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In this issue:**Analysis:**

- » Dependency of electricity production in hydro power plants in South East Europe on precipitation

News headlines**Regional:**

- » The agreement on project company for Bourgas-Alexandropoulos oil pipeline initialed
- » British company Penspen selected as owner's engineer in Nabucco project
- » Gas crisis in Middle East

Albania:

- » Huge oil and gas reserve discovered in Albania
- » Italian "Marseglia Group" seeking permission to build wind farm and bio-fuel power plant
- » Big round of privatizations in 2008
- » Concession of Ashta HPP underway

Bosnia and Herzegovina:

- » EP HZHB requested increase in electricity prices
- » The capital renewal in Oil refinery Brod to start on February 1
- » CEZ to establish subsidiary

Bulgaria:

- » Improved bids for NPP Belene
- » ESO allocated 18 million euros for construction works in 2008
- » Marivent Ltd to invest 500 million euros for wind farm in Pernik
- » ESO restricts electricity export until the end of March
- » Sofia heating company offered for sale

Croatia:

- » New gas fired TPP to be built in Dalmatia
- » New wind farm to be built
- » 27 % increase in natural gas consumption in last quarter in 2007
- » Plinacro signed contract for designing the projects in period 2007-2011

Greece:

- » PPC-RWE agreement to be discussed on 29th of January
- » Another joint ventures announced
- » Endesa Hellas plans for Volos power plant going as planned

Macedonia:

- » Government and OKTA refinery signed settlement agreement
- » MEPSO disconnected Silmak factory from power grid
- » 12 companies submitted bids for construction of 28 small HPPs
- » Government offered electricity for industrial customers at 75 euros/MWh

Montenegro:

- » Petrol Bonus to purchase land for new petrol stations
- » Coalmine Pljevlja called for urgent investments in 2008
- » EPCG to report business loss under 10 million euros
- » 50 companies purchased tender documentation for small HPPs
- » NTE established joint venture
- » Iberdrola expressed interest for construction of wind farms

Romania:

- » Transelectrica to raise electricity transmission fees
- » KazMunayGas to take 3.1 billion dollars loan for takeover of Rompetrol
- » Plans for renewal of TPP Isalnita
- » Transgaz to post 375 million euros of income in 2008
- » No increase in electricity and gas prices
- » Energy Holding to report 270 million euros of income in 2007
- » 5.1 TWh traded on day-ahead market of OPCOM in 2007

Serbia:

- » Finance minister announced 5 % increase in electricity prices
- » EPS produced 39 TWh in 2007
- » EPS published a tender for electricity import in February
- » Unit 4 in TPP Nikola Tesla A put in commercial operation
- » NIS plans to report 12 % increase in profit in 2008
- » Gazprom guarantees construction of natural gas transit pipeline

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

Balkan Energy NEWS publication

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

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

Country	Year	Sum	1	2	3	4	5	6
Slovenia	2009	11182	1027	891	953	850	911	911
	2010	12267	1083	991	1054	941	941	941
	2011	12590	955	1051	1127	997	997	997

Annual electricity consumption in GWh

Country	Year	Sum	1	2	3	4	5	6
Bosnia and Herzegovina	2007	11182	1027	891	953	850	911	911
	2008	11570	1094	998	1012	911	911	911
	2009	10994	1099	932	963	816	816	816
Bulgaria	2009	3272	3486	3052	3021	2443	2443	2443
	2010	31954	3486	3052	3021	2443	2443	2443
	2011	33452	3475	3107	3097	2577	2577	2577
Croatia	2008	17842	1680	1543	1570	1323	1323	1323
	2009	17507	1625	1530	1551	1323	1323	1323
	2010	17507	1625	1530	1551	1323	1323	1323
Romania	2009	50636	4736	4268	4473	3803	3803	3803
	2010	53365	4736	4268	4473	3803	3803	3803
	2011	53365	4736	4268	4473	3803	3803	3803

