aim at the achievement of the following objectives:</p> <ul style="list-style-type: none"> <li>- increasing time and energy availability;</li> <li>- extending the unit operation period with 15 years;</li> <li>- improving technical-economic parameters;</li> <li>- improving environment conditions by reducing the noxes emissions to comply with the laws in force;</li> <li>- achieving technical conditions imposed by the inter-connectivity to UCTE.through:</li> </ul> <ul style="list-style-type: none"> <li>-Rehabilitation and modernisation of the 1,035 t/h boiler and auxiliary plants;</li> <li>-Rehabilitation and modernisation of the 330 MW turbine and auxiliary plants;</li> <li>-Modernisation of the control, protection and regulating system within the UCTE norms.</li> <li>-Modernisation of the solid fuel settlement first phase.</li> </ul> <p>The tendering procedure for the above is expected to begin in the first quarter of 2008.</p> <p>The tendering procedure and the works 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 opened 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:	21 Dec 2008 at 00:0, Turceni time
Contact:	Cristea Dumitru Tel: +40253 335 247 Fax: +40253 335 122

Company / organization:	EBRD, related Bulgaria
<b>Metamodul CNG for the Etropole gas supply system</b>	
Content:	<p>The Kozloduy International Decommissioning Support Fund (KIDSF), administered by the European Bank for Reconstruction and Development (EBRD, was established in 2001 for the support of the decommissioning of Units 1-4 of the Kozloduy Nuclear Power Plant. One of the purposes of this Fund is to finance or co-finance preparation and implementation of selected projects that aim the necessary restructuring, upgrading and modernisation in various Bulgarian industry sectors consequential to final shutdown of Units 1 - 4 of the Kozloduy Nuclear Power Plant.</p> <p>Metamodul Ltd intends to use grants from the Kozloduy International Decommissioning Support Fund for supply of sets of technology and equipment for compression of natural gas and refuelling of vehicles with compressed natural gas (CNG).</p> <p>The budget for the project is €1.28 million</p> <p>The tendering for the above contract is expected to begin in the second quarter of 2008.</p>
Deadline:	2 Mar 2009 at 00:00, Sofia time
Contact:	Mr. Christo Petkov Tel. +359 2 818 00 10 Fax: +359 2 818 00 20 [fax:]

Company / organization:	EBRD, related Romania
<b>Turceni Rehabilitation and Modernization Project</b>	
Content:	<p>This Invitation for Prequalification follows the General Procurement Notice for this project which was published in Procurement Opportunities, 5660-GPN-37696 / 21 Dec 2007 .</p> <p>S.C. Complexul Energetic Turceni S.A. (the Employer) intends applying the proceeds of a loan from the European Bank for Reconstruction and Development [the Bank] towards the cost of The Rehabilitation and Modernisation of Power units 3 &amp; 6 Project.</p> <p>The Employer intends prequalifying firms and joint ventures to tender for the following contract to be funded from part of the proceeds of the loan:</p> <ul style="list-style-type: none"> <li>• Contract for Plant and Design-Build for Electrical and Mechanical Plant, and for Building and Engineering Works, Designed by Contractor covering :</li> </ul> <p>Rehabilitation and modernisation of the 1,035 t/h boiler and auxiliary plants for power units no 3 &amp; 6 through increase time availability and efficiency ; Rehabilitation and modernisation of the 330 MW turbine and auxiliary plants for power units no 3 &amp; 6 through reduction of net specific consumption heat;</p> <p>Modernisation of the control, protection and regulating system within the UCTE norms for power units no 3 &amp; 6;</p> <p>Reduction of NOx, CO and dust emission Rehabilitation and Modernisation of the solid fuel settlement first phase, water handling and thermo-mechanical technologic systems for power units no 3 &amp; 6 .</p> <ul style="list-style-type: none"> <li>• Location : S.C. Complexul Energetic Turceni S.A., 1 Uzinei St., Turceni City, Gorj County, Romania, Postal Code 217520</li> <li>• Estimated schedule : start-up in early 2009 , power unit 6 commissioning in late 2010 &amp; power unit 3 commissioning in late 2012</li> </ul> <p>Prequalification and tendering for contract to be financed with the proceeds of a loan from the Bank is open to firms and joint ventures of firms from any country.</p>
Deadline:	14 Apr 2008 at 12:00, Bucharest time
Contact:	Popescu Adriana Luminita UMIP Units 3 & 6 S.C. Complexul Energetic Turceni S.A. 1 Uzinei Street, Turceni City, Gorj County, Romania, Postal Code 217520 Tel: +40 731 310 846 Fax: +40 253 335 122 Email: adriana_popescu@eturceni.ro

