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# NEWS

Energy News in Southeast Europe  
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Main focus of Balkan Energy NEWS is energy related news from countries of South East Europe. Countries involved are: Albania, Bulgaria, Bosnia and Herzegovina, Croatia, Greece, FYR Macedonia, Montenegro, Romania, and Serbia. 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 relevant power exchanges.

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BalkanEnergy NEWS Consulting

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## In this issue:

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

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## Actual data

- » Power sector operational and market data for the period of 16.04.-30.04.2008
- » Forecasted weather conditions for the following period

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## Analysis:

- » Process of tender procedure for privatization of TPP Bobov Dol

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## News headlines

### Regional:

- » The agreement for the project company for PEOP signed
- » CEZ defends its investments in Balkans

### Albania:

- » Project regarding exploitation of oil and gas announced
- » PPC and RWE to build a TPP in Albania

### Bosnia and Herzegovina:

- » Serbia and Croatia owe some 4.5 billion euros for undelivered electricity
- » Statkraft still interested in investments
- » Russian official announced construction of natural gas pipeline toward Republic of Srpska
- » Aluminum factory wants to build power plant
- » 4.9 million euros of losses for Brod refinery in the first quarter of 2008

## Bulgaria:

- » Petrol sold 75 petrol stations to Lukoil
- » Bulgargaz and Gazprom to establish South Stream pipeline company
- » Completion of Tsankov Kamak hydropower project to be extended for 18 months
- » BNP Paribas to provide financing for NPP Belene, the blueprints for the project were prepared
- » RWE reconsidering to pull out from Belene project
- » NEK to demand increase in electricity prices from July 1
- » 7 % increase in electricity consumption in the first quarter
- » The government demanded doubling the funds for closure of units in NPP Kozloduy
- » Ukrainian company to modernize units 5 and 6 in NPP Kozloduy
- » Companies linked to Hristo Kovachki only bidders for TPP Bobov Dol

## Croatia:

- » Modernization of oil refineries to be completed in 2011
- » Start of negotiations with EU in energy sector
- » Janaf to enlarge oil terminals in Sisak
- » Increase in electricity prices from July 1
- » Lukoil purchased oil company Europa Mil
- » Large number of requests for RES projects

## Greece:

- » Greece signed energy deal with Russia
- » Endesa Hellas production unit to be integrated in the system
- » Greece banned from emission trade for 3 months
- » PPC-RWE MoU signed
- » PPC to build a 120 MW TPP

## Macedonia:

- » Verbund announced large euros investments in Macedonia
- » 40 wind turbines announced
- » MEPSO has started to sell high energy
- » 400 KV line „Stip – Crvena Mogila“ almost finished
- » Macedonian government will pay debts of „Ohis“ to EVN
- » More villages disconnected
- » TPP Oslomej out of production for 2 months

## Montenegro:

- » New tender for 29 small HPPs
- » Subsidies for 100,000 electricity customers
- » 97 employees voluntarily to leave EPCG
- » New law on oil and natural gas exploitation in final phase
- » Disputes between EPCG and power regulator over licenses
- » EPCG and coalmine Pljevlja asked government to provide funds for investments

## Romania:

- » No increase in natural gas prices until July 1
- » Increase in electricity prices on July 1
- » The state to have majority stake in units 3 and 4 in NPP Cernavoda
- » Energy companies among the most profitable companies in the last year

- » Ministry of economy and finance supports establishment of integrated power company
- » Enel finalized purchase of Electrica Muntenia Sud
- » Profit of Hidroelectrica increased 16 times in the first quarter of 2008
- » Alro Slatina to build 1,000 MW power plant
- » Electrica considering taking 1 billion euros loan for investments in period 2008-2012
- » Gaz de France considering construction of 800 MW plant
- » Electrica and Austrian Warmebetriebe to establish bio-heat subsidiary

## Serbia:

- » 29.35 million tons of lignite to be produced in Kolubara coal-mine this year
- » The Serbian part of South stream pipeline to transit natural gas
- » Several power companies commented the latest cooperation protocol between EPS and Inter RAO EES
- » Energy agreement with Russia not ratified, Russia accepted ratification after parliamentary elections
- » Italian investors interested in construction of HPPs
- » Canadian REV still did not acquire license for construction of HPP

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



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

## Balkan Energy NEWS publication

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

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

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

Country	Year	Sum	1	2	3	4	5	6
Slovenia	2007	11182	1027	891	953	850		
	2008	11570	1094	998	1012	911		
	2009	10994	1099	932	963	816		
	2010	11722	1074	979	1016	910		
Bosnia and Herzegovina	2007	12186	1155	1038	1075	938		
	2008	34506	3239	2968	2960	2637		
	2009	32722	3121	3196	2636			
	2010	31954	3486	3052	3021	2443		
Bulgaria	2007	33452	3475	3107	3087	2577		
	2008	17842	1680	1543	1570	1423		
	2009	17507	1625	1530	1551	1323		
	2010	15366	1536	1568	1358	1358		
Croatia	2007	15366	1536	1568	1358	1358		
	2008	15366	1536	1568	1358	1358		
	2009	15366	1536	1568	1358	1358		
	2010	15366	1536	1568	1358	1358		
Greece	2007	306	4915	4539	4269	4105		
	2008	306	4915	4539	4269	4105		
	2009	53504	4652	4271	4401	3894		
	2010	53565	4666	4107	4327	3913		
Romania	2007	850	732	777	664			
	2008	850	933	795	761	687		
	2009	7576	862	747	753	466		
	2010	5113	853	848	704	566		
Macedonia	2007	4734	4418	4660	4080			
	2008	4131	4734	4418	4660			
	2009	5170	4801	4795	4396			
	2010	53365	4472	4727	3803			

## Country Reports on Energy Business in South Eastern Europe

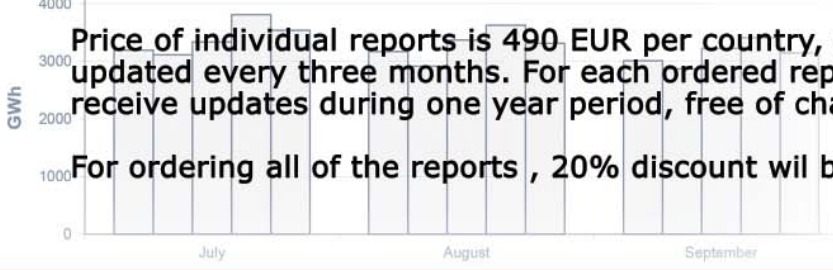
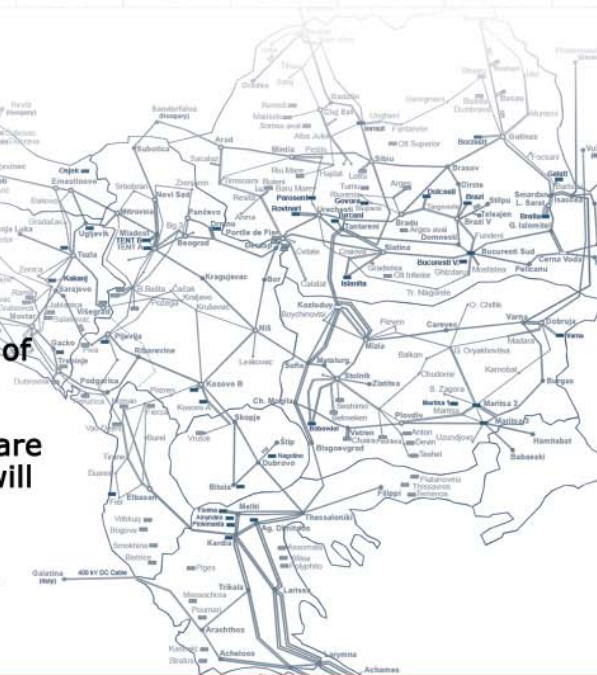
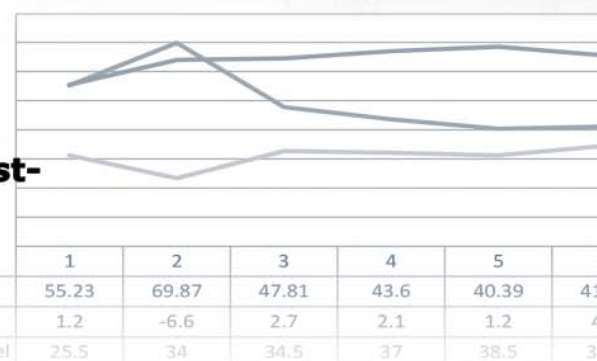
Country reports provide detailed overview of energy sector:

- 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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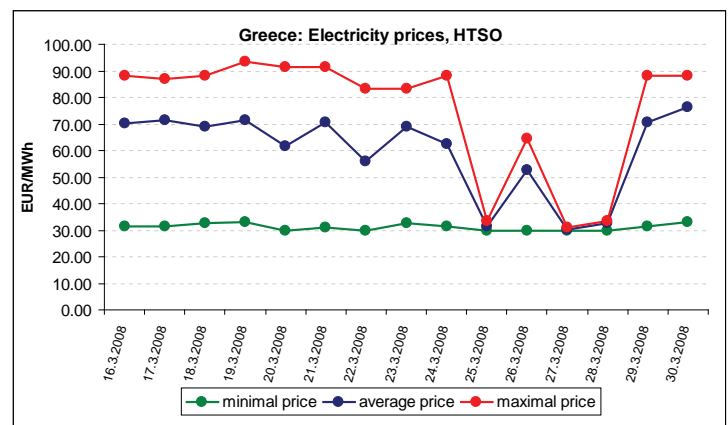
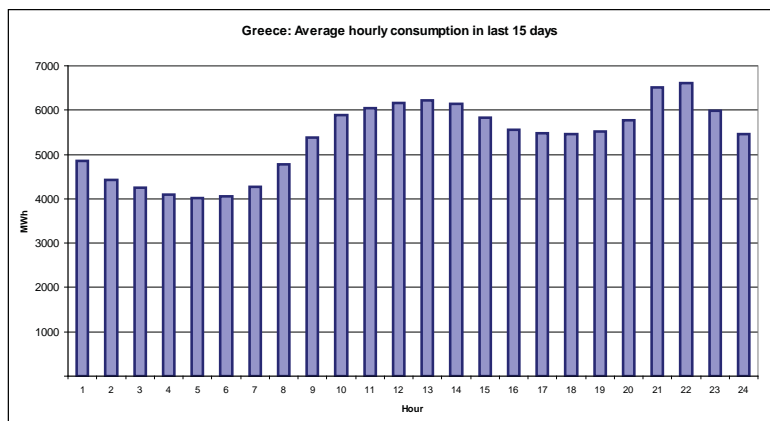


## Greece: Electricity consumption in last 15 days (MWh)

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24
16.4.2008	4980	4500	4330	4220	4150	4280	4670	5400	6150	6600	6600	6640	6670	6630	6450	6130	5960	5900	5900	6250	7000	7000	6250	5660
17.4.2008	4970	4500	4360	4220	4160	4250	4620	5420	6100	6540	6590	6700	6720	6650	6400	6100	6000	6000	5960	6200	7000	7060	6300	5660
18.4.2008	5040	4560	4400	4280	4220	4350	4700	5400	6100	6640	6640	6660	6680	6600	6400	6150	6050	5960	5920	6250	6960	7020	6300	5700
19.4.2008	5100	4650	4450	4300	4250	4250	4320	4650	5250	5900	6250	6450	6550	6500	6000	5700	5660	5540	5550	5900	6700	6670	6020	5550
20.4.2008	5100	4670	4440	4270	4160	4150	4120	4270	4630	5140	5540	5920	5970	5770	5260	4940	4900	4930	5130	5380	6220	6550	6030	5500
21.4.2008	4920	4440	4250	4130	4070	4150	4660	5420	6150	6600	6720	6830	6900	6900	6700	6330	6300	6150	6070	6300	7240	7240	6430	5860
22.4.2008	5180	4750	4580	4450	4330	4420	4740	5470	6220	6700	6800	6850	6900	6880	6550	6230	6160	6100	6100	6400	7180	7240	6400	5860
23.4.2008	5200	4820	4700	4460	4450	4480	4790	5380	6150	6700	6750	6800	6830	6800	6570	6320	6150	6120	6050	6330	6890	7020	6240	5680
24.4.2008	5000	4550	4350	4230	4200	4300	4630	5320	6000	6500	6600	6650	6650	6550	6200	5900	5800	5800	5800	5940	6540	6440	5950	5540
25.4.2008	4810	4350	4100	4000	3850	3850	3800	3980	4350	4730	4850	4950	5000	5000	4840	4740	4620	4680	4860	5000	5330	5180	5150	4900
26.4.2008	4500	4100	3930	3800	3720	3750	3820	4120	4660	5200	5580	5780	6000	6000	5640	5400	5420	5500	5660	6000	6850	6930	6200	5270
27.4.2008	4650	4320	4020	3630	3440	3360	3270	3300	3720	4200	4530	4550	4320	4000	3650	3550	3580	3580	3680	3970	4750	5070	4830	4590
28.4.2008	4300	3950	3810	3710	3600	3580	3510	3590	4010	4420	4670	4870	5000	4910	4500	4320	4300	4390	4450	4750	5550	5800	5310	4910
29.4.2008	4150	3800	3660	3560	3480	3560	3900	4530	5270	5950	6150	6260	6350	6300	6000	5700	5550	5530	5660	5900	6640	6800	6100	5440
30.4.2008	4990	4500	4370	4230	4220	4230	4530	5300	6100	6500	6500	6630	6600	6300	6000	5960	5830	5800	5840	6100	6790	7050	6300	5700
<b>Average:</b>	<b>4859</b>	<b>4431</b>	<b>4250</b>	<b>4099</b>	<b>4020</b>	<b>4064</b>	<b>4272</b>	<b>4770</b>	<b>5391</b>	<b>5888</b>	<b>6051</b>	<b>6164</b>	<b>6211</b>	<b>6139</b>	<b>5831</b>	<b>5565</b>	<b>5485</b>	<b>5465</b>	<b>5509</b>	<b>5778</b>	<b>6509</b>	<b>6605</b>	<b>5987</b>	<b>5455</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
16.4.2008	58.96	33.53	32.84	32.84	31.44	32.84	58.96	58.96	86.80	83.44	85.30	85.30	85.30	85.30	85.30	83.44	85.30	85.30	83.45	86.80	88.23	85.30	86.80	64.78
17.4.2008	62.22	58.74	32.84	32.84	31.34	32.84	58.74	62.22	86.83	83.13	86.83	85.30	86.83	86.83	86.83	85.30	86.83	85.30	82.65	64.54	86.83	86.83	83.13	83.12
18.4.2008	62.22	58.74	33.05	32.84	32.84	33.18	33.53	62.22	83.13	88.25	85.30	86.83	86.83	86.83	85.30	85.30	86.83	86.83	64.55	64.54	85.30	86.83	83.13	62.22
19.4.2008	82.65	62.23	64.54	62.22	62.22	62.22	62.22	33.18	86.83	64.54	93.50	83.12	91.25	64.54	85.30	64.54	64.54	64.54	64.54	64.55	91.25	83.13	88.28	64.54
20.4.2008	64.54	64.54	62.23	33.65	33.18	30.12	30.12	29.92	62.22	64.54	83.12	83.12	64.54	83.12	62.23	62.22	33.70	62.22	64.54	64.54	83.12	91.25	85.30	83.12
21.4.2008	62.22	62.22	58.74	33.53	30.98	32.62	62.22	64.54	88.25	85.30	85.30	85.30	85.30	85.30	85.30	85.30	85.30	64.55	64.54	64.54	91.25	83.13	82.65	62.23
22.4.2008	33.65	29.73	29.80	32.84	29.73	30.12	29.80	58.74	62.23	83.12	64.54	64.55	64.54	64.54	64.54	64.54	64.54	64.54	64.54	64.54	64.54	83.12	64.54	62.23
23.4.2008	62.22	58.74	36.31	32.84	32.84	45.00	33.53	62.22	83.12	83.12	83.12	83.12	83.12	82.65	83.12	83.12	83.12	82.65	82.65	64.55	83.12	83.12	82.65	64.54
24.4.2008	58.74	32.84	32.84	33.18	31.34	33.18	62.22	82.65	83.12	64.54	64.55	64.55	64.55	64.55	64.55	82.65	82.65	64.54	64.54	64.54	64.54	82.65	88.25	62.22
25.4.2008	29.92	30.05	29.73	29.73	29.73	29.73	29.73	29.80	29.80	33.53	31.34	33.18	32.84	32.62	31.44	32.62	30.97	31.44	33.53	32.84	32.84	32.84	32.84	32.84
26.4.2008	30.46	31.34	29.80	29.80	29.80	29.80	29.80	30.46	58.74	64.54	64.54	64.54	64.54	64.54	64.54	64.54	62.23	64.54	64.54	64.54	64.54	64.54	64.54	62.23
27.4.2008	29.92	30.98	29.80	29.80	29.80	29.66	29.73	29.73	30.46	30.05	30.98	30.97	30.98	29.92	29.60	29.73	29.73	29.73	29.73	30.05	30.98	30.98	30.98	30.98
28.4.2008	33.65	30.98	31.44	32.62	30.97	29.92	30.05	30.46	32.84	33.53	33.53	33.53	33.53	33.53	32.94	32.84	32.84	33.18	32.84	33.65	33.53	33.65	33.53	33.53
29.4.2008	58.74	58.74	33.05	32.94	31.34	32.84	58.74	58.74	64.54	82.65	83.12	88.25	83.13	85.30	83.13	83.13	85.30	85.30	85.30	83.13	85.30	85.30	83.13	83.13
30.4.2008	82.67	62.22	62.22	58.74	33.18	33.53	62.22	83.12	88.28	85.30	88.25	88.25	88.25	88.25	88.25	82.66	82.67	82.67	83.12	88.25	85.30	88.25	83.13	64.54
<b>Average:</b>	<b>54.19</b>	<b>47.04</b>	<b>39.95</b>	<b>36.03</b>	<b>33.38</b>	<b>34.51</b>	<b>44.77</b>	<b>51.80</b>	<b>68.48</b>	<b>68.64</b>	<b>70.89</b>	<b>70.66</b>	<b>69.70</b>	<b>69.19</b>	<b>70.03</b>	<b>67.97</b>	<b>65.38</b>	<b>65.82</b>	<b>64.34</b>	<b>62.37</b>	<b>71.38</b>	<b>73.40</b>	<b>71.53</b>	<b>61.08</b>