Country Reports on Energy Business in South Eastern Europe

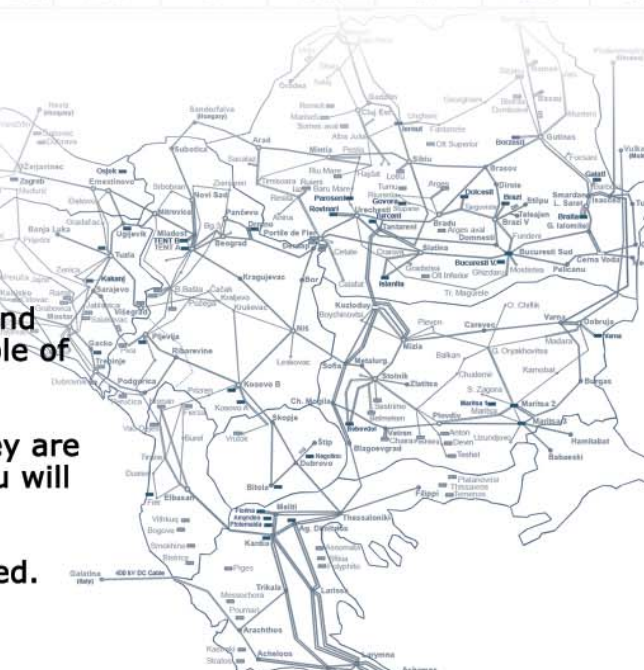
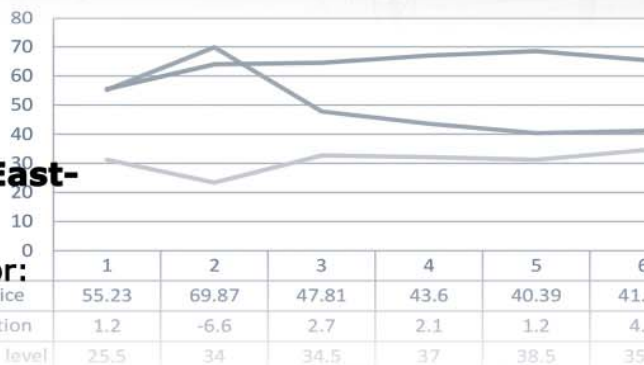
Country reports provide detailed overview of energy sector:

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

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

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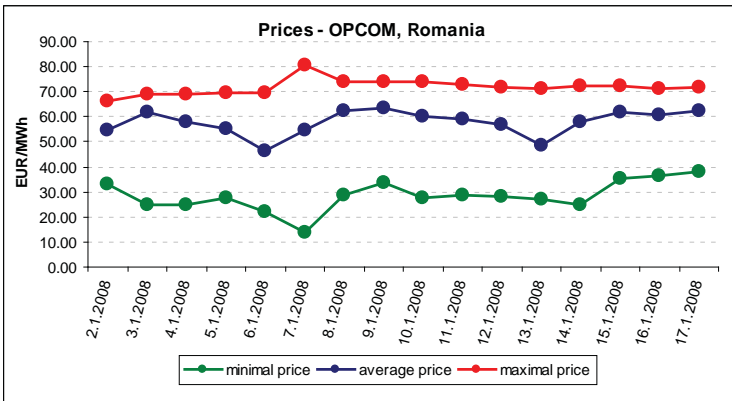
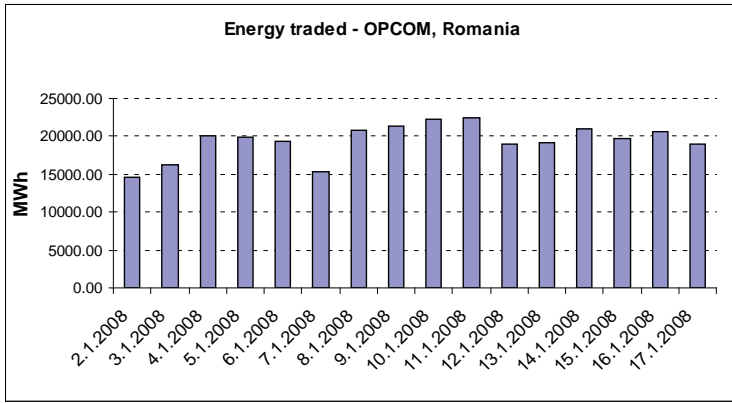
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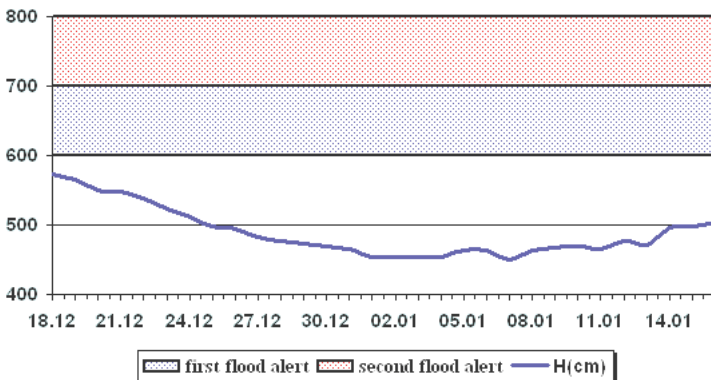
Power exchanges data:



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



Hour	Traded Volume [MWh/h]	MCP [EUR/MWh]
1	830.904	50.31
2	800.722	41.92
3	779.684	33.52
4	809.834	33.52
5	823.931	33.52
6	788.649	47.52
7	797.754	57.29
8	755.343	69.89
9	849.416	69.89
10	936.223	69.89
11	949.436	69.89
12	956.228	69.89
13	988.665	69.89
14	992.581	69.89
15	1018.746	69.89
16	1022.882	69.89
17	970.375	74.05
18	896.916	74.05
19	840.339	74.05
20	875.330	74.05
21	889.009	74.05
22	909.584	69.86
23	947.181	69.86
24	971.047	67.07
Total	21,400.779	

Opcom, Romania: Energy Traded on Wednesday, 9th of January, 2008

Hour	Traded Volume [MWh/h]	MCP [EUR/MWh]
1	670.212	50.52
2	651.281	42.33
3	703.811	35.53
4	694.078	28.40
5	697.039	28.40
6	691.902	28.40
7	724.144	28.40
8	791.251	27.31
9	674.417	29.10
10	739.400	43.69
11	741.352	46.42
12	755.363	47.79
13	746.086	37.96
14	778.139	43.69
15	852.319	47.79
16	900.979	48.72
17	1054.643	54.61
18	887.159	71.00
19	829.560	71.30
20	834.101	71.30
21	846.551	71.00
22	900.297	68.29
23	945.702	60.07
24	989.717	50.08
Total	13,055.761	

Opcom, Romania: Energy Traded on Sunday, 13th of January, 2008

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

NOS BIH - Bosnia & Herzegovina						
Border+Direction	TTC	TRM	NTC	AAC	ATC	Validity period:
IMPORT						
Croatia > BIH	-	-	450	-	121	01.-29.2.2008.
Montenegro > BIH	-	-	550	-	275	01.-29.2.2008.
Serbia > BIH	-	-	250	-	125	01.-29.2.2008.
EXPORT						
BIH > Croatia	-	-	550	-	275	01.-29.2.2008.
BIH > Montenegro	-	-	350	-	95	01.-29.2.2008.
BIH > Serbia	-	-	250	-	97	01.-29.2.2008.

ESO - Bulgaria						
Border+Direction	TTC	TRM	NTC	AAC	ATC	Validity period:
IMPORT						
Serbia > Bulgaria	-	-	100	-	100	01.-24.2.2008.
	-	-	100	-	100	24.-29.2.2008.
Romania > Bulgaria	-	-	550	-	450	01.-24.2.2008.
	-	-	450	-	350	24.-29.2.2008.
Greece > Bulgaria	-	-	0	-	0	01.-24.2.2008.
	-	-	0	-	0	24.-29.2.2008.
EXPORT						
Bulgaria > Serbia	-	-	300	-	100	01.-24.2.2008.
	-	-	300	-	100	24.-29.2.2008.
Bulgaria > Romania	-	-	100	-	0	01.-24.2.2008.
	-	-	100	-	0	24.-29.2.2008.
Bulgaria > Greece	-	-	400	-	300	01.-24.2.2008.
	-	-	400	-	300	24.-29.2.2008.

OPS HEP - Croatia						
Border+Direction	TTC	TRM	NTC	AAC	ATC	Validity period:
IMPORT						
Hungary > Croatia	-	-	-	-	400*	01.-29.2.2008.
Slovenia > Croatia	-	-	-	-	150	01.-29.2.2008.
Serbia > Croatia	-	-	-	-	75	01.-29.2.2008.
BIH > Croatia	-	-	-	-	100	01.-29.2.2008.
EXPORT						
Croatia > Hungary	-	-	-	-	200*	01.-29.2.2008.
Croatia > Slovenia	-	-	-	-	150	01.-29.2.2008.
Croatia > Serbia	-	-	-	-	75	01.-29.2.2008.
Croatia > BIH	-	-	-	-	50	01.-29.2.2008.

