

**About:**

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.

News are published to subscribers only as an .pdf edition, two times per month

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BalkanEnergy NEWS Consulting

Consulting, intellectual and assistance services related to energy business in South Eastern Europe

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**In this issue:**

**September (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 16.09.-30.09.2008
- » Forecasted weather conditions for the following period

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**Analysis:**

- » Statistical data of energy sector in Southeast Europe for first 4 months of 2005,2006, 2007 and 2008

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**News headlines****Region**

- » Natural gas companies support continuation of NETS project

**Albania**

- » CEZ new owner of KESH distribution branch
- » EVN to build HPPs in Albania
- » Possible tender for electricity import
- » First wind farm in Albania to be operational in 2010

**Bosnia and Herzegovina:**

- » Government announced changes in agreement with CEZ regarding TPP Gacko
- » Energy minister met representatives of KazTransGaz
- » Plans for construction of 20 small HPPs on Bosnia River
- » Government of RS to revoke its decision for leaving Elektoprenos

- » Germany to provide 46 million euros for new wind farms
- » Austria reaffirms support to APET Group
- » Government approved financial reports of energy companies in 2007
- » Oil refinery in Brod to cover 85 % of domestic fuel needs
- » RS to have 1.2 TWh of electricity surplus
- » Bio-diesel factory put in service

### **Bulgaria:**

- » Hydropower projects in Nikopol and Silistra to be revived
- » 24.5 million tons of coal to be produced in Maritsa Iztok mines in 2008
- » Government established mega energy holding
- » Natural gas prices to rise by 24 % from October 1
- » NPP Kozloduy did not use recycled nuclear fuel
- » Prime ministers Stanishev and Putin discussed energy projects

### **Croatia:**

- » MOL not to increase offer for INA
- » Government tries to restart Druzba Adria project
- » LNG terminal to be built on Krk Island

### **Greece:**

- » Greek Development Ministry approved PPC's Aliveri plant environmental study
- » Union to sue management of PPC
- » ELPE to sell Libyan exploration license to GDF Suez
- » PPC to move another village due to lignite exploitation

### **Macedonia:**

- » Increase of electricity prices
- » Procedure on solving the dispute between Government and EVN Macedonia started
- » ESM – EVN changed name to EVN Macedonia
- » Companies should ask for private electricity market operator

### **Montenegro:**

- » Unicredit Zagreb Bank to be financial and legal advisor for recapitalization of ECPG
- » HPP Perucica in service after regular maintenance
- » Tender for concession of Maoce coalmine to be launched in October
- » Government signed concession contracts for construction of eight small HPPs
- » Government against construction of NPP in Albania
- » EPCG to demand new increase in electricity prices

### **Romania:**

- » No increase in natural gas prices by the end of 2008
- » CEZ and Electrabel strategic partners of Termoelectrica in

- construction of new power plants
- » Negotiations for construction of units 3 and 4 in NPP Cernavoda continued
- » Nuclearelectrica to be listed on stock exchange in the first half of 2009
- » Hidroelectrica to be listed on stock exchange by the end of the year
- » E.ON to invest 170 million euros in wind farms
- » Energy Holding and Alro Slatina failed to acquire electricity on OPCOM
- » Large companies interested in modernization of CHPP Fantanele and CHPP Progresu
- » Hidroelectrica increased profit target up to 17 million euros in 2008
- » Enel to build 280 MW wind farms in Tulcea

### **Serbia:**

- » EAR donated 20 million euros for new 400kV interconnection line
- » 98 million euros of profit for NIS in H1
- » Government to obey energy agreement with Russia, final contracts to be signed by mid November

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



## Balkan Energy NEWS publication

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

Annual electricity consumption in GWh		Year	Sum	1	2	3	4
Slovenia	2008	11052	1052	954	978	928	
	2010	1134	12267	1083	991	1054	941
	2011	1077	12590	955	1051	1127	997
Bosnia and Herzegovina	2008	1120	11182	1027	891	953	850
	2009	1089	11570	1094	998	1012	911
	2010	1054	10994	1099	932	963	816
Bulgaria	2008	1156	11722	1074	979	1016	910
	2009	1157	12186	1155	1038	1075	938
	2010	3307	34506	3227	3001	3196	2638
Croatia	2008	3185	32727	3486	3052	3021	2443
	2009	3257	31954	3486	3052	3021	2443
	2010	3167	33452	3475	3107	3097	2577
Greece	2008	1640	17842	1680	1543	1570	1599
	2009	1648	17507	1625	1530	1551	1323
	2010	171	17474	1655	1481	1552	1356
Macedonia	2008	423	4306	4915	4539	4269	4105
	2009	451	53504	4652	4271	4401	3894
	2010	423	53565	4666	4107	4327	3913
Romania	2008	4791	50636	4736	4268	4473	3803
	2009	5144	53385	4874	4472	4727	4143
	2010	5139	54131	4734	4418	4660	4081

## Country Reports on Energy Business in South Eastern Europe

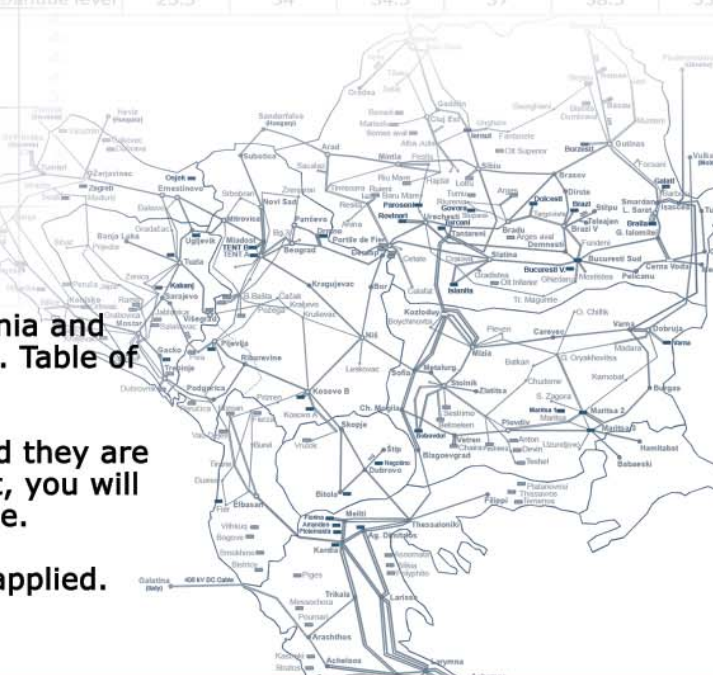
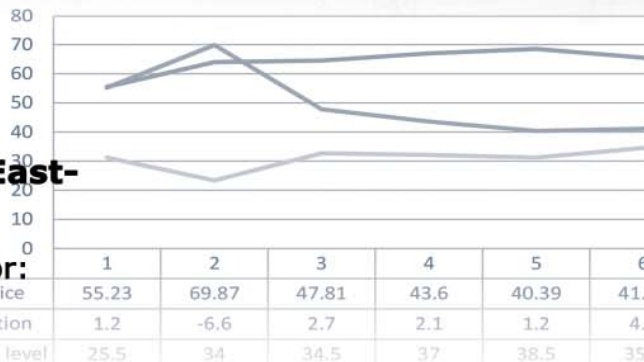
Country reports provide detailed overview of energy sector:

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

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

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

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







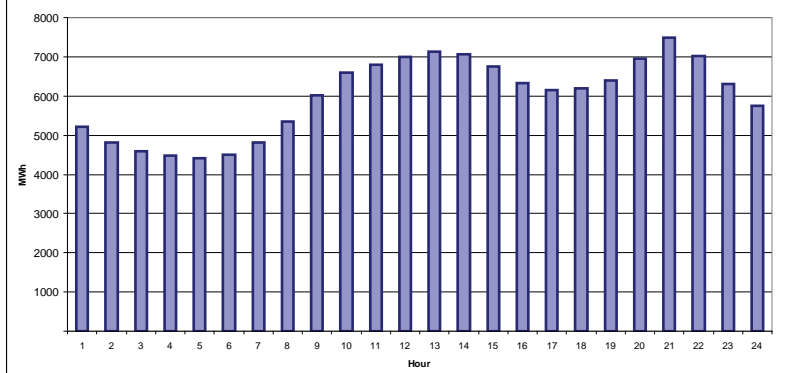
## Greece: Electricity consumption in last 15 days (MWh)

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24
16.9.2008	5595	5176	4935	4788	4777	4817	5194	5816	6579	7237	7490	7719	7842	7839	7599	7209	6998	7063	7212	7538	8108	7470	6736	6214
17.9.2008	5650	5230	4960	4850	4800	4900	5260	5950	6680	7330	7500	7700	7800	7750	7550	7100	6820	6800	6800	7000	7800	7400	6680	6050
18.9.2008	5510	5100	4880	4750	4700	4800	5200	5830	6540	7150	7380	7600	7680	7660	7300	6880	6700	6700	6830	7400	7840	7240	6500	5920
19.9.2008	5400	5000	4760	4650	4600	4720	5100	5740	6450	7050	7250	7400	7500	7450	7200	6750	6500	6500	6640	7150	7750	7200	6500	5900
20.9.2008	5230	4830	4620	4500	4440	4420	4580	4800	5400	6100	6440	6700	6820	6750	6360	5920	5760	5800	5900	6550	7100	6700	6000	5560
21.9.2008	5000	4660	4480	4330	4220	4200	4180	4220	4650	5100	5600	6000	6200	5970	5380	4950	5000	5100	5330	6050	6700	6400	5900	5420
22.9.2008	5020	4600	4410	4300	4230	4320	4800	5550	6240	6850	6950	7130	7230	7180	6980	6500	6330	6330	6510	7000	7620	7200	6330	5830
23.9.2008	5100	4680	4500	4400	4400	4500	4930	5620	6300	6880	6950	7070	7150	7100	6860	6480	6250	6350	6550	7100	7600	7140	6300	5750
24.9.2008	5150	4740	4530	4440	4380	4500	4950	5650	6300	6780	6840	6950	7030	7050	6820	6420	6240	6250	6450	7050	7600	7120	6380	5780
25.9.2008	5160	4760	4550	4430	4380	4500	4930	5600	6360	6900	6950	7100	7200	7160	6870	6450	6330	6400	6560	7200	7700	7200	6350	5800
26.9.2008	5140	4700	4470	4360	4330	4450	4900	5600	6300	6830	6900	6950	7050	7050	6800	6450	6220	6330	6600	7250	7660	7100	6330	5700
27.9.2008	5230	4830	4610	4470	4390	4400	4560	4780	5400	6080	6420	6800	7000	7000	6520	6040	5900	5900	6200	6700	7100	6700	6100	5600
28.9.2008	5040	4660	4420	4260	4170	4150	4150	4200	4600	5150	5700	6050	6150	5920	5400	5000	4940	5030	5350	6050	6550	6330	5820	5390
29.9.2008	4840	4440	4260	4200	4150	4270	4750	5450	6200	6720	6820	6980	7170	7150	6800	6400	6200	6200	6460	7100	7550	7050	6300	5700
30.9.2008	5020	4630	4420	4320	4300	4410	4860	5580	6250	6780	6830	6900	7000	7000	6700	6350	6160	6200	6400	7100	7650	7100	6270	5700
<b>Average:</b>	<b>5206</b>	<b>4802</b>	<b>4587</b>	<b>4470</b>	<b>4418</b>	<b>4490</b>	<b>4823</b>	<b>5359</b>	<b>6017</b>	<b>6596</b>	<b>6801</b>	<b>7003</b>	<b>7121</b>	<b>7069</b>	<b>6743</b>	<b>6327</b>	<b>6157</b>	<b>6197</b>	<b>6386</b>	<b>6949</b>	<b>7489</b>	<b>7023</b>	<b>6300</b>	<b>5754</b>

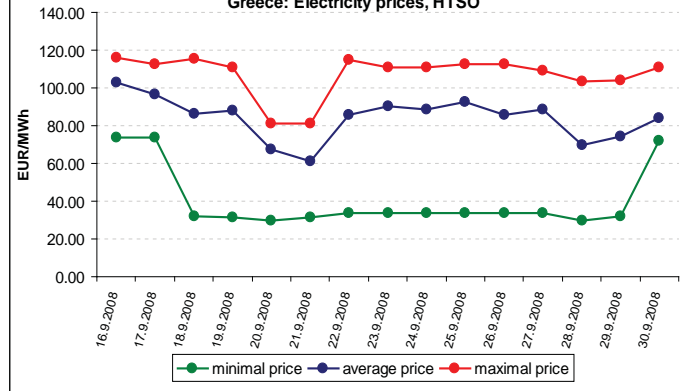
## Greece: System Marginal Prices in last 15 days

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24
16.9.2008	80.97	80.96	78.02	73.63	73.63	73.63	78.03	104.44	115.90	115.50	115.90	115.90	114.70	112.75	115.50	114.70	115.50	115.50	115.50	115.50	115.90	112.76	104.44	104.44
17.9.2008	80.96	78.02	73.63	73.63	73.63	73.63	78.02	80.96	108.87	108.87	110.90	112.69	110.90	110.90	108.87	110.90	110.90	110.90	108.87	112.75	110.90	110.90	80.96	78.03
18.9.2008	78.02	33.65	31.73	31.73	31.73	32.62	73.63	78.02	97.00	114.69	108.87	114.69	108.87	112.75	108.87	112.69	95.50	110.90	108.87	95.00	115.50	95.80	104.44	78.02
19.9.2008	73.63	73.63	31.73	31.73	31.34	31.73	73.63	78.03	108.87	110.90	110.90	110.90	110.90	110.90	110.90	110.90	108.87	95.80	95.80	110.90	110.90	110.90	95.00	78.03
20.9.2008	72.25	68.47	31.73	31.73	31.34	29.99	30.01	68.47	73.63	80.96	78.03	78.03	78.03	78.03	78.03	78.02	78.02	78.02	78.02	80.96	80.96	80.96	80.96	78.03
21.9.2008	31.73	73.63	31.73	33.65	31.73	31.73	31.73	31.44	33.53	33.65	80.96	80.96	80.96	80.96	78.02	73.63	78.02	73.63	78.02	80.96	80.96	80.96	80.96	78.03
22.9.2008	78.03	59.68	68.47	33.53	33.53	33.65	73.63	79.48	108.87	108.87	114.69	87.00	112.69	86.00	110.90	110.90	85.00	104.44	110.90	85.00	112.69	87.00	87.00	80.96
23.9.2008	79.48	73.63	73.63	72.25	33.53	73.63	78.02	80.80	110.90	110.90	110.90	108.87	110.90	104.44	104.45	108.87	80.97	80.97	80.97	108.87	110.90	110.90	80.97	80.80
24.9.2008	73.63	72.25	58.45	33.65	33.65	58.45	73.63	80.80	104.44	110.90	108.87	104.44	104.45	104.45	104.45	80.97	103.75	103.75	108.87	103.76	108.87	103.76	104.44	78.02
25.9.2008	78.03	75.67	58.45	72.25	33.65	33.53	78.02	80.96	112.69	110.90	110.90	110.90	110.90	110.90	110.90	108.87	110.90	110.90	108.87	112.69	110.90	110.90	80.96	80.96
26.9.2008	78.02	33.53	33.65	33.65	58.45	33.65	72.25	80.80	112.69	108.87	112.69	110.90	110.90	110.90	80.97	108.87	80.96	104.44	103.77	104.44	110.90	108.87	80.97	80.96
27.9.2008	78.03	78.03	72.25	59.68	33.65	33.67	68.47	79.48	79.48	108.87	103.75	104.44	103.76	103.75	103.10	103.20	103.00	103.10	103.20	103.75	104.44	103.75	103.76	80.97
28.9.2008	79.48	33.65	58.45	72.25	33.65	33.65	32.62	29.99	33.53	80.96	78.03	80.96	80.96	80.96	80.96	78.02	78.02	78.02	80.96	80.97	103.00	103.20	103.20	80.97
29.9.2008	73.63	33.65	31.73	32.62	31.73	33.53	58.45	78.02	80.97	80.96	80.96	80.96	80.96	80.96	80.96	80.96	80.96	80.96	103.75	103.77	103.77	103.77	103.75	78.03
30.9.2008	75.67	73.63	72.25	72.25	72.25	73.63	73.63	80.82	104.45	80.96	80.96	80.97	80.96	80.96	80.96	80.96	80.97	80.97	103.75	103.75	110.90	103.75	80.97	80.96
<b>Average:</b>	<b>74.10</b>	<b>62.81</b>	<b>53.73</b>	<b>50.55</b>	<b>42.50</b>	<b>45.38</b>	<b>64.92</b>	<b>74.17</b>	<b>92.39</b>	<b>97.35</b>	<b>100.62</b>	<b>99.14</b>	<b>100.06</b>	<b>97.97</b>	<b>97.19</b>	<b>97.50</b>	<b>92.76</b>	<b>95.49</b>	<b>99.34</b>	<b>100.20</b>	<b>106.10</b>	<b>101.88</b>	<b>91.52</b>	<b>81.15</b>

Greece: Average hourly consumption in last 15 days



Greece: Electricity prices, HTSO



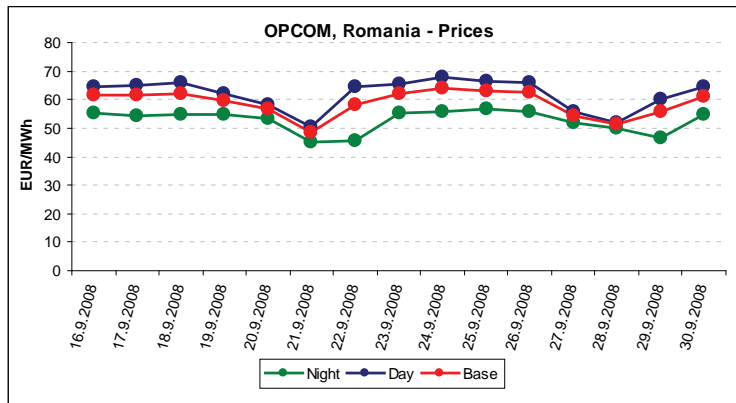
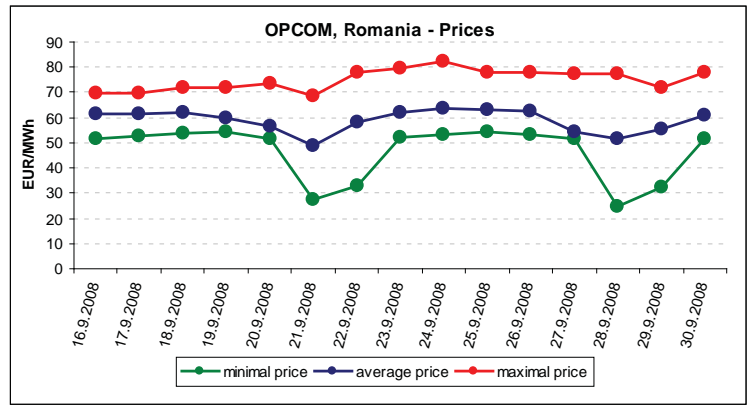
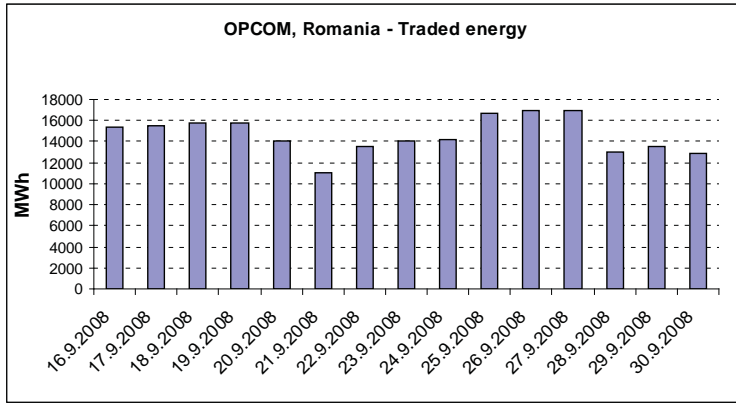
## Montenegro: Electricity exports in last 15 days per border (MWh)

Ukupan izvoz

	16.9.2008	17.9.2008	18.9.2008	19.9.2008	20.9.2008	21.9.2008	22.9.2008	23.9.2008	24.9.2008	25.9.2008	26.9.2008	27.9.2008	28.9.2008	29.9.2008	30.9.2008
Montenegro - Albania	4237	3729	4176	2717	2248	2487	1015	955	732	1092	1714	1194	997	1410	984
Montenegro - BiH	-2673	-4432	-1604	-4796	-3243	-3951	-3321	-3884	-4191	-4814	-6169	-5395	-5364	-5481	-5716
Montenegro - Serbia	-2436	-351	-2084	1830	-61	183	1004	1872	912	866	1749	1759	1530	2285	503
<b>Total</b>	<b>-872</b>	<b>-1054</b>	<b>488</b>	<b>-250</b>	<b>-1057</b>	<b>-1282</b>	<b>-1302</b>	<b>-1058</b>	<b>-2546</b>	<b>-2857</b>	<b>-2706</b>	<b>-2442</b>	<b>-2836</b>	<b>-1786</b>	<b>-4228</b>



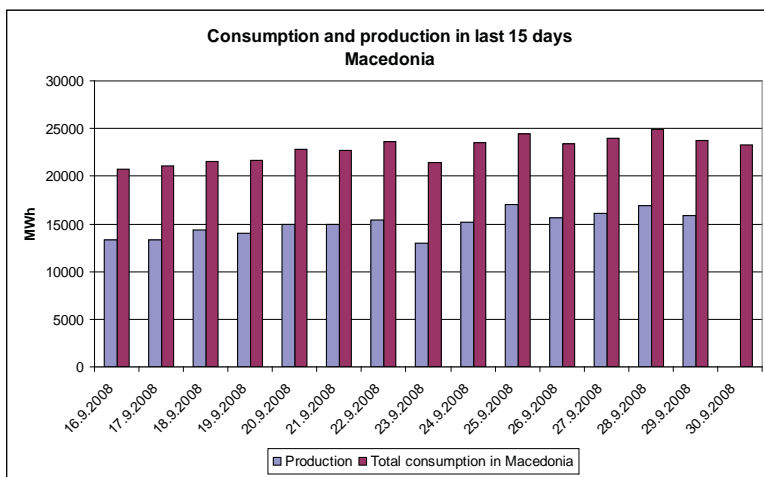




Day Energy (06-22h)  
 Base energy (00-24h)  
 Night energy (22-06h)

### Mepso, Macedonia (MWh)

	16.9.2008	17.9.2008	18.9.2008	19.9.2008	20.9.2008	21.9.2008	22.9.2008	23.9.2008	24.9.2008	25.9.2008	26.9.2008	27.9.2008	28.9.2008	29.9.2008	30.9.2008
Production	13361	13335	14317	14025	14967	14916	15457	12966	15220	17048	15661	16135	16952	15871	15454
Import	7325	7701	7262	7593	7907	7781	8147	8448	8338	7406	7786	7818	7910	7868	7820
Total consumption in FYROM	20686	21036	21579	21618	22874	22697	23604	21414	23558	24454	23447	23953	24862	23739	23274





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

NOS BIH - Bosnia & Herzegovina									October 2008.
Border+Direction	TTC	TRM	NTC	AAC	ATC	AATC	Price	Validity period:	
IMPORT									
Croatia > BIH	-	-	500	-	109	100	-	01.-31.10.2008.	
Montenegro > BIH	-	-	450	-	225	0	-	01.-31.10.2008.	
Serbia > BIH	-	-	230	-	100	65	-	01.-31.10.2008.	
EXPORT									
BIH > Croatia	-	-	450	-	225	150	-	01.-31.10.2008.	
BIH > Montenegro	-	-	400	-	168	70	-	01.-31.10.2008.	
BIH > Serbia	-	-	400	-	200	10	-	01.-31.10.2008.	