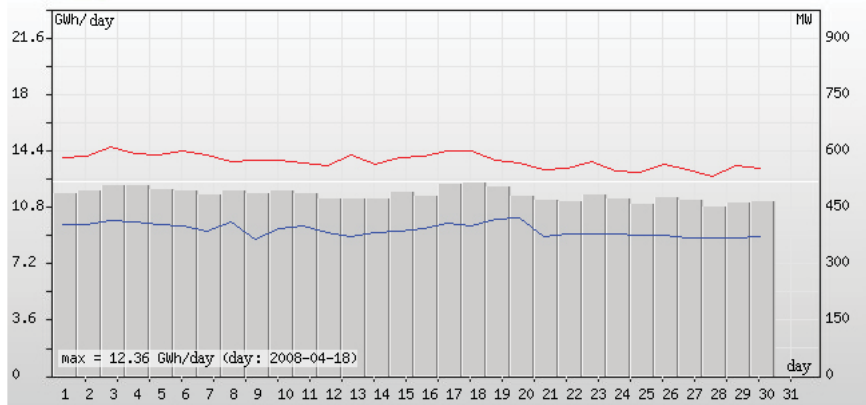
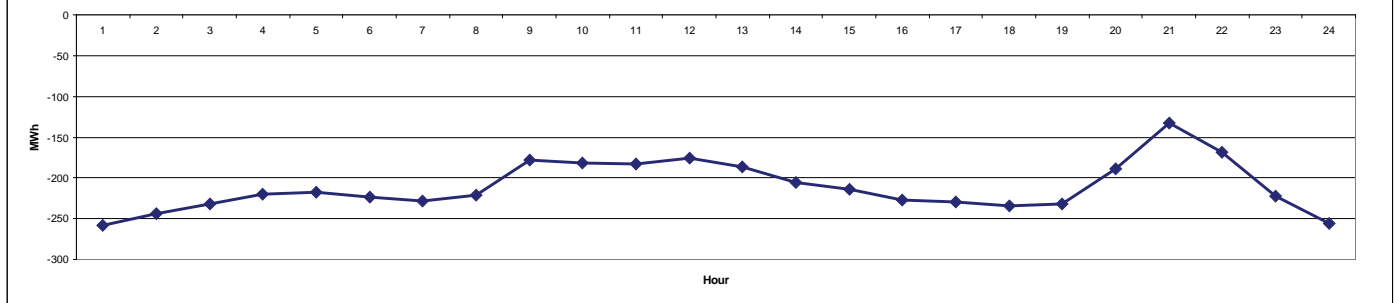
## Montenegro: Electricity exports in last 15 days per border (MWh)

	16.4.2008	17.4.2008	18.4.2008	19.4.2008	20.4.2008	21.4.2008	22.4.2008	23.4.2008	24.4.2008	25.4.2008	26.4.2008	27.4.2008	28.4.2008	29.4.2008	30.4.2008
Montenegro - Albania	1502	835	1665	2400	2574	743	1613	2827		3035	2508			24	399
Montenegro - BiH	1489	304	-3008	-3957	-4197	-1004	-3029	-4633		-4535	-2911			-3936	-4129
Montenegro - Serbia	-4688	-4416	-3930	-3802	-3159	-4538	-4295	-4621		-4457	-4060			-2490	-2830
<b>Total</b>	<b>-1698</b>	<b>-3276</b>	<b>-5273</b>	<b>-5359</b>	<b>-4782</b>	<b>-4800</b>	<b>-5710</b>	<b>-6428</b>		<b>-5958</b>	<b>-4462</b>			<b>-6402</b>	<b>-6560</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
16.4.2008	-226	-245	-273	-255	-256	-242	-171	32	135	107	127	109	57	73	-13	-159	-225	-210	-184	69	72	5	34	-61
17.4.2008	-234	-326	-311	-296	-291	-297	-158	-100	-41	-85	-87	-32	-23	-53	-127	-114	-103	-96	-103	-35	-30	-63	-98	-174
18.4.2008	-320	-330	-307	-302	-292	-305	-342	-229	-112	-66	-112	-58	-34	-187	-193	-259	-303	-319	-276	-62	-60	-183	-267	-357
19.4.2008	-302	-253	-223	-201	-201	-169	-204	-252	-200	-234	-215	-211	-216	-233	-272	-307	-249	-247	-237	-211	-110	-148	-225	-240
20.4.2008	-219	-187	-177	-169	-160	-170	-163	-196	-205	-236	-220	-222	-221	-205	-199	-183	-173	-186	-195	-251	-215	-181	-225	-227
21.4.2008	-196	-152	-135	-115	-126	-130	-189	-234	-228	-238	-246	-242	-242	-237	-243	-234	-226	-222	-248	-246	-30	-79	-275	-290
22.4.2008	-225	-184	-161	-164	-167	-158	-206	-247	-248	-257	-265	-279	-282	-274	-277	-273	-258	-290	-301	-247	-151	-212	-297	-288
23.4.2008	-242	-209	-196	-183	-177	-202	-224	-287	-258	-251	-289	-301	-293	-296	-289	-284	-292	-297	-308	-316	-309	-310	-309	-308
24.4.2008																								
25.4.2008	-237	-212	-217	-190	-188	-194	-228	-267	-259	-277	-284	-287	-285	-299	-294	-282	-298	-291	-292	-254	-86	-163	-286	-288
26.4.2008	-286	-258	-240	-233	-211	-221	-239	-262	-298	-256	-244	-223	-228	-215	-144	-80	-65	-78	-80	-98	-105	-114	-114	-172
27.4.2008																								
28.4.2008																								
29.4.2008	-287	-285	-293	-277	-276	-288	-300	-292	-190	-180	-182	-181	-233	-247	-247	-266	-279	-297	-290	-292	-316	-307	-298	-300
30.4.2008	-321	-287	-246	-252	-264	-309	-311	-319	-233	-203	-174	-186	-234	-294	-276	-289	-281	-281	-277	-331	-248	-268	-308	-367
<b>Average:</b>	<b>-258</b>	<b>-244</b>	<b>-232</b>	<b>-220</b>	<b>-217</b>	<b>-224</b>	<b>-228</b>	<b>-221</b>	<b>-178</b>	<b>-181</b>	<b>-183</b>	<b>-176</b>	<b>-186</b>	<b>-205</b>	<b>-214</b>	<b>-227</b>	<b>-229</b>	<b>-234</b>	<b>-232</b>	<b>-189</b>	<b>-132</b>	<b>-168</b>	<b>-222</b>	<b>-256</b>

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

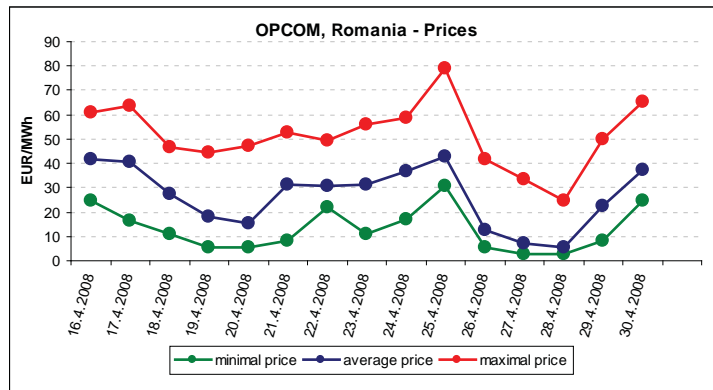
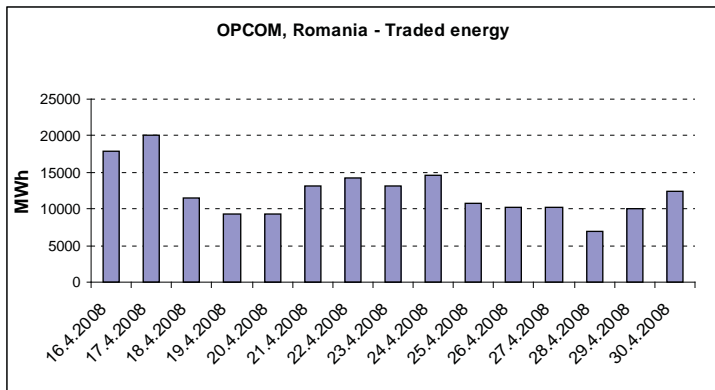


Gray block: Daily consumption (in GWh)  
 Red line: Maximal daily load (in MW)  
 Blue line: Minimal daily load (in MW)  
 (source: TSO EPCG)

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

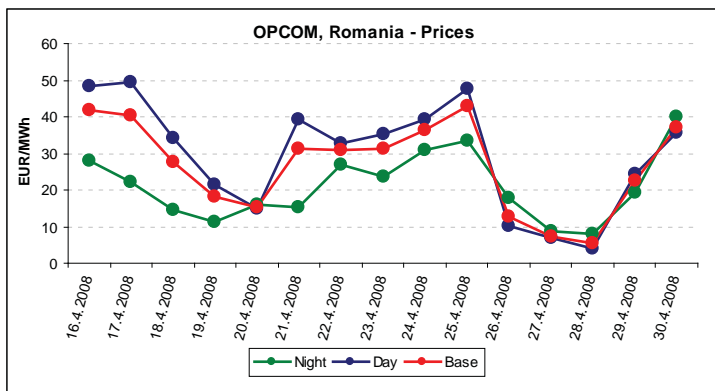
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24
16.4.2008	6098	5939	5840	5799	5842	5953	6255	6681	7157	7375	7397	7379	7359	7337	7269	7052	6916	6929	6997	7126	7478	7513	7035	6462
17.4.2008	5975	5722	5632	5601	5670	5770	5983	6567	6980	7130	7122	7098	7047	7011	6848	6668	6500	6485	6469	6657	7319	7350	6770	6193
18.4.2008	6037	5877	5748	5729	5790	5903	6119	6617	7057	7200	7162	7054	6984	6973	6782	6691	6498	6397	6392	6641	7271	7392	6813	6245
19.4.2008	5978	5706	5599	5496	5483	5572	5595	5661	5956	6217	6197	6124	6070	5996	5858	5853	5865	5857	5919	6007	6654	6839	6447	5963
20.4.2008	5616	5405	5214	5145	5128	5144	5020	4993	5110	5291	5332	5312	5302	5318	5195	5162	5159	5184	5239	5424	6157	6396	6028	5661
21.4.2008	5421	5177	5046	5049	5136	5335	5653	6219	6745	6933	6946	6897	6882	6896	6802	6648	6521	6508	6475	6693	7234	7360	6856	6265
22.4.2008	5531	5376	5264	5235	5229	5405	5796	6259	6646	6844	6765	6677	6625	6653	6560	6417	6262	6237	6242	6344	6958	7139	6743	6030
23.4.2008	5665	5501	5403	5325	5338	5452	5612	6135	6613	6780	6746	6686	6652	6679	6577	6479	6351	6333	6316	6441	7029	7332	6851	6227
24.4.2008	5778	5618	5587	5510	5533	5693	5939	6456	6887	7026	6984	6940	6868	6869	6756	6571	6472	6482	6472	6660	7141	7372	6893	6315
25.4.2008	5747	5545	5444	5351	5335	5454	5565	6055	6312	6443	6396	6257	6148	6111	5877	5792	5787	5802	5726	5746	6231	6591	6250	5912
26.4.2008	5727	5518	5404	5321	5281	5241	5154	5116	5305	5414	5391	5387	5295	5201	5088	5097	5204	5213	5278	5395	5951	6381	6189	5789
27.4.2008	5503	5281	5086	4967	4861	4841	4661	4594	4639	4624	4624	4563	4501	4452	4405	4403	4392	4424	4448	4603	5301	5456	5304	5102
28.4.2008	4869	4707	4659	4655	4611	4584	4460	4386	4437	4532	4538	4552	4524	4496	4445	4420	4418	4445	4455	4620	5426	5532	5311	4981
29.4.2008	4805	4673	4540	4491	4493	4553	4545	4807	5025	5077	5045	4996	4982	4886	4815	4724	4762	4753	4815	4887	5290	5787	5644	5208
30.4.2008	4908	4723	4645	4644	4703	4781	4819	5001	5274	5420	5440	5409	5400	5342	5282	5171	5089	5069	5018	5018	5389	5916	5604	5210
<b>Average:</b>	<b>5577</b>	<b>5385</b>	<b>5274</b>	<b>5221</b>	<b>5229</b>	<b>5312</b>	<b>5412</b>	<b>5703</b>	<b>6009</b>	<b>6154</b>	<b>6139</b>	<b>6089</b>	<b>6043</b>	<b>6015</b>	<b>5904</b>	<b>5810</b>	<b>5747</b>	<b>5741</b>	<b>5751</b>	<b>5884</b>	<b>6455</b>	<b>6690</b>	<b>6316</b>	<b>5837</b>





**Opcom, Romania: Prices in last 15 days (EUR/MWh)**

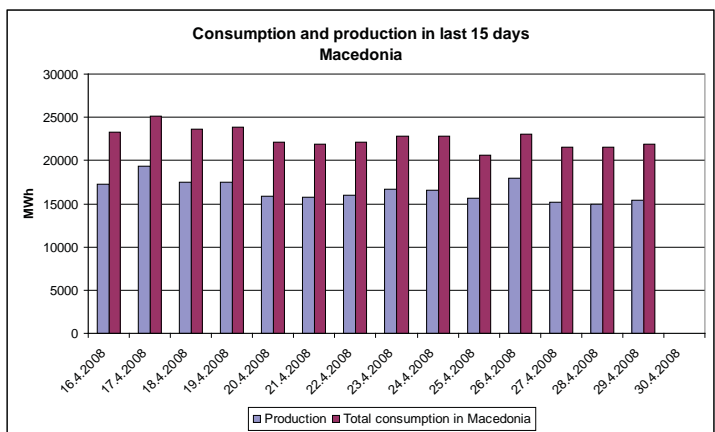
	16.4.2008	17.4.2008	18.4.2008	19.4.2008	20.4.2008	21.4.2008	22.4.2008	23.4.2008	24.4.2008	25.4.2008	26.4.2008	27.4.2008	28.4.2008	29.4.2008	30.4.2008
Base Price	41.69	40.44	27.63	18.09	15.35	31.36	30.76	31.27	36.53	42.94	12.86	7.40	5.31	22.63	37.06
Base Quantity	17813	20039	11514	9244	9364	13056	14189	13176	14549	10821	10177	10177	7014	9986	12461
Day Price	48.46	49.60	34.23	21.41	15.06	39.42	32.71	35.10	39.34	47.60	10.33	6.75	3.91	24.23	35.58
Day Quantity	12075	13812	7616	6057	6112	8789	8935	8251	10293	6747	6264	6264	3867	6418	8236
Night Price	28.16	22.14	14.42	11.44	15.94	15.25	26.86	23.60	30.90	33.62	17.92	8.70	8.10	19.42	40.01
Night Quantity	5738	6227	3898	3187	3252	4266	5253	4925	4256	4073	3912	3912	3146	3568	4225



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

**Mepso, Macedonia (MWh)**

	16.4.2008	17.4.2008	18.4.2008	19.4.2008	20.4.2008	21.4.2008	22.4.2008	23.4.2008	24.4.2008	25.4.2008	26.4.2008	27.4.2008	28.4.2008	29.4.2008
Production	17294	19291	17530	17505	15825	15758	15940	16693	16549	15682	18001	15118	14922	15393
Import	5940	5901	6047	6305	6281	6139	6224	6158	6228	4924	5057	6402	6635	6506
Total consumption in FYROM	23234	25192	23577	23810	22106	21897	22164	22851	22777	20606	23058	21520	21557	21899





## Tables with results of Allocated Available Transfer Capacities (AATC) in Balkan region for May 2008

NOS BIH - Bosnia & Herzegovina								May 2008.
Border+Direction	TTC	TRM	NTC	AAC	ATC	AATC	Price	Validity period:
<b>IMPORT</b>								
Croatia > BIH	-	-	500	-	109	70	*	01.-31.5.2008.
Montenegro > BIH	-	-	350	-	175	0	*	01.-31.5.2008.
Serbia > BIH	-	-	100	-	50	50	*	01.-31.5.2008.
<b>EXPORT</b>								
BIH > Croatia	-	-	560	-	280	15	*	01.-31.5.2008.
BIH > Montenegro	-	-	300	-	100	40	*	01.-31.5.2008.
BIH > Serbia	-	-	300	-	105	0	*	01.-31.5.2008.