* Common auction conducted by MAVIR

MAVIR - Hungary						
Border+Direction	TTC	TRM	NTC	AAC	ATC	Validity period:
IMPORT						
Croatia > Hungary	600	200	400	200	200	01.-29.2.2008.
Romania > Hungary	300	100	200	150	50	01.-29.2.2008.
Serbia > Hungary	500	100	400	250	150	01.-29.2.2008.
EXPORT						
Hungary > Croatia	1050	200	850	450	400	01.-29.2.2008.
Hungary > Romania	400	100	300	175	125	01.-29.2.2008.
Hungary > Serbia	500	100	400	225	175	01.-29.2.2008.

* Common auction conducted by MAVIR

MEPSO - Macedonia						
Border+Direction	TTC	TRM	NTC	AAC	ATC	Validity period:
IMPORT						
Serbia > Macedonia	420	100	320	160	0	01.-29.2.2008.
Greece > Macedonia	350	100	250	0	0	01.-29.2.2008.
EXPORT						
Macedonia > Serbia	300	100	200	100	0	01.-29.2.2008.
Macedonia > Greece	140	100	40	0	0	01.-29.2.2008.

Remark: No transparent allocation procedure on Greek and Bulgarian border

TSO EPCG - Montenegro.						
Border+Direction	TTC	TRM	NTC	AAC	ATC	Validity period:
IMPORT						
Albania > Montenegro	-	-	-	-	100	01.-29.2.2008.
BIH > Montenegro	-	-	-	-	85	01.-29.2.2008.
Serbia > Montenegro	-	-	-	-	65	01.-29.2.2008.
EXPORT						
Montenegro > Albania	-	-	-	-	70	01.-29.2.2008.
Montenegro > BIH	-	-	-	-	150	01.-29.2.2008.
Montenegro > Serbia	-	-	-	-	50	01.-29.2.2008.

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

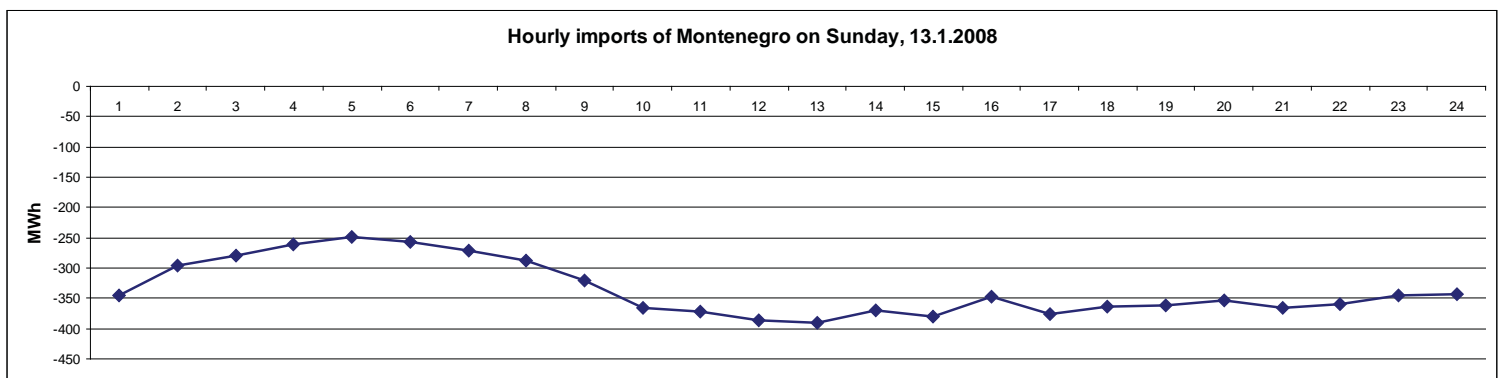
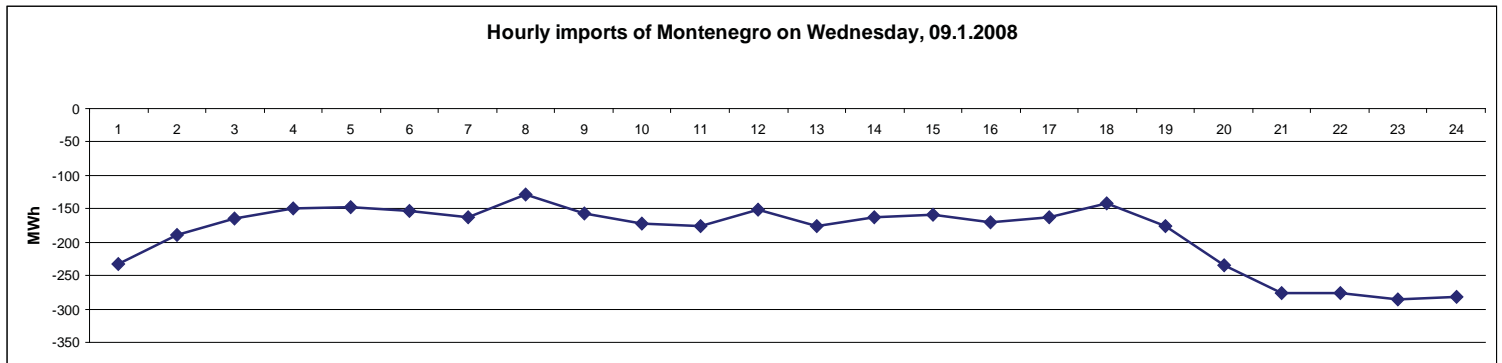
Transelectrica - Romania						
Border+Direction	TTC	TRM	NTC	AAC	ATC	Validity period:
IMPORT						
Bulgaria > Romania	200	100	50	50	0	01.-29.2.2008.
Serbia > Romania	200	100	50	50	0	01.-29.2.2008.
Hungary > Romania	400	100	150	25	125	01.-24.2.2008.
	300	100	100	25	75	25.-29.2.2008.
Ukraine > Romania	400	100	300	100	200	01.-24.2.2008.
	300	100	200	100	100	25.-29.2.2008.
EXPORT						
Romania > Bulgaria	650	100	275	50	225	01.-24.2.2008.
	550	100	225	50	175	25.-29.2.2008.
Romania > Serbia	550	100	225	50	175	01.-29.2.2008.
Romania > Hungary	300	100	100	50	50	01.-29.2.2008.
Romania > Ukraine	150	100	50	0	50	01.-29.2.2008.