Company / organization:	<b>KESH, related albania</b>
<b>Purchasing of electrical energy for the period 01 April 2008 – 30 June 2008” with total quantity of 727.200 MWh.</b>	
Content:	<p>Short description of the contract</p> <p>1. Limit Fund 52.481.327 (fifty two million four hundred eighty one and three hundred twenty seven) EUR, including customs duty, and the values of all fiscal obligations, except value of VAT (Value Added Tax).</p> <p>2. “Purchasing of electrical energy for the period 01 April 2008 – 30 June 2008” with total quantity of 727.200 MWh.</p> <p>The electrical energy will be delivered in the Albanian border through one of the interconnection OHL 400 kV Kardia (Greece) – Zemblak (Albania) OHL 220 kV Prizren (Kosovo, UNMIK) – Fierza (Albania) OHL 220 kV Podgorica (Montenegro) – V.Dejes (Albania)</p> <p>LOT 1: Purchasing of electrical energy in the quantity of 288.000 MWh and limit value of 20.184.250 EUR</p> <p>LOT 2: Purchasing of electrical energy in the quantity of 223.200 MWh and contract value of 15.856.798</p> <p>LOT 3: Purchasing of electrical energy in the quantity of 216.000 MWh and contract value of 16.440.279</p>
Deadline:	17.03.2008; 10:00 Hrs, local time
Contact:	<p>Energy Trading Unit</p> <p>Tel/Fax +355 4 241 982</p> <p>e-mail: etu@kesh.com.al</p> <p>e-mail: hoxhao@kesh.com.al</p>

Company / organization:	<b>EPS, related Serbia</b>
<b>OPGW CABLE WITH ASSOCIATED EQUIPMENT</b>	
Content:	<p>This public Invitation for Tenders is published in the Official Journal of the European Communities, in the Official Gazette of the Republic of Serbia, in the Politika daily newspaper and on the website: www.eps.co.yu/news. This Invitation follows the General Procurement Notice for this project, which was published in Procurement Opportunities (European Bank for Reconstruction and Development EBRD website) The Electric Power Industry of Serbia (hereinafter referred to as “EPS” and the Purchaser) has received a loan from the European Investment Bank – EIB (hereinafter referred to as “the Bank”) – towards the cost of the “Establishment of Telecommunications System”. EPS now invites sealed tenders from suppliers for the following contract to be funded from part of the proceeds of the loan: Phase 3B; OPGW Cable with Associated Equipment. Tender no. 05/08/PT</p> <p>This contract will include:</p> <ul style="list-style-type: none"> <li>• Optical Ground Wire (OPGW) – app 560 km.</li> <li>• Necessary installation accessories and fittings.</li> <li>• Underground nonmetallic optical cable – app. 14 000 m.</li> <li>• All Dielectric Self Support Cable (ADSS) – app. 50 000 m</li> <li>• Pigtailed with E 2 000 connectors – app 2 000 pcs.</li> <li>• Optical joint boxes – app 200 pcs.</li> <li>• Optical Distribution Frames (ODFs)– 15 pcs.</li> <li>• Inspection and Testing.</li> <li>• Operating and Maintenance manuals.</li> <li>• Training.</li> </ul>
Deadline:	4 March 2008 at 12:00 AM, Belgrade time
Contact:	<p>Mr. Predrag Mitrovic,</p> <p>JP Elektroprivreda Srbije (EPS),</p> <p>Tel: +381 11 2628 627</p> <p>Fax: +381 11 2628 992</p> <p>email: predrag.mitrovic@eps.co.yu</p>