ESO - Bulgaria								May 2008.
Border+Direction	TTC	TRM	NTC	AAC	ATC	AATC	Price	Validity period:
<b>IMPORT</b>								
Serbia > Bulgaria	-	-	100	-	50	50	1.00	01.-31.5.2008.
Romania > Bulgaria	-	-	200	-	50	50	0.20	01.-11.5.2008.
	-	-	100	-	0	0	0.00	12.-22.5.2008.
	-	-	200	-	50	50	0.20	23.-31.5.2008.
Greece > Bulgaria	-	-	300	-	150	0	0.00	01.-11.5.2008.
	-	-	0	-	0	0	0.00	12.-22.5.2008.
	-	-	300	-	150	0	0.00	23.-31.5.2008.
<b>EXPORT</b>								
Bulgaria > Serbia	-	-	300	-	150	150	4.50	01.-31.5.2008.
Bulgaria > Romania	-	-	200	-	86	86	0.50	01.-31.5.2008.
Bulgaria > Greece	-	-	500	-	200	200	10.25	01.-11.5.2008.
	-	-	0	-	0	0	0.00	12.-22.5.2008.
	-	-	500	-	200	200	10.25	23.-31.5.2008.

OPS HEP - Croatia								May 2008.
Border+Direction	TTC	TRM	NTC	AAC	ATC	AATC	Price	Validity period:
<b>IMPORT</b>								
Hungary > Croatia	-	-	-	-	500*	500	0.59	01.-31.5.2008.
Slovenia > Croatia	-	-	-	-	150	60	0.00	01.-31.5.2008.
Serbia > Croatia	-	-	-	-	0	0	0.00	01.-31.5.2008.
BIH > Croatia	-	-	-	-	105	100	0.63	01.-31.5.2008.
<b>EXPORT</b>								
Croatia > Hungary	-	-	-	-	0*	0	0.00	01.-31.5.2008.
Croatia > Slovenia	-	-	-	-	150	145	1.05	01.-31.5.2008.
Croatia > Serbia	-	-	-	-	100	100	0.31	01.-31.5.2008.
Croatia > BIH	-	-	-	-	75	74	0.48	01.-31.5.2008.

\* Common auction conducted by MAVIR

MAVIR - Hungary								May 2008.
Border+Direction	TTC	TRM	NTC	AAC	ATC	AATC	Price	Validity period:
<b>IMPORT</b>								
Croatia > Hungary	400	200	200	200	0	0	0.00	01.-31.5.2008.
Romania > Hungary	400	100	300	200	100	80	2.88	01.-31.5.2008.
Serbia > Hungary	200	100	100	100	0	0	0.00	01.-31.5.2008.
<b>EXPORT</b>								
Hungary > Croatia	1150	200	950	450	500	500	0.59	01.-31.5.2008.
Hungary > Romania	400	100	300	175	125	120	0.20	01.-31.5.2008.
Hungary > Serbia	400	100	300	175	125	123	0.59	01.-31.5.2008.

\* Common auction conducted by MAVIR

MEPSO - Macedonia								May 2008.
Border+Direction	TTC	TRM	NTC	AAC	ATC	AATC	Price	Validity period:
<b>IMPORT</b>								
Serbia > Macedonia	400	100	300	36	114	114	3.10	01.-11.5.2008.
	300	100	200	0	100	100	2.50	12.-22.5.2008.
	400	100	300	36	114	114	3.10	23.-31.5.2008.
Greece > Macedonia	330	100	230	0	0	0	0.00	01.-11.5.2008.
	270	100	170	0	0	0	0.00	12.-22.5.2008.
	330	100	230	0	0	0	0.00	23.-31.5.2008.
<b>EXPORT</b>								
Macedonia > Serbia	360	100	260	70	60	0	0.00	01.-11.5.2008.
	200	100	100	50	0	0	0.00	12.-22.5.2008.
	360	100	260	70	60	0	0.00	23.-31.5.2008.
Macedonia > Greece	140	100	40	0	0	0	0.00	01.-11.5.2008.
	100	100	0	0	0	0	0.00	12.-22.5.2008.
	140	100	40	0	0	0	0.00	23.-31.5.2008.

TSO EPCG - Montenegro								May 2008.
Border+Direction	TTC	TRM	NTC	AAC	ATC	AATC	Price	Validity period:
<b>IMPORT</b>								
Albania > Montenegro	-	-	-	-	100	0	0.00	01.-31.5.2008.
BIH > Montenegro	-	-	-	-	100	60	0.67	01.-31.5.2008.
Serbia > Montenegro	-	-	-	-	40	40	0.53	01.-31.5.2008.
<b>EXPORT</b>								
Montenegro > Albania	-	-	-	-	50	50	0.51	01.-31.5.2008.
Montenegro > BIH	-	-	-	-	100	25	0.51	01.-31.5.2008.
Montenegro > Serbia	-	-	-	-	100	25	0.51	01.-31.5.2008.

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

Transelectrica - Romania								May 2008.
Border+Direction	TTC	TRM	NTC	AAC	ATC	AATC	Price	Validity period:
<b>IMPORT</b>								
Bulgaria > Romania	300	100	100	50	50	50	0.18	01.-31.5.2008.
Serbia > Romania	200	100	50	50	0	0	0.00	01.-31.5.2008.
Hungary > Romania	400	100	150	25	125	125	0.14	01.-31.5.2008.
Ukraine > Romania	250	100	150	100	50	10	0.00	01.-11.5.2008.
	400	100	300	100	200	10	0.00	12.-22.5.2008.
	300	100	200	100	100	10	0.00	23.-31.5.2008.
<b>EXPORT</b>								
Romania > Bulgaria	300	100	100	50	50	50	0.18	01.-11.5.2008.
	200	100	50	50	0	0	0.00	12.-22.5.2008.
	300	100	100	50	50	50	0.18	23.-31.5.2008.
Romania > Serbia	400	100	150	50	100	100	2.40	01.-31.5.2008.
Romania > Hungary	400	100	150	50	100	100	2.65	01.-22.5.2008.
	300	100	100	50	50	50	3.44	23.-31.5.2008.
Romania > Ukraine	0	0	50	0	50	40	0.00	01.-11.5.2008.
	0	0	0	0	0	0	0.00	12.-31.5.2008.

EMS - Serbia								May 2008.
Border+Direction	TTC	TRM	NTC	AAC	ATC	AATC	Price	Validity period:
<b>IMPORT</b>								
Hungary > Serbia	-	-	-	-	150	150	*	01.-31.5.2008.
Romania > Serbia	-	-	-	-	150	150	*	01.-31.5.2008.
Bulgaria > Serbia	-	-	-	-	150	150	*	01.-31.5.2008.
Macedonia > Serbia	-	-	-	-	130	0	*	01.-11.5.2008.
	-	-	-	-	50	0	*	12.-22.5.2008.
	-	-	-	-	130	0	*	23.-31.5.2008.
Albania > Serbia	-	-	-	-	105	0	*	01.-25.5.2008.
	-	-	-	-	75	0	*	26.-31.5.2008.
Montenegro > Serbia	-	-	-	-	150	0	*	01.-31.5.2008.
BiH > Serbia	-	-	-	-	150	0	*	01.-31.5.2008.
Croatia > Serbia	-	-	-	-	150	100	*	01.-31.5.2008.
<b>EXPORT</b>								
Serbia > Hungary	-	-	-	-	50	50	*	01.-31.5.2008.
Serbia > Romania	-	-	-	-	50	50	*	01.-31.5.2008.
Serbia > Bulgaria	-	-	-	-	50	50	*	01.-31.5.2008.
Serbia > Macedonia	-	-	-	-	150	150	*	01.-11.5.2008.
	-	-	-	-	100	100	*	12.-22.5.2008.
	-	-	-	-	150	150	*	23.-31.5.2008.
Serbia > Albania	-	-	-	-	105	105	*	01.-11.5.2008.
	-	-	-	-	25	25	*	12.-31.5.2008.
Serbia > Montenegro	-	-	-	-	146	146	*	01.-04.5.2008.
	-	-	-	-	101	100	*	05.-31.5.2008.
Serbia > BiH	-	-	-	-	50	50	*	01.-31.5.2008.
Serbia > Croatia	-	-	-	-	50	50	*	01.-31.5.2008.

\* No price information available

General remark: 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:

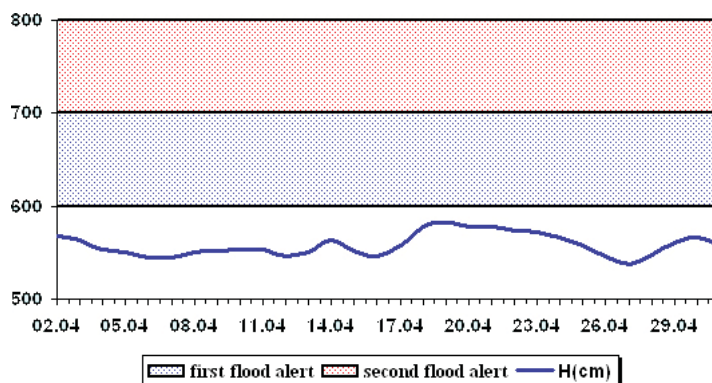
HPP Portile de Fier I, 1167 MW, Romania

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)



## Forecasted weather conditions for the following period

	3.5.	4.5.	5.5.	6.5.	7.5.	8.5.	9.5.	10.5.	11.5.	May averages.
<b>Albania</b>	T: 11-24	T: 12-23	T: 11-22	T: 9-17	T: 6-21	T: 10-23	T: 11-23	T: 10-23	T: 13-26	Temperature: 12-23
<i>Tirana</i>	W: NE 16	W: N 14	W: NE 8	W: NE 8	W: N 4	W: N 4	W: -	W: NW 6	W: NW 12	Amount of rain: 122
	R: -	R: -	R: -	R: -1	R: -	R: -	R: -	R: -	R: -	Number of rain days: -
<b>Bosnia and Herzegovina</b>	T: 4-19	T: 4-19	T: 4-14	T: 6-19	T: 6-20	T: 7-21	T: 7-22	T: 8-24	T: 8-25	Temperature: 8,5-20.4
<i>Sarajevo</i>	W: -	W: L-V	W: L-V	W: -	W: -	W: -	W: -	W: -	W: -	Amount of rain: 82
	R: -	R: -	R: 8	R: 8	R: -	R: -	R: -	R: -	R: -	Number of rain days: 11
<b>Bulgaria</b>	T: 8-19	T: 7-20	T: 7-17	T: 9-17	T: 9-21	T: 9-20	T: 10-22	T: 11-24	T: 11-24	Temperature: 9-20.2
<i>Sofia</i>	W: NW 11	W: N 8	W: N 5	W: NE 9	W: L-V	W: L-V	W: -	W: L-V	W: W 8	Amount of rain: 73
	R: 3	R: -	R: 3	R: -	R: -	R: -	R: -	R: -	R: -	Number of rain days: 14
<b>Croatia</b>	T: 9-23	T: 11-22	T: 11-19	T: 9-20	T: 12-23	T: 11-24	T: 9-26	T: 9-26	T: 11-25	Temperature: 9.2-21.3
<i>Zagreb</i>	W: NE 4	W: NE 9	W: NE 11	W: NE 11	W: NE 7	W: -	W: -	W: L-V	W: W 10	Amount of rain: 79
	R: -	R: -	R: 15	R: 2	R: -	R: -	R: -	R: -	R: -	Number of rain days: 13
<b>Greece</b>	T: 15-24	T: 14-22	T: 14-22	T: 15-19	T: 14-21	T: 13-20	T: 14-22	T: 14-24	T: 15-24	Temperature: 14-26
<i>Athens</i>	W: NW 9	W: NW 9	W: NW 8	W: N 6	W: NW 14	W: NW 11	W: NW 6	W: NW 11	W: W 12	Amount of rain: 22.8
	R: -	R: -	R: -	R: -	R: -	R: -	R: -	R: -	R: -	Number of rain days: 6
<b>Macedonia</b>	T: 7-24	T: 4-23	T: 6-23	T: 8-20	T: 9-23	T: 7-23	T: 8-23	T: 9-24	T: 8-26	Temperature: 10-23.9
<i>Skopje</i>	W: N 11	W: N 13	W: NE 6	W: NE 9	W: -	W: -	W: -	W: L-V	W: NW 10	Amount of rain: 60
	R: -	R: -	R: -	R: -8	R: -	R: -	R: -	R: -	R: -	Number of rain days: 11
<b>Montenegro</b>	T: 12-27	T: 12-26	T: 12-24	T: 12-23	T: 13-26	T: 12-27	T: 13-27	T: 13-27	T: 13-28	Temperature: 13.5-24.3
<i>Podgorica</i>	W: NE 14	W: N 11	W: NE 9	W: NE 8	W: N 4	W: N 5	W: -	W: NW 5	W: W 13	Amount of rain: 88
	R: -	R: -	R: -	R: -	R: -	R: -	R: -	R: -	R: -	Number of rain days: 9
<b>Romania</b>	T: 4-19	T: 1-18	T: 2-19	T: 5-19	T: 7-19	T: 7-22	T: 8-23	T: 9-24	T: 12-27	Temperature: 10,6-23.4
<i>Bucharest</i>	W: NW 6	W: NW 12	W: NE 9	W: NE 8	W: N 9	W: NW 4	W: -	W: NW 4	W: W 11	Amount of rain: 70
	R: -	R: -	R: -	R: -	R: -	R: -	R: -	R: -	R: -	Number of rain days: 6
<b>Serbia</b>	T: 11-22	T: 11-21	T: 9-19	T: 11-21	T: 10-23	T: 11-23	T: 13-24	T: 13-26	T: 14-28	Temperature: 12-22.5
<i>Belgrade</i>	W: N 19	W: N 16	W: NE 9	W: NE 13	W: NE 5	W: -	W: -	W: NW 8	W: W 13	Amount of rain: 71
	R: -	R: -	R: -	R: -	R: -	R: -	R: -	R: -	R: -	Number of rain days: 14

T: Temperature in celsius degrees

W: Wind speed in km/h, S – South, W – West, N – North, E – East and variables;“-” - no wind;“L-V” - Light and variable

R: Rain in mm

S: Snow in mm

**Analysis:****Process of tender procedure for privatization of TPP Bobov Dol****About:**

Thermal Power Plant Bobov Dol is located in the Southwest Bulgaria. It is situated 10 km northwest of the town Dupnitsa and about 70 km south of Sofia. It has been operational since 1976, with total installed capacity of 630 MW (3x210 MW units) and available capacity of 570 MW. It is supplied with coal from 12 mines in western and south western Bulgaria. Coal reserves from current mines which are supplying TPP are decreasing, and it is estimated that only one unit could be supplied by them by 2013. There are also possibilities for altering a TPP to gas fired TPP.

TPP Bobov Dol producing around 1 900 GWh/year. It is considered as expensive, inefficient and ecologically inexpedient production unit. 2nd unit of TPP Bobov Dol has been decommissioned on 31st of December 2007, in accordance to environmental reasons and requests from EU. In January 2008, the management of TPP Bobov Dol asked from State Energy and Water Regulatory Commission (SEWRC) that unit 2 should not be decommissioned but preserved as cold reserve capacity. The official from the TPP, Bogomil Stoilov said that decommissioning of the unit would affect stability of electricity system. The head of SEWRC, Konstatin Shushulov, said that the government could decide that unit 2 becomes cold reserve capacity. Remaining units 1 and 3 are planned for decommission in 2010 and 2014.

**Environmental issues**

Currently, TPP Bobov Dol operates by old environmental regulations, and strict EU directives are to be implemented, which requires large investments in rather old TPP. TPP Bobov Dol has been emitting some 50 milligrams of harmful particles per cubic meter, which exceeds EU rules by three times. Coal from Bulgarian mines has high percent of sulfur, and only way to avoid large investment is not to use domestic coal. But, new owner of TPP is obligated to use domestic coal for 5 years, and ecological license expired in 2007. In the end of 2006, it was estimated that new owner will need to invest at least 100 million EUR only for desulphurization equipment.