ESO - Bulgaria									October 2008.
Border+Direction	TTC	TRM	NTC	AAC	ATC	AATC	Price	Validity period:	
IMPORT									
Serbia > Bulgaria	-	-	50	-	25	25	0.40	01.-31.10.2008.	
Romania > Bulgaria	-	-	100	-	0	0	0.00	01.-07.10.2008.	
	-	-	200	-	50	50	0.90	08.-19.10.2008.	
	-	-	100	-	0	0	0.00	20.-31.10.2008.	
Greece > Bulgaria	-	-	200	-	100	10	0.00	01.-31.10.2008.	
EXPORT									
Bulgaria > Serbia	-	-	100	-	50	50	18.07	01.-07.10.2008.	
	-	-	350	-	175	175	3.50	08.-19.10.2008.	
	-	-	100	-	50	50	18.07	20.-31.10.2008.	
Bulgaria > Romania	-	-	100	-	50	50	0.50	01.-31.10.2008.	
Bulgaria > Greece	-	-	350	-	250	250	5.40	01.-07.10.2008.	
	-	-	500	-	400	400	8.03	08.-19.10.2008.	
-	-	100	-	0	0	0.00	20.-31.10.2008.		

OPS HEP - Croatia									October 2008.
Border+Direction	TTC	TRM	NTC	AAC	ATC	AATC	Price	Validity period:	
IMPORT									
Hungary > Croatia	-	-	-	-	550*	550	0.41	01.-31.10.2008.	
Slovenia > Croatia	-	-	-	-	100	50	0.01	01.-31.10.2008.	
Serbia > Croatia	-	-	-	-	0	0	0.00	01.-31.10.2008.	
BiH > Croatia	-	-	-	-	50	50	4.25	01.-31.10.2008.	
EXPORT									
Croatia > Hungary	-	-	-	-	200*	200	2.87	01.-31.10.2008.	
Croatia > Slovenia	-	-	-	-	100	100	0.45	01.-31.10.2008.	
Croatia > Serbia	-	-	-	-	0	0	0.00	01.-31.10.2008.	
Croatia > BiH	-	-	-	-	75	70	1.15	01.-31.10.2008.	

\* Common auction conducted by MAVIR

MAVIR - Hungary									October 2008.
Border+Direction	TTC	TRM	NTC	AAC	ATC	AATC	Price	Validity period:	
IMPORT									
Croatia > Hungary	600	200	400	200	200	200	2.87	01.-31.10.2008.	
Romania > Hungary	400	100	300	200	100	100	22.61	01.-31.10.2008.	
Serbia > Hungary	200	100	100	100	0	0	0.00	01.-31.10.2008.	
EXPORT									
Hungary > Croatia	1200	200	1000	450	550	550	0.41	01.-31.10.2008.	
Hungary > Romania	200	100	100	75	25	25	0.12	01.-31.10.2008.	
Hungary > Serbia	600	100	500	275	225	225	0.26	01.-31.10.2008.	

\* Common auction conducted by MAVIR

MEPSO - Macedonia									October 2008.
Border+Direction	TTC	TRM	NTC	AAC	ATC	AATC	Price	Validity period:	
IMPORT									
Serbia > Macedonia	320	50	270	135	0	0	0.00	01.-07.10.2008.	
	400	100	300	150	0	0	0.00	08.-15.10.2008.	
	400	100	300	0	150	0	0.00	16.-19.10.2008.	
	0	0	0	0	0	0	0.00	20.-31.10.2008.	
Greece > Macedonia	100	100	0	0	0	0	0.00	01.-31.10.2008.	
EXPORT									
Macedonia > Serbia	400	100	300	80	70	30	0.00	01.-19.10.2008.	
	0	0	0	0	0	0	0.00	20.-31.10.2008.	
Macedonia > Greece	100	100	0	0	0	0	0.00	01.-31.10.2008.	

TSO EPCG - Montenegro							October 2008.	
Border+Direction	TTC	TRM	NTC	AAC	ATC	AATC	Price	Validity period:
IMPORT								
Albania > Montenegro	-	-	-	-	100	-	-	01.-30.9.2008.
BiH > Montenegro	-	-	-	-	100	-	-	01.-31.10.2008.
Serbia > Montenegro	-	-	-	-	0	-	-	01.-07.10.2008.
	-	-	-	-	70	-	-	08.-19.10.2008.
	-	-	-	-	150	-	-	20.-31.10.2008.
EXPORT								
Montenegro > Albania	-	-	-	-	35	-	-	01.-30.9.2008.
Montenegro > BiH	-	-	-	-	150	-	-	01.-31.10.2008.
Montenegro > Serbia	-	-	-	-	120	-	-	01.-31.10.2008.

Transelectrica - Romania									October 2008.
Border+Direction	TTC	TRM	NTC	AAC	ATC	AATC	Price	Validity period:	
IMPORT									
Bulgaria > Romania	200	100	100	100	0	0	0.00	01.-31.10.2008.	
Serbia > Romania	250	100	150	100	50	50	0.05	01.-31.10.2008.	
Hungary > Romania	200	100	100	50	50	50	0.05	01.-31.10.2008.	
Ukraine > Romania	200	100	100	100	0	0	0.00	01.-31.10.2008.	
EXPORT									
Romania > Bulgaria	200	100	100	100	0	0	0.00	01.-07.10.2008.	
	300	100	200	100	100	100	1.02	08.-19.10.2008.	
	200	100	100	100	0	0	0.00	20.-31.10.2008.	
Romania > Serbia	300	100	200	100	100	100	21.67	01.-07.10.2008.	
	450	100	350	100	250	250	13.95	08.-19.10.2008.	
	300	100	200	100	100	100	21.09	20.-31.10.2008.	
Romania > Hungary	300	100	200	100	100	100	25.15	01.-07.10.2008.	
	350	100	250	100	150	150	21.67	08.-19.10.2008.	
	400	100	300	100	200	200	21.67	20.-31.10.2008.	
Romania > Ukraine	0	0	0	0	0	0	0.00	01.-07.10.2008.	
	150	100	50	0	50	0	0.00	08.-31.10.2008.	

EMS - Serbia									October 2008.
Border+Direction	TTC	TRM	NTC	AAC	ATC	AATC	Price	Validity period:	
IMPORT									
Hungary > Serbia	-	-	-	-	200	200	0.13	01.-07.10.2008.	
	-	-	-	-	250	250	0.13	08.-31.10.2008.	
Romania > Serbia	-	-	-	-	0	0	0.00	01.-07.10.2008.	
	-	-	-	-	75	75	19.30	08.-19.10.2008.	
	-	-	-	-	0	0	0.00	20.-31.10.2008.	
Bulgaria > Serbia	-	-	-	-	50	50	22.74	01.-07.10.2008.	
	-	-	-	-	175	175	12.03	08.-19.10.2008.	
	-	-	-	-	50	50	23.00	20.-31.10.2008.	
Macedonia > Serbia	-	-	-	-	150	0	0.00	01.-19.10.2008.	
	-	-	-	-	0	0	0.00	20.-31.10.2008.	
Albania > Serbia	-	-	-	-	105	0	0.00	01.-31.10.2008.	
Montenegro > Serbia	-	-	-	-	175	0	0.00	01.-31.10.2008.	
BiH > Serbia	-	-	-	-	200	140	0.00	01.-31.10.2008.	
Croatia > Serbia	-	-	-	-	200	130	0.00	01.-19.10.2008.	
	-	-	-	-	0	0	0.00	20.-28.10.2008.	
	-	-	-	-	200	130	0.00	29.-31.10.2008.	
EXPORT									
Serbia > Hungary	-	-	-	-	50	50	2.51	01.-31.10.2008.	
Serbia > Romania	-	-	-	-	75	75	0.06	01.-31.10.2008.	
Serbia > Bulgaria	-	-	-	-	25	0	0.00	01.-31.10.2008.	
Serbia > Macedonia	-	-	-	-	135	135	1.13	01.-07.10.2008.	
	-	-	-	-	150	136	0.00	08.-19.10.2008.	
	-	-	-	-	0	0	0.00	20.-31.10.2008.	
Serbia > Albania	-	-	-	-	50	50	0.15	01.-07.10.2008.	
	-	-	-	-	85	85	0.13	08.-19.10.2008.	
	-	-	-	-	75	75	0.13	20.-31.10.2008.	
Serbia > Montenegro	-	-	-	-	20	20	1.12	01.-07.10.2008.	
	-	-	-	-	120	120	0.22	08.-19.10.2008.	
	-	-	-	-	45	45	0.23	20.-31.10.2008.	
Serbia > BiH	-	-	-	-	100	100	0.37	01.-07.10.2008.	
	-	-	-	-	150	150	0.60	08.-31.10.2008.	
	-	-	-	-	100	100	0.21	01.-07.10.2008.	
Serbia > Croatia	-	-	-	-	150	150	0.76	08.-19.10.2008.	
	-	-	-	-	0	0	0.00	20.-28.10.2008.	
	-	-	-	-	200	125	0.00	29.-31.10.2008.	

- 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:

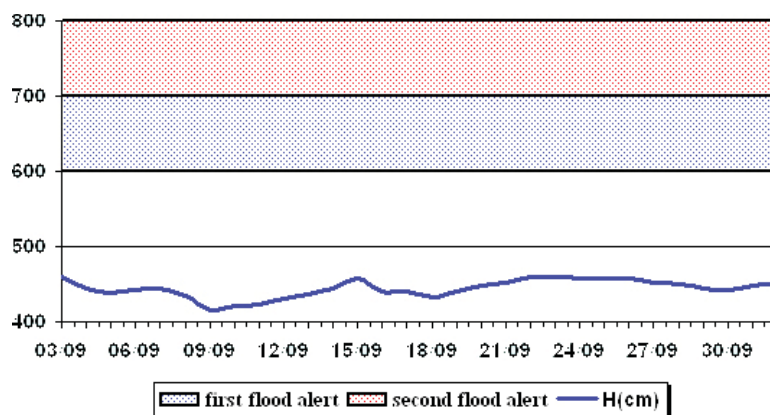
HPP Portile de Fier I, 1167 MW, Romania

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

	03.10.	04.10.	05.10.	06.10.	07.10.	08.10.	09.10.	10.10.	11.10.	October averages.
<b>Albania</b> <i>Tirana</i>	T: 9-23 W: SW 4 R: -	T: 8-21 W: SW 10 R: 15	T: 3-17 W: NW 16 R: 10	T: 4-20 W: - R: -	T: 8-23 W: - R: -	T: 11-25 W: L-V R: -	T: 11-25 W: - R: -	T: 11-24 W: - R: -	T: 10-23 W: NE 5 R: -	Temperature: 10-22 Amount of rain: 130 Number of rain days: -
<b>Bosnia and Herzegovina</b> <i>Sarajevo</i>	T: 8-20 W: SW 20 R: 2	T: 9-11 W: NW 10 R: 10	T: 3-13 W: NW 7 R: 2	T: 3-18 W: - R: -	T: 3-20 W: - R: -	T: 7-21 W: L-V R: -	T: 8-19 W: - R: -	T: 9-20 W: - R: -	T: 9-20 W: - R: -	Temperature: 5.7-16.5 Amount of rain: 77 Number of rain days: 8
<b>Bulgaria</b> <i>Sofia</i>	T: 11-23 W: - R: -	T: 10-22 W: L-V R: -	T: 9-12 W: NW 18 R: 35	T: 4-19 W: NW 5 R: 4	T: 7-21 W: - R: -	T: 6-23 W: - R: -	T: 7-19 W: - R: -	T: 8-23 W: - R: -	T: 9-22 W: NW 10 R: -	Temperature: 5.7-16.6 Amount of rain: 35 Number of rain days: 7
<b>Croatia</b> <i>Zagreb</i>	T: 12-23 W: L-V R: 7	T: 9-13 W: NW 17 R: 20	T: 2-18 W: SW 5 R: -	T: 5-21 W: SW 7 R: -	T: 6-21 W: SW 5 R: -	T: 10-23 W: SW 9 R: -	T: 12-19 W: - R: YES	T: 11-22 W: L-V R: YES	T: 11-23 W: NE 6 R: YES	Temperature: 5.8-16.2 Amount of rain: 71 Number of rain days: 10
<b>Greece</b> <i>Athens</i>	T: 20-28 W: SW 9 R: -	T: 19-27 W: SW 12 R: -	T: 15-24 W: W 29 R: -	T: 16-23 W: NW 8 R: -	T: 16-24 W: NW 8 R: -	T: 16-23 W: NW 8 R: -	T: 17-25 W: NW 4 R: -	T: 18-23 W: - R: -	T: 18-23 W: NW 10 R: -	Temperature: 13.4-23.3 Amount of rain: 52 Number of rain days: 7
<b>Macedonia</b> <i>Skopje</i>	T: 9-23 W: SW 4 R: -	T: 7-22 W: SW 4 R: -	T: 8-15 W: NW 29 R: 22	T: 7-20 W: L-V R: -	T: 7-22 W: - R: -	T: 6-23 W: - R: -	T: 6-21 W: - R: -	T: 8-23 W: - R: -	T: 9-23 W: N 10 R: -	Temperature: 6.3-19 Amount of rain: 42 Number of rain days: 9
<b>Montenegro</b> <i>Podgorica</i>	T: 13-21 W: SW 6 R: 3	T: 12-17 W: NW 12 R: 6	T: 12-19 W: NW 16 R: 2	T: 10-21 W: - R: -	T: 11-24 W: - R: -	T: 11-22 W: L-V R: -	T: 11-24 W: - R: -	T: 13-26 W: - R: -	T: 13-24 W: L-V R: -	Temperature: 11.7-21.7 Amount of rain: 166 Number of rain days: 9
<b>Romania</b> <i>Bucharest</i>	T: 10-23 W: - R: -	T: 8-24 W: S 4 R: -	T: 12-19 W: NW 12 R: 4	T: 4-18 W: NW 12 R: 2	T: 7-21 W: L-V R: -	T: 10-23 W: - R: -	T: 10-23 W: - R: -	T: 9-22 W: - R: -	T: 8-20 W: - R: -	Temperature: 5.7-18 Amount of rain: 32 Number of rain days: 5
<b>Serbia</b> <i>Belgrade</i>	T: 14-24 W: SW 10 R: 2	T: 13-22 W: NW 10 R: 4	T: 9-13 W: NW 25 R: 2	T: 6-19 W: L-V R: -	T: 8-21 W: - R: -	T: 11-24 W: SW 8 R: -	T: 13-21 W: - R: -	T: 12-21 W: SW 4 R: YES	T: 12-22 W: NW 4 R: -	Temperature: 8.3-18 Amount of rain: 40 Number of rain days: 8

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

## Analysis:

## Statistical data of energy sector in Southeast Europe for first 4 months of 2005,2006, 2007 and 2008

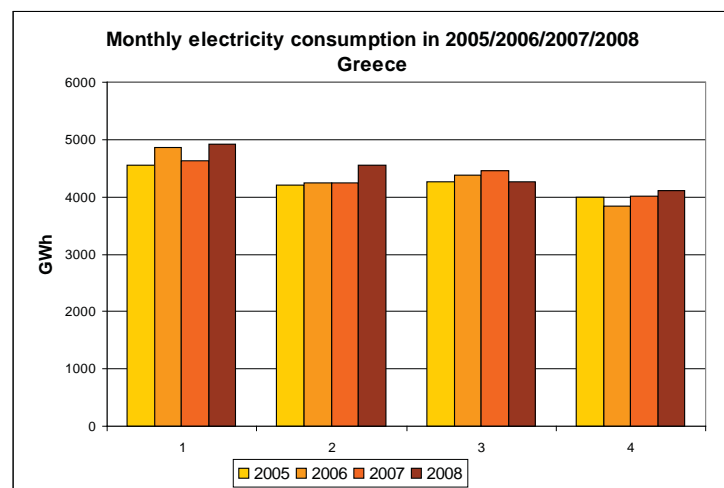
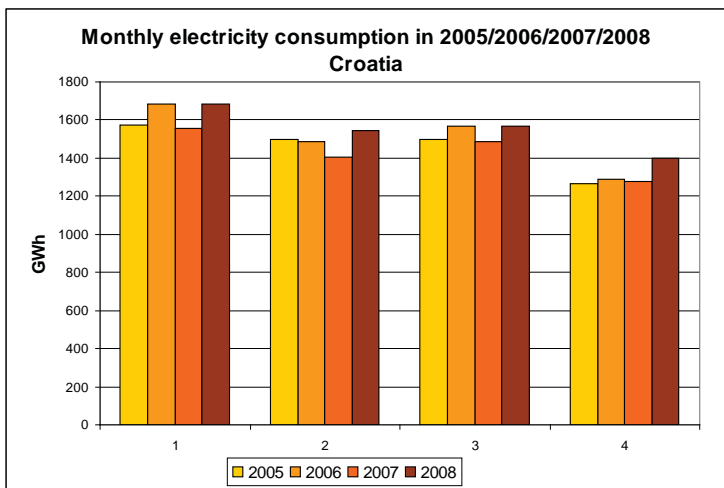
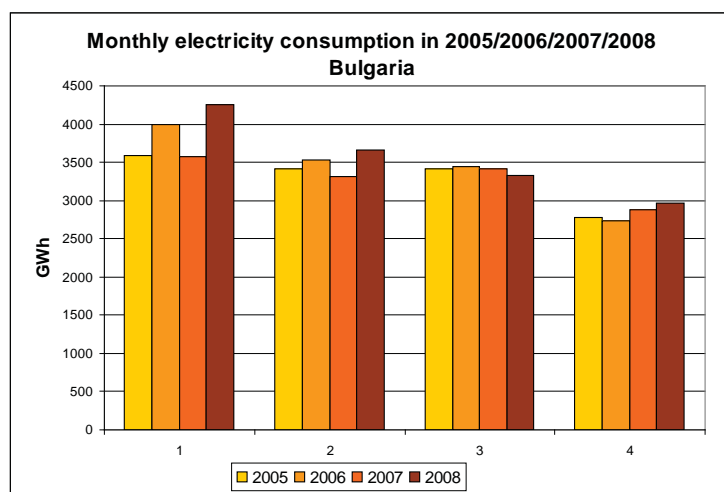
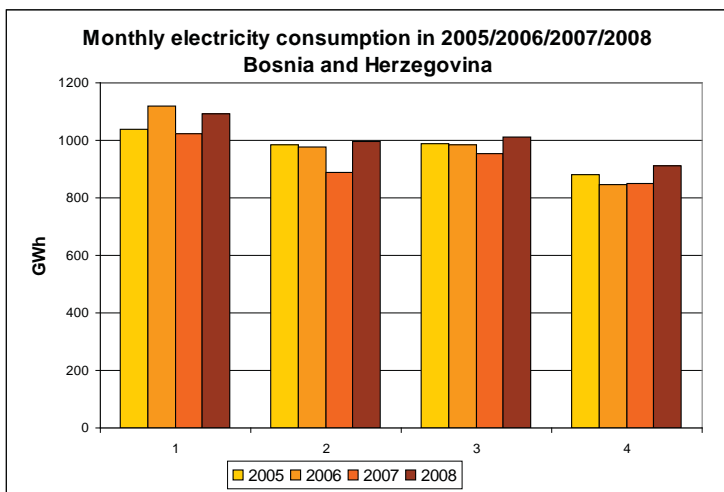
Dear readers, in the analysis of this issue of Balkan Energy NEWS we present comparison of statistical data of energy sector in Southeast Europe in first 4 months of 2005, 2006, 2007 and 2008.