Company / organization:	<b>EBRD, related Serbia</b>
<b>Belgrade District Heating Rehabilitation Program</b>	
Content:	<p>The contract will comprise of the following:</p> <p>LOT I Supply and Installation of prefabricated substations on heating area of TO Cerak</p> <p>LOT II Supply and Installation of prefabricated substations on heating area of TO Banovo Brdo</p> <p>LOT III Supply and Installation of prefabricated substations on heating area of TO Miljakovac.</p> <p>Tenders are invited for one or more lots. Each lot must be priced separately.</p> <p>Tenders for more than one lot may offer discounts and such discounts will be considered in the comparison of tenders.</p> <p>The contracts include manufacturing, supply, installation and commissioning of total 782 prefabricated substations (Lot 1 – 337 substations, Lot 2 - 277 and Lot 3- 168), and also their integration with the existing equipment and systems.</p> <p>The contract conditions will be FIDIC “Conditions of Plant and Design-Built, First Edition 1999”.</p>
Deadline:	14 March 2008 at 14:00, Belgrade time
Contact:	<p>Mr. Goran Ajder</p> <p>Tel: +381 11 20 93 543; +381 64 89 98 015</p> <p>Fax: +381 11 31 86 476</p> <p>E-mail: tender@beoelektrane.co.yu</p>

Company / organization:	<b>EBRD, related Bulgaria</b>
<b>Varna city heating network rehabilitation KIDSF</b>	
Content:	<p>The projects announced within this procurement notice will be partially financed from the Kozloduy International Decommissioning Support Fund, established in 2001 for supporting the decommissioning of units 1-4 of the Kozloduy Nuclear Power Plant. One of the purposes of this Fund is to finance or co-finance the preparation and implementation of selected projects that aim the necessary restructuring, upgrading and modernisation in the energy sector and improving energy efficiency.</p> <p>This General Procurement Notice draws attention to the forthcoming tenders for technical specification, supply of the materials and work installation. The purpose of the project is improvement of the energy efficiency by rehabilitation of the 1/3 of the heating pipelines network, reducing energy losses. This includes the replacement of 11 km of over 20 years old steel pipes, insulated with glass wadding and laid in concrete ducts with pre-insulated steel pipes for direct bedding. The pipeline replacement concerns about 1/3 of the heat distribution network of the district heating network for heat transmission and distribution pipelines of DN 50 to DN 500.</p> <p>The rehabilitation process will be provided over three years, during spring and summer periods, in order to minimize the heat supply interruption in Varna city. The first phase is planned to start in 2008, with the renewal of 4 km of pipelines, in the area of Mladost. The main area to be tendered under the EBRD PPR for the KIDSF financing is the supply of the pre-insulated pipe and additional material.</p> <p>Overall Budget for the project is €2.0 million, from which €0.4 million will be funded from the Kozloduy International Decommissioning Support Fund.</p> <p>The invitation for tenders are expected in the first quarter of 2008. The invitations will be open to firms that qualify under the Procurement Policies and Rules of the EBRD and the KIDSF.</p>

Deadline:	22 Jan 2009 at 00:00, Varna time
Contact:	Mr. Ilia Nikolaev Director of the board Tel: +359 52 500 670 Fax: +359 52 750 358 e-mail: inikolaev@dalkia.bg

Company / organization:	<b>EBRD, related Bosnia and Herzegovina</b>
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#### Power Distribution Reconstruction Project

**Content:** This Invitation for Tenders follows the General Procurement Notice for this project which was published on EBRD Procurement Opportunities on November 11th, 2005.

JP ELEKTROPRIVREDA BOSNE I HERCEGOVINE – d.d. SARAJEVO hereinafter referred to as the Purchaser, intends using part of the proceeds of a loan from the European Bank for Reconstruction and Development (the Bank) towards the cost of Electrical meters, current associated transformers and PTSN modems. The Purchaser now invites sealed tenders from all interested Purchasers and/or Manufacturers for the following contract to be funded from part of the proceeds of the loan:

The contract will cover supply of

- Electrical meters for households – 33.230 (thirty three thousands and two hundred thirty) pcs,
- Electrical meters for other categories of consumption – 1.117 (one thousand one hundred and seventeen) pcs,
- Current transformers 0,4 kV - 711 (seven hundred and eleven) pcs, current transformers 10(20) kV - 9 (nine) pcs and
- Communicator with PSTN modem – 24 (twenty four) pcs and 5 (five) portable working standard meters

Tendering for contracts to be financed with the proceeds of a loan from the Bank is open to firms from any country.

To be qualified for the award of a contract, Tenderers must meet the qualifying criteria; specified in Instruction to Tenderers.

Tender documents may be obtained from the office at the address below, starting from 19.12.2007 upon payment of a non-refundable fee of 300 (three hundred) EUR or equivalent in a convertible Bosnian Marks (BAM) currency. Potential Tenderers upon request may receive by fast courier services the tender document against payment of additional 100 (one hundred) EUR or equivalent amount in BAM, to be paid on below mentioned manner. If requested, the documents will be promptly dispatched by courier, but no liability can be accepted for loss or late delivery.