**Protests**

Government's decision to propose the Bobov Dol plant for sale has initiated extensive protest among labor unions. The miners have blocked motorway connecting Sofia and Greece. Miners demand from PPC to sign long-term coal purchase contract, which should guarantee minimum coal deliveries. TPP Bobov Dol would purchase for local mines. Miners from whole Bulgaria have organized protest against the intend sale. It was estimated that about 11 000 miners might lose their jobs as a result of privatization with no regulations regarding purchase of coal. In order to please miner's demands, government obliged new owner with a five-year contract for purchasing of the minimum coal supplies from the Bobov Dol mines.

Amount of coal will be specified in new tender document. Trade union requested a 10 year agreement. Unions also demanded that TPP and coalmines had to be sold to single buyer. The coalmines in Bobov Dol have reported loss of 4.72 million euros in 2005th, and overall losses reached 20.38 million euros.

**Development**

On 27th of April 2005, Greek Public Power Corporation (PPC) and Italian Enel submitted their bids regarding 1st tender procedure for privatization of TPP Bobov Dol. PPC submitted better offer, 36.17 million EUR for 51% in the TPP Bobov Dol and 34.38 million EUR for a capital hike that would give PPC control over 67% of TPP. PPC offered to buy out the leftover state-run stake for 34.75 million EUR by 2007.

Two months later, in the end of June 2005, Bulgarian government has stopped the privatization of TPP Bobov Dol. The state Privatization Agency (PA) was not satisfied with purchase bids, saying the price was lower than the agency's estimates. In September 2005, PPC has filed the petition to the Supreme Administrative Court regarding the decision of the Privatization Agency to cancel the privatization. Also, Energy ministry proposed to the PA to merge the TPP with the coal mine Bobov Dol on the same name and to sell two companies as one.

After long standstill, in March 2006, Bulgarian Privatization agency (PA) has reached two opposite decisions regarding the privatization of TPP in just two weeks. First, on March 14th, the Bulgaria's Supreme Administrative Court has accepted appeal filed by PPC and revoked the PA's decision on cancellation of tender procedure. The court decision could have been appealed in two weeks period. In that time, PA supervisory board proposed to executive board of PA to appeal the court decision, but executive board is not obliged to follow the recommendations of supervisory board. In fact, PA has admitted that PPC's offer was respectable and PA executive director seemed not to agree with the opinion of PA supervisory board. According to the information in that time, it was likely for PPC to have started negotiations with PA for purchase of TPP. Explaining its decision, Supreme Court referred to the analyses made by Bulgarian "Ernst&Young" which estimated 100 % of TPP Bobov Dol at 78.34 million euros that imply value of 66.73 to 312 euros per share. PPC has offered 282 euros per share. The Supreme Court dismissed another motive for cancellation of tender as well, i.e. the lack of guarantees that TPP would continue to buy coal from local coalmine.

Despite the announcements, PA has filed an appeal to the Supreme Court and called again for cancellation of privatization procedure. Now, executive director of PA said that restart of the privatization procedure was unlikely to rise the bid for TPP.

In that time, company Balkan MK Oranovo has submitted a request to the Energy Ministry for lease the Bobov Dol coal mines for a period of 5 years. The company owns coalmines in Gotse Delchev and Simitli and planned production of 5 million tons of coal in Bobov Dol mines. This request was not approved, due to possibility that mines could be included in corrigendum of the contract for TPP



Finally, in July 2006, Privatization Agency officially selected PPC to be new owner of TPP Bobov Dol. In that moment, it was announced that PA and PPC should carry out necessary negotiations in order to sign the privatization contract by the end of September 2006. Head of PA confirmed that Bulgaria would not try to get higher price for the TPP during negotiations, but only to provide guarantees that PPC would buy coal for the plant from the local coalmine. It was decided that deadline for signing the final agreement with PPC is 11th December 2006, instead of 11th September, as announced in July. According to PA, the deadline was extended in order to acquire all necessary permits from ministry of environment and to resolve issue related to the local coalmines and to sign the reserve capacity agreement with Bulgaria's transmission system operator (NEK). Due to prolongation of sale procedure, PPC was allowed to perform new due-diligence of the TPP. In the same time, sources in Greece suggested that PPC would not purchase the TPP Bobov Dol due to new demands, imposed by Bulgaria's authorities, regarding ecological permit, coal supply agreement with local coalmines and reserve capacity agreement that should be signed with National transmission operator (NEK). PPC believed that current environmental regulation would not allow the company to use coal from local coalmines. In the same time, local coalmines, due to possible layoffs if TPP Bobov Dol was not obliged to use their coal, announced protests against the sale the TPP. PA proposed that PPC should be obliged to buy coal from local coalmines for at least five years.

Problem regarding pollution permit started to emerge. PPC demanded from Bulgarian ministry of environment and water to renew the pollution permit to the TPP. Current permit allows the TPP to operate only until 2014th, when the EU directives will have to start to apply. According to the current regulations, unit 2 in TPP had to shutdown until January 1st 2007th, unit 1 in 2010th, and unit 3 should be shutdown in 2014th.

In December, PA decided to prolong the privatization procedure for TPP by the mid February 2007, since agreement could not be reached. A month later, third deadline extension was announced. And it was extended until 10th of April. According to head of PA, PPC was not willing to invest in the projects for reduction of harmful gasses in TPP, as it was demanded by Bulgarian environmentally ministry. PPC said that due to current carbon quota, TPP could not use coal from local coalmines. Deadline was extended for the forth time, until 30th of April, when it was decided to cancel negotiations with PPC. The cancellation of negotiations does not imply cancellation of entire sale procedure, officials from PA said. Head of Public power corporation (PPC) Mr. Athanassopoulos confirmed the management of the company decided that purchase of TPP Bobov Dol was not economically viable.

On 1st of September 2007, PA announced launching the new tender for sale of TPP Bobov Dol. The tender for sale of 100 % shares in the TPP was to be launched by the end of September, while the sale contract should be signed by the end of the year. But, new tender was not published, due to long procedure for cancellation of current agreement with PPC.

On 13th of March 2008, PA published new auction for sale of 100 % of shares in TPP Bobov Dol. The initial price for sale of 251 400 shares is set at 51 million euros, and the bidders will

be allowed to place bids in increments of 250,000 EUR. The auction procedure will take place in July. According to terms published by PA, the eligible candidates would be the companies with 5 TWh of annual electricity production and sales in the last three years and with capital of over 1 billion euros. Also, the potential buyer could be the company that supplied at least 1.25 million tons of local coal in the past three years or the consortium which supplied at least 3 million tons of local coal in the last three years and which is majority owned by local company.

In that moment, local tycoon Hristo Kovachki, announced plans for construction of two 200 MW units and investments of 100 million euros for desulphurization installation in the TPP Bobov Dol. Kovachki owns coalmines in Chernomore, Beli Breg, Choukourovo, Pernik and Bobov Dol

But, procedure for canceling previous tender procedure had finished in the beginning of April 2008. Bulgaria's Supreme administrative court (SAC) issued a verdict that approved the decision of Privatization agency (PA) to cancel the sale of TPP Bobov Dol to PPC.

According to some Bulgarian media, the latest auction procedure is believed to be written only for local tycoon Hristo Kovachki, since only his company in Bulgaria could meet the tender criteria. The company Minna Kompania EOOD and Energia MK, both linked to tycoon Hristo Kovachki were the only bidders that filed their eligibility certificates in the tender procedure. Mr. Hristo Kovachki has recently purchased small lignite and gravel mine in Serbia. The initial bids in the tender were also submitted by Damco Energy (Greece), Sencap (Greece), and Electrabel (Belgium), but those companies decided not to proceed with the tender.

The open tender should take on June 26 at the premises of Privatization agency

## News:

### **The agreement for the project company for PEOP signed (Region)**

On April 22 in Bucharest, Croatia, Romania and Serbia signed the Agreement for establishment of joint company for development of Pan European Oil Pipeline (PEOP).

The agreement was signed by director of Serbian oil transport company, Transnafta, Nebojsa Lemajic, member of the management of Adriatic pipeline (Janaf), Vladimir Vrankovic, General Manager of Romanian Conpet, Liviu Ilasi, and General Manager of Oil terminal Constanta Mihai Lupu.

The foundation for the agreement was the declaration signed by energy ministers and EU energy commissioner in Zagreb in April 2007. Declaration was signed after three years of negotiations.

According to latest agreement, the project company should be registered in London in period of 45 days after signing the agreement. The company will be obliged to prepare feasibility studies, to find investors and oil suppliers. The management of



the project company will have six members, i.e. two from each country.

Italy and Slovenia, the member countries in the PEOP project, still did not appoint its companies that will participate in the project. However, their representatives attended the signing ceremony in Bucharest.

In this moment, Italy is firmly in favor of the project, where new government (elections took place in mid April) is going to appoint company that will take part in the project.

Liviu Ilasi believes that PEOP could be built even in case if some of the participating countries decided not to continue with the project. (In the past, Slovenia had some doubts on the project). On the other hand, Vladimir Vrankovic from Janaf said that there would be no project without Italy and Slovenia

According to sources from Romania, EU should also take part in the project in order to diversify energy sources. EU expressed political support to the project by signing the ministerial declaration in Zagreb last year.

The participants of the meeting in Bucharest said that large number of investors is already willing to fund the project, but the exact names should be revealed after the project company is registered in London.

Ilasi said in the press conference that Romania already had negotiations with Azerbaijan and Kazakhstan, two potential oil suppliers. These countries are willing to deliver and transport crude oil and even to invest in the project, Ilasi said.

Deputy Minister of energy and mining of Serbia, Slobodan Sokolovic said to Serbian media that signing of the agreement marked the start of large-scale activities in the project. He said that the project company should sign all necessary agreements with investors and users of the pipeline during one-year period. Only after that, the decision for construction of the pipeline will be reached, Sokolovic said.

Croatian officials said the PEOP would reduce tanker traffic in Adriatic and thus would reduce environmental pollution. On the other hand, Serbian officials believe that by construction of PEOP the price of oil derivatives in Serbia should be reduced by 20-30 %. Romanian officials believe that pipeline could bring some 3 billion dollars of profit for the country in the period of 20 years.

The PEOP should be some 1,400km long, where annual transport capacity should be 60-90 million tons. The pipeline should transport crude oil from Caspian region and it should run from Constanta (Romania), across Serbia, Croatia, and Slovenia toward Trieste (Italy). In Trieste, the pipeline will be connected to existing Transalpine Pipeline (TAL)

The pipeline route includes several oil refineries: Pitesti (Romania), Pancevo and Novi Sad (Serbia), Brod (Bosnia and Herzegovina), Sisak and Rijeka (Croatia) and Trieste. The cost of the project is estimated at 3.5 billion dollars. According to the latest estimations, the pipeline could be operational in 2013.

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## CEZ defends its investments in Balkans (Region)

Czech CEZ rejected all claims of the high officials from the government of Czech Republic regarding risky investments in Balkans (Romania, Bulgaria, and Bosnia and Herzegovina) as well as in Russia.

The ministry of industry and trade of Czech Republic criticized CEZ for not investing in EU. Those investments would be less profitable but more reliable, ministry said.

In order to support its standpoint, CEZ submitted reports over the business performance of all of its companies registered abroad.

According to reports, CEZ's international subsidiaries earned some 21.1 % of overall income of the company in the last year. The percentages increased comparing to 2006 and 2005, when they stood at 17.7 % and 19.1 %, respectively.

Executive director of CEZ, Daniel Benes believes that result of those companies showed the investments were carefully chosen.

In the same time, the profit from investments abroad, where investments in Balkans were among the most important, amounted to 8.4 % of overall profit of CEZ. In 2007, this profit reached 252 million euros, which was 27 % higher comparing to 2006.

CEZ sees Balkans as a place for long-term investments, yet the activities were often slowed down due to lack of political will for introduction of market based electricity prices.

Regional manager of CEZ in Romania Jan Veskrna quoted the example of Romania where market is not capable for new investments now.

In Bulgaria, CEZ was forced to increase wages by 25 % in its electricity distribution company, after the workers initiated large-scale strikes. CEZ Bulgaria supplies 2 million customers in Sofia region.

CEZ owns 30 companies and 8,800 employees abroad. The largest investment should be construction of 600 MW unit in thermal power plant (TPP) Gacko in Republic of Srpska (RS) in Bosnia and Herzegovina. The worth of the project is estimated at 1.4 billion euros.

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## Project regarding exploration of oil and gas announced (Albania)

Officials from DWM Petroleum AG, a Manas Petroleum subsidiary, announced a projects regarding exploration of oil and gas. Their intention is to begin with exploitation of 9 identified oil and gas reserves. Albanian Council of Ministers has allowed DWM Petroleum AG to assist in exploration and production of Albanian oil and gas reserves with governments Agency of Natural Resources. According to license, the company is allowed to explore oil and gas reserves in an area approximately 780,000

acres in size, located along a geological fold in north-western Albania.

In December 2007, company has announced that large deposit of oil and gas is found in northern Albania. According to announcement, deposit has unproven 2 987 billion barrels of oil and 3 014 trillion cubic feet of natural gas. If the oil is capped with gas, the reserves will have 1.4 billion barrels of light oil and 15 trillion cubic feet of natural gas. If only gas is present, the reserve is expected to have 28 trillion cubic feet of natural gas.

"The probability of success for a wildcat well in a structurally complex area such as this, is relatively high due to the fact that there exists a proven hydrocarbon source and analogous production exists only 20 to 30 km away", says the Gustavson Associates report. "Gustavson Associates LLC", was engaged by "Manas Petroleum". Gustavson's assessment is limited to the potential undiscovered oil and gas resources underlying the company's licenses.

Details regarding amount of oil and gas and company plans are expected to be revealed soon.

The Balkans region has proven oil reserves of approximately 345 million barrels. Of that, 198 million barrels is located in Albania.

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### **PPC and RWE to build a TPP in Albania (Albania)**

PPC has decided to sign a deal with RWE, by which they would jointly build a coal fired TPP in Albania. By this agreement, RWE would have 51% in the project, while PPC will have 39% and Greek cement company „Titan“, 10%. Currently, there are no additional details.

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### **Serbia and Croatia owe some 4.5 billion euros for undelivered electricity (Bosnia and Herzegovina)**

Chairperson of the Presidency of Bosnia and Herzegovina (BiH) Haris Silajdzic said that Serbia and Croatia owe to BiH some 4.5 billion euros for undelivered electrical energy. Silajdzic said he is in possession of documents, which prove this and which should be presented during the next meeting of the presidency. In the same time, BiH owes electricity to Montenegro, according to Silajdzic. Silajdzic said this at the press conference held after the meeting with ambassadors of EU countries.

BiH's claims are related to the four hydropower plants (HPPs) on borders with Croatia and Serbia. The dispute with Croatia is related to HPPs Trebinje (Silajdzic claims 270 million euros of debts) and Orlovac (470 million euros), while dispute with Serbia is related to HPPs Bajina Basta (2.9 billion euros) and Zvornik (850 million euros).

Silajdzic pointed out that, despite the fact that power plants are under jurisdiction of particular entities, the issue of hydro-power potential on the state borders could be only managed by the state of BiH.

During the same occasion, Silajdzic said to ambassadors that he supports a controversial plan of government of Federation of BiH regarding the large-scale projects for construction of new power plants. He believes the projects are favorable for BiH, that they are in accordance to laws and that they should be started very soon. Answering the question why cantonal court launched investigation over these projects against federal Prime Minister Nedžad Branković, energy minister Vahid Heco, and several other persons, Silajdzic responded that investigation should support its claims. The investigation by itself does not imply that something is illegal, Silajdzic concluded.

In the related news, president of Croatia Stjepan Mesić recently said, while commenting claims of Prime Minister of Republic of Srpska (RS) Milorad Dodik who said that Croatia owes some 100 million euros for unauthorized usage of electricity in HPP Dubrovnik, that Croatia will solve this issue in cooperation with BiH and not with RS.

The officials of RS immediately answered by saying that President Mesić is not very good acquainted with the laws of BiH, according to which particular entities in the country are legal owners of the power plants.

According to officials from RS, since 1994, the Power utility of RS (ERS) has been using only 50 % of electricity from the HPP Dubrovnik. The HPP is operated by Croatian power utility (HEP). The cooperation agreement signed in former Yugoslavia envisaged that Croatia is entitled only to 30 % of electricity produced in this particular HPP.

On the other hand, Croatia demanded from RS to recognize that 33 % of shares in thermal power plant (TPP) Gacko, which is operated by RS, were owned by Croatia. In this case, Croatia claims it has invested funds during the construction of the TPP.

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### **Statkraft still interested in investments (Bosnia and Herzegovina)**

Norway's ambassador in Bosnia and Herzegovina (BiH) Jan Braathu said to local papers that Norwegian state power company Statkraft is still interested in investing in Federation of BiH, but the federal government still did not respond to Statkraft's request.