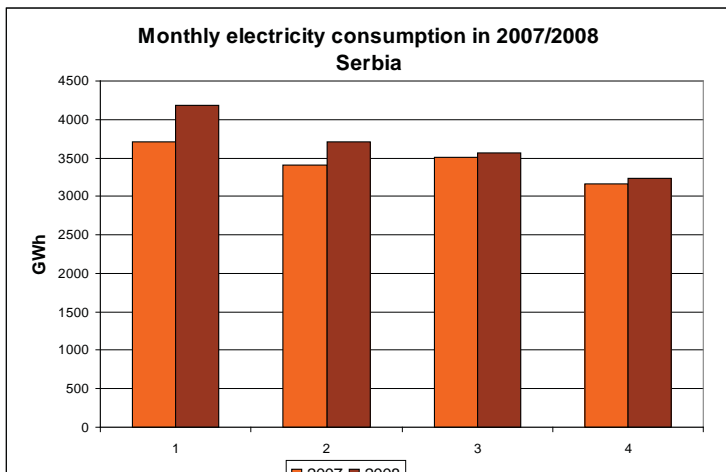
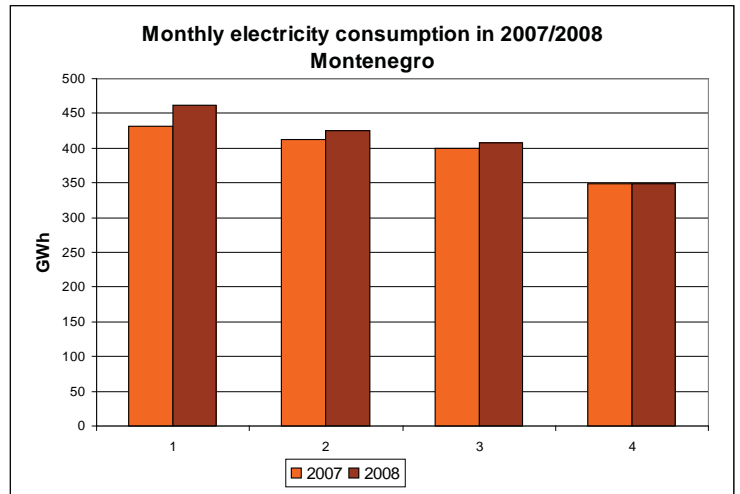
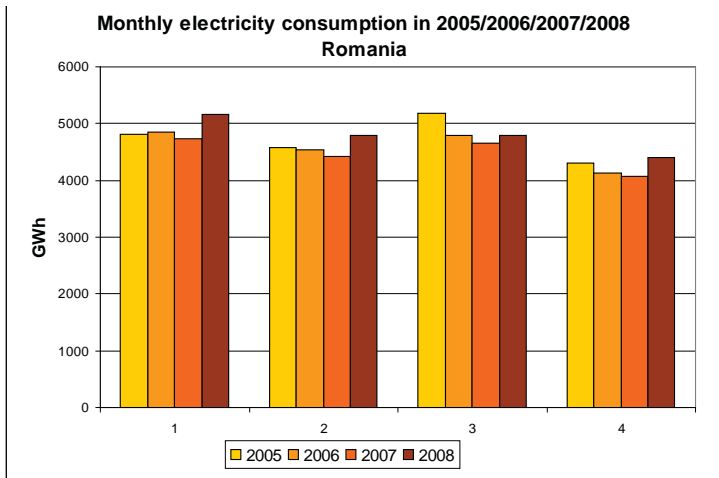
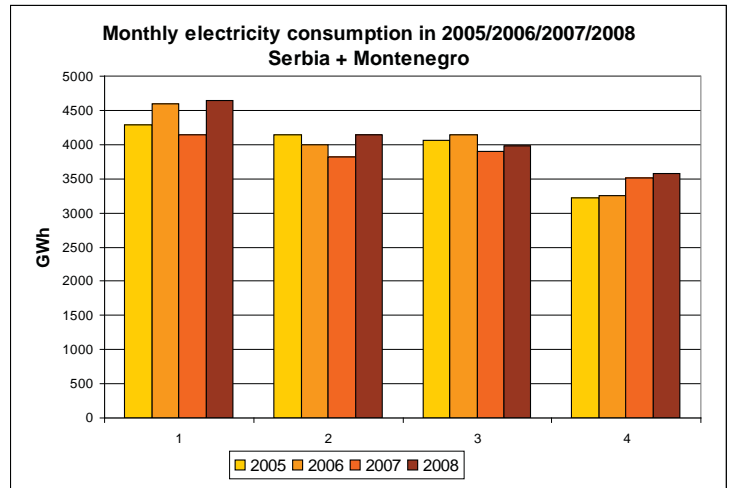
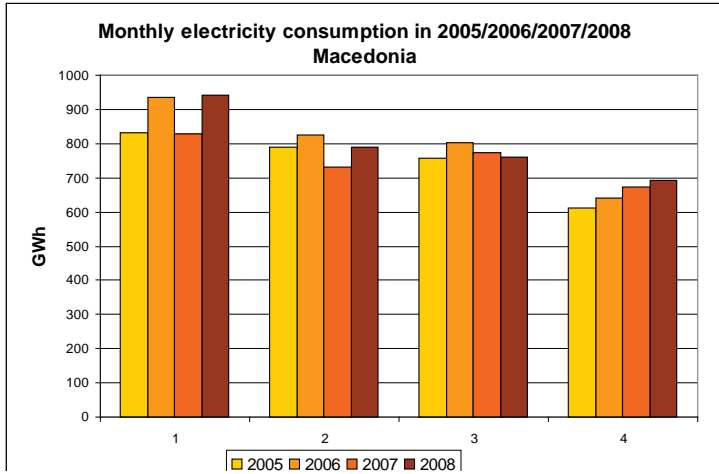
Monthly data for electricity generation, consumption, imports and exports are shown in tables and diagrams.

### Monthly electricity consumption (In GWh)

	Month	1	2	3	4	Sum
Bosnia and Herzegovina	2005	1037	983	988	882	<b>3890</b>
	2006	1118	976	986	847	<b>5933</b>
	2007	1024	890	952	851	<b>5724</b>
	2008	1093	998	1012	911	<b>6022</b>
Bulgaria	2005	3584	3420	3418	2780	<b>13202</b>
	2006	3999	3530	3450	2735	<b>13714</b>
	2007	3577	3317	3409	2880	<b>13183</b>
	2008	4255	3657	3321	2962	<b>14195</b>
Croatia	2005	1576	1500	1497	1267	<b>5840</b>
	2006	1682	1485	1566	1289	<b>6022</b>
	2007	1555	1406	1485	1280	<b>5726</b>
	2008	1681	1544	1570	1397	<b>6192</b>
Greece	2005	4546	4197	4272	3987	<b>17002</b>
	2006	4853	4248	4373	3833	<b>17307</b>
	2007	4621	4244	4465	4016	<b>17346</b>
	2008	4915	4544	4270	4105	<b>17834</b>

	Month	1	2	3	4	Sum
Macedonia	2005	833	790	756	611	<b>2990</b>
	2006	936	826	802	640	<b>3204</b>
	2007	829	733	774	672	<b>3008</b>
	2008	942	791	761	693	<b>3187</b>
Romania	2005	4802	4570	5183	4313	<b>18868</b>
	2006	4857	4537	4786	4137	<b>18317</b>
	2007	4733	4417	4659	4078	<b>17887</b>
	2008	5169	4801	4795	4397	<b>19162</b>
Serbia+ Montenegro	2005	4283	4147	4063	3227	<b>15720</b>
	2006	4594	3992	4148	3253	<b>15987</b>
	2007	4143	3817	3904	3504	<b>15368</b>
	2008	4647	4135	3980	3582	<b>16344</b>
Montenegro	2007	432	412	399	348	<b>1591</b>
	2008	462	425	408	348	<b>1643</b>
Serbia	2007	3711	3405	3505	3156	<b>13777</b>
	2008	4185	3710	3572	3234	<b>14701</b>





### Monthly pumps consumption (In GWh)

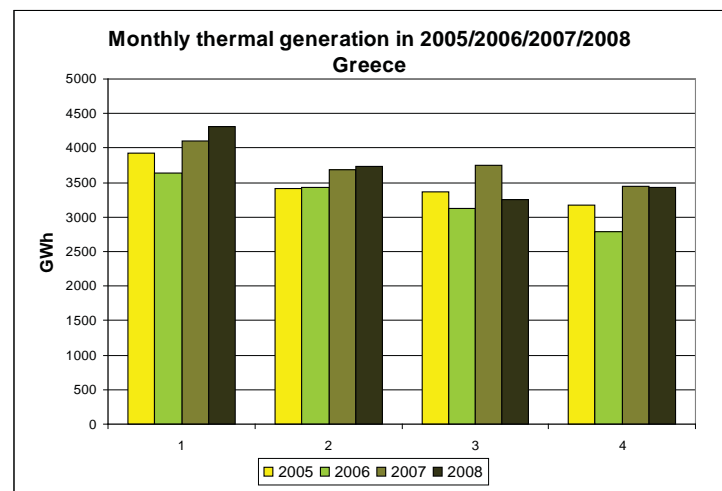
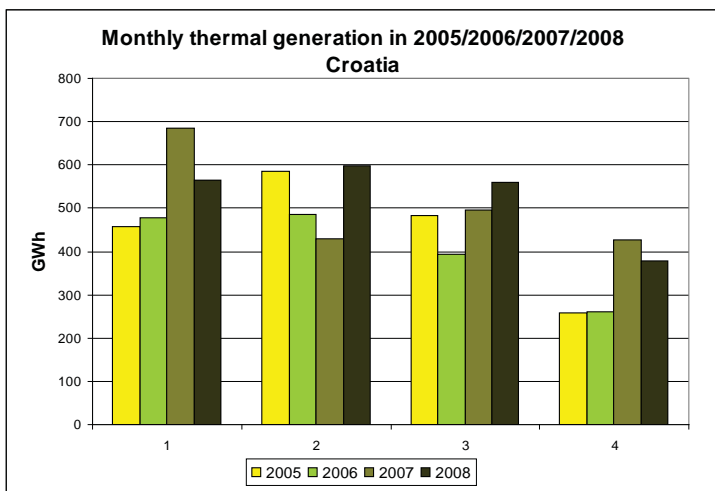
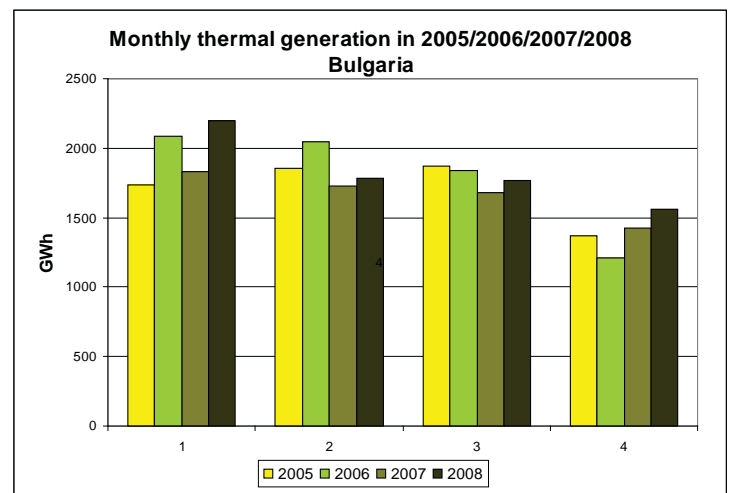
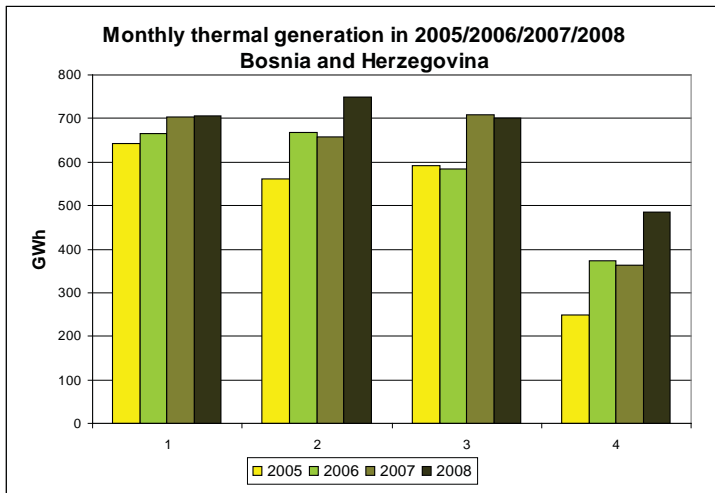
	Month	1	2	3	4	Sum
Bulgaria	2005	43	38	39	38	158
	2006	41	13	37	31	122
	2007	67	50	62	54	233
	2008	56	67	65	54	242
Croatia	2005	26	23	4	10	63
	2006	19	11	13	7	50
	2007	21	23	13	14	71
	2008	14	12	6	14	46
Greece	2005	77	42	23	50	192
	2006	34	79	18	26	157
	2007	92	94	112	99	397
	2008	103	96	101	100	400
Romania	2005	0	0	0	0	0
	2006	4	3	6	30	43
	2007	4	4	7	15	30
	2008	5	4	6	21	36
Serbia	2005	60	73	111	142	386
	2006	61	34	86	135	316
	2007	134	10	32	12	188
	2008	52	40	93	67	252

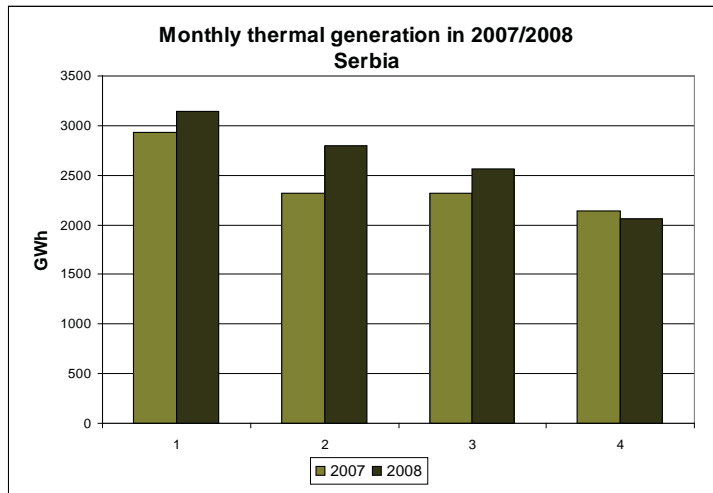
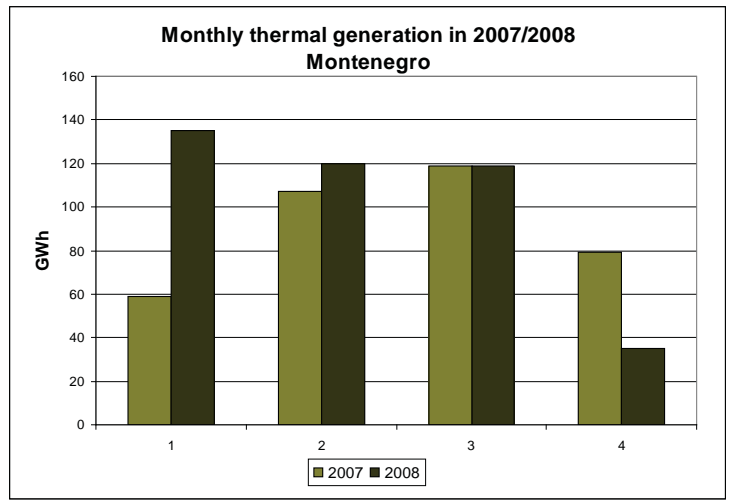
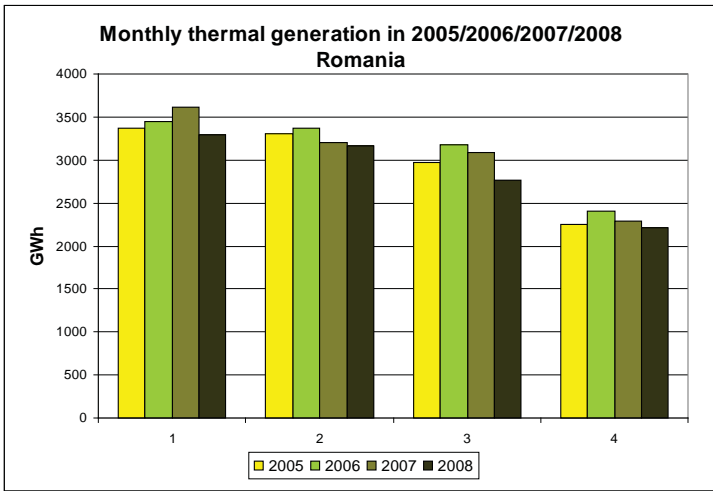
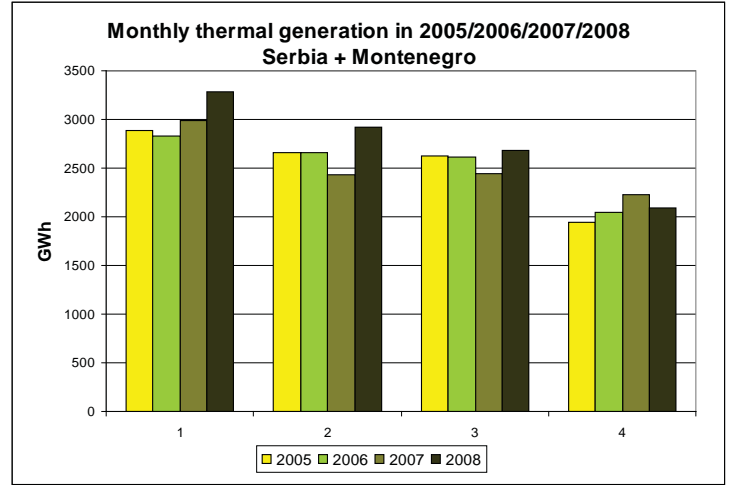
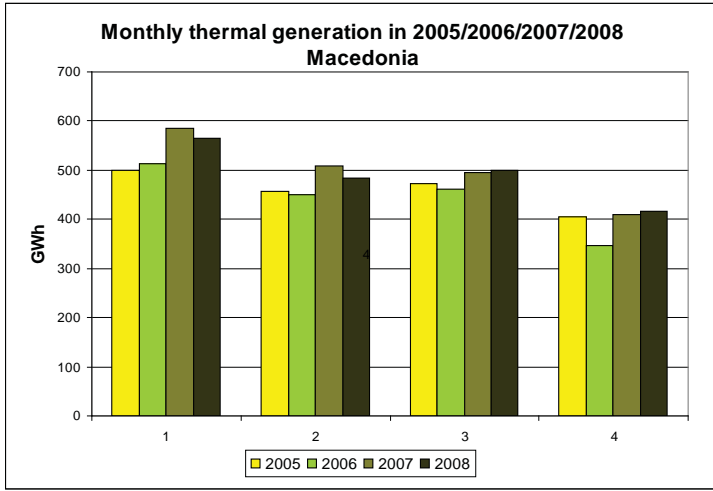


### Thermal electricity generation (In GWh)

	Month	1	2	3	4	Sum
Bosnia and Herzegovina	2005	643	561	592	248	<b>2044</b>
	2006	666	669	585	373	<b>2293</b>
	2007	704	658	708	363	<b>2433</b>
	2008	706	749	701	486	<b>2642</b>
Bulgaria	2005	1735	1859	1873	1371	<b>6838</b>
	2006	2086	2046	1838	1208	<b>7178</b>
	2007	1831	1724	1681	1427	<b>6663</b>
	2008	2200	1781	1766	1561	<b>7308</b>
Croatia	2005	457	585	483	258	<b>1783</b>
	2006	479	486	393	261	<b>1619</b>
	2007	684	429	496	427	<b>2036</b>
	2008	564	599	559	379	<b>2101</b>
Greece	2005	3921	3407	3369	3175	<b>13872</b>
	2006	3644	3423	3125	2790	<b>12982</b>
	2007	4104	3683	3745	3453	<b>14985</b>
	2008	4307	3741	3253	3427	<b>14728</b>