The Tender must be accompanied by a tender security of 30,000 € or its equivalent in BAM currency.

Deadline:	19 Feb 2008 at 12:00, Sarajevo time
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Contact:	JP ELEKTROPRIVREDA BOSNE I HERCEGOVINE – d.d. Mr. Nedeljko Despotović, PIU Director Vilsonovo šetalište 15 71000 Sarajevo BOSNIA AND HERZEGOVINA Tel.+387 33 751 030 Fax.+387 33 751 033 e-mail: n.despotovic@elektroprivreda.ba
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Company / organization:	EBRD, related Romania
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#### CFR Traction Energy Network Management LOT 1,2 - General

**Content:** 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.

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. Tendering for the above contracts is expected to begin in the fourth quarter of 2007.

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.

Deadline:	22 Oct 2008 at 00:00, Bucharest time
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Contact:	Mr I Truica, Technical Director S.C. Electrificare SA, B-dul D Golescu nr.38 Bucharest, Romania Tel: + 40 213192512 Email: ionel.truica@cftr.ro
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Company / organization:	<b>EPHZHB, related Bosnia and Herzegovina</b>
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#### Purchase of electrical energy

**Content:** LOT 1 From April to December, 41 MW (00-24h) (270641 MWh overall)  
LOT 2 From July to September, 40 MW (00-24h) (88320 MWh overall)  
LOT 3 July and August, 20 MW (00-24) (29760 MWh overall)  
Delivery point – BiH border.

Deadline:	25.2.2008, 12:00, local time
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Contact:	www.ephzhh.ba Ervin Leko Tel: +38736355230 Fax: +38736355261 ervin.leko@ephzhh.ba
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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>CFR Traction Energy Network Management LOT 1,2 - General</b>	
Content:	<p>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:</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>
Deadline:	22 Oct 2008 at 00:00, Bucharest time.
Contact:	<p>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</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. 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:	<p>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</p>

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>Toplofikacija Pernik EAD, hereinafter referred to as "The Employer", intends using part of the proceeds of a Grant from the Kozloduy International Decommissioning Support Fund (KIDSF) administered by the European Bank for Reconstruction and Development (the Bank) towards the cost of "Pernik District Heating Rehabilitation Project". The project has accumulated savings of €180,000 which is intended to be used for Construction and Installation Works (CIW) needed for the rehabilitation of the heat transmission network.</p> <p>Contracts to be financed with the KIDSF grant will be subject to the Bank's Procurement Policies and Rules. Tendering for contracts to be financed with the proceeds of a grant administered by the Bank is now open to firms from Austria, Belgium, Bulgaria, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxemburg, Portugal, Spain, Sweden, Switzerland, UK, Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, the Netherlands, Poland, Romania, Slovakia, Slovenia, all the so called PHARE and countries of EBRD operations.</p>
Deadline:	12 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:	EBRD, related Bosnia and Herzegovina
<b>Power Distribution Reconstruction Project</b>	
Content:	<p>This GPN updates the notice published on the EBRD website on 11 November 2005. Bosnia and Herzegovina has applied for a loan from the European Bank for Reconstruction and Development ("The Bank") towards the cost of reconstructing and modernising the electricity distribution infrastructure in Bosnia and Herzegovina, enabling the three local power utilities (Elektroprivreda Bosne Hercegovine ("EPBIH"); Elektroprivreda Republike Srpske ("EPRS") and Elektroprivreda Hrvatske Zajednice Herceg Bosne ("EPHZHB")) to improve reliability and quality of electricity supply, reduce losses and improve energy efficiency.</p> <p>The proposed project has a total estimated cost of Euro 55 million, proposed to be financed by the EBRD, and will require the procurement of the following goods, works and services for:</p> <p>(a) Goods and related Services for purchasing of metering equipment for residential consumption and Low and Medium Voltage substations, Low and Medium Voltage transformers, cables and auxiliary equipment for Low and Medium Voltage lines, machinery and equipment for the installation of the aforementioned items;</p> <p>(b) Works for the installation of the aforementioned items;</p> <p>(c) Consulting services to support the three Project Implementation Units established by the three power utilities.</p> <p>Tendering for contracts under (c) above was completed in June 2006. Procurement for goods &amp; services and works under (a) and (b) above has started and should be completed by December 2007.</p>
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@ephzhb.ba

## 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>