Ambassador Braathu confirmed that Statkraft has been trying for some time to establish the contacts with the government. In the same time, the company has been closely watching developments in energy sector, including the recent decisions and debates in the parliament of Federation of BiH.

On the other hand, Statkraft and other entity in BiH, the Republic of Srpska (RS), signed an agreement for construction of hydropower plants (HPPs) on Vrbas River in January this year. The contract is related to construction of four HPPs with overall output of 70 MW. The cost of the project is estimated between 70 and 100 million euros.

Prime Minister of RS, Milorad Dodik said the government is determined to continue cooperation with Statkraft in projects for

construction of new HPPs. Dodik said this during the meeting with Jan Braathu and officials from Statkraft, which took place in the second half of April.

Dodik confirmed that both the government of RS and local community support construction of HPPs on Vrbas River. He also welcomed announcement of Statkraft regarding the opening of the local office in Banja Luka.

During the occasion, Statkraft's officials announced they received preliminary report related to the justifiability of the project. Statkraft said it expects it would be granted a license for construction of HPPs on Neretva River. Norwegians earlier expressed interest in the construction of HPPs on Drina River in cooperation with government of RS and Power utility or RS (ERS).

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### **Russian official announced construction of natural gas pipeline toward Republic of Srpska (Bosnia and Herzegovina)**

The advisor in Russian embassy in Bosnia and Herzegovina (BiH) Aleksandar Shinkarev said that natural gas would come from Russia to Republic of Srpska (RS) through new natural gas pipeline.

The future natural gas pipeline could be just a local pipeline or it could be the regional, transit pipeline, the officials said. Shinkarev could not give the technical details of the pipeline or the deadlines of the project.

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### **Aluminum factory wants to build power plant (Bosnia and Herzegovina)**

Aluminum factory in Mostar has ordered a feasibility study related to the construction of coal-fired thermal power plant (TPP) at the site of the factory.

The study will be delivered by Faculty of electrical engineering from Zagreb. This was confirmed by the General Manger of the factory. The feasibility study should be finished by September.

By construction of the TPP, the factory, which is the largest industrial customer in the Bosnia and Herzegovina (BiH), wants to solve constant problems related to electricity import. In the same time, the factory plans to enlarge its output, which would result in increased electricity consumption.

The construction of new TPP (the output was not revealed) should bring 1,000 new workplaces. In the same time, the utilization of railway and port of Ploce will be increased, since they would be used for coal transport. The future TPP could be used for additional heat supply of city of Mostar, officials said.

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### **4.9 million euros of losses for Brod refinery in the first quarter of 2008 (Bosnia and Herzegovina)**

Oil refinery in Brod reported 4.9 million euros of losses in the first quarter of this year, which was 33 % higher comparing to the same period last year.

Overall income of the company, which is majority owned by Russian NefteGazInkor, reached 360,000 euros, while overall expenses stood at 5.2 million euros.

According to the report published by Banja Luka Stock Exchange, the most of the income of the company, which is out of service for some time, came from the reduction in liabilities (216,000 euros) and from collection of write-off debts (128,000 euros). The most of the expenses or some 2.7 million euros was related to depreciation.

The refinery is currently undergoing capital overhaul, during which the old oil processing line will be put in service by July 1. The company plans to produce some 660,000 tons of oil derivatives by the end of the year. According to plans, the largest part of the output is related to diesel (165,600 tons) and gasoline (111,350 tons).

Planned half-year consumption of oil derivatives in Republic of Srpska is 230,000 tons, so that rest of the output would be exported, the officials announced.

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### **Petrol sold 75 petrol stations to Lukoil (Bulgaria)**

Lukoil's subsidiary, Lukoil Bulgaria and local oil company Petrol signed the contract for sale of 75 petrol stations and fuel base in Sofia both owned by Petrol. By this, two companies decided to stop all mutual litigations and managed to solve disputes that lasted for a while. In the last year, Lukoil filed a lawsuit against Petrol claiming 60 million euros for delivered oil derivatives.

The deal also marked the start of major changes in the oil market in the country. Two companies generate some 10 % of national GDP.

Lukoil will pay some 237 million euros for this transfer of assets, where 156 million euros will be paid for petrol stations. The average price paid for single petrol station is the highest ever recorded in Bulgaria.

Lukoil should pay part of the amount by mid 2008, while the rest should be paid by the end of the year.

Two companies also agreed on new oil supply contract for Petrol's stations and Petrol's wholesale division Nafteks Petrol in the next 15 years.

According to Petrol, the majority of sold stations were among the most profitable ones in the company. Those stations made some 30 % of Petrol's annual sales income, which stands at some 120 million euros. On the other hand, experts believe that Petrol would not entirely lose clients, having in mind there

were many corporate clients that would continue to use Petrol's services.

Petrol plans to use the income from sale of the stations to open new petrol stations and to takeover the stations from other fuel distributors.

The experts believe that the latest contract between Lukoil and Petrol should result in 18 % market share for both companies. Before the sale, Petrol had 20 % market share, while Shell and OMV controlled 16 % market each. Analyses showed that four leading fuel distributors should even their market share in four-year time.

Despite the sale, Petrol would remain the leading fuel distributor in Bulgaria in terms of number of petrol stations, with 400 facilities.

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### **Bulgargaz and Gazprom to establish South Stream pipeline company (Bulgaria)**

Russian Gazprom and state-owned natural gas company Bulgargaz should sign the agreement for establishment of the project company that will be responsible for construction of Bulgarian part of the South stream pipeline. Aleksandar Medvedev, the deputy chairperson of the management board of Gazprom, confirmed this.

In January 2008, Russia and Bulgaria signed interstate agreement for the South stream project, where two countries will have equal shares. South stream project was initiated by Gazprom and Italian Eni. Gazprom also signed the contracts for the projects with Serbia and Hungary, while Greece signed contract for South stream project recently.

According to the agreement, Gazprom will be operator of the pipeline on Bulgarian soil. The undersea section of the pipeline, which should run under the Black Sea between Russia and Bulgaria, should be operated by a different company, where Bulgaria will have no share.

The agreement was submitted to responsible Bulgaria's ministries after which it should be ratified by the parliament. The ministry of economy did not reveal why the agreement was not approved yet.

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### **Completion of Tsankov Kamak hydropower project to be extended for 18 months (Bulgaria)**

Nikolai Valkanov, executive director of Alpine Bulgaria confirmed that completion of Tsankov Kamak hydropower complex should be delayed for another 18 months. The new deadline is now set at the end of 2009.

The cost of the project is 220 million euros, while the project has been carried out by a consortium of Alpine Mayreder Bau GmbH and VA TECH Hydro. The project includes construction of 85 MW hydropower plant (HPP), which estimated annual

output should reach 188 GWh. The future accumulation lake should have capacity of 11 million cbm.

Initial deadline for finishing the project was set for 2008. The project is in line with the Austrian –Bulgarian Austrian-Bulgarian memorandum for understanding and cooperation in accordance to Kyoto Protocol.

The main reasons for the latest delay is related to the delay in flooding and changes in design related to geological findings. Austrians said they had to excavate 40,000 cbm of earth more due to this reason. In the same time, new safety improvements at the dam led to the six-month extension.

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### **BNP Paribas to provide financing for NPP Belene, the blueprints for the project were prepared (Bulgaria)**

French bank BNP Paribas was selected to provide loan for funding the construction of nuclear power plant (NPP) Belene, the cost of which is estimated at 4 billion euros.

This was said by the Minister of economy and energy Petar Dimitrov after signing the agreement with Ukrainian company Radiy- Kirovohrad regarding the modernization of the management and security systems in units 5 and 6 in NPP Kozloduy.

The French bank was selected by National electric company (NEK), which is in charge for the Belene project. The competitor to the BNP Paribas was also French Bank, the Societe Generale.

BNP Paribas and NEK have already signed contract for 250 million euros worth bridge loan with five-year maturity.

Dimitrov believes that, having in mind the great interest, there would be no problems in financing of the project. Bulgaria is yet to select strategic partner, where the future partner will acquire 49 % stake in the NPP.

It is expected that after selecting the bank, the constructor the NPP, the Russian AtomStroyExport should submit the project to the National nuclear agency (NRA) for approval by the end of April.

Vice president of AtomStroyExport Gennady Tyapkin confirmed that technical blueprints for the project have been prepared so that construction works would start by the end of the year. Russian company will employ some 2,000 workers during the construction of the first reactor, while some 6,000 workers should be employed until the end of the construction of entire NPP. Tyapkin hopes that the first reactor could be operational by 2013, while the second reactor should be finished by 2014.

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## **RWE reconsidering to pull out from Belene project (Bulgaria)**

According to the German newspaper Die Welt, the RWE, one of two final bidders in the tender for acquiring 49 % stake in the project for construction of nuclear power plant (NPP) Belene, is reconsidering to withdraw from the procedure.

As a reminder, French EDF earlier withdrew from the project, without giving the explanation.

The paper quoted sources who said RWE plans to redirect funds to another project the RWE is currently involved in, the purchase of NPPs owned by British Energy.

The change in the investment strategy came after the meeting of supervision board that expressed doubts on safety concerns (earth prone construction site) and Russian technology in NPP Belene (despite the fact that technology was approved by EU). The sources also imply that German banks are not willing to fund the project due to ecology and technology issues.

On the other hand, in November last year, Bulgarian Academy of Sciences presented the study that showed that construction site of NPP Belene is located in the area with the lowest seismic activity in the country.

The other finalist in the tender is Belgian Electrabel. Bulgarian media earlier reported the RWE was the favorite since it had offered to provide immediate payment of 400 million euros for the project.

The 2,000 MW NPP will be build by Russian AtomStroyExport, with subcontractors Areva and Siemens. The construction costs are estimated at 4 billion euros, but analyses showed the overall cost of the project should reach 7 billion euros. CEO of National electric company (NEK), Lyubomir Velkov announced that the strategic partner in the project should be selected by the beginning of July

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## **NEK to demand increase in electricity prices from July 1 (Bulgaria)**

National electric company (NEK) announced plans for submitting the request for increase in price of electricity sold to electricity distributors and customers directly connected to transmission grid starting from July 1. By this, NEK would join similar requests made by several electricity distributors.

CEO of NEK, Lyubomir Velkov confirmed in an interview that company should request 20-25 % increase. It is expected that NEK's demand would lead to additional 10 % increase in the demands made by electricity distributors, which previously requested 6-12 % increase in prices. Velkov explained that NEK's request is the consequence of the demands made by power producers and the increase in transmission tariffs due to investments in the grid.

Director of nuclear power plant (NPP) Kozloduy, Ivan Genov, said the company could request 10 % increase in prices. (The request is yet to be submitted).

The thermal power plants (TPPs) in Maritsa Iztok coal basin could also call for increase, after 14 % increase in coal prices.

TPP Varna, owned by CEZ, demanded increase in prices in the beginning of 2008, due to increase in coal prices. In the same time, CEZ's distribution company already demanded 9 % increase in electricity prices for households and 6.2 % increase for companies.

Austrian EVN, the owner of electricity distributors in Plovdiv and Stara Zagora, demanded 12.5 % increase in tariffs for households.

German E.ON, the owner of electricity distributors in Varna and Gorna Oriahovitsa demanded 10 % increase in electricity prices.

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## **7 % increase in electricity consumption in the first quarter (Bulgaria)**

National electric company (NEK) confirmed that electricity consumption during the first quarter of this year continued to rise. The rise, which reached 7 %, occurred despite the calls of EU for electricity savings in Bulgaria.

According to the managing director of NEK, Mardik Papazian, increasing number of customers had used electricity for heating purposes, which was the main reason for the latest increase. NEK expects that electricity consumption by the end of 2008 would rise by 2-3 % comparing to 2007.

Papazian said the country would not face any kind of electricity shortages in the future having in mind that one unit in Maritsa Iztok basin, being built by AES, and hydropower complex Tsankov Kamak should be launched during 2010. The overall capacity of those power plants will reach 750 MW. Until that time, in case of need, NEK would import missing electricity, the official said. Papazian believes that Bulgaria would restore its position of leading electricity exporter in the region within two years.

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## **The government demanded doubling the funds for closure of units in NPP Kozloduy (Bulgaria)**

The government of Bulgaria requested from European Commission (EC) to double the funds for decommissioning the four units in nuclear power plant (NPP) Kozloduy. This was confirmed by the Minister of economy and energy Petar Dimitrov. According to him, Bulgaria has started negotiations with EU regarding this issue.

Bulgaria had shutdown units 1 and 2 in 2002, while units 3 and 4 were shutdown on the last day of 2006. By this, Bulgaria drastically reduced its electricity export (from 7.8 TWh in 2006 to 4.5 TWh in 2007) and lost its position of leading electricity

exporter in this part of Europe. According to experts, Bulgaria economy will lose some 1 billion euros due to closure of units 3 and 4.

As compensation to Bulgaria, EU agreed to pay 550 million euros by 2009. Until now, Bulgaria received 350 million euros, Minister Dimitrov said. In this year, some 50 million euros from the decommissioning fund will be used for financing the energy efficiency and renewable energy sources projects.

EC still did not discuss Bulgarian request regarding the additional funds for decommissioning of nuclear units. This was said by Ferran Tarradellas, spokesperson of the EU Energy Commissioner. Tarradellas confirmed that two sides are involved in technical negotiations regarding additional compensation. He repeated once again that EC was never against the prolonging the financial support for decommissioning the units, if there were justified reasons for that. The exact compensation should be determined after the negotiations, while funds would be granted after the approval of EC as well as the European parliament and European Council. These funds could be incorporated into the EU budget for 2009, Tarradellas said.

Bulgaria earlier argued that Slovakia and Lithuania, who were also obliged to decommission its NPPs, managed to prolong decommissioning after the EU accession. This brought them additional funds, where Slovakia was granted additional sum of 375 million euros and Lithuania 865 million euros. At the time, Bulgaria asked for additional 280 million euros for decommissioning, but the request was rejected. In the same time, Bulgaria pointed out it had modernized units 3 and 4, and claimed the units were safe, but this was not accepted by EU.

After Bulgaria shutdown units 3 and 4, most of the countries in Balkans (especially Albania) were affected by the lack of electricity. In the same time, electricity shortage in the region was excellent reason for many politicians in the country to launch a campaign for restarting of units 3 and 4. The numerous polls showed that many of citizens were in favor of such move.

In February, Prime Minister Sergey Stanishev said that Bulgaria would start lobbying for restarting of units 3 and 4, despite the fact this action would bear risks. On the other hand, Stanishev explained this fight would not include isolation of Bulgaria.

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### **Ukrainian company to modernize units 5 and 6 in NPP Kozloduy (Bulgaria)**

Executive director of nuclear power plant (NPP) Kozloduy Ivan Genov and the head of the management board of Ukrainian company Radiy- Kirovohrad Evgenyi Bahmach signed the contract for installation of security control systems of units 5 and 6 in nuclear power plant (NPP) Kozloduy. The worth of the contract is 67 million euros, and the signing ceremony took place in Bulgarian Foreign Ministry.

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### **Companies linked to Hristo Kovachki only bidders for TPP Bobov Dol (Bulgaria)**

The company Minna Kompania EOOD and Energia MK, both linked to tycoon Hristo Kovachki were the only bidders that filed their eligibility certificates in the tender procedure for sale of thermal power plant (TPP) Bobov Dol.

The initial bids in the tender were also submitted by Damco Energy (Greece), Sencap (Greece), and Electrabel (Belgium), but those companies decided not to proceed with the tender.

The open tender should take on June 26 at the premises of Privatization agency (PA).

On March 13, PA published an auction for sale of 100 % of shares in TPP Bobov Dol. The initial price for sale of 251 400 shares is set at 51 million euros, and the bidders will be allowed to place bids in increments of 500,000 euros.

At the time, Bulgarian media said the auction procedure was seemed to be written only for Hristo Kovachki, since only large international companies and his company in Bulgaria were able to meet the tender criteria.

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### **Modernization of oil refineries to be completed in 2011 (Croatia)**

Vice Prime Minister Damir Polancec said that modernization of Croatian oil industry (INA) was going well so that, in 2011, INA should have two modern oil refineries able to produce oil derivatives in accordance to EU standards.

On the other hand, original plans saw that completion of modernization should happen in 2010. According to Polancec, a delay is related to inability to acquire new technology on time having in mind that large-scale renewals of oil facilities are taking place all around the World, especially in China and USA.

The government approved fund of 1 billion euros for this purpose, so that funding of the projects would not be a problem, Polancec said.

One of the obstacles for development of INA, which is the leading oil company in Croatia and second ranked oil company in neighboring Bosnia and Herzegovina, is the lack of liberalization of oil market, Polancec said.

Hungarian MOL, the strategic partner of INA with 25 % stake in control, recently expressed interest for purchase of majority stake in the company. The government still needs to define the model for continuation of privatization.