	Month	1	2	3	4	Sum
Macedonia	2005	499	456	472	406	<b>1833</b>
	2006	514	451	462	347	<b>1774</b>
	2007	585	508	495	410	<b>1998</b>
	2008	566	483	499	417	<b>1965</b>
Romania	2005	3371	3300	2966	2249	<b>11886</b>
	2006	3451	3365	3175	2407	<b>12398</b>
	2007	3612	3208	3088	2293	<b>12201</b>
	2008	3290	3168	2771	2215	<b>11444</b>
Serbia+ Montenegro	2005	2891	2655	2622	1944	<b>10112</b>
	2006	2826	2660	2609	2044	<b>10139</b>
	2007	2986	2429	2438	2224	<b>10077</b>
	2008	3281	2922	2678	2096	<b>10977</b>
Montenegro	2007	59	107	119	79	<b>364</b>
	2008	135	120	119	35	<b>409</b>
Serbia	2007	2927	2322	2319	2145	<b>9713</b>
	2008	3146	2802	2559	2061	<b>10568</b>

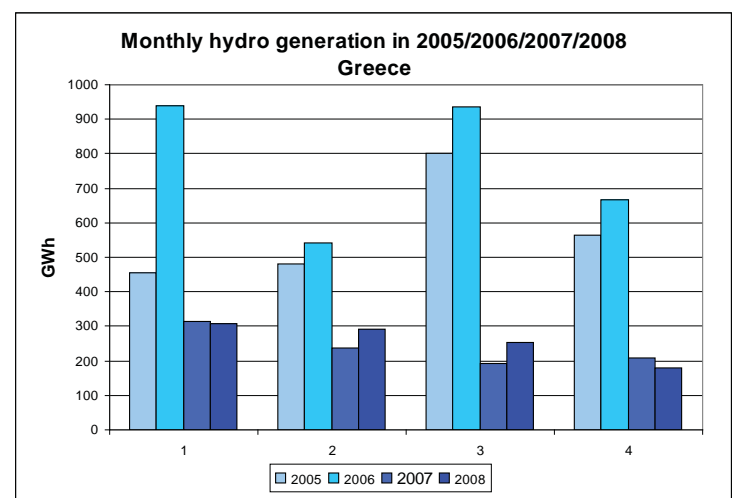
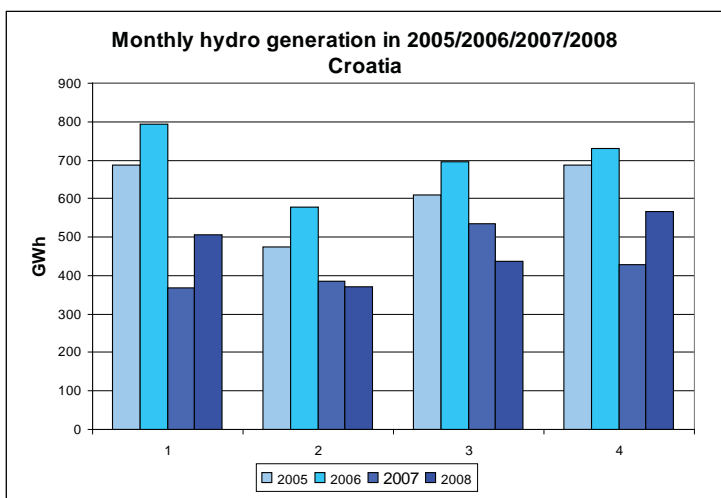
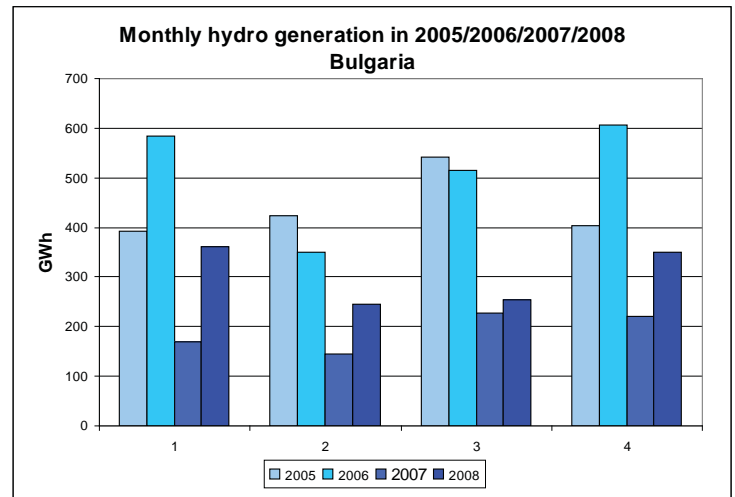
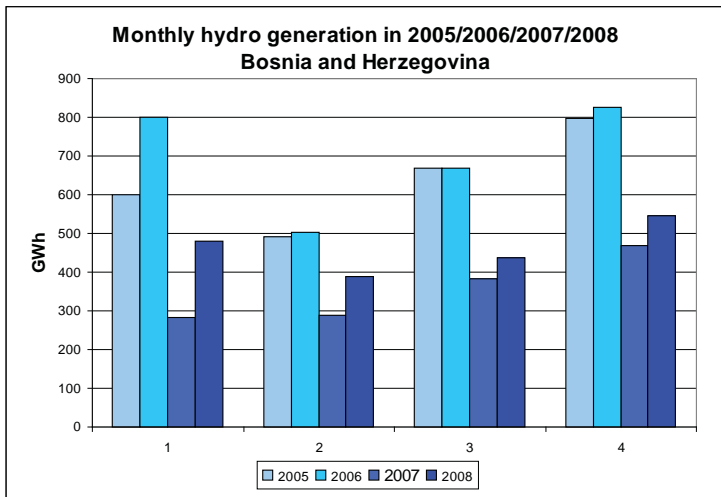


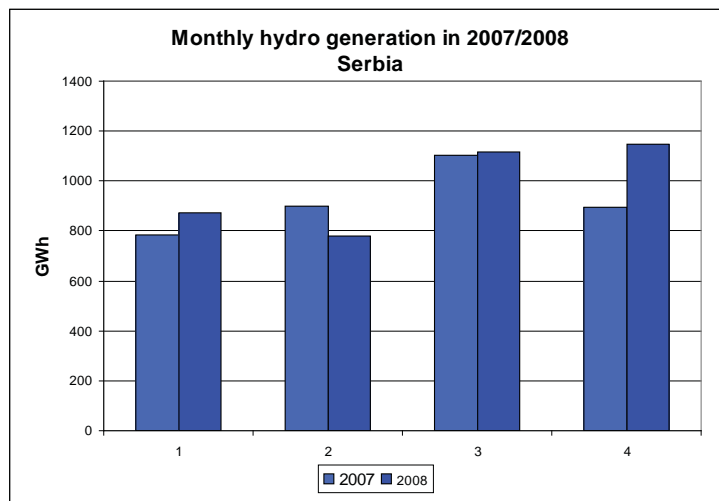
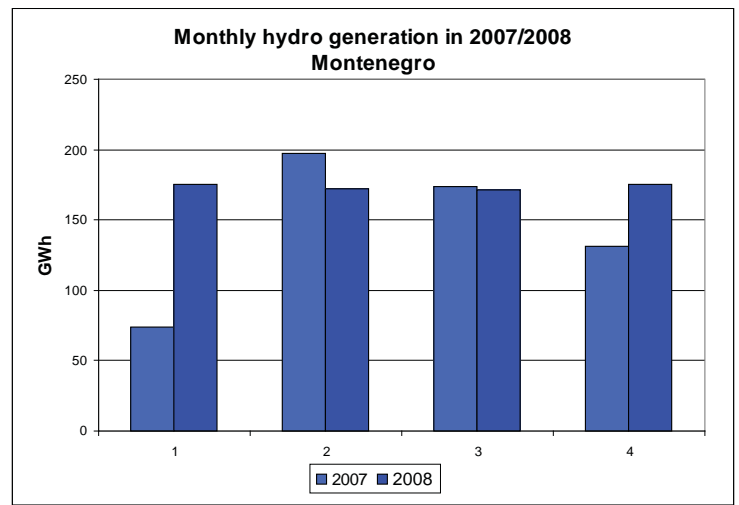
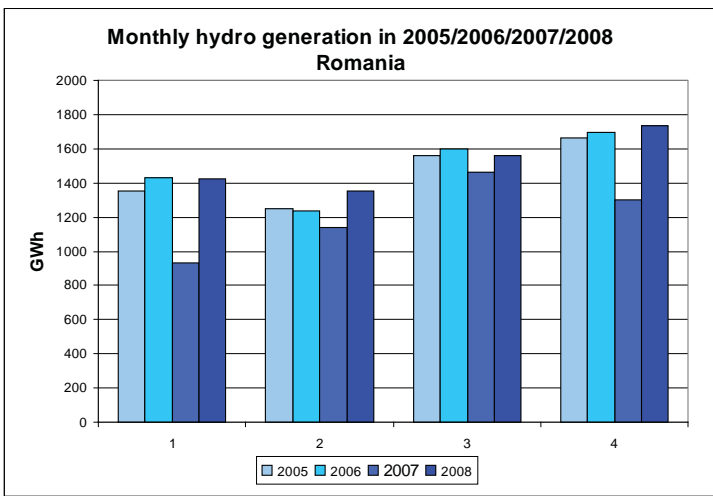
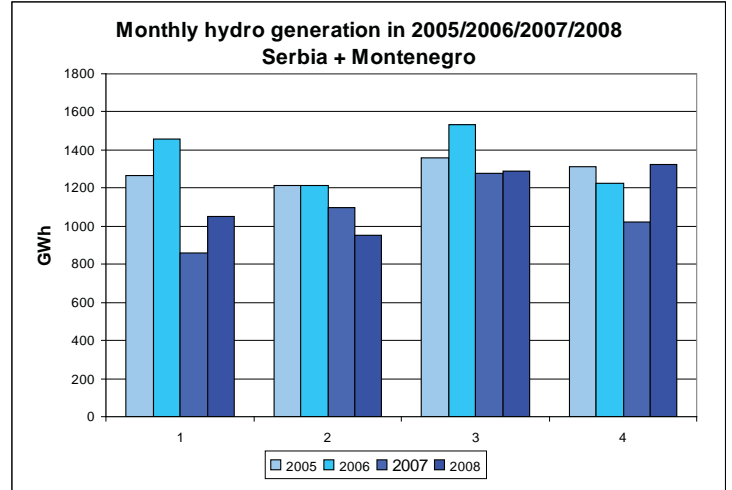
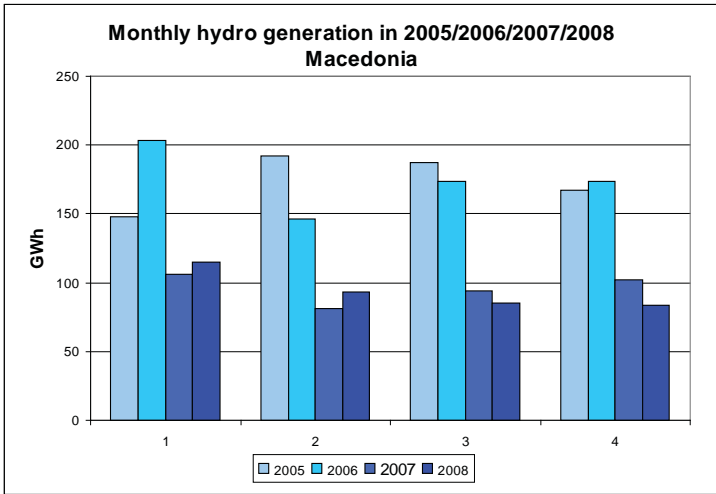


### Hydro electricity generation (In GWh)

	Month	1	2	3	4	Sum
Bosnia and Herzegovina	2005	599	491	670	796	<b>2556</b>
	2006	799	502	670	827	<b>2798</b>
	2007	283	290	383	469	<b>1425</b>
	2008	479	389	436	546	<b>1850</b>
Bulgaria	2005	393	423	541	404	<b>1761</b>
	2006	584	350	515	606	<b>2055</b>
	2007	169	144	227	221	<b>761</b>
	2008	361	245	255	351	<b>1212</b>
Croatia	2005	686	474	609	687	<b>2456</b>
	2006	793	578	695	730	<b>2796</b>
	2007	369	385	534	427	<b>1715</b>
	2008	505	372	437	566	<b>1880</b>
Greece	2005	455	480	802	564	<b>2301</b>
	2006	939	543	936	667	<b>3085</b>
	2007	313	238	193	208	<b>952</b>
	2008	308	293	253	179	<b>1033</b>

	Month	1	2	3	4	Sum
Macedonia	2005	148	192	187	167	<b>694</b>
	2006	203	146	174	174	<b>697</b>
	2007	106	81	94	102	<b>383</b>
	2008	115	93	85	84	<b>377</b>
Romania	2005	1350	1250	1560	1666	<b>5826</b>
	2006	1432	1235	1597	1693	<b>5957</b>
	2007	933	1141	1460	1298	<b>4832</b>
	2008	1427	1352	1558	1734	<b>6071</b>
Serbia+ Montenegro	2005	1266	1215	1361	1311	<b>5153</b>
	2006	1458	1216	1533	1228	<b>5435</b>
	2007	859	1097	1277	1024	<b>4257</b>
	2008	1050	950	1288	1324	<b>4612</b>
Montenegro	2007	74	197	174	131	<b>576</b>
	2008	175	172	171	175	<b>693</b>
Serbia	2007	785	900	1103	893	<b>3681</b>
	2008	875	778	1117	1149	<b>3919</b>



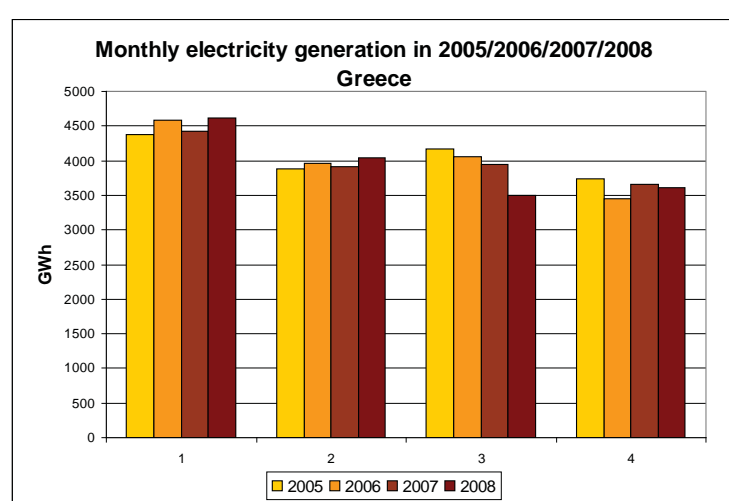
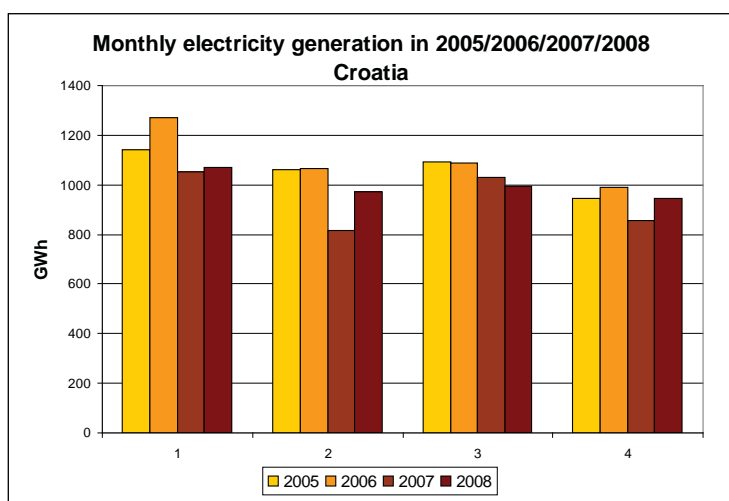
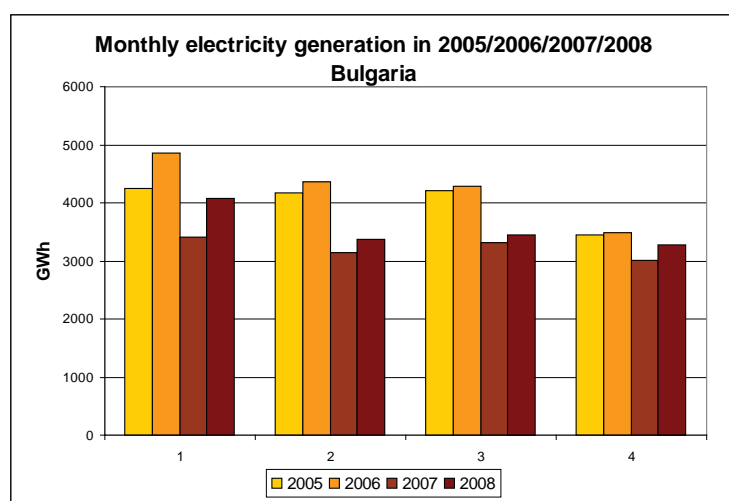
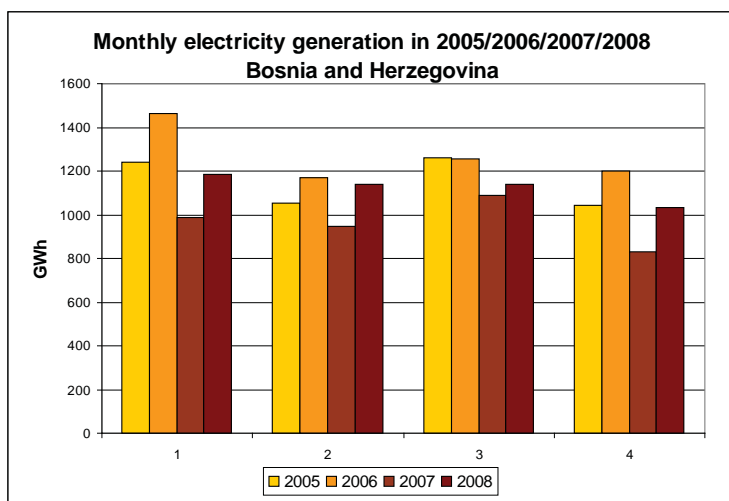


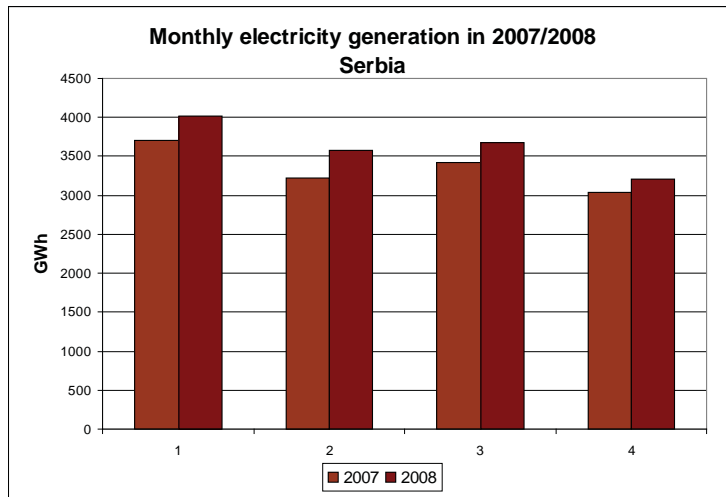
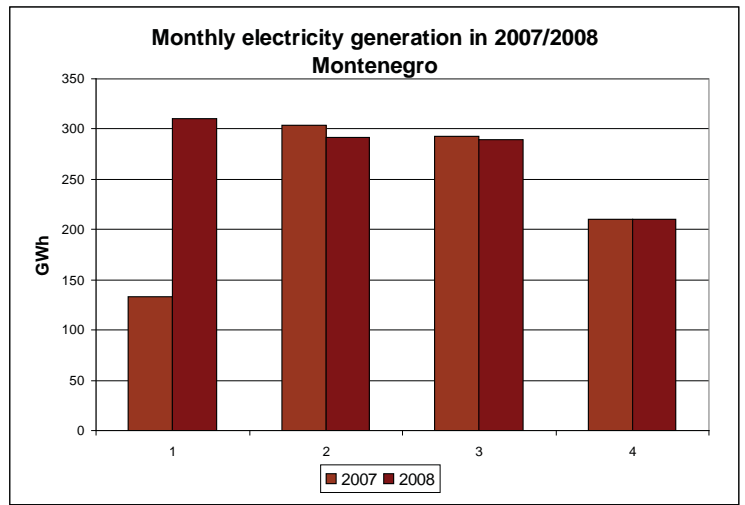
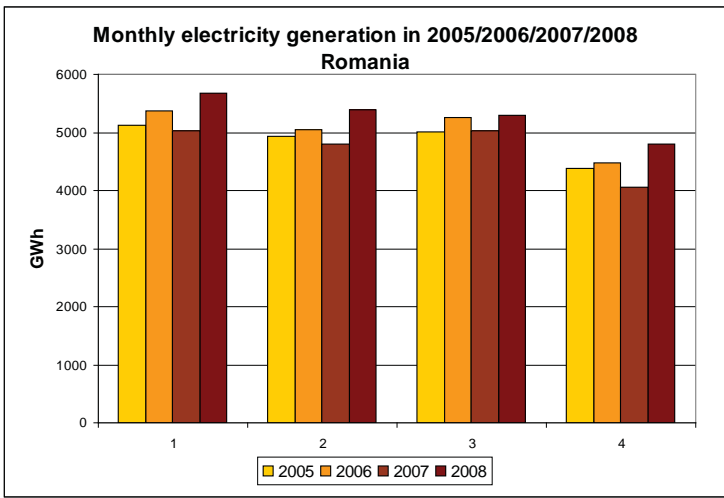
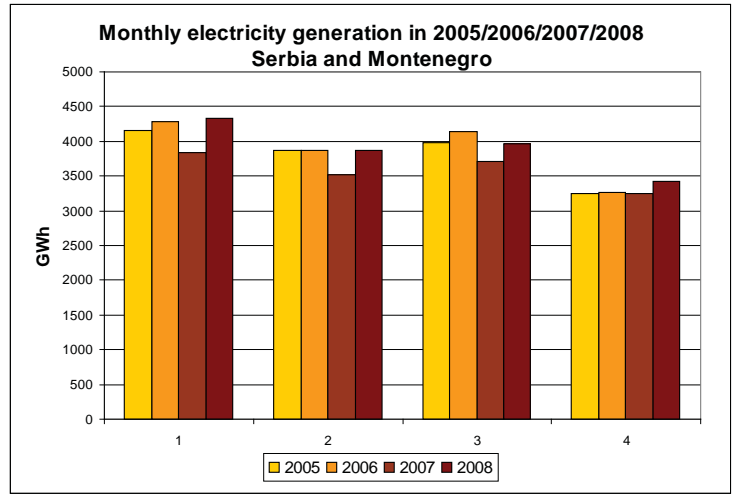
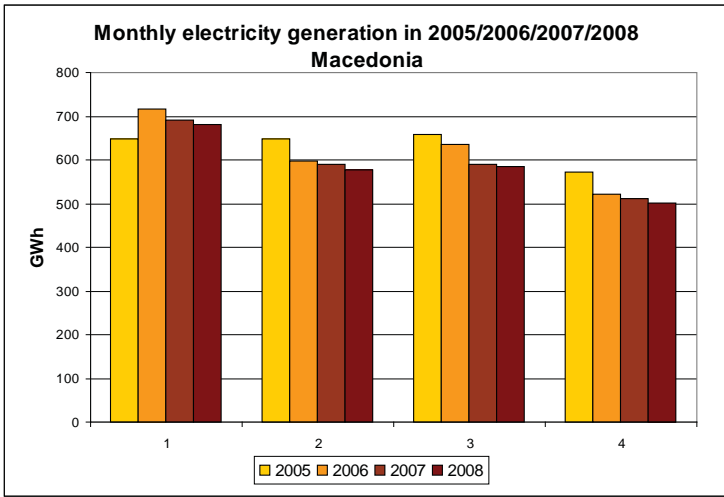