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## **Start of negotiations with EU in energy sector (Croatia)**

Croatia has recently opened two new chapters in accession negotiations with EU. Those chapters are related to transport and energy sectors.

For the energy chapter, Croatia demanded two transitional periods. The first one should last until July 31, 2012, and, during that period, Croatia would not be obliged to have minimal reserves of oil and oil derivatives for 90-day consumption (which is the EU standard). The main reason for this request is the fact that Croatia still needs to build necessary storage facilities.

The second transitional period should last until December 31, 2018 and this request is related to electrical energy sector. According to official statement, Croatia is obliged to adopt new mining law and to implement EU common rules for the internal electricity and natural gas markets.

Croatian officials said EU had demanded additional information regarding the request for transitional periods.

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## **Janaf to enlarge oil terminals in Sisak (Croatia)**

Adriatic pipeline (Janaf) and consortium led by local company Djuro Djakovic Holding signed a contract for reconstruction and enlargement of storage facilities in Sisak Terminal. The worth of the contract is 22.3 million euros. The contract was awarded after publishing international tender.

Janaf plans to build two new oil storage facilities with overall capacity of 80,000 cbm. The project should be completed in two years.

The chairperson of the management board of Janaf said that this project is the beginning of long-term project for construction of five storage facilities in Sisak and new storage facilities in Omisalj.

The development plans are in accordance to future obligation of Croatia to establish 90-day reserves of oil and oil derivatives by mid 2012. According to estimations, Croatia would need some 1.3 million cbm of storage space for this purpose (570,000 cbm for oil and 710,000 cbm for oil derivatives).

In this moment, Croatia has 900,000 cbm of storage space, which is mostly owned by Janaf and Croatian oil industry (INA).

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## **Increase in electricity prices from July 1 (Croatia)**

Vice Prime Minister of Croatia and the Minister of economy, labor and entrepreneurship Damir Polancec announced that electricity prices would rise after July 1.

Vice PM could not give the exact percentage of the increase, yet he said the government would try to find compromise between demands of Croatian power utility (HEP) and interests of the customers.

He reminded that Croatia imports some 15-20 % of overall electricity, which makes it dependent on prices in international market.

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## **Lukoil purchased oil company Europa Mil (Croatia)**

Russian Lukoil confirmed that its subsidiary, Lukoil Europe Holdings, purchased Zagreb-based company Europa mil. Europa mil has nine petrol stations in Zagreb and Split. The worth of the transaction was not published.

The company also owns five construction sites for petrol stations, as well as oil cargo terminal in Vukovar on Danube River (8,000 cbm). The average daily sales of Europa mil reach some 11 tons. Lukoil should deliver oil supplies to its new company from its oil refineries in Bulgaria and Romania.

Lukoil should change the name of the company in accordance to Lukoil's brand by the end of 2008. The new subsidiary will be managed by Lukoil Croatia, established in 2007.

By this transaction, Russian company entered Croatian oil market. In the past, there were rumors that Lukoil is interested in purchase of Hungarian MOL, which owns 25 % stake in Croatian oil company (INA).

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## **Large number of requests for RES projects (Croatia)**

Ministry of economy, labor and entrepreneurship confirmed it had received more than 150 requests for projects related to usage of renewable energy sources (RES).

More than 100 requests is related to wind farms, 20 requests is related to solar energy projects, 11 requests is related to small hydropower plants (HPPs), 4 requests is related to bio-gas facilities, while 3 requests were submitted for biomass and co-generation projects, each.

All the requests are being included in special Register of RES projects, which should be published very soon. Ministry reminded that requests for RES projects have been submitted since July 1, 2007. Starting from that date, new regulations related to the incentives for RES projects were put in force.

Croatia set the target of 5.8 % share of RES in overall electricity production by 2010.

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## Greece signed energy deal with Russia (Greece)

As announced by Greek Minister for Development, Mr. Christos Foliass, Greece has agreed to become a part of South Stream Project. On 29th of April, Greek Prime Minister Costas Karamanlis and Russian President Vladimir Putin signed an agreement for the joint construction of South Stream pipeline through Greece. Greece has become 3rd Balkan country to sign this agreement.

According to the agreement, Russia and Greece will form a joint venture company to administer the pipeline, in which the Greek „DEPA“ will hold 50% and Russian „Gazprom“ another 50%.

Greece will become a transit state to Italy, on the southern arm of the pipeline. Estimated cost of entire South Stream project is 10 billion EUR and it is estimated to be finished in 2013. Gazprom exported over 3 billion cubic meters of natural gas to Greece last year. As a reminder, Serbia, Bulgaria and Hungary recently joined the South Stream project. Slovenia is also interested in South Stream project, since there might be route redirection due to problems with OMV.

After the agreement was signed, Mr. Karamanlis and Mr. Putin focused on bilateral cooperation and international affairs. Ties between Greece and Russia have recently become stronger as the two nations also share political views on a number of issues, such as Kosovo. Mr. Vladimir Putin said that the bilateral relations between the two countries are very good and will become even better, as time goes by. As a reminder, Mr. Vladimir Putin will leave presidential function to his successor, Mr. Dimitry Medvedev, on 7th of May.

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## Endesa Hellas production unit to be integrated in the system (Greece)

According to unofficial sources, Greek Regulatory Authority for Energy decision to include „Endesa Hellas“ 334 MW power plant in the Greek electricity grid has been accepted by Greek Ministry for Development. Regulatory Authority for Energy has approved „Endesa Hellas“ to receive a co-producer license for the 344 MW CHP plant in February.

In the related news, regarding possible shortages during summer, president of the Regulatory Authority for Energy said that he is expecting 334 MW from new CHP plant, 250 MW from the new interconnection from Turkey and revealed plans for possible import of 100 MW from Albania during summer peaks. It is expected that deficit of 800 MW could be reached.

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## Greece banned from emission trade for 3 months (Greece)

The United Nations has banned Greece from emission trading system for 3 months. This system allows countries to trade emissions under the Kyoto Protocol. For this time, Greece will not be

able to trade emissions with less industrialized countries and meet its air pollution targets. UN has given Greece 3 months to come up with a reliable way of testing the pollution level since current method is, according to them, unsatisfactory. If Greece succeed to implement new system in next 3 months, it will be constantly supervised by a team of experts, elected by EU.

“Greece is unfortunately the only country in the world that has been singled out for the inefficiency of its system for measuring emissions,” said the head of WWF Hellas Dimitris Karavellas.

A member of the state emissions measuring committee, Mr. Yiannis Ziomas, said Greece had introduced a new pollution measuring system in January 2008 but “had not had the opportunity to prove its efficiency to United Nations officials.”

150 Greek companies participate in emission trade system. Greece’s Ombudsman appealed to these companies not to exploit the ban on Greece as an excuse to release more emissions than they are allowed.

Greece has several coal fired TPP planned which will further increase Greek CO2 emission problem in the future.

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## PPC-RWE MoU signed (Greece)

PPC has decided to sign a deal with RWE, by which they would jointly build a coal fired TPP in Albania. By this agreement, RWE would have 51% in the project, while PPC will have 39% and Greek cement company „Titan“, 10%. The MoU was mostly focused to construction of this specific TPP.

No specific details are revealed regarding construction of 1600 MW TPP and other investments in energy sector. According to sources, PPC and RWE are also exploring a possibility of cooperation in natural gas sector, related to buying stake in „DEPA“.

As it is mentioned in the text of the MoU, “RWE wishes to offer PPC its expertise and in particular, but by no means restrictively, to the lignite extraction sector, to energy plants construction etc. PPC and RWE will evaluate on an ad hoc basis opportunities for cooperation that may arise regarding the development of thermo-electrical units in Greece”. No details were specified.

Workers at the Greek company have held continued protests over the proposed deal fearing it will lead to a further privatisation of the former state-run monopoly and job cuts. Unions have blockaded the company’s offices, occupied management offices and forced the board to hold its previous meeting at a hotel to avoid disruptions

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## PPC to build a 120 MW TPP (Greece)

PPC said in its statement that they intend to build 120 MW TPP in southern part of Rhodes island, which will cost approximately 250 million EUR. TPP is expected to be operational by 2012. „PPC will also proceed with a 57 million euro upgrade of its un-



derground cables, raising their capacity to 150 KV from the current 66 KV"statement said. According to statement, company has ordered 25 MW mobile power units, required to reach high demand on island.

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### **Verbund announced large euros investments in Macedonia (Macedonia)**

Representative of „Verbund“ management board, Mr. Christian Kern, said that Verbund plans to invest 6.7 billion euros in Macedonia and southeastern Europe. According to sources, „Verbund“ is expecting to win a tender for HPPS „Chebren“ and „Galiste“. As a reminder, these two HPPs might have more than 600 MW, total, and both will be built on river Crna Reka. Annual production of these two new HPPs is predicted to be more than 1000 GWh/year

Verbund officials stated that they wish that Macedonia becomes starting point in their plans for expansion in southeastern Europe. Mr. Kern also said that „Verbund“ is interested in HPP „Boskov Most“.

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### **40 wind turbines announced (Macedonia)**

Macedonian ministry has issued approval for construction of 40 wind turbines to company „Vetropark“, subsidiary of Austrian company „New energy“. According to sources, power of these turbines will be between 1 and 3 MW, while annual production is estimated to be 4.5 GWh a year.

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### **MEPSO has started to sell night energy (Macedonia)**

Due to low power consumption, MEPSO has decided to sell overbalance of night energy in the period from 1st of May till 11th of May. According to MEPSO, in last 2 months, consumption is up to 15% lower than planned.

MEPSO has decided to offer 3 080 MWh with starting price of 28.98 EUR/MWh to direct consumers in Macedonia and trading companies in Macedonia and abroad. Cement utility „Usje“ from Skopje is the only company who applied for purchase of night energy. Usje has purchased 770 MWh in the period from 1st till 11th of May. MEPSO did not succeed to sell remaining quantities.

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### **400 KV line „Stip – Crvena Mogila“ almost finished (Macedonia)**

MEPSO has almost finished with construction of 400 KV line Stip-Crvena Moglica, stretching to Bulgarian border and it is going to fulfill its obligations in project. The line is 71.2 km long.

This interconnection will connect Macedonian and Bulgarian electricity grid, as soon as Bulgarian side is finished.

This project is funded by EBRD, with a budget of 29.5 million EUR, and its construction has started in the beginning of 2006. 9.5 millions are required for Macedonian part of the line, and 9.8 for Bulgarian. 400 KV transformer station will require 10.2 million euros. Construction works on a line are being done by German „SAG“, and equipment is being produced by Macedonian „EMO“ and „EMO“ from Bosnia and Herzegovina. „Siemens“ is elected to perform works on a transformer station.

This will be third Macedonian 400KV interconnection. Last year 400KV line between Macedonia and Greece became operational.

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### **Macedonian government will pay debts of „Ohis“ to EVN (Macedonia)**

Recently, EVN has disconnected Chemical factory „OHIS“ from the power grid due to 600 000 EUR debt. „Ohis“ has been disconnected for 1 hour, as a warning. EVN noted that this was the last time electricity has been disconnected for short period of time and that next time it will be until debts is paid. Problem is that „OHIS“ has large amounts of chemical that must be maintained on specific temperature. On 22nd of April, EVN announced whole-day disconnection to „OHIS“ and government, which was not interested to pay this debt, decided to find an agreement with EVN. 3 days later, government officials said that government has decided to pay debts of „OHIS“ and „MRTV“ (TV station owned by state). Government official, Mr. Ivica Bocevski did not reveal any details regarding amount or period of payment.

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### **More villages disconnected (Macedonia)**

EVN is continuing its debt collecting action and disconnecting villages with 0% payment ratio directly from middle-low voltage transformers, since they are unable to disconnect each meter individually. EVN is connecting villages as soon as interest for debt payment is shown. Villages are disconnected in period of 8 hours.

People who live in these regions admit that they have unpaid debts and say that only reason for avoiding the payment is lack of funds. Some villages did not pay their debts for more than 10 years. They also have complains for low quality of electricity.

EVN has also disconnected street light in 6 municipalities who did not pay debts for public light. Municipalities officials said that the price is too high, since price has been increased by 50% in recent period. Government has approved this 50% hike and EVN denies any relation with this increase.

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### **TPP Oslomej out of production for 2 months (Macedonia)**

TPP Oslomej is on scheduled yearly maintenance for 60 days, starting from 25th of April. From 1st of January 2008 till 23th of April, TPP has produced 246 GWh, which is 14.45% of planned production for 2008. TPP Oslomej is experiencing frequent malfunctions and it is often disconnected from the grid. Last time, it was disconnected on 4th of April for one day.

Opposition political party, SDSM, said that Macedonia is losing around 36 million of euros per year due to frequent malfunctions in production and transmission utilities. According to them, system has suffered more malfunctions in last 2 years than in last 17 years. SDSM also revealed topic regarding heavy oil consumption of TPP Bitola. According to them, TPP has spent 6 500 tons of heavy oil in first 100 days of 2008. In the period of 2003 till 2006, TPP has spent 7 444 tons of heavy oil, in 2006 it spent 5 769. Management of TPP Bitola denied claims that TPP is spending more than 4 grams per kWh

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### **New tender for 29 small HPPs (Montenegro)**

Minister of economic development Branimir Gvozdenovic announced that new tender for construction of 29 small hydro-power plants (HPPs) should be launched in June. In the same time, the procedure for 10 sites entered the final phase, where the final contracts should be signed in May.

In March this year, the ministry opened bids in the tender for construction of 43 small HPPs. The tender was published in November last year, and the HPPs are supposed to be built in accordance to DBOT (Design Build Operate and Transfer) agreements.

At the time, government accepted 10 bids, 29 bids were cancelled, while for four sites there were no offers. HPPs with power output up to 10 MW should be built on confluences of rivers Piva, Lim, Moraca, Ibar Tara, Cehotina, Zaslavnica, Zeta, Gracanica and Grahovo Lake.

Minister Gvozdenovic said the abovementioned 29 bids were cancelled after tender commission acted inconsistently while evaluating those bids. In the same time, local press suggested that one of the reasons for canceling the tender were suspicions that some companies tried to influence awarding the contracts.

In the related news, minister Gvozdenovic confirmed that ministry has been preparing the implementation of energy efficiency projects. Also, the ministry has been establishing the teams that should implement project of recapitalization of

Power utility of Montenegro (EPCG), the construction of second unit in thermal power plant (TPP) Pljevlja (through public private partnership) and the projects necessary for start of construction of HPPs on Moraca River. Gvozdenovic confirmed that preparations of the tenders related to those projects are underway.

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### **Subsidies for 100,000 electricity customers (Montenegro)**

The government of Montenegro has been preparing the new subsidy programme for electricity bills for some 100,000 households. Minister of economic development Branimir Gvozdenovic said the details of the programme should be known after the Regulatory energy agency (REA) announces proposal for new electricity prices.

The REA should present new tariff plan for gradual increase in electricity prices for households. The plan is the part of the agreement signed with EU in the last year, the aim of which is to establish sustainable electricity sector, Gvozdenovic said. Because of that, new subsidy programme should facilitate conditions for supporting the sustainability of the electricity sector and supporting the citizens. The programme should be prepared in cooperation with ministries of labor and finance.

In the last year, the government approved some 2 million euros of subsidies for some 19,500 households.

In the same time, Power utility of Montenegro (EPCG) recently submitted a new request for increase in allowable income that will result in higher electricity prices if it is approved. EPCG demanded approval of some 313 million euros of expenses for this year.

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### **97 employees voluntarily to leave EPCG (Montenegro)**

The management of Power utility of Montenegro (EPCG) confirmed that 97 employees applied for voluntary leave. Those workers should receive between 15,000 and 26,000 euros.

The voluntary leave was allowed to employees younger than 62 years, with minimum 10 years of working time. The applications for voluntary dismissals were being submitted in period January-March. The management said no workers were forced to apply.

In this moment, some 700 workers in EPCG are considered as redundant. The exact number should be known after completing the financial and functional restructuring of the company into five limited entities, the management said. According to laws, redundant workers are entitled to receive six average salaries on the state level.

EPCG has 3,180 permanently employed workers, while the current number of workplaces is 3,270.

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## **New law on oil and natural gas exploitation in final phase (Montenegro)**

According to the local press, the Ministry of economic development, in cooperation with experts from Norway, has been finalizing the new Law on prospecting, exploitation, and exploration of oil and natural gas. The new law should be submitted to the government very soon.

The draft Law envisages that the state will be the owner of all natural resources, including oil and natural gas. The new law will replace current Law on geological researches.

The Law should regulate issue of concessions, geological researches, and it should define conditions for granting the rights for prospecting, exploration and exploitation of hydrocarbons. It is believed that lack of related legislation was one of the reasons for slowed down investments and lack of interest for exploration projects in Montenegro.

In the same time, the government of Montenegro has been reconsidering to establish the Skadar Lake as a separate oil research and exploitation basin, for which the special tender should be published. According to experts and earlier researches, the Lake should have oil and natural gas reserves. The government believes that investors could be interested in this project. In the same time, the local press reported that considerable oil reserves were found in Albanian part of the Lake.

In July 2007, the Greece's Hellenic Petroleum (HP) submitted a report on the oil and natural gas researches in Adriatic shore to the government of Montenegro. The report showed that certain reserves of natural gas exist in the researched area near Ulcinj close to Albanian border. According to sources at the time, the report did not give the expected results, and government announced to establish commission, which should analyze all previous studies.

In 2006, government cancelled concession agreement with HP's subsidiary Jugopetrol regarding the oil and gas explorations near Ulcinj. The concession agreement was cancelled due to lack of progress and results, while HP was obliged to submit abovementioned report. Jugopetrol preserved concessions on blocks 1 and 2, near Croatian border.

The government several times announced publishing the new tender for oil and gas explorations near Ulcinj, which should have happened after analyzing the previous studies and adoption of new laws.

During all researches conducted since 1960s, no oil or natural gas were found in Montenegro. According to the Strategy of energy development, oil reserves of Montenegro are estimated at 7 billion barrels, while natural gas reserves are estimated at 425 billion cbm.

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## **Disputes between EPCG and power regulator over licenses (Montenegro)**

Power utility of Montenegro (EPCG) expressed its dissatisfaction with the latest announcement of Regulatory energy agency (REA) that energy licenses should be granted only to particular limited companies, the members of the parent company.

Recently, shareholders assembly of EPCG approved restructuring of EPCG into five limited entities, so called functional units: Production, Supply, Distribution, Transmission and Construction. The parent company is the Head office, which includes Board of directors, executive director and other managerial and administrative divisions.

BoD of EPCG believes that parent company should hold some of the main energy licenses, in particular the electricity supply license. If REA does not grant energy licenses to the parent company, the parent company will become merely bureaucratic organization, without being able to carry on activities the company was established for, EPCG said.

EPCG said that keeping the licenses is line to Energy law, EU directives and decisions of the government. The company also warned that REA's intentions would endanger reforms in energy sector.

According to Energy law, REA is in charge for granting the six electricity licenses: for production, transmission, transmission system operator, distribution, market operator and electricity supply.

Some sources say that the announcement of REA is designed to limit the influence of the BoD of EPCG due to its public disapproval of privatization of the company.

Director of REA, Dragoljub Draskovic said that parent company of EPCG, the Head office, does not need to have any licenses, since its main function is to coordinate newly established limited entities until those entities become fully independent. Draskovic reminded that functional unit Transmission would be restructured into the joint stock company, i.e. independent company, on January 1, 2009, while the rest of the entities should become joint stock companies by the end of the year.

Granting the particular licenses to Head office would cause overlapping of authorities and it would reduce overall efficiency of energy companies, Draskovic explained.

He also said the latest announcement of REA was in accordance to Energy law and government's decisions. In this moment, REA has prolonged existing licenses to EPCG, but they will be terminated after particular licenses are granted to new companies.

REA has set the procedure for transferring of licenses, where EPCG is obliged to submit the request for transferring the licenses to functional units by April 30, if those companies meet necessary criteria. In the same time, newly established entities are obliged to submit a request for acquiring the licenses. Draskovic denied claims that the not granting the licenses to the Head office was the action intended against the BoD of EPCG. It was simply an enforcement of regulations, Draskovic concluded.

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## **EPCG and coalmine Pljevlja asked government to provide funds for investments (Montenegro)**

Power utility of Montenegro (EPCG) and the Coalmine Pljevlja concluded they could not provide 16 million euros for urgent investments so that two companies asked help from the government.

The coalmine is missing funds for dislocation of Cehotina River for the purpose of the enlargement of the mines as well as for purchase of new, modern mining equipment. In 2008, planned investments in the coalmine should reach 23 million euros.

At the meeting held in Pljevlja, two companies also discussed ongoing activities. Thermal power plant (TPP) Pljevlja is currently undergoing regular maintenance, which should be finished by June 1. During the standstill, some 80,000 tons of coal should be delivered to the TPP's depot.

Managements of the EPCG and the coalmine said once again that the best option for the coalmine and the TPP is the merger of two companies, where the state should acquire 67 % stake in the new company through recapitalization. The officials proposed that state should offer shares in EPCG in return for the shares in the coalmine. In this moment, the state controls 31 % stake in the coalmine.

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## **No increase in natural gas prices until July 1 (Romania)**

Minister of economy and finance Varujan Vosganian said there would be no increase in natural gas prices until July 1. The minister believes that recent demands of natural gas distributor E.ON Gaz Romania and Distrigaz Sud regarding the increase was unjustified, having in mind current development. The issue of prices would be open after July 1, the minister concluded.

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## **Increase in electricity prices on July 1 (Romania)**

Nicolae Opris, the deputy president of the Energy Regulatory Authority (ANRE) announced that electricity prices would be considerably increased starting from July 1. The main reason will be the higher carbon dioxide emission costs of the electricity producers.

Opris suggested that there could be mechanisms for reducing the price impact for households' customers. He reminded that electricity prices for households would remain regulated until 2010.

Commenting the impact of the establishment of new integrated energy company on electricity prices, Opris said ANRE did not perform any analyses since the exact details of the project were still unknown. He believes that electricity prices should not be increased having in mind that members of future energy holding will be the companies today owned by the state. On the other hand, Opris said ANRE would issue its official standpoint on new company as soon as it is established.

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## **The state to have majority stake in units 3 and 4 in NPP Cernavoda (Romania)**

Minister of economy and finance Varujan Vosganian announced that Romania's shares in the project company that will build units 3 and 4 in nuclear power plant (NPP) Cernavoda should reach 51 %. The state should provide funds for the project by funds acquired through previous privatization procedures.

As a reminder, in March this year, sources implied that CEZ, Electrabel, Enel and RWE would acquire 15 % stake in the project, while Iberdrola and Arcelor-Mittal should control 10 % each. The rest of 20 % was to be controlled by Nuclearelectrica.

Vosganian announced that government should issue new draft decree by the end of April. The decree should offer majority stake in the future company to Nuclearelectrica, the operator of the NPP Cernavoda. The future partners in the company will be CEZ, Electrabel, Arcelor-Mittal Romania, Enel, RWE and Iberdrola.

The proposal for increase of Nuclearelectrica's stake came after polls showed that public in Romania is in favor of such move and after future strategic partners agreed on their stakes in the project. Minister Vosganian said the latest decision was motivated by national and economic interests.

The project company should be established in May 2008. The units should be operational in 2014-2015, and the cost of the construction of two 700 MW units is estimated at 2.2 billion euros.

In the related news, in mid April, CEZ said it had frozen its expansion plans in Romania after government announced to establish new integrated power company. According to Jan Veskrna, head of CEZ's office in Romania, the state delayed development of project in NPP Cernavoda in order to wait for the establishment of new state owned energy holding. Veskrna said that reconstruction and upgrade of coal fired thermal power plant (TPP) Galati, where CEZ is one of the candidates to enter the project, had been delayed for the same reasons. CEZ also expressed interest for construction of the new unit in the TPP Galati.

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## **Energy companies among the most profitable companies in the last year (Romania)**

In 2007, the six most successful companies in Romania posted overall income of 12.8 billion euros. Among the top companies in Romania were oil company Petrom, electricity distributor Electrica and oil company Rompetrol Rafinare. The other top companies were car producer Dacia, ArcelorMittal Galati and Metro.

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## **Ministry of economy and finance supports establishment of integrated power company (Romania)**

Minister of energy and finance Varujan Vosganian supported the establishment of integrated national power company and said this should happen as soon as possible in order to enable future members of the holding to make operating investments.

Minister's statement was the answer to claims of officials from Hidroelectrica that company was unable to acquire loans and that it had cancelled a number of investments ever since the idea for establishment of integrated power company was mentioned. The representatives of labor union of Hidroelectrica believe that decision for including the company into future mega holding would be technical and economical mistake. The Hidroelectrica is a brand by itself, labor union's official said.

In the same time, chairperson of the lower house of the national parliament Bogdan Olteanu believes that establishment of new company would correct mistakes from the past when power companies were separated. He believes the new company will be able to invest in electricity sector in the region. The company should be listed in stock exchanges, where private investors will be allowed to take considerable part in it.

As recalled, in the first half of April, Authority for State Assets Resolution (AVAS) announced that state would increase the share capital of electricity distributor of Electrica through contribution of state-owned stakes in energy complexes in Turceni and Rovinari and in hydropower producer Hidroelectrica. This was explained as the step toward establishment of new large energy holding, which should include some 50 % of national power output and which should have market capitalization between 20 and 24 billion euros. AVAS said the future company should be able to achieve annual profit of 800 million euros within five years.

In the same time, the project was criticized by World Bank, European Commission and foreign investors.

According to the latest news, the procedure for establishment of integrated power company was postponed despite the announcements that official establishment should take place in April. Sources said the main reason for delay was the differences between AVAS and Ministry of economy and finance related to the future organization of the company.

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## **Enel finalized purchase of Electrica Muntenia Sud (Romania)**

In the end of April, Italian Enel finalized purchase of 67.5 % stake in electricity distributor Electrica Muntenia Sud by paying of 820 million euros.

The contract was signed in June 2007, while Enel won in the tender in June 2006. At the time, the privatization contract be-

came the third largest ever in Romania. In December last year, the deal was approved by European commission.

According to sale contract, Enel has purchased 50 % shares in the company for 395 million euros, while 425 million euros was paid for capital stake increase up to 67.5 %.

According to privatization contract, Enel will be entitled to purchase remaining shares in the Electrica Muntenia Sud by 2011.

Electrica Muntenia Sud is considered as the most profitable electricity distributor in the country. It supplies some 1 million customers including capital Bucharest and neighboring counties.

Enel already owns majority stake in two electricity distributors in the country, the Electrica Dobrogea and Electrica Banat.

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## **Profit of Hidroelectrica increased 16 times in the first quarter of 2008 (Romania)**

Hydropower producer Hidroelectrica reported 23.9 million euros of gross profit in the first quarter of this year, which was some 16 times higher comparing to the same period last year. In the same period, overall income rose by 26 %.

The reported profit is more than three times higher comparing to the planned profit for this entire year. Hidroelectrica revised planned income in this year up to 602 million euros.

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## **Alro Slatina to build 1,000 MW power plant (Romania)**

The Vimetco Group, the majority owner of aluminum producer Alro Slatina, and InterAgro, controlled by Ioan Nicolae announced construction of new coal-fired thermal power plant (TPP) at Turnu Magurele.

The power output of the TPP should be at least 1,000 MW and it should be operational in 2012. For the purpose of the project, Vimetco and InterAgro should establish joint venture with equal shares. The cost of the project is estimated at 1 billion euros.

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## **Electrica considering taking 1 billion euros loan for investments in period 2008-2012 (Romania)**

State-owned electricity distributor Electrica announced it has been reconsidering to take 1 billion euros loan. This was said by the General Manger of the company Corneliu Stan.

The company's official explained that acquiring of the loan would be possible after company receives 400 million euros from the sale of its branch, the Electrica Muntenia Sud, to Italian Enel.

The loan will be used for investments in period 2008-2012, namely for the start of electricity production projects, increase in quality supply, reduction of losses and increase in number of customers. At the moment, the company has 3.6 million customers.

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### **Gaz de France considering construction of 800 MW plant (Romania)**

The president and CEO of Gaz de France Jean-Francois Cirelli visited Romania in the end of April. He was welcomed by the president of Romania, Traian Basescu.

Cirelli thanked to Romanian president for its support regarding the participation of Gaz de France in Nabucco project. Turkey, one of the partners in Nabucco project, strongly opposed France's participation in the project due to France's accusations against Turkey for genocide over Armenians.

The president of Gaz de France said to the local press that the company has been reconsidering to build 800 MW thermal power plant (TPP) in Romania. By this, French company would become the first integrated electricity and natural gas supplier in the local market. The future TPP could be coal fired or natural gas fired. Cirelli said that company has no limits for investment in Romania

Gaz de France is the majority owner of natural gas distributor Distrigaz Sud. The company reported 1 billion euros of income in 2007.

French company plans to control 20 % of overall natural gas storage capacities in the country by 2012. For that purpose, the company initiated negotiations with Salrom, national salt company. The storage facilities should be built in saline cavities, where two parties agreed on the start of feasibility studies. The project would be first of a kind in Romania and third one for Gaz de France.

Head of Gaz de France also confirmed company's interest in the project for construction of natural gas pipeline Arad-Szeged.

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### **Electrica and Austrian Warmebetriebe to establish bio-heat subsidiary (Romania)**

Electricity distributor Electrica and Austrian company Warmebetriebe signed a contract for establishment of Electrica Bio-Heat, the joint company that should be involved in production of electricity from biomass.

Electrica and Warmebetriebe will equally own the future company, while the management should be appointed by Austrians. The company should build power plants with output of 20MW.

The fuel source in future plants will be mainly wood and the first power plant should be built in a two-year period.

By 2012, Electrica wants to become one of the most important producers of electricity from renewable energy sources (RES) in the country.

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### **29.35 million tons of lignite to be produced in Kolubara coalmine this year (Serbia)**

Coalmine Kolubara should produce some 29.35 million tons of lignite during this year, the deputy director of the company, in charge for production and technical issues, Milenko Vulicevic said.

Out of overall amount, 27.55 million tons of lignite will be delivered to the thermal power plants (TPPs) Nikola Tesla A and B, Kolubara and Morava.

The lignite production in Kolubara is constantly rising, and two consecutive record highs were reported in 2006 and 2007. Vulicevic believes the same trend should continue until 2011. After that year, the increase in production could not be guaranteed due to delays in opening of new mines. Due to delays, some old fields should prolong its exploitation period, official said.

In 2008, the overburden removal should amount to 59.3 million cbm, which would be lower than required. This will be the result of longer maintenance and reconstruction works. Deputy Director confirmed that investments for renewals in this year would be higher comparing to 2007.

The company should acquire new equipment for monitoring coal quality, which should result in lower fuel oil consumption in TPPs. The current consumption of fuel oil is considered as very high, Vulicevic concluded.

According to the latest data, 8.5 million tons of lignite was produced during the first quarter of 2008, which was 8 % higher than planned. In the same time, the removal of overburden stood at 17 million cbm (+27 %).

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### **The Serbian part of South stream pipeline to transit natural gas (Serbia)**

Minister of energy and mining Aleksandar Popovic denied claims brought by the Slovenian press and said that Serbian part of the South stream pipeline would transit natural gas.

Slovenian press said the transit route of the South stream pipeline should run across Hungary, while Serbia should get only the extension of the main pipeline.

In fact, some 85 % of the pipeline's capacity in Serbia will be transited while the rest should be imported by Serbia. Serbia will collect transit revenues, Popovic concluded.

The capacity of the pipeline should reach 10 billion cbm (which is in accordance to energy agreement), which should be in-

creased up to 18-20 billion cbm, Popovic believes. In this moment, Serbia imports 2.2 billion cbm from Russia.

Popovic also said that energy agreement with Russia was not ratified by the Serbian parliament so that joint venture of Srbijagas and Gazprom might not be established by May 25, as it was stipulated by the agreement. This would cause delays in preparations of the feasibility studies. The financing of the project would be certainly affected, since the Russians would be unwilling to finance non-ratified project, Popovic said.

According to agreement, Serbian and Russian side should prepare the feasibility study 18 months after the establishment of the joint venture company, and works should start 24 months after. The pipeline should be operational in 2013, Popovic believes.

Minister said that final evaluation of the energy agreement with Russia could be given only after signing the supplemental agreements related to investments in storage facility in Banatski Dvor and sale of shares in NIS.

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### **Several power companies commented the latest cooperation protocol between EPS and Inter RAO EES (Serbia)**

The signing of the cooperation protocol between Power utility of Serbia (EPS) and Russian Inter RAO EES in mid April was commented by several other potential partners of EPS.

Jan Linerud, director of Statkraft Western Balkans, the subsidiary of Norwegian Statkraft, said his company was rather surprised with the latest move of the government of Serbia. Statkraft expected that new agreements in energy sector in Serbia should be more transparent. (Linerud referred to the latest agreement with Gazprom.) Obviously, we were not right, Linerud said.

Statkraft and EPS already signed cooperation protocol, similar to this signed by EPS and Inter RAO. Linerud announced that Statkraft would soon start to develop some of the planned projects in cooperation with EPS.

Commenting the latest agreement, director of CEZ Serbia, the CEZ's subsidiary, Aleksandar Obradovic said we should wait and see the implementation of the protocol, since the protocol itself is not unusual and it did not determine any specific projects.

CEZ hopes that new strategy of EPS and ministry of energy of Serbia would not dismiss other potential investors such as CEZ. The protocol could be considered as mistreatment only if EPS decides to select strategic partners without tender procedure. Answering the question whether the CEZ has been trying to sign cooperation protocol with EPS, Obradovic said that CEZ has been active for quite a while and that it had good contacts with all energy officials in the country. CEZ expected that tenders for construction of new units in thermal power plant (TPPs) Nikola Tesla B and Kolubara B would have been launched, which was not the case, Obradovic concluded.