### Total electricity generation (thermal+hydro+nuclear, in GWh)

	Month	1	2	3	4	Sum
Bosnia and Herzegovina	2005	1242	1052	1262	1044	<b>4600</b>
	2006	1465	1171	1255	1200	<b>5091</b>
	2007	987	948	1091	832	<b>3858</b>
	2008	1185	1138	1137	1032	<b>4492</b>
Bulgaria	2005	4244	4171	4218	3439	<b>16072</b>
	2006	4848	4363	4290	3491	<b>16992</b>
	2007	3405	3139	3317	3017	<b>12878</b>
	2008	4085	3362	3453	3276	<b>14176</b>
Croatia	2005	1143	1059	1092	945	<b>4239</b>
	2006	1272	1064	1088	991	<b>4415</b>
	2007	1053	814	1030	854	<b>3751</b>
	2008	1069	971	996	945	<b>3981</b>
Greece	2005	4376	3887	4171	3739	<b>16173</b>
	2006	4583	3966	4061	3457	<b>16067</b>
	2007	4417	3921	3938	3661	<b>15937</b>
	2008	4615	4034	3506	3606	<b>15761</b>

	Month	1	2	3	4	Sum
Macedonia	2005	647	648	659	573	<b>2527</b>
	2006	717	597	636	521	<b>2471</b>
	2007	691	589	589	512	<b>2381</b>
	2008	681	576	584	501	<b>2342</b>
Romania	2005	5123	4933	5013	4389	<b>19458</b>
	2006	5369	5040	5259	4472	<b>20140</b>
	2007	5034	4791	5036	4065	<b>18926</b>
	2008	5679	5385	5297	4801	<b>21162</b>
Serbia+ Montenegro	2005	4157	3870	3983	3255	<b>15265</b>
	2006	4284	3876	4142	3272	<b>15574</b>
	2007	3845	3526	3715	3248	<b>14334</b>
	2008	4331	3872	3966	3420	<b>15589</b>
Montenegro	2007	133	304	293	210	<b>940</b>
	2008	310	292	290	210	<b>1102</b>
Serbia	2007	3712	3222	3422	3038	<b>13394</b>
	2008	4021	3580	3676	3210	<b>14487</b>

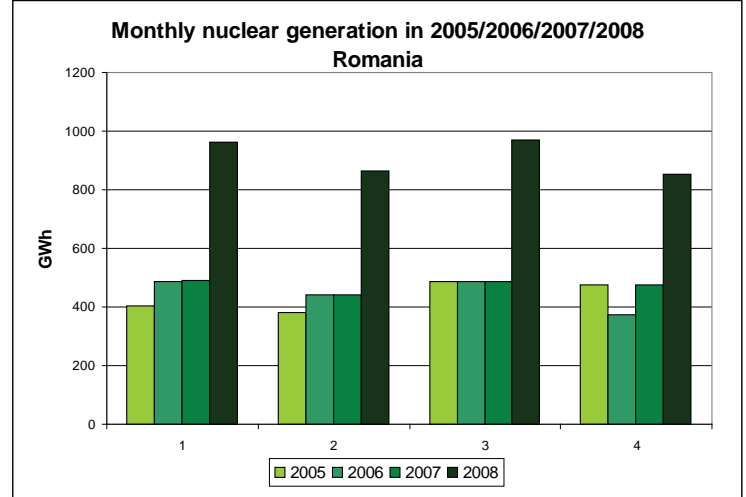
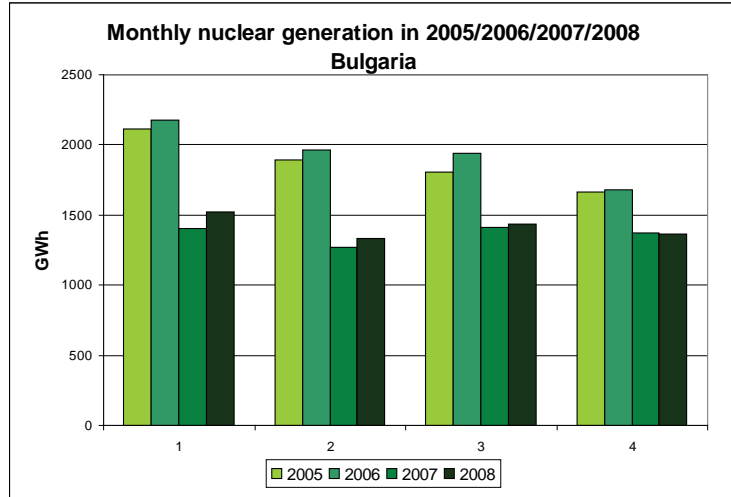




### Nuclear electricity generation (In GWh)

	Month	1	2	3	4	Sum
Bulgaria	2005	2116	1889	1804	1664	<b>7473</b>
	2006	2178	1967	1937	1677	<b>7759</b>
	2007	1405	1271	1409	1369	<b>5454</b>
	2008	1524	1336	1432	1364	<b>5656</b>

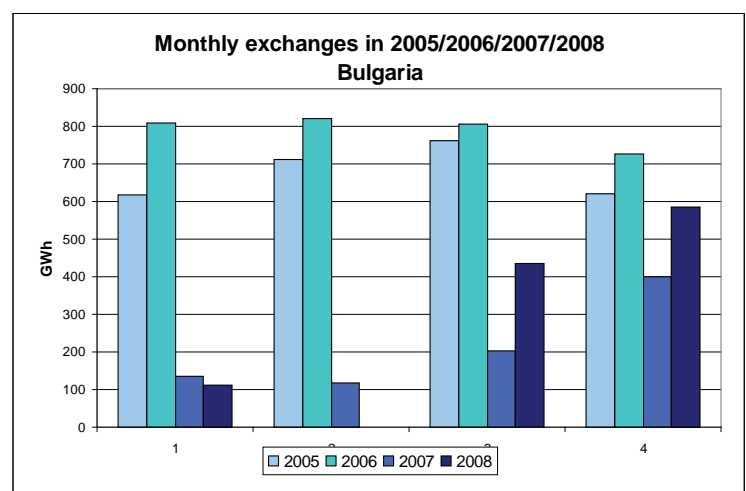
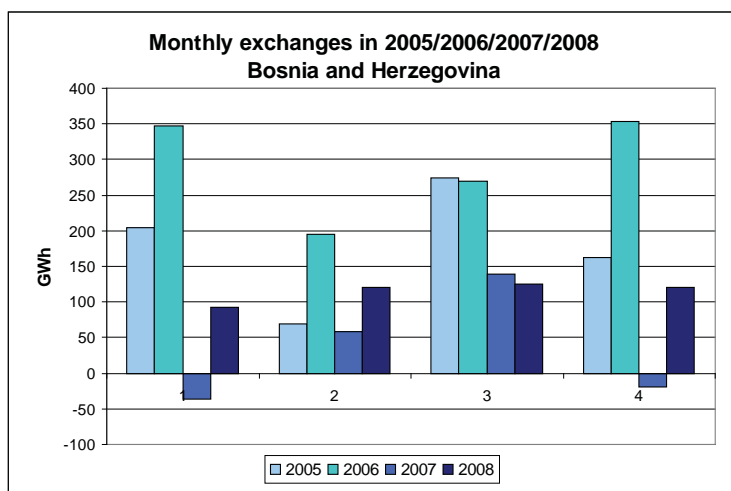
	Month	1	2	3	4	Sum
Romania	2005	402	383	487	474	<b>1746</b>
	2006	486	440	487	372	<b>1785</b>
	2007	489	442	488	474	<b>1893</b>
	2008	962	865	968	852	<b>3647</b>

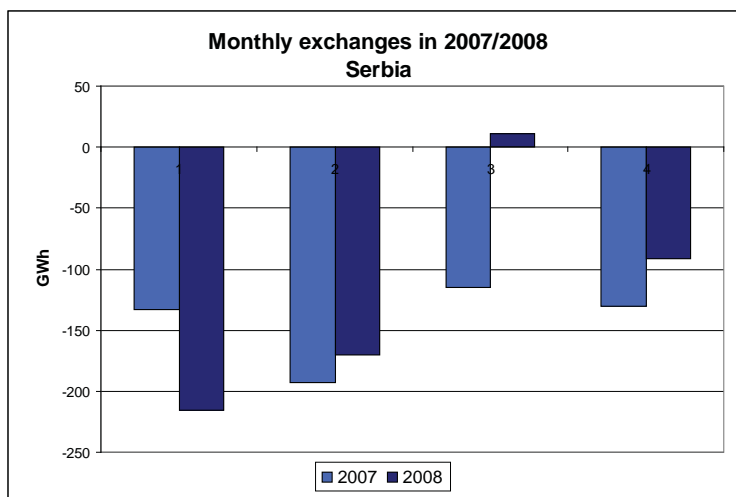
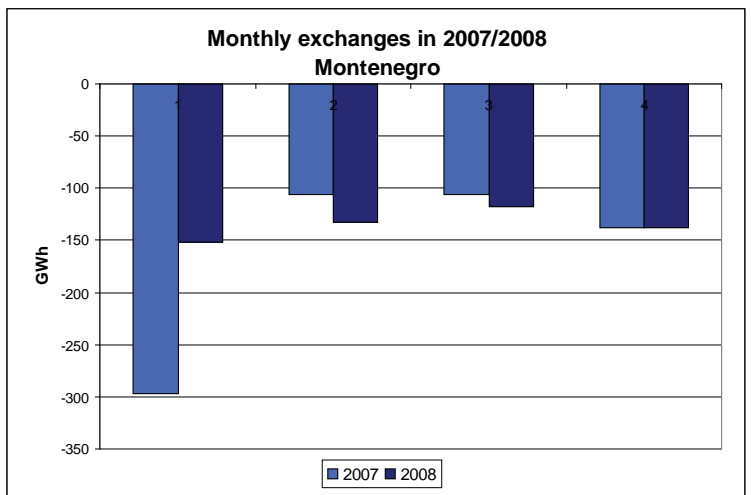
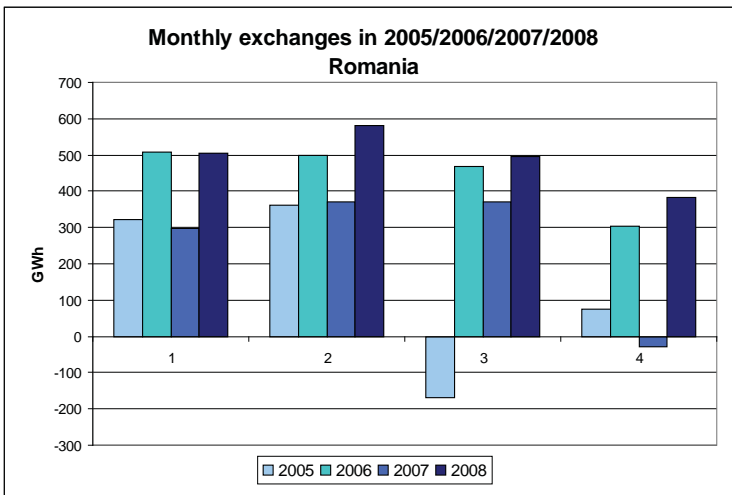
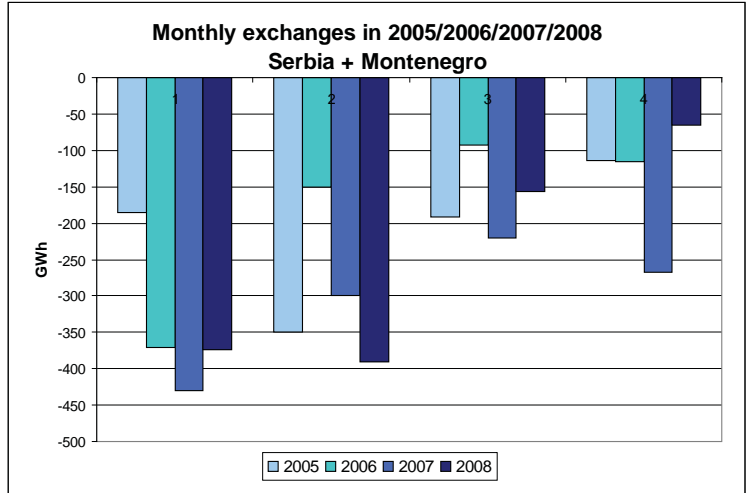
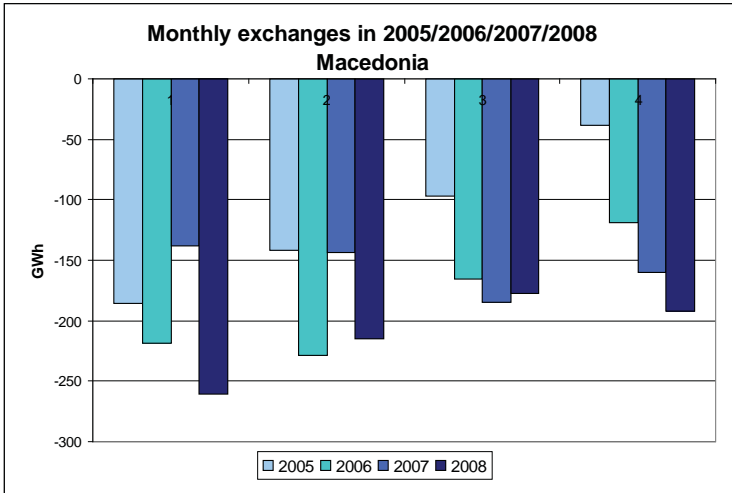
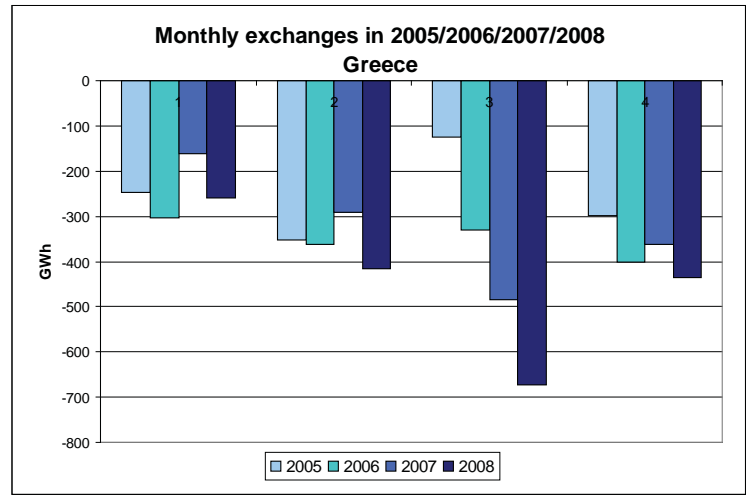
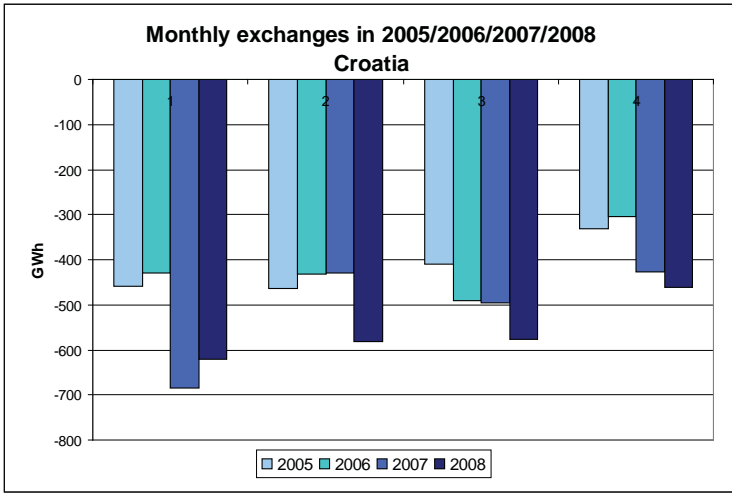


### Export-import balances (negative values - import, in GWh)

	Month	1	2	3	4	Sum
Bosnia and Herzegovina	2005	205	69	274	162	<b>710</b>
	2006	347	195	269	353	<b>1164</b>
	2007	-37	58	139	-19	<b>141</b>
	2008	92	120	125	121	<b>458</b>
Bulgaria	2005	617	713	761	621	<b>2712</b>
	2006	808	820	806	725	<b>3159</b>
	2007	134	118	203	401	<b>856</b>
	2008	112	0	434	585	<b>1131</b>
Croatia	2005	-459	-464	-409	-332	<b>-1664</b>
	2006	-429	-432	-491	-305	<b>-1657</b>
	2007	-684	-429	-496	-427	<b>-2036</b>
	2008	-622	-581	-576	-461	<b>-2240</b>
Greece	2005	-247	-352	-124	-298	<b>-1021</b>
	2006	-304	-361	-330	-402	<b>-1397</b>
	2007	-162	-290	-485	-362	<b>-1299</b>
	2008	-260	-417	-672	-436	<b>-1785</b>

	Month	1	2	3	4	Sum
Macedonia	2005	-186	-142	-97	-38	<b>-463</b>
	2006	-219	-229	-166	-119	<b>-733</b>
	2007	-138	-144	-185	-160	<b>-627</b>
	2008	-261	-215	-177	-192	<b>-845</b>
Romania	2005	321	363	-170	76	<b>590</b>
	2006	508	500	467	305	<b>1780</b>
	2007	297	370	370	-28	<b>1009</b>
	2008	505	580	496	383	<b>1964</b>
Serbia+ Montenegro	2005	-186	-350	-191	-114	<b>-841</b>
	2006	-371	-150	-92	-116	<b>-729</b>
	2007	-430	-299	-221	-268	<b>-1218</b>
	2008	-374	-390	-157	-65	<b>-986</b>
Montenegro	2007	-297	-106	-106	-138	<b>-647</b>
	2008	-152	-133	-118	-138	<b>-541</b>
Serbia	2007	-133	-193	-115	-130	<b>-571</b>
	2008	-216	-170	11	-91	<b>-466</b>







## News:

### Natural gas companies support continuation of NETS project (Region)

Natural gas transmission companies from Central and South-eastern Europe reached an agreement for continuation of New Europe Transmission System (NETS) project during the meeting in Budapest in the end of September.

During the round table meeting, MOL's subsidiary FGZS Natural Gas Transmission (Hungary), Plinacro (Croatia), Transgas (Romania) and BH-Gas (Bosnia and Herzegovina) (as an observer) signed the Memorandum of understanding. The MoU is aimed to further improve the project.

The meeting in Budapest was also attended by Bulgartransgaz (Bulgaria), Geoplin (Slovenia) and Srbijagas (Serbia).

MoU has defined cooperation framework, foundation and methodology of the Study company. The Study company will be involved four areas: finances, regulatory issues, business vision & strategy and energy policy & public relations.

Representatives of Srbijagas said they hope the company could join MoU soon, while Bulgartransgaz and Geoplin said they would reconsider cooperation with the signatories.

European Commission (EC) previously supported the project. MOL initiated NETS project in December last year. The project is aimed to integrate transmission networks and to increase security in supply by increased utilization of existing links and by construction of new pipelines. If it was established, new regional company would have 27,000km long pipeline network and it would be one of the largest gas transmission companies in Europe.