Executive director of EFT Svetislav Bulatovic said that having only one strategic partner would be bad move for Serbia and EPS. He believes that development of energy sector in Serbia was often driven by short-term political needs, so it would be bad if this agreement was just another political maneuver. Bulatovic believes that development of energy sector in Serbia is still related to some vital unanswered questions such as removing the monopolies, restructuring of EPS, changing the electricity prices, establishment of electricity market, etc.

Director of HSE Balkan Energy, Boris Mezgec, also believes that signing the cooperation protocol was no big deal, having in mind that EPS signed similar contracts in the past. In this moment, there are no indications the protocol could lead to some irregular activities.

On the other hand, if the protocol would lead to signing the contract similar to that signed between Oil industry of Serbia (NIS) and Gazprom, the issue of transparency of the protocol could be raised, Mezgec concluded.

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### **Energy agreement with Russia not ratified, Russia accepted ratification after parliamentary elections (Serbia)**

Serbian Minister of Infrastructure Velimir Ilic said that Russia agreed to accept ratification of energy agreement between Russia and Serbia after the parliamentary elections in Serbia scheduled for May 11. Ilic said this in Moscow after the meeting with Russian Minister of Energy Viktor Hristenko.

Russia agreed not to put pressure on Serbia until the new parliament was elected. Minister Ilic reminded that no one in Serbian government was against the energy agreement, so that current, technical government could submit the agreement for approval to the new parliament as soon as possible. Ilic expressed great gratitude to Russia for understanding in this matter.

One of the topics of the Moscow meeting was the request of Serbia for reduction in price of oil and natural gas imported from Russia. This issue was also delayed due to delay in ratification of energy agreement, Ilic explained. The meeting was attended by officials of Oil industry of Serbia (NIS).

Ilic and Hristenko, who were the signatories of the Energy agreement signed in January this year, said that two countries have good potentials for bilateral cooperation in oil and natural gas sectors. The energy agreement set the conditions for modernization and regional expansion of NIS, officials said.

Russia gave preferential oil and natural gas prices only to Belarus and Ukraine. The experts in Serbia reminded that Serbia would have been the first country in the region to get preferential prices, if Minister Ilic had managed to reach agreement with Russians.

In this moment, Serbia imports oil from Russia, type Ural, at the price of 65 dollars per barrel, while the price of natural gas, also imported exclusively from Russia, reaches 280 dollars/1,000 cbm.

Experts also said that Gazprom do not have any interest in reducing the price of oil and natural gas for Serbia, since it should become majority owner of NIS. Russia could agree to sell oil and natural gas at lower prices only if this was incorporated in the energy agreement, experts believe.

Earlier in April, the government of Serbia once again failed to ratify energy agreement with Russia. The coalition partners, DS, the party of Serbian president Boris Tadic, and DSS, the party of Serbian Prime Minister Vojislav Kostunica, argued over the issue whether technical government has authorities to ratify the agreement. DS was against the ratification before the elections, while DSS was strongly in favor of ratification. According to the agreement, the deadline for establishment of the project company is May 25.

The leader of SRS, the largest opposition party in Serbia, Tomislav Nikolic said he would ask from Prime Minister Kostunica to submit the agreement to parliament for approval. Nikolic believes the agreement is vital for Serbia.

The newly appointed ambassador of Russia in Serbia, Aleksandar Konuzin expressed its regret after government had failed to approve the agreement. He said the latest session of the government showed that some politicians in Serbia were not ready to fulfill its commitments. The agreement envisaged that both parties would do everything necessary to ratify the agreement, ambassador pointed out. He reminded that Russian side had met its contractual obligations. Konuzin said that, during the recent visit of Russian minister Sergey Shoigu to Belgrade, two sides expressed interest for speeding up the project. Shoigu and Serbian Minister Predrag Bubalo signed bilateral document on this matter, and asked for ratification of the agreement before May 11.

The management of Gazprom, who should be the new owner of NIS and operator of the future natural gas pipeline in Serbia, once again expressed its concerns regarding the latest delays. Deputy Head of Gazprom Aleksandar Medvedev hope the agreement will not be misused for political purposes in Serbia. Answering the question whether Gazprom had prepared nine different routes for the future pipeline, which would bypass Serbia, Medvedev said that preliminary analyses showed that route across Serbia is most favorable, but Serbia needs to undertake concrete steps related to the project.

The energy agreement between Russia and Serbia envisaged construction of South stream pipeline across Serbia (with 10 billion cbm annual capacity), and sale of 51 % stake in NIS to Gazprom for 400 million euros. In the same time, Gazprom will be obliged to invest 500 million euros in NIS by 2012. The sale contract for NIS should be signed by the end of the year, the agreement said.

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### **Italian investors interested in construction of HPPs (Serbia)**

Minister of agriculture of Serbia Slobodan Milosavljevic said that representatives of Italian province of Lombardy expressed interest in construction of 60 MW hydropower plant (HPP) on

Ibar River. Minister said this after the meeting with officials from Lombardy, which took place in Belgrade in the end of April.

The cost of the project is some 100 million euros. The HPP should be the part of hydropower complex for water supply.

In the same time, according to minister Milosavljevic, Italians expressed interest for construction of another seven HPPs with overall output of 270 MW

Milosavljevic confirmed that, in cooperation with Ministry of energy and Ministry of infrastructure, the tenders for granting the concession contracts for construction of HPPs would be published within the next several months.

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### **Canadian REV still did not acquire license for construction of HPP (Serbia)**

Ministry of energy and mining of Serbia asked for submitting the additional documents from the Canadian company Renewable energy venture (REV). In March this year, REV submitted a request for granting the license for construction of new hydropower plants (HPPs), the HPPs Brodarevo 1 and Brodarevo 2. The cost of the project is estimated at 100 million euros, while the output of the HPPs is 48 MW.

The latest request of the ministry postponed the decision in this matter, having in mind that the deadline for ministry's answer has expired. The ministry did not say what is missing in the request .

REV earlier said it was in favor of construction of particular HPPs having in mind that state of Serbia had made detailed studies for these projects back in 1980s. REV is the subsidiary of Reservoir capital, which has been active in Serbia in the sector of metallurgy and precious metals.

REV earlier said that some two years would be needed for preparation works, while the construction works should last four years.

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**Tenders:****Electricity**Company /  
organization:**EBRD, related Bosnia and Herzegovina****Supply of Equipment and Materials for Distribution Lines**

Content:

JP Elektroprivreda BiH 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 Power Distribution Reconstruction Project.

The Purchaser now invites sealed tenders from Supplier for the following contract[s] to be funded from part of the proceeds of the loan:

Supply of Equipment and Materials for Distribution Lines

Lot 1 Reinforced Concrete Poles, Concrete Tubes, Concrete Plates For Poles Foundation, Post Marks

Lot 2 Steel Crossarms, Metering Cabinets, Steel Tubes, Clamping Rings, Supports, Hinges and Other Steel Elements, Signing and Marking Plates, Bolts and Steel Lattice Tower

Lot 3 Low-Voltage Self-Supporting Cable Bundles (ABC Cables), Distribution Power Cables up to 35 Kv, Universal Cables and ACSR Conductors

Lot 4 LV Cable Accessories, Composite Polimeric Insulators, Metal-Oxide Surge Arresters And Plastic Accessories

Lot 5 Suspension And Jointing Equipment For MV Overhead Lines, Suspension and Jointing Equipment for LV ABC Overhead Lines, Cable Connection Equipment

Lot 6 Optical Cable and Associated Equipment

Tenders are invited for one or more lots.

Deadline:

10 .6.2008 at 12:00, local time

Contact:

Mr. Nedeljko Despotović, PIU Director  
Tel.+387 33 751 030  
Fax.+387 33 751 033  
e-mail: n.despotovic@elektroprivreda.ba

Company /  
organization:**EBRD, related Macedonia****Transmission Interconnection Project, Four Substations**

Content:

Lot 1: Procurement of eight 400 kV circuit breakers for SS 400/110 kV Skopje 4, Dubrovo and Bitola 2

Lot 2: Procurement of protection systems for two 400/110 kV power transformers and the bus coupler bay in SS 400/110 kV Dubrovo and two 400/110 kV power transformers and the bus coupler bay in SS 400/110 kV Skopje 4

Macedonian Transmission System Operator (AD MEP-SO) 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 the Transmission Interconnection Project, Four Substations.

Lot 1:

- design for the replacement of the eight circuit breakers,
- manufacture, FAT, packing, transport, insurance, supply to the site and unloading of eight pieces 420 kV circuit breakers ,
- assembling at site, SAT and commissioning of two pieces of circuit breakers
- Training for erection and maintenance

Lot 2:

- Design for the replacement of six protection systems/relays
- manufacture, FAT, packing, transport, insurance, supply to the site and unloading of six protection systems,
- perform the calculation of the setting parameters for the protection functions, setting and configuration of the six protection systems/relays,
- Site Acceptance Test and start up of the equipment and put in to operation the six protection systems/relays
- Training
- Expand and adapt existing Design of the wiring diagrams and connection diagrams (drawings) for protection of the two autotransformers and bus coupler bays in S/S Dubrovo and two autotransformers and bus coupler bays in S/S Skopje 4.

Deadline:

16 June 2008

Contact:

Mr. Sinisa Stancevski  
AD MEPSO  
bb Orce Nikolov Str.  
Tel: \*389 2 3149 018  
Fax: \*389 2 3238 687

Company /  
organization:**EBRD, related Bulgaria****Kozloduy Nuclear Power Plant – General**

Content:

The following notice refers to goods, works and services to be procured through open tendering for projects financed by the Kozloduy International Decommissioning Support Fund which is administered by the European Bank for Reconstruction and Development.

For more information, please visit <http://www.ebrd.com/oppo/procure/opps/goods/general/070803a.htm>

Deadline:

3 Aug 2008 at 24:00, Kozloduy time

Contact:

Mr. Daryll Jones Fax. + 359 973 7 4508  
E-mail: kpmu@npp.bg

Company / organization:	<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. 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. 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:	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

Company / organization:	<b>EBRD, related Bulgaria</b>
<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). The budget for the project is €1.28 million 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:	<b>EBRD, related Bulgaria</b>
<b>Sofia District Heating Rehabilitation</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>Toplofikacia Sofia AD, the joint stock district heating company serving the city of Sofia is carrying out the rehabilitation of the centralized district heating system in the city. The District Heating Rehabilitation Project comprises modernization of district heating substations, replacement of pipelines, compensators, thermal insulation of over-ground pipelines, conversion to variable flow of the Sofia district heating network.</p> <p>Toplofikacia Sofia AD intends to use grant funds of the Kozloduy International Decommissioning Support Fund (KIDSF) and own financial sources for delivery, installation, testing and commissioning of individual heating substations units for space heating and domestic hot water including heat exchangers, circulation pumps, control valves and automation devices. The budget for the project, subject of this GPN is about €2.5 million.</p>
Deadline:	13 Mar 2009 at 00:00, Sofia time
Contact:	Mrs. Anastasiya Markova PIU Manager 23 Jastrebets St., 1680 Sofia, Bulgaria Tel: +359 2 8593171 Fax:+359 2 8599124 E-mail: amarkova@toplo.bg

Company / organization:	<b>EBRD, Serbia</b>
<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). 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 e-mail: slobodan.mitrovic@eps.co.yu or aleksandar.gajic@eps.co.yu

Company / organization:	<b>EBRD, related Macedonia</b>
<b>Transmission Interconnection Project, four substations - GPN</b>	
Content:	<p>. The Macedonian Transmission System Operator (AD MEPSO) has received a loan from the European Bank for Reconstruction and Development and intends to use a part of the proceeds to finance the Rehabilitation of four 400/110 kV Substations in the Power Transmission System of Macedonia in Skopje, Dubrovo and Bitola.</p> <p>The proposed project which has an estimated cost of EUR 5.65 million (excluding VAT) is intended to be implemented through three separate tender packages:</p> <ul style="list-style-type: none"> <li>• Package I: Lot 1: Replacement of eight 400 kV circuit breakers in substations 400/110 kV Skopje 4, Dubrovo and Bitola 2 Lot 2: Replacement of the existing protection systems for two 400/110 kV power transformers and bus coupler bay in substation 400/110 kV Dubrovo and two 400/110 kV power transformers and bus coupler bay in substation 400/110 kV Skopje 4.</li> <li>• Package II: Rehabilitation of substations 400/110 kV Skopje 4 and Dubrovo with supply and installation of new bay control units in the substations</li> <li>• Package III: Lot1: Rehabilitation of substation 400/220/110 kV Skopje 1 with supply and installation of a new control system on 110 kV level and replacement of the existing 110 kV protection system Lot2: Rehabilitation of substation 400/110 kV Bitola 2 with supply and installation of a new control system and replacement of the existing 400 kV and 110 kV protection systems.</li> </ul>
Deadline:	31 Dec 2008 at 00:00, Skopje time
Contact:	Sinisa Stancevski ; Project Manager AD MEPSO Tel: +389 2 3149 018 Fax: +389 2 3238 687

Company / organization:	<b>EBRD, related Bosnia and Herzegovina</b>
<b>Power Distribution Reconstruction-Substations 10(20)/0,4kV</b>	
Content:	<p>JP Elektroprivreda BiH d.d. Sarajevo (hereinafter referred to as the Purchaser) intends to use part of the proceeds of a loan from the European Bank for Reconstruction and Development (the Bank) towards the cost of Power Distribution Reconstruction Project. The Purchaser now invites sealed tenders from Supplier for the following contract(s) to be funded from part of the proceeds of the loan: Procurement of Substations 10(20)/0,4 kV Lot 1 Prefabricated Transformer Substations 10(20)/0,4 kV Lot 2 Distribution Transformers 10(20)/0,4 kV Lot 3 MV Switchgears and Apparatus Lot 4 LV Distribution Board, Cabinets, Equipment for Power Factor Correction and Fuses Lot 5 Earthing Equipment Lot 6 Telemetry and Radio Equipment Tenders are invited for one or more lots. Each lot must be priced separately..</p>
Deadline:	2 Mar 2009 at 00:00, Sofia time
Contact:	Mr. Nedeljko Despotović, PIU Director Tel.+387 33 751 030; Fax.+387 33 751 033 e-mail: n.despotovic@elektroprivreda.ba

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. 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 Romania</b>
<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: 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.</p>
Deadline:	22 Oct 2008 at 00:00, Bucharest time.

Contact: Mr I Truica; Technical Director  
S.C. Electrificare SA B-dul D Golescu nr.38  
Bucharest, Romania  
Tel: + 40 21 3192512; Email: ionel.truica@cfr.ro

Company / organization: EBRD, related Romania

#### 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

Contact: Mr I Truica, Technical Director  
S.C. Electrificare SA, B-dul D Golescu nr.38  
Bucharest, Romania  
Tel: + 40 213192512  
Email: ionel.truica@cfr.ro

Company / organization: EBRD, related Bulgaria

#### Rehab and Extension of Power Transmission Network LOT 1,2,3

Content: 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".

The project, which has a total estimated cost of EUR 14.6 million, includes the implementation of the following three projects:

(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).

(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).

(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).

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.

Deadline: 13 Nov 2008 at 00:00, Sofia time

Contact: 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



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:	30 May 2008 at 10:00, 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, related Bulgaria
<b>Pernik District Heating Rehabilitation Project</b>	
Content:	<p>Toplofikacia Pernik EAD, hereinafter referred to as "The Employer", intends using part of the proceeds of a Grant from the Kozloduy International Decommissioning Support Fund (KIDSF) administered by the European Bank for Reconstruction and Development (the Bank) towards the cost of "Pernik District Heating Rehabilitation Project". The project has accumulated savings of €180,000 which is intended to be used for Construction and Installation Works (CIW) needed for the rehabilitation of the heat transmission network.</p> <p>Contracts to be financed with the KIDSF grant will be subject to the Bank's Procurement Policies and Rules. Tendering for contracts to be financed with the proceeds of a grant administered by the Bank is now open to firms from Austria, Belgium, Bulgaria, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxemburg, Portugal, Spain, Sweden, Switzerland, UK, Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, the Netherlands, Poland, Romania, Slovakia, Slovenia, all the so called PHARE and countries of EBRD operations.</p>
Deadline:	12 June 2008 at 24:00, Pernik time

Contact:	<p>eng. Gergana Koleva          Moshino, CHP Plant Republika          2303 Pernik, Bulgaria          Tel./Fax.: +359 (076) 670 675</p>
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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>
Deadline:	2 June 2008 at 24:00, Mostar time
Contact:	<p>Mr. Josip Jerkovic          PIU Director          Tel:+387 36 323 788          Fax:+387 36 322 831          Email: josip.jerkovic@ephzhb.ba</p>

## 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 De-commissioning 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>