§ § §

### CEZ new owner of KESH distribution branch (Albania)

On 29th of September, Czech CEZ became the owner of Albanian distribution company DSO (part of KESH). 2nd ranked bidder was Italian ENEL.

CEZ has offered 102 million euros for 85% of DSO. According to unofficial information, ENEL offer was not complete.

Final bid evaluation was delayed for 15th days for the second time. There were some changes in tender documentation, but they were not made public.

"We postponed the tender because we wanted to give the selected companies more time to modify their offers in accordance with the latest changes," Energy Ministry spokeswoman Iva Tico told to press.

The World Bank's International Finance Corporation (IFC), which helped split the DSO distribution business from KESH's

other activities, has told the Albanian parliament's economy commission it should have a "partial risk guarantee" fund available for the buyer.

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### EVN to build HPPs in Albania (Albania)

Albanian Prime Minister Sali Berisha has announced 900 million euros worth contract with Austrian EVN, regarding construction of four HPPs in Albania.

In August, Austrian company Verbund has won a concession to build a 166 million EUR hydropower plant in northern Albania. HPP will be "run on river" type, will have 48 MWh, while construction cost is estimated to 160 million EUR. HPP will be build on river Drim. Average production is estimated to 250 GWh.

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### Possible tender for electricity import (Albania)

According to some media, Albania plans to call an international tender in October to import an additional 200 GWh of electricity in order to meet the increasing domestic demand until the end of 2008. Tender should be expected in 2nd week of October.

In a last two months, Albania has imported 220 GWh. In August, 600 GWh import was agreed, for supply until the end of 2008.

§ § §

### First wind farm in Albania to be operational in 2010 (Albania)

According to sources, the electricity production of the first Albanian wind farm will begin in 2010. The farm which will be built by Italian company Moncada Costruzioni, in cooperation with Albanian Enpower. It will be located in the area of Karaburn and Kurvelkesh, near Vlora and will have a production capacity of 500 MW. The Albanian Government approved in August the exploitation of a forest area of 95.7 hectares in the municipality of Vlora for development of the farm.

The cost of the farm was estimated at some 750 million euro, while the energy line connecting Italy and Albania will cost some 250 million euro.

§ § §

### Government announced changes in agreement with CEZ regarding TPP Gacko (Bosnia and Herzegovina)

Prime minister of government of Republic of Srpska (RS) Milorad Dodik confirmed it would propose to the parliament of RS

to adopt changes in the agreement with CEZ regarding investments in thermal power plant (TPPP Gacko).

The changes will imply recapitalization of existing company Coalmine and TPP Gacko, as it was earlier requested by minority shareholders. Dodik believes that problems related to TPP Gacko should be solved very soon. He reminded that minority shareholders filed a lawsuit against the government claiming the joint venture agreement between Power utility of RS (ERS) and CEZ had violated their rights.

According to Dodik, recapitalization of TPP Gacko will provide investments and it will protect company's capital of some 200 million euros.

PM said that, with approval of CEZ, two sides should make necessary changes in the joint venture agreement.

As a reminder, in May last year, ERS and CEZ established joint venture company New power plants of RS (NERS). The NERS will be involved in construction of new 660 MW unit, reconstruction of existing unit and opening of new coalmine. CEZ owns 51 % stake in NERS. The worth of the project is estimated at 1.4 billion euros, which will be the largest investment of CEZ abroad.

§ § §

### **Energy minister met representatives of KazTransGaz (Bosnia and Herzegovina)**

In mid September, minister of energy, mining and industry of Federation of Bosnia and Herzegovina (BiH) Vahid Heco met representatives of Kazakhs natural gas company KazTransGaz. Two parties discussed implementation of strategic partnership in the projects for construction of new power plants in the country.

Minister informed potential partners on delays in the projects, after national parliament demanded additional analyses and studies related to the projects. Heco believes that outcome will be positive, having in mind that BiH needs new investments both in electricity and natural gas sectors.

Heco hopes that, in the future, BiH will be able to export as much electricity as it imports oil and natural gas in this moment.

Representatives of KazTransGas confirmed they are still ready to make investments in BiH, but they are losing patience due to delays in the projects. KazTransGaz's officials also confirmed that company was ready to invest in other areas in BiH, such as coalmines, heating plants and natural gas projects. KazTransGaz once again confirmed it is ready to invest 2 billion euros in various projects in BiH.

As a reminder, in November last year, government of Federation of BiH selected Austrian APET Group, German EnBW and KazTransGas to be the strategic partners in projects for construction of eight new power plants. KazTransGas should be strategic partner in project for construction of new 250 MW unit in thermal power plant (TPP) Kakanj.

§ § §

### **Plans for construction of 20 small HPPs on Bosnia River (Bosnia and Herzegovina)**

According to local media, during last several months, government of Federation of Bosnia and Herzegovina (BiH) has been preparing the start of the project for construction of new small hydropower plants (HPPs) along 200km on Bosnia River. The project will be part of larger project for regulation of flow of Bosnia River (270 km long).

The cost of the project should reach some 250 million euros, and it should be financed by Power utility of BiH (EP BiH) and Power utility of Republic of Srpska (RS). According to project, some 20 HPPs with overall output of 400 MW should be built.

Prime minister of Federation of BiH Nedžad Branković and minister of energy Vahid Heco recently informed representatives of EBRD on this project. EBRD expressed readiness to provide funds for preparing the necessary documentation for the project.

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### **Government of RS to revoke its decision for leaving Elektroprenos (Bosnia and Herzegovina)**

Biljana Bokić, spokesperson of prime minister of Republic of Srpska (RS) Milorad Dodik, said that government of RS had never neither approved declaration nor decision for unilateral leaving of national electricity transmission company Elektroprenos BiH.

According to Bokić, government adopted conclusions that had not been understood either by media or by international officials.

Spokesperson explained that government concluded that RS could leave Elektroprenos if certain problems in the company were not resolved and if rights of the shareholders were not protected.

In the same time, prime minister Dodik earlier said that Elektroprenos had serious problems. He also said he was not against existence of Elektroprenos, but the main condition would be to define mutual relations in accordance to laws. If this was not the case, the government would undertake actions in accordance to previous conclusions, Dodik said.

High Representative for Bosnia and Herzegovina Miroslav Lajčak confirmed that ambassadors of the Steering board of Peace implementation Council (PIC) took note of the fact that government of RS withdrew their declaration on unilateral withdrawal from Elektroprenos BiH and adopted a new conclusion. Ambassadors repeated once again that an Entity could not unilaterally withdraw from Elektroprenos BiH. Lajčak announced that international officials would engage in negotiations between two governments in order to find solution to the problems.

As a reminder, in the beginning of September, several highest officials of RS, among them minister of energy and its deputy, said that government of RS had decided to leave Elektroprenos since the problems between two shareholders, governments of RS (owns 49 % stake) and Federation of Bosnia and Herzegovina, could not be resolved. Several international officials in charge for BiH and government of Federation of BiH strongly criticized the announcement.

The main dispute was the amount of the investments in the particular entity. Government of Federation of BiH believes that amount of investment should be related to utilization of transmission network, while government of RS called for investing in accordance to ownership share in the company.

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### **Germany to provide 46 million euros for new wind farms (Bosnia and Herzegovina)**

Ministry of finance of Federation of Bosnia and Herzegovina (BiH) and the government of Germany signed a Memorandum of understanding that envisages providing 46 million euros for construction of wind farms in Herzegovina region. The MoU is the second stage of this project. In 2007, Germany granted 25 million euros to the government of Federation of BiH for wind farm projects.

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### **Austria reaffirms support to APET Group (Bosnia and Herzegovina)**

The advisor of ambassador of Austria in Bosnia and Herzegovina (BiH), Astrid Pummer said she was surprised by attacks of local media against APET Group.

Pummer confirmed once again that government of Austria stands behind this group of the largest financial and construction companies in Austria specialized in construction of power plants. There are no doubts that those companies would be able to complete the projects for construction of new power plants, Pummer concluded.

APET Group will continue to get involved in the project, having in mind that company spent lots of time and resources. On the other hand, state of BiH would lose a lot if APET Group decided to leave the project, Pummer said.

As a reminder, in the last year, government of Federation of BiH selected APET Group, the member of which are Porr and Wienstrom GmbH, to be strategic partner in construction and operation of unit 7 in thermal power plant (TPP) Tuzla (370 MW), TPP Bugojno (2x300 MW) and HPP Unac (2 x 36 MW).

In the related news, minister of energy, industry and mining Vahid Heco said to local press that certain tycoons tried to disrupt good relations between Austria and BiH. Heco accused businessmen from Serbia for trying to control EP BiH. Minister repeated once again that credibility of APET Group is beyond any doubts.

§ § §

### **Government approved financial reports of energy companies in 2007 (Bosnia and Herzegovina)**

In the session in the end of September, the government of Federation of Bosnia and Herzegovina (BiH) adopted final financial reports of energy companies in the last year.

According to consolidated data, oil company Energopetrol posted 4.75 million euros of losses in 2007. The company was sold by consortium INA-MOL two years ago. Energopetrol currently has network of 65 petrol stations. The government, which owns 20 % stake in Energopetrol, plans to sell its stake.

Power utility of Bosnia and Herzegovina (EP BiH) was the most profitable energy company in the last year. The company posted 58.7 million euros of profit, which was almost double comparing to 2006.

Overall incomes of Power utility of Herzeg Bosnia (EP HZHB) in 2007 were reduced by 14 % comparing to 2006. In the same time, electricity production amounted to 86.3 % of the planned value. The company managed to achieve only 45.6 % of planned investments or 32.5 million euros.

The government also concluded that natural gas company BH Gas had satisfactory business results having in mind that supply was stable and that planned investments were carried out.

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### **Oil refinery in Brod to cover 85 % of domestic fuel needs (Bosnia and Herzegovina)**

Minister of economy, energy and development of Republic of Srpska (RS) Slobodan Puhalic believes that reconstructed old processing line in oil refinery in Brod will cover some 85 % of fuel needs in entire Bosnia and Herzegovina (BiH).

According to minister, the old processing line in the refinery, with capacity of 1.3 million tons per year, should be operational in the end of October.

The refinery will be also vital for meeting the EU standards for securing 90-day fuel reserves (some 300,000 tons), since company has large storage space and ability to store crude oil.

The new owner of the refinery is also obliged to put in service new processing line after which the overall production capacity of the refinery will be increased at 4.2 million tons per year.

In this moment, BiH imports some 55 % of oil derivatives from Croatia and the rest is imported from Slovenia, Hungary and Austria.

§ § §

## **RS to have 1.2 TWh of electricity surplus (Bosnia and Herzegovina)**

Deputy minister of energy of Republic of Srpska (RS) Ljubo Glamocic said that average annual electricity surplus of RS in this moment is some 1.2 TWh. Deputy said that average annual electricity production in the entity reaches some 5.2 TWh.

During the same occasion, Glamocic confirmed that 47 concession contracts for construction of small hydropower plants (HPPs) had been signed. Another 59 contracts is yet to be signed. Overall power output in future small HPPs is some 280 MW.

Glamocic confirmed that Concession commission has been investigating the status of current concession projects for operation of small HPPs. The concessionaries that did not meet contract terms will lose concessions, deputy said.

§ § §

## **Bio-diesel factory put in service (Bosnia and Herzegovina)**

In the end of September, US company Bestic officially opened new bio-diesel factory near city of Srbac in Republic of Srpska (RS). The worth of the investment reached 30 million dollars.

The official ceremony was attended by president of RS Rajko Kuzmanovic and prime minister Milorad Dodik.

The factory will employ 20 workers, while initial daily output will be 100 tons. In the beginning, raw materials (recycled oil and grease) will be imported from abroad.

The factory should be upgraded and it will be able to process rapeseed from local market. The management said the first contracts with local farmers could be signed in the next year.

§ § §

## **Hydropower projects in Nikopol and Silistra to be revived (Bulgaria)**

The government of Bulgaria decided to restart two hydropower projects on Danube River, where both projects should be jointly developed with Romania.

According to plans, two 440 MW hydropower plants (HPPs) should be built near neighboring cities Nikopol (Bulgaria) and Turnu Magurele (Romania). The second 265 MW HPP should be built near cities of Silistra (Bulgaria) and Kalarash (Romania). By completing those projects, both Bulgaria and Romania will have additional 600 MW of output in new HPPs.

The government should establish work team, the task of which will be to prepare feasibility studies for the projects and to investigate options for public-private partnership. The coordina-

tor of the project will be minister of economy and energy Petar Dimitrov.

After the project in Nikopol-Turnu Magurele was finished, both Bulgaria and Romania will produce some additional 2.2 TWh of electricity per year. In the same time, HPP near Silistra should produce 1.6 TWh of electricity per year.

The projects are in accordance to plans for increasing the electricity output from renewable energy sources. By 2020, the government aims to increase this share up to 20 %. In this moment, electricity produced in HPPs account for 10 % of overall electricity production in the country.

The project in Nikopol-Turnu Magurele was started back in 1960s, while the first construction works were made in 1977. The opponents of the project say that new HPPs would increase river level by 7 meters, which would cause flooding of almost entire city of Nikopol.

§ § §

## **24.5 million tons of coal to be produced in Maritsa Iztok mines in 2008 (Bulgaria)**

Maritsa Iztok mining company should produce 24.5 million tons of coal in this year, which would be the highest ever production, head of the company Ivan Markov said. The production target for this year was set at 23 million tons.

Head of the company Ivan Markov confirmed that nine-month target for coal and overburden production was exceeded. The company extracted 16.6million tons of coal (+ 7 %), while overburden production stood at 69 million cbm.

According to Markov, coal stocks in the thermal power plants (TPP) in the basin stood at 798,000 tons in the end of September.

§ § §

## **Government established mega energy holding (Bulgaria)**

Minister of economy and energy Petar Dimitrov confirmed that, after acquiring the approval from Competition council, government decided to establish national energy holding company.

New company, called Bulgarian energy holding (BEH) was established by transferring assets of Coalmine company Maritsa Iztok, thermal power plant (TPP) Maritsa Iztok 2, nuclear power plant (NPP) Kozloduy and National electric company (NEK) to existing Bulgargaz Holding. The former Bulgargaz Holding already had three subsidiaries, natural gas supplier Bulgargaz, national gas transmission company Bulgargaztransgaz and telecommunication company Bulgartel.

Ministry has been still reconsidering an option for transferring the 33.3 % stakes in three electricity distributors, majority owned by EVN, E.ON and CEZ, to the BEH.



Originally, government had different models for establishment of the holding, but the latest financial problems in Bulgargaz forced government to change and speed up entire procedure. Bulgargaz's financial situation was worsened after regulator did not approve requested increase in natural gas prices and after company was unable to collect debts from the customers. According to ministry, the selected procedure for establishment of BEH was the best in terms of time, costs and legal issues.

Minister Dimitrov also confirmed that government informed EU on the latest restructuring in energy sector. Minister said that EU had no objections.

Deputy economy and energy minister Galina Tosheva was appointed interim CEO of the holding, until the new management was appointed in the next two months.

Minister Dimitrov announced that new management should be appointed in accordance to professional skills, which will be opposite to political appointments in the past.

The head of Maritsa Iztok mining company was appointed a chair of the board of directors, while deputy chair is Lyubomir Velkov, CEO of NEK. The members of the board of directors of BEH are also the head of NPP Kozloduy Ivan Genov and head of TPP Maritsa Iztok 2, Georgi Hristozov. Commenting the fact that head of Bulgargaz Lyubomir Denchev was not included in BoD of BEH, minister Dimitrov said this had nothing to do with their personal disputes.

The establishment of the new energy holding was approved in February this year. The government selected Deloitte to be the advisor for establishment of new company.

The worth of overall assets of BEH is estimated at 4 billion euros, while annual profit was estimated at 115 million euros. In the same time, overall electricity output of new company is 6,000 MW.

Through, NEK and Bulgargaz, BEH will become majority owner in new nuclear power plant (NPP) Belene, South stream project and Burgas – Alexandropoulos project.

BEH should operate as a financial holding for at least one fiscal year, after which it should become operational holding. The holding should be listed on the stock exchange, but this would not happen very soon, especially having in mind current global credit crisis, CEO of the BEH, Galina Tosheva said. Tosheva explained that future membership of Bulgartransgaz and Electricity system operator (ESO), the part of NEK, in the BEH will depend on the decisions of EU regarding unbundling the ownership in electricity and natural gas transmission networks.

According to estimations made by Deloitte, synergy within the holding will result in some 35 million euros of savings per year. The raw materials costs should be reduced by 7-13 %, transport costs should be reduced by 5-25 %, while personnel costs should be reduced by 15 %.

§ § §

## **Natural gas prices to rise by 24 % from October 1 (Bulgaria)**

According to latest announcements, the price of natural gas should be increased by 24 % starting from October 1. This decision was approved by National council for tripartite cooperation and natural gas supplier Bulgargaz, who demanded 36.5 % increase.

In the end of September, the decision was still needed to be approved by State Energy and Water Regulatory Commission (SEWRC). The new price of natural gas will rise up 275 euros/1,000 cbm (no VAT).

SEWRC also announced that new increase in prices of some 21 % should be approved in January next year.

Minister of economy and energy Petar Dimitrov also proposed that increase in natural gas prices should be gradual.

In the same time, trade unions announced to file an appeal if the natural gas price rise more than 24 % in the next two quarters.

Minister Dimitrov said that increase in natural gas prices should not affect heating prices, which should be increased by 12 % starting from November 1.

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## **NPP Kozloduy did not use recycled nuclear fuel (Bulgaria)**

Bulgarian Nuclear energy agency (NRA) confirmed that, after it had performed an inspection, nuclear power plant (NPP) Kozloduy did not use recycled nuclear fuel.

The emergency inspection was necessary having in mind recent allegations that came from former employees in the NPP. The allegations said that management benefited from difference in prices.

NRA called international Atomic Energy Agency (IAEA) to provide assistance in the case, but IAEA refused by saying it was out of its competence. Because of that, NRA hired Swedish company STUDEVIK NUCLEAR, which performed necessary tests.

Nuclear fuel for NPP Kozloduy is delivered by Russian TVEL. Russian company confirmed that units 5 and 6 work only with natural uranium fuel.

§ § §

### **Prime ministers Stanishev and Putin discussed energy projects (Bulgaria)**

In mid September in Russia, prime minister of Bulgaria Sergey Stanishev had a meeting with his Russian counterpart Vladimir Putin.

Two prime ministers discussed development of joint energy projects, the South stream project, nuclear power plant (NPP) Belene, and Burgas- Alexandropoulos oil project

Putin confirmed that Russia and natural gas suppliers from Central Asia should complete negotiations regarding supplying of additional amounts of natural gas very soon. According to Putin, conditions for development of South stream pipeline have been improved.

Prime minister Stanishev pointed out that South stream project is very important for Bulgaria, Russia and entire Europe. He confirmed that activities in Belene project have been developing according to plans.

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### **MOL not to increase offer for INA (Croatia)**

Hungarian oil and natural gas company MOL will not submit new public offer for purchase of shares in Croatian oil industry (INA) in case if original offer, submitted in mid August, was not attractive enough for most of the minority shareholders. This was said by the head of MOL, Gyorgy Mosonyi in the interview to Reuters.

According to Mosonyi, MOL's offer of some 395 euros per share (2,800 HRK) was fair. MOL wants to purchase some 30 % of shares INA, which are owned by small shareholders.

After expiration of Initial public offering (IPO), MOL, the strategic partner of INA, will continue negotiations with the government of Croatia regarding potential share swap. MOL is interested in 19 % of shares owned by the government (the government currently owns 44 % stake, and MOL owns 25 % stake in INA).

IPO will be valid until October 3. The most of the small shareholders and institutional investors believes that MOL's offer is too low.

According to IPO, overall market value of INA is some 4 billion euros, where MOL should pay 1.2 billion euros for 30 % stake.

In the same time, Croatian financial services supervisory agency (HANFA) confirmed that neither MOL changed its offers nor any investors had submitted counter offer for IPO.

The management of INA once again said that MOL's offer was satisfactory. On the other hand, unions and workers in INA believe that offered price was below market price.

Despite the earlier claims that offered price was too low, several institutional investors confirmed it would sell part of its

stake during IPO. This was confirmed by AZ pension fund, Auction broker house, Erste Invest, PZB-Co pension fund and PBZ invest. Investors explained that their decision was motivated by global credit crisis. They also repeated that offered price was below real market price.

In the end of September, MOL managed to acquire only 89,000 shares or some 1 % of all shares in INA. Overall number of shares MOL wants to acquire is over 3 million. In the same time, worth of INA's shares reached 390 euros on Zagreb Stock Exchange.

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### **Government tries to restart Druzba Adria project (Croatia)**

According to local press, after prime minister Ivo Sanader recently announced a possibility of restarting the Druzba Adria oil project, the government made the first steps.

Sources said that vice prime minister Damir Polancec talked on this project with Russian minister of emergencies Sergey Shoigu during his brief visit to Croatia in the end of September.

Sources said that Polancec told to Shoigu that Croatia was interested in restarting the project in original version, i.e. the future oil pipeline should be built from Russia toward island of Krk from where the oil should be transported with tankers.

On the other hand, sources imply that Russia is not very interested in this project at the moment, as it was in 2004. In this moment, Russia has two ports for export of crude oil, in Baltic and Black Sea.

Local analysts believe that revival of Druzba Adria by the government is related to incoming expiration of natural gas supply contract between Croatian oil industry (INA) and Gazprom. Analysts said the Croatia hopes to get more favorable price in this way. In this moment, INA imports some 1.2 billion cbm of natural gas per year from Gazprom, where this amount should be increased up to 2.5 billion cbm in 2011.

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### **LNG terminal to be built on Krk Island (Croatia)**

In the last day of September, government of Croatia accepted recommendation of Commission for assessment of the study for selection of construction site for liquefied natural gas terminal (LNG) and decided that LNG terminal should be built on site Dina on Krk Island.

Vice prime minister Damir Polancec said that the latest decision would make possible to start necessary studies and preparations as well as to start negotiations with local municipalities.

Prime minister Ivo Sanader pointed out that construction of LNG terminal is part of one of the top priorities of the govern-



ment, i.e. safe supply of electricity, natural gas and oil for all citizens of Croatia.

According to earlier announcements, the annual capacity of the terminal should reach 15 billion cbm, and the overall cost of the project (including the construction of the pipeline network) should reach 1 billion euros. Terminal should be operational in 2012 and it should be built in cooperation with Adria LNG company, founded by OMV, E.ON Ruhrgas RWE Transgas and Geoplin from Slovenia.

During the same session, the government adopted the bylaw on security in natural gas supply for protected customers (hospital, schools, etc). New bylaw is related to emergencies, when government will be entitled to import natural gas in order to cover shortages in the domestic market, vice prime minister Damir Polancec said.

Michael Mertl, the general manager of Adria LNG consortium, welcomed government's decision to build the terminal on Krk. In June this year, Mertl said he was in favor of this option. Mertl said the latest decision was encouraging and that government and Adria LNG should very soon reach the agreement regarding participation of local companies in the consortium. He believes that construction permits for the terminal could be obtained in second half of 2009.

§ § §

### **Greek Development Ministry approved PPC's Aliveri plant environmental study (Greece)**

Greek Development Ministry approved the environmental impact assessment study for Greek electricity utility (PPC) new 400MW natural gas thermal plant in Aliveri, currently under construction. This unit is the first one to be developed under PPC's unit renewal program.

In the meantime, PPC announced that it temporarily shut down two lignite units: the 330MW Meliti plant for 40 days to repair malfunction in the desulphurization filter and the 300MW Aliveri 3 unit for 90 days for maintenance and for installing a desulphurization filter.

The shutdowns are to impact lignite production in the second half of the year by 3%-4% according to Eurobank Securities' estimates

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### **Union to sue management of PPC (Greece)**

The warning of a drop in profits from Greek Public Power Company (PPC) sent its shares more than 20 percent lower on the Athens bourse yesterday, prompting unions to sue management for its economic collapse.

The power utility said it expects to post a big loss in the second half of the year due to increased fuel import costs and expensive purchases of energy from third parties to cover demand.

"Based on the data we have to date, results for the second half of 2008 are forecast to be worse than in the first half of the year" PPC officials said in a statement.

PPC had 111.80 million euros loss in the H1 2008, due to increasing energy costs and electricity purchases from abroad.

PPC shares were hit hard after the profit warning, sinking 22.26 percent to 10.06 euros on the Athens Exchange. The Athens bourse's benchmark general index tumbled 5.87 percent.

PPC GENOP labor union said yesterday they will file a suit against all responsible for the economic collapse of the corporation. The union also said it will issue an extrajudicial suit against PPC executives over failure to carry out their duties. "GENOP, with every means available, will do its duty. It will stop the economic collapse of the country's largest company", the union said.

§ § §

### **ELPE to sell Libyan exploration license to GDF Suez (Greece)**

Greek largest oil refiner Hellenic Petroleum said it agreed to sell its natural gas exploration and production rights in Libya to French GDF Suez for EUR 104 million euros. "The agreed price is 104 million which is higher than the drilling expenses up to now, while all Hellenic Petroleum's expenses for 2008, estimated at about USD 20 million, will be also covered" the refiner said in a statement.

Hellenic Petroleum has a 20% stake in a consortium that has hydrocarbon exploration and production rights in six areas at the Sirte and Murzuq sites in Libya. Australian oil and gas producer Woodside and Spanish energy firm Repsol each have 45% and 35% stakes each in the consortium.

The refiner said the deal was part of its strategy to restructure its natural gas exploration and production portfolio to cut costs, as the production of natural gas in the area needs high capital expenditure.

The agreement has been approved by Libyan National Oil Corporation (NOC) and is subject to approval by the Libyan government.

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### **PPC to move another village due to lignite exploitation (Greece)**

A village of 1 100 residents in the northern prefecture of Kozani is to become the seventh small community obliged to relocate a few kilometers away, so that the Public Power Corporation (PPC) can access underground deposits of lignite to fuel its regional coal plants.

The residents of Pontokomi, whose ancestors moved to Kozani as refugees in the exchange of populations from Turkey

in 1922, have voted to relocate to a site on the outskirts of the city of Kozani as most of the infrastructure is already in place.

Residents were concerned as well about the proximity of their village to lignite-mining operations and the possible impact on the health of their children.

The move, slated for completion by 2015, will be the seventh by a village in Kozani to the benefit of PPC.

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### **Increase of electricity prices (Macedonia)**

Regulatory commission for energy has announced at least 10% increase of electricity prices from October. Meeting on which new price was to be decided got postponed on ELEM request. ELEM has largest influence on electricity price, since it is the only producer in Macedonia. Recently, ELEM has asked for 60% increase of electricity price.

According to first analysis of Regulatory commission, electricity price should be increased by 10.5%. According to Slave Ivanovski, president of Regulatory commission, meeting was delayed because ELEM requested more time to deliver additional data to justify higher increase. There are several different unofficial information regarding ELEM request, from 39% to 77% of price increase.

Also, MEPSO has requested 100% price increase for transmission and distribution services.

EVN has requested 18% price increase, since their expenses have been increased since MEPSO and ELEM requested increases.

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### **Procedure on solving the dispute between Government and EVN Macedonia started (Macedonia)**

European Energy Community has started a procedure on solving the dispute between Government of Macedonia and EVN Macedonia regarding changes in Macedonian Energy law. „Procedure was initiated by Government of Macedonia against private company”, Energy Community officials said.

Recently, EVN Macedonia has decided to ask for London arbitration court opinion if they have fulfilled their obligations from contract signed in 2006, regarding sale of distribution ESM. As a reminder, government has requested from EVN to pay penalties due to unfulfilled agreement regarding amount of investments. Some media announced that government requested 18 million euros from EVN regarding this topic, but EVN officials demanded these claims. They also added that, in last two years, EVN has invested more in distribution network than it was invested in previous 20 years. From agreed 96 million euros, 67 million have been invested so far.

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### **ESM – EVN changed name to EVN Macedonia (Macedonia)**

From 19.9.2008, ESM – EVN has officially changed its name to EVN Macedonia. New company logo was presented by Mr. Georg Valdner, president of EVN Macedonia.

“This is beginning of new era for this company. We will present large investment plan for increase of quality of our services, modernization of distribution network, decrease of electricity theft and increase electricity bill payment ratio, since our most important goal is to have satisfied consumers”, Mr. Georg Valdner said on the ceremony.

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### **Companies should ask for private electricity market operator (Macedonia)**

President of Macedonian Energy Association, Mr. Dimitar Hadzimisev said that electricity market operator can be formed as private company, if state do not have intention to form it. According to him, government should form electricity market, so it could have control over it. Currently, 15 companies in Macedonia have a license for electricity trade, and up to 20 qualified consumers are registered.

Ministry of Economy officials said that currently, gain/loss analysis is being made regarding this topic.

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### **Unicredit Zagreb Bank to be financial and legal advisor for recapitalization of EPCG (Montenegro)**

Croatian bank Unicredit markets & investments banking-Zagreb Bank won in the tender for financial and legal advisor in process of recapitalization of Power utility of Montenegro (EPCG). Croatian bank outbid ABN AMRO Corporate Finance Limited, Czech Erste Corporate Finance, Austrian EPIC, Raiffeisen, ING Bank from London and Securities NV from Belgium.

Privatization council of Montenegro said the Croatian bank offered best terms, especially in financial part of the bid. The second ranked bidder was ABN AMRO Corporate Finance Limited.

According to earlier announcements, the tender for recapitalization of EPCG should be published in November. EPCG would issue 31.28 millions of new shares, with nominal worth of 8.7 euros, so that overall worth of the package would be some 270 million euros. In this way, the state will remain in possession of 55 % shares in national power company, while strategic partner will control 22 % stake. The rest will be owned by minority shareholders. In this moment, the state owns 70 % stake in EPCG.

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### **HPP Perucica in service after regular maintenance (Montenegro)**

In mid September, after 40-day maintenance works, hydro-power plant (HPP) Perucica was put in service. At the time, Power utility of Montenegro (EPCG) said the stored electricity in accumulation lakes of HPP stood at some 60 GWh.

Apart from regular maintenance, EPCG started reconstruction of water intake channels of the HPP. The construction works are being carried out by Slovenian company Primorje. After reconstruction, the water inflows will be increased from 68 m<sup>3</sup>/s up to 81 m<sup>3</sup>/s, while water losses will be reduced. The overall cost of the project should be some 7.7 million euros.

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### **Tender for concession of Maoce coalmine to be launched in October (Montenegro)**

Deputy minister of economic development Radonja Minic confirmed that ministry has been preparing tender documentation and concession study for coalmine Maoce.

The tender should be launched in the first half of October. The future concessionaire will be obliged to build 450 MW power plant.

The Maoce basin is located some 30 km from Pljevlja coalmine. The coal reserves are estimated at 113 million tons, according to the study made in 1990s. According to this study, the coal from the future coalmine could provide sufficient amount of coal for 500 MW plant, with annual production of 2 TWh of electricity, in period of 40 years.

According to the same study, new coalmine could be operational in period of eight years, where necessary investment could reach some 120 million euros (without construction of new power plant). The government said that these estimations are out of the date, and that overall investment for opening of the coalmine could reach even 500 million euros

The future concessionaire should pay some 2 million euros of concession fees per year, having in mind current fees and taxes paid by the coalmine Pljevlja. In 2008, coalmine Pljevlja should pay 1.5 million euros of concession fee for production of 1.47 million tons of coal.

Montenegro's Strategy of energy development until 2025 has envisaged two options for Maoce basin. According to first option, one independent 300-500 MW power plant could be built. The second option refers to construction of the power plant of the same output, which would be replacement capacity for thermal power plant (TPP) Pljevlja. In this case, overall coal production in area of Pljevlja would reach four million tons per year.

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### **Government signed concession contracts for construction of eight small HPPs (Montenegro)**

Ministry of economic development and future concessionaries signed the contracts for construction of eight small hydro-power plants (HPPs).

30-year Design-build-operate-transfer (DBOT) concession contracts were granted to local companies Hidroenergija Montenegro, Kroling, Dekar, Bast, and to Haider Extrem Energy (Bosnia and Herzegovina) and Energie Zotter Bau (Austria). The investors were selected on the tender in May this year.

Kroling, Dekar, Bast and Energie Zotter Bau should build one small HPPs each, while Haider Extrem Energy and Hidroenergija Montenegro will build two small HPPs each.

Minister Branimir Gvozdenovic said that overall worth of the contracts is tens of million euros. Concession fees vary between 2 and 10 %, and the first HPPs should be built in the period of 2-3 years

During the same occasion, minister Gvozdenovic announced that new tender for construction of 10 small HPPs should be published soon.

By construction of small HPPs, Montenegro could reduce electricity import by 25 %, Gvozdenovic pointed out. According to estimations, potential electricity output in small HPPs in the country is some 400 GWh per year.

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### **Government against construction of NPP in Albania (Montenegro)**

Delegation of Montenegro, which took part in the general conference of International Atomic Energy Agency (IAEA) in Vienna in the end of September, met its colleagues from Albania. Two sides discussed intentions of Albania for construction of nuclear power plant (NPP).

Montenegro official pointed out that Montenegro, as ecological state, is strongly against construction of NPPs.

Albania has been preparing feasibility study for NPP and it should officially request help of IAEA regarding the project.

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### **EPCG to demand new increase in electricity prices (Montenegro)**

Board of Directors of Power utility of Montenegro (EPCG) decided to demand new increase in electricity prices. According to BoD, the electricity prices should rise by 15 %. If Regulatory energy agency (REA) approves the request, it will be the fourth increase this year.

The management explained that new increase is necessary having in mind rise in electricity consumption and electricity import. Also, BoD confirmed that expenses for electricity import were 12 million euros higher than planned. In the same time, EPCG was forced to pay much higher municipality taxes in this year.

BoD also concluded that situation in electricity system in the end of September was unfavorable due to low lake level in hydropower plant (HPP) Perucica. In the same time, the coalmine Pljevlja would not be able to provide sufficient amount of coal for thermal power plant (TPP) Pljevlja. According to plans, TPP Pljevlja should have been in service by October 17, but due to coal supply problems, the TPP should be in operation by October 10, when TPP will undergo regular 15-day maintenance before the start of winter season.

Due to abovementioned reasons, EPCG will be missing 75 GWh of electricity in October, where some 50 GWh should be imported through tender, BoD said. Due to rise in costs and lack of funds, EPCG should take short-term loans in order to provide funds for electricity import.

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### **No increase in natural gas prices by the end of 2008 (Romania)**

National Energy Regulatory Authority (ANRE) decided that natural gas prices for tariff customers should remain unchanged in the fourth quarter. Two largest natural gas distributors E.ON Gaz Romania and Distrigaz Sud recently requested some 10 % increase in natural gas prices starting from October 1 due to rise in import prices.

Prime minister Calin Popescu Tariceanu said that increase in natural gas prices for households would be unjustified having in mind decrease in crude oil prices on international markets.

Officials from Distrigaz Sud said that increase in prices is due to rise in price of natural gas imported from Russia. The company pays 500 dollars/1,000 cbm for natural gas from Russia, where this could rise up to 550 dollars, officials said.

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### **CEZ and Electrabel strategic partners of Termoelectrica in construction of new power plants (Romania)**

In the end of September, ministry of economy and finances selected CEZ to be strategic partner of electricity and heat producer Termoelectrica in the project for modernization of thermal power plant (TPP) Galati (535 MW). CEZ should invest some 400 million euros in the project.

In the same time, Electrabel was selected as strategic partner in the project for construction of 400-500 MW unit in TPP Borzesti. The memorandums of understandings with both

companies should be signed in a month. According to plans, Termoelectrica should keep minority stake in the projects, where the exact stakes are still to be decided. Electrabel should invest some 400 million euros in this project.

Earlier, in June this year, Termoelectrica and consortium of E.ON and Enel signed an agreement for construction of 800 MW unit in TPP in Braila. According to estimations, Termoelectrica should own up to 20 % stake in the joint venture.

General manager of Termoelectrica Ioan Ungureanu said in separate interview that overall investments in the company should reach over 3 billion euros in the next several years. The funds will be used for construction of over 3,000 MW of output in new units in exiting power plants.

According to plans, private investors should provide necessary funds, while the state will invest existing assets in the projects. The power plants found to be non-attractive for future investors or for which feasibility studies should show that they were unfeasible would be closed, Ungureanu said. The power plants in Borzesti and Doicesti, built in 1960s, are one of the oldest power plants of Termoelectrica.

Overall output in reconstructed units in Galati, Borzesti and Braila should reach 1,600 MW, while overall investments should reach up to 1.8 billion euros.

Ungureanu also announced that Russian Mechel should be the strategic partner in the modernization project in TPP Doicesti. Mechel should invest 400 million euros for construction of new 450 MW unit.

Termoelectrica's share in profit in new units should be used to cover some 400 million euros of company's debts, mostly to the state budget. In the same time, if Termoelectrica manages to convert its debts to natural gas supplier Romgaz into shares in ELCEN (heat and power plants in Bucharest), the company will completely clear off its debts, Ungureanu believes.

In ELCEN, Termoelectrica in cooperation with private investors plans to operate 1,200 MW of output, where 200-300 MW units should be built in combined heat and power plants (CHPPs) in Fantanele and Progresu.

The head of Termoelectrica confirmed that the project in TPP Braila reached the most advanced stage, having in mind that feasibility study and appraisal are under way.

Commenting the energy supplies during incoming winter, Ungureanu pointed out that providing the sufficient amount of coal for power plants will be one of the largest problems for the company, having in mind that import prices increased from 100 dollars per ton up to 300 dollars. He said that power plants in Deva and Paroseni, which consume local coal from Jiu Valley, would be missing some 500,000 tons.

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### **Negotiations for construction of units 3 and 4 in NPP Cernavoda continued (Romania)**

The head of Nuclearelectrica, Teodor Chirica, confirmed that negotiation committee for construction of units 3 and 4 in nuclear power plant (NPP) Cernavoda continued activities in the project by submitting the draft contracts to the investors.

In the same time, officials from CEZ confirmed that government invited all investors in the project to the meeting in the end of September.

In June this year, the government of Romania changed its original plans and decided that Nuclearelectrica, the operator of NPP Cernavoda, should control 51 % stake in future units 3 and 4 (700 MW each). Future strategic partners, CEZ, Electrabel, Arcelor-Mittal Romania, Enel, RWE and Iberdrola, will control minority stakes in new units.

According to the statements of ministry of economy and finances from July, the construction works will be delayed for one year comparing to original plans, i.e. the works will start in 2010, while new units should be operational in 2015. The latest estimations show that overall cost of the project should reach 4 billion euros.

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### **Nuclearelectrica to be listed on stock exchange in the first half of 2009 (Romania)**

Minister of economy and finances Varujan Vosganian confirmed that Nuclearelectrica, the operator of nuclear power plant (NPP) Cernavoda, should be listed on the stock exchange in the first half of 2009.

This plan was announced in July by the company's management. According to the announcement at time, some 15 % of shares in Nuclearelectrica should be sold through IPO. The funds obtained should be used for funding the construction of units 3 and 4 in NPP Cernavoda.

Minster announced that preparations for listing are almost completed and that some 10 % of shares should be sold on the stock exchange. He also announced that shares in the future integrated energy company would be also offered on the stock exchange very soon.

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### **Hidroelectrica to be listed on stock exchange by the end of the year (Romania)**

The largest electricity producer in Romania, Hidroelectrica, should list at least 10 % of shares on the stock exchange by the end of the year. This was said by general manager of the company, Traian Oprea.

Oprea believes that listing of shares should take place one way or another, having in mind that Hidroelectrica will become part

of integrated national energy company. The members of the future mega company will be Hidroelectrica, Energy complex (EC) Turceni, EC Rovinari and electricity distributor Electrica. The government has been reconsidering several options for this company, such as listing of shares on London stock exchange.

Oprea also announced plans for privatization of the rest of the small hydropower plants (HPPs) owned by Hidroelectrica. The HPPs, with power output between 10 and 20 MW, should be either sold to private investors or transformed into joint venture companies. So far, Hidroelectrica sold some 80 small HPPs, while the company still owns 69 small HPPs.

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### **E.ON to invest 170 million euros in wind farms (Romania)**

German E.ON, the majority owner of electricity distributor Electrica Moldova, plans to build three wind farms in Vaslui County. According to sources, overall power output in those farms should be 112 MW, while total investment should amount to 170 million euros. E.ON did not want to comment this news published by local media.

In the same time, sources said that E.ON has been involved in several wind power projects in eastern Romania. Overall output should reach between 150 and 200 MW, while total investments are estimated at 300 million euros. E.ON has selected most suitable sites for new farms, and it has been conducting several necessary tests, sources said.

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### **Energy Holding and Alro Slatina failed to acquire electricity on OPCOM (Romania)**

Both electricity trader Energy Holding (EH) and aluminum producer Alro Slatina did not manage to purchase required amount of electricity on local power exchange, the OPCOM. No one of potential suppliers submitted bids on both tenders. President of association of electricity traders in Romania, Ioan Lungu, says the prices offered by EH and Alro Slatina was below expected minimum price of 49 euros/MWh.

In the first half of September, EH offered 44 euros/MWh (no VAT) for purchase of 963.6 GWh in period January 1-December 31, 2009.

On the other hand, Alro Slatina offered 41.7 euros/MWh (no VAT) for purchase of 973 GWh in 2009. Alro Slatina, with annual consumption of some 4 TWh, managed to acquire 75 % of its needs, where this electricity will be delivered by Hidroelectrica.

According to latest data by OPCOM, EC Rovinari sold 219 GWh in 2009 to EFT at price of 53 euros/MWh, 285.12 GWh to Grivco at price of 52 euros/MWh, 237.6 GWh to Energy Holding at

price of 53 euros/MWh, 219 GWh to CEZ at price of 53 euros/MWh and 219 GWh to Grivco at price of 53 euros/MWh.

In the same time, EC Turceni sold 219 GWh in 2009 to Korela Invest at price of 53.6 euros/MWh, 219 GWh to Ezpada at price of 53 euros/MWh and 219 GWh to EFT at price of 53 euros/MWh.

Representatives from Nuclearelectrica and Hidroelectrica, two cheapest electricity producers, said they have been waiting the right moment to place their offers for the next year.

Head of Hidroelectrica, Traian Oprea, said the company should submit its offer on OPCOM in October, when the company will know how much of electricity should be delivered to tariff customers in the next year. In 2006, company sold 2.6 TWh on OPCOM, and in the last year, this amount reached 4 TWh.

Head of Nuclearelectrica Teodor Chirica confirmed that the company would offer electricity on OPCOM.

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### **Large companies interested in modernization of CHPP Fantanele and CHPP Progresu (Romania)**

Director of Termoelectrica Ioan Ungureanu confirmed that six companies and two consortia have submitted bids in pre-qualification tender for modernization of natural gas fired combined heat and power plant (CHPP) Fantanele. CHPP Fantanele is the part of electricity and heat company Electrocentrale Bucharest (ELCEN).

The bids were submitted by Edison (Italy), E.ON (Germany), Romgaz (Romania), Verbund (Austria), the consortium of Unit and Wienstrom Austria, CEZ, GDF Suez, and consortium of Istroenergo-Slovnaft.

According to Ungureanu, in CHPP Fantanele, new 200-250 MW unit could be built, where overall investment should reach 250 million euros.

Local natural gas producer Romgaz is highly interested in construction of CHPPs. The company recently announced plans for construction of 300 MW unit in CHPP Fantanele. CHPP Fantanele is attractive for Romgaz since the CHPP is located close to the largest gas deposit in Romania operated by Romgaz.

In the same time, eight companies and one consortium submitted prequalification bids in the tender for modernization of natural gas fired CHPP Progresu, which is also part of ELCEN.

The bids were submitted by Edison (Italy), consortium of Slovnaft –Istroenergo Group Slovakia, GDF Suez, United Inv. NV, Verbund (Austria), Fortum Power and Heat Oy (Finland), Dalkia Romania, E.ON and CEZ.

ELCEN should select list of investors that will be invited in the second stage of the both procedures. The future investors and ELCEN should establish joint venture companies, where inves-

tors will provide financial assets, while ELCEN will invest existing assets in the power plants.

CHPP Progresu has installed output of 200 MW (4x50 MW), while CHPP Fantanele, which is out of service since 1995, has installed output of 250 MW.

ELCEN is the subsidiary of Termoelectrica. The company has three branches, in Bucharest, Constanta and Mures, where overall power output of the company is some 2,000 MW.

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### **Hidroelectrica increased profit target up to 17 million euros in 2008 (Romania)**

The largest electricity producer in the country, Hidroelectrica, has revised its financial plans for this year by increasing the gross profit target up to 17 million euros. Initial planned profit was set at 8.5 million euros. The management of the company believes that profit could even reach over 30 million euros in this year. In the same time, new planned total revenues should amount to 650 million euros, compared to original plan of 611 million euros.

In 2007, the company posted some 66 million euros of gross profit, while overall revenues amounted to 617 million euros.

In the first half of the year, the company posted 62.5 million euros of profit, which was higher four times compared to the same period last year. In the second half of 2008, the profit will be reduced due to planned investments and maintenance works. In this year, Hidroelectrica should invest some 330 million euros.

Estimated production in 2008 should reach 16.8 TWh, which would be 6 % higher comparing to the last year. Until the end of September, overall electricity production stood at 13.3 TWh.

Until 2025, the company should invest overall amount of 6 billion euros, where 1.2 billion euros will come from loans. The funds will be invested for increasing the power output by 2,600 MW (some 5.8 TWh of electricity per year).

In this year, Hidroelectrica should put in service two new HPPs, the HPP Movileni (Vrancea) and HPP Raul Alb (Caras-Severin), with overall power output of 74 MW.

Also, the company should offer for sale 16 small HPPs with overall output of 18.5 MW by mid October. The rest of the 53 small HPPs operated by Hidroelectrica should be offered for sale in November.

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## Enel to build 280 MW wind farms in Tulcea (Romania)

Italian Enel, the owner of the electricity distributors Electrica Muntenia Sud, Electrica Dobrogea and Electrica Banat, plans to build two wind farms with overall output of 280 MW in Tulcea County.

The company already obtained construction permit in the last year, by purchasing this project from Blue Line for 1.1 million euros.

One 210 MW wind farm should be built in the area Agighiol - Valea Nucarilor, while 70 MW wind farm should be built in the area of Corugea - Cismeaua Noua. The cost of projects is estimated at 420 million euros.

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## EAR donated 20 million euros for new 400kV interconnection line (Serbia)

Serbian transmission system operator (EMS) and European agency for reconstruction (EAR) signed a contract for funding the construction of 400kV power line between city of Leskovac and Macedonian border. The worth of the contract is 20 million euros.

The section is 100 km long, and it is the part of 140 km long Serbian part of the interconnection power line between city of Nis and border with Macedonia. The construction works on the section between Leskovac and Nis started this May. The project has been funded by both EAR and EMS. During the first phase, EAR provided 7 million euros for the project.

In the press conference, officials announced that deadline for completing the power line between Nis and Macedonian border is February 2010. Overall cost of the Serbian part of the power line is 31 million euros, where 27 million euros will be donation from EU.

In the same time, EMS has started project for reconstruction of substations in Nis and Leskovac, also with the financial support of EAR. Director of EMS Milos Milankovic pointed out that new power line will increase overall security in electricity transmission in direction Serbia -Macedonia-Greece. New power line will also increase security in supply in southern part Serbia, EMS said in official press release.

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## 98 million euros of profit for NIS in H1 (Serbia)

Oil industry of Serbia (NIS) posted 98 million euros of profit in the first half of the year, which was 123 % higher than planned and 100 % higher comparing to the same period last year. In the same time, investments increased by 25 %. This was said by the general manager of the company Milos Saramandic.

Saramandic reminded that NIS was 20th ranked company among 500 largest companies in Central and Southeastern Europe according to the report published by Deloitte.

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## Government to obey energy agreement with Russia, final contracts to be signed by mid November (Serbia)

In mid September, minister of emergency situations, Sergey Shoigu visited Serbia in order to start negotiations for implementation of energy agreement between two countries, after parliament of Serbia recently ratified the agreement with vast majority.

Russian minister was welcomed by Serbian prime minister Mirko Cvetkovic, first vice prime minister Ivica Dacic, minister of economy Mladjan Dinkic and minister of energy and mining Petar Skundric.

During the meeting, two sides agreed that original terms of the energy agreement, signed in January this year, should be obeyed, i.e. Gazprom will pay 400 million euros in cash and 500 million euros in investments for 51 % stake in Oil industry of Serbia (NIS). Until 2012, Gazprom will be obliged to invest 500 million euros in NIS. In the same time, Gazprom should build natural gas pipeline South stream across Serbia, where annual capacity of the pipeline should be at least 10 billion cbm. Serbian natural gas company Srbijagas and Gazprom will also jointly build and operate underground natural gas storage capacity in Banatski Dvor (300 million cbm capacity).

Prime minister Mirko Cvetkovic confirmed that implementation of the energy agreement should be mutually beneficial. According to official press release, during the meeting, prime minister Cvetkovic assured minister Shoigu that Serbia would fully meet its obligations set in the contract. Cvetkovic also thanked Russia for its in-principle support to Serbia in a struggle to keep its sovereignty and territorial integrity.

Minister Shoigu pointed out that energy agreement with Serbia would be the largest Russia's investment in Balkans. He expressed its belief that necessary contracts should be finalized in period of 60 days.

Shoigu explained that sale of NIS is the part of integrated agreement, the parts of which could not be independently evaluated. Any kind of the changes of agreement with Serbia would imply changes in agreements with other partners in South stream project, he said.

Before the meeting, Russian ambassador in Serbia Aleksandar Konuzin reminded that decision of Russia to build pipeline across Serbia was purely political decision, i.e. it was aimed as a political support to Serbia. Ambassador implied that Russia had other options for building the South stream pipeline.

The outcome of the meeting was quite opposite to the recent announcements of several Serbia's officials and local analysts, namely minister of economy Mladjan Dinkic, that Serbia will demand higher price for NIS and higher capacity of the future

pipeline. In the same time, ministry of economy ordered an appraisal that showed that market price of NIS is 2.2 billion euros, after which minister Dinkic more than once said that this fact should be taken in consideration during final negotiations.

After the meeting, no one of Serbian negotiators wanted to comment the terms in the contract that had been main subjects in Serbia in the past several months, i.e. the sale price for NIS, type and capacity of the future pipeline, the potential monopoly of Gazprom on Serbia's oil market, etc.

The local media and analysts almost unanimously said that Shoigu's visit was lesson for Serbia, where Russian envoy did not leave any room for any kind of changes in the agreement related to sale price for NIS and capacity of the future pipeline and storage facility Banatski Dvor.

The government of Serbia confirmed that Serbia and Russia agreed that experts' work teams would only deal with technical issues. The teams will not be allowed to change basic terms in the agreement signed by Serbian and Russian president. There will be three experts' work teams, i.e. the work team for oil sector, work team for transport of natural gas and work team for storage facility in Banatski Dvor.

According to sources from the Serbian government, Serbia will try to include in the future contracts the guarantees for construction of the pipeline and compensations for not meeting this condition.

On the other hand, sources said that the details of all three agreements (sale of NIS, construction of the pipeline and construction of the storage facility) would remain secret until the end of negotiations. The issues still needed to be defined in the contracts is the current NIS's monopoly for refinement and import of crude oil and whether the Serbia would sell domestic oil fields owned by NIS.

In the same time, according to Russian press, negotiations between Serbia and Russia had been very tense. Sources said that minister Shoigu expressed its dissatisfaction with the fact that highest Serbian officials launched a campaign for changing the sale price for NIS. Russian minister reminded that sale of NIS is linked to construction of the pipeline, writing-off debts for delivered natural gas, signing the free trade agreement with Serbia, and finally, political support to Serbia in the recent past. Russian press believes that such argumentation was convincing enough for Serbia. Russian media concluded that potential canceling of the agreement would have endangered overall relations between Russia and Serbia.

After the meeting in Belgrade, minister Shoigu visited city of Nis. Answering the journalist's questions, minister Shoigu said that price of 400 million euros for NIS was demanded by Serbia in the first place. He also said that government should not sell NIS at such price if it believed the price was too low.

Several days before the meeting in Belgrade, representatives of Srbijagas and Gazprom had a meeting in Novi Sad. Two parties agreed on starting the draft feasibility study for construction of South stream pipeline across Serbia. The study should be the part of the integrated feasibility study for entire South stream project. Officials also discussed transport capacity of

the pipeline. According to earlier statement made by Russian officials, the integral feasibility study for the project should be completed by the end of the year, while the final route across Serbia should be known by mid 2009. The activities related to feasibility study will be carried out by the joint work group until the joint venture company was established

The head of Srbijagas Sasa Ilic believes that joint venture company of Srbijagas and Gazprom could be established in October. He confirmed that two companies agreed on terms and activities that should be implemented in the next 18 months in order to complete feasibility study for the pipeline. Ilic also believes that pipeline's capacity could be more than 10 billion cbm per year, since the pipeline should run toward Hungary, Slovenia, Austria and Italy. The next work meeting between two companies should take place in Moscow in November.

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## Tenders:

### Electricity

Company / organization:	<b>ERS, related Bosnia and Herzegovina</b>
<b>Electric Energy Sale</b>	
Content:	Electric Energy Sale in the Period from 16th October till 31st December, 2008  Details regarding this tender can be found on: <a href="http://www.ers.ba/tend2008_eng.doc">http://www.ers.ba/tend2008_eng.doc</a>
Deadline:	9 October 2008, 11:00 Local time
Contact:	Evica Mladenovic - Bogdanovic Tel: +387 59 277 191 Email: <a href="mailto:evica.mladenovic@ers.ba">evica.mladenovic@ers.ba</a>

Company / organization:	<b>EBRD, related Bosnia and Herzegovina</b>
<b>Power Distribution Reconstruction-Substations 10(20)/0,4kV</b>	
Content:	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..
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: <a href="mailto:n.despotovic@elektroprivreda.ba">n.despotovic@elektroprivreda.ba</a>

Company / organization:	<b>EBRD, related Bulgaria</b>
<b>Construction of wood biomass heating plant in town "Triavna"</b>	
Content:	<p>The project 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 tender for supply of goods and installation of equipment for the construction of a modern biomass fired heating plant and the related district heating network in town Triavna.</p> <p>The tendering includes:</p> <ol style="list-style-type: none"> <li>1. Supply of loading machine and specialised wood transporting track;</li> <li>2. Supply of district heating network pipes;</li> <li>3. Supply and installation of heating substations for customer sites.</li> </ol> <p>Overall Budget for the project is EURO 4 million, from which EURO 0.8 million will be financed from the Kozloduy International Decommissioning Support Fund.</p> <p>The invitations for tenders are expected in the third quarter of 2008. The invitations will be open to firms that qualify under the Procurement Policies and Rules of the EBRD and the KIDSF. The eligible countries as of 1 May 2008 are: EU member states, Switzerland, all so-called PHARE countries and the EBRD's Countries of Operations.</p>
Deadline:	14 May 2009 at 00:00, Sofia time
Contact:	<p>Mr. Svetlozar Todorov Investor's representative BioEnergia Triavna OOD 4 Trapezitsa str, entr. 4, fl. 4 Sofia 1000, Bulgaria Email: anton.ivanov@yahoo.co.uk Telephone/Telefax: +359 2 989 89 50</p>

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).</p> <p>The budget for the project is €1.28 million</p> <p>The tendering for the above contract is expected to begin in the second quarter of 2008.</p>
Deadline:	2 Mar 2009 at 00:00, Sofia time

Contact:	<p>Mr. Christo Petkov Tel. +359 2 818 00 10 Fax: +359 2 818 00 20 [fax:]</p>
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Company / organization:	<b>EBRD, related Bulgaria</b>
<b>Replacement of transformers for CEZ Razpredelenie Bulgaria</b>	
Content:	<p>The project 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 tender for supply of equipment for the replacement of outdated 20/0,4 kV power transformers with new transformers of higher efficiency.</p> <p>Overall Budget for the project is EURO 3,84 million from which EURO 0.76 million will be financed from the Kozloduy International Decommissioning Support Fund.</p> <p>The replacement of the power transformers is planned to start by the end of 2008.</p> <p>The invitation for tender is expected in the third quarter of 2008. The invitation will be open to firms that qualify under the Procurement Policies and Rules of the EBRD and the KIDSF. The eligible countries as of 1 February 2008 are: EU member states, Switzerland, all so-called PHARE countries and the EBRD's Countries of Operations.</p>
Deadline:	14 May 2009 at 00:00, Sofia time
Contact:	<p>Mr. Atanas Dandarov Director management of the company CEZ Razpredelenie Bulgaria AD 330, Tzar Simeon Street, 1309 Sofia, Bulgaria Office tel: +35928053403 Fax: +35929862805 e-mail: atanas.dandarov@cez.bg</p>

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:</p> <p>Lot 1: Supply and Installation of equipment sets for the Upgrading and Rehabilitation of 12 traction substations 110/25kV and the associated sectioning/subsectioning posts and disconnectors remote control</p> <p>Lot 2: Supply and Installation of equipment sets for the control and surveillance (SCADA) of four railway energy dispatchers: DEF Timisoara, DEF Caransebes, DEF Craiova and DEF Targu-Jiu.</p>
Deadline:	22 Oct 2008 at 00:00, Bucharest time.

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

Company / organization: **EBRD, related Bulgaria**  
**Ruse Integrated Energy Farm**

Content: . 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.

District administration Ruse intends to use the proceeds of the Grant from the Kozloduy International Decommissioning Support Fund for co-financing the establishment of an integrated energy farm, consisting:

- Supply and installation of Biomass gas generation reactor, gas cooling, gas washing and gas drying using straw
- Supply and installation of CHP plant for production of electric and thermal energy
- Supply and installation of biomass (straw) transport, handling and storage facilities
- Up-grade of the existing heat only boiler (HOB) for the utilisation of biogas

The tendering includes design, engineering, procurement, delivery, construction, installation, pre-commissioning and commissioning of works and is expected to begin in the Q III 2008.

The total expected budget of the project including the consultancy assignment is €3.4 million, from which the grant financing part is €1.56 million. Tendering for contracts to be financed from grants of the KIDSF, is open to firms from eligible countries as of 1 April 2008. These are: EU member states, Switzerland and the EBRD's countries of operation.

Deadline: 9 May 2009 at 00:00, Ruse time

Contact: Dr. Todor Petrov  
Fax : + 359 82 812 232  
Email: T.Petrov@ruse.e-gov.bg

Company / organization: **EBRD, related Bulgaria**

**Sofia District Heating Rehabilitation**

Content: 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.

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.

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.

Deadline: 13 Mar 2009 at 00:00, Sofia time

Contact: Mrs. Anastasiya Markova  
PIU Manager  
23 Jastrebetz St., 1680 Sofia, Bulgaria  
Tel: +359 2 8593171  
Fax:+359 2 8599124  
E-mail: amarkova@toplo.bg

Company / organization: **EBRD, related Macedonia**

**Transmission Interconnection Project, four substations - GPN**

Content: 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. 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:

- 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.

- Package II:  
Rehabilitation of substations 400/110 kV Skopje 4 and Dubrovo with supply and installation of new bay control units in the substations

- 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.

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 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:	EBRD, related Romania
<b>CFR Traction Energy Network Management LOT 1,2 - General</b>	
Content:	<p>This notice updates the General Procurement Notice published on EBRD Website dated 22nd July 2005 under reference 5104-GPN-36043 and updated on 24 July 2006.</p> <p>CFR Electrificare is a Beneficiary of a loan from the European Bank for Reconstruction and Development and intends to use its proceeds towards the cost of a project to continue modernisation and introduce cost-savings measures in management of its traction energy network. The proposed project, which has a total estimated cost of EUR 26 million equivalent (EUR 22m from the Bank and EUR 4m in VAT and other taxes), will require the procurement of the following goods, works and services:</p> <p>Lot 1: Supply and Installation of equipment sets for the Upgrading and Rehabilitation of 12 traction substations 110/25kV and the associated sectioning/subsectioning posts and disconnectors remote control</p> <p>Lot 2: Supply and Installation of equipment sets for the control and surveillance (SCADA) of four railway energy dispatchers: DEF Timisoara, DEF Caransebes, DEF Craiova and DEF Targu-Jiu. Tendering for the above contracts is expected to begin in the fourth quarter of 2007.</p> <p>Contracts to be financed with the proceeds of a loan from the Bank will be subject to the Bank's Procurement Policies and Rules and will be open to firms from any country. The proceeds of the Bank's loan will not be used for the purpose of any payment to persons or entities, or for any import of goods, if such payment or import is prohibited by a decision of the United Nations Security Council taken under Chapter VII of the Charter of the United Nations or under a law of official regulation of the Purchaser's country.</p>
Deadline:	22 Oct 2008 at 00:00, Bucharest time
Contact:	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
<b>Rehab and Extension of Power Transmission Network LOT 1,2,3</b>	
Content:	<p>The National Electric Company – NEK-EAD (the “Employer”) intends using the proceeds of the grant funds provided by the “Kozloduy International Decommissioning Support Fund” (the “KIDSF”), administered by the European Bank for Reconstruction and Development (the “Bank”) and of its own financial sources towards the cost of the “Rehabilitation and Extension of the Power Transmission Network Project - substations Tzarevetz, Burgas, Metalurgichna”.</p> <p>The project, which has a total estimated cost of EUR 14.6 million, includes the implementation of the following three projects:</p> <p>(i) Project „Rehabilitation and extension of s/s Tzarevetz 400/110/31,5 kV” Procurement of equipment for the replacement and the extension of the 400 kV switchyard (400/110/31,5 kV equipment, shunt reactors, relay protections, control system); design works, procurement of materials, installation and erection works (foundations, steel structures, roads, cable channels, fences, commissioning and training).</p> <p>(ii) Project „Rehabilitation and extension of s/s Burgas 400/110/31,5 kV” Procurement of equipment for the replacement and the extension of the 400 kV switchyard (400/110/31,5 kV equipment, shunt reactors, relay protections, control system); design works, procurement of materials, installation and erection works (foundations, steel structures, roads, cable channels, fences, commissioning and training).</p> <p>(iii) Project „Rehabilitation of s/s Metalurgichna 400/110/31,5 kV” Procurement of equipment for the replacement of the 400 kV switchyard (400/110/31,5 kV equipment, shunt reactors, relay protections, control system); design works, procurement of materials, installation and erection works (foundations, steel structures, roads, cable channels, fences, commissioning and training).</p> <p>The Contracts in reference shall be awarded in compliance with the EBRD Procurement Policies and Rules and will be open to firms that qualify under the Rules of the KIDS Fund: The eligible countries as at 1 November 2007 are: EU member states, Switzerland, all so-called PHARE countries and the EBRD's Countries of Operations.</p>
Deadline:	13 Nov 2008 at 00:00, Sofia time
Contact:	<p>Mrs. Ludmila Vitanova Head of Investment Department Natsionalna Elektricheska Kompania 5, “Vesletz” str., 1040 Sofia BULGARIA Tel.: +359 2 9263 552 Fax: +359 2 986 12 88 E-mail: lvitanova@nek.bg</p>

Company / organization:	<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:	<p>Mrs. Nadya Ivanova; Enemona Utilities EAD Balscha str. 1, bl. 5 1408 Sofia, Bulgaria Tel: +359 2 80 54 746; Fax: +359 2 91 79 873; e-mail: n.georgieva@enemona.com</p>



## Oil and Gas

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