EMS - Serbia						
Border+Direction	TTC	TRM	NTC	AAC	ATC	Validity period:
IMPORT						
Hungary > Serbia	-	-	-	-	200	01.-29.2.2008.
Romania > Serbia	-	-	-	-	100	01.-29.2.2008.
Bulgaria > Serbia	-	-	-	-	150	01.-29.2.2008.
Macedonia > Serbia	-	-	-	-	100	01.-29.2.2008.
Albania > Serbia	-	-	-	-	105	01.-29.2.2008.
Montenegro > Serbia	-	-	-	-	125	01.-29.2.2008.
BiH > Serbia	-	-	-	-	25	01.-29.2.2008.
Croatia > Serbia	-	-	-	-	125	01.-29.2.2008.
EXPORT						
Serbia > Hungary	-	-	-	-	200	01.-29.2.2008.
Serbia > Romania	-	-	-	-	50	01.-29.2.2008.
Serbia > Bulgaria	-	-	-	-	50	01.-29.2.2008.
Serbia > Macedonia	-	-	-	-	160	01.-29.2.2008.
Serbia > Albania	-	-	-	-	105	01.-29.2.2008.
Serbia > Montenegro	-	-	-	-	120	01.-29.2.2008.
Serbia > BiH	-	-	-	-	25	01.-29.2.2008.
Serbia > Croatia	-	-	-	-	125	01.-29.2.2008.

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)



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

Hourly import of Montenegro on 9.1.2008 for each line (MWh)

Line \ Hour	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24
Piva - Sarajevo	5.6	-4.9	1.5	7.7	5.2	0.2	9	28	31.8	36.8	37	31.5	17.1	17.5	20.9	22.8	25.8	41.5	35.6	18.6	11.1	2.6	-3.4	-3.5
Pljevlja1 - Potpec	30.7	28.1	24.2	22.8	21.9	22.4	18.8	16.1	16.2	16.1	15.6	14	11.3	9.7	8	7.7	12.5	18.8	17.6	15.6	12.5	14.1	22.8	22.5
Pljevlja2 - Basta	-87.2	-76.1	-63.3	-55.9	-57.4	-63.6	-65.3	-65.4	-81.2	-77	-76.7	-81.2	-88.7	-85.6	-86	-89.2	-103.1	-85.3	-86.9	-99.8	-112.6	-106.9	-107.7	-104
Pljevlja2 - Pozega	18.2	19.5	20.5	21.2	19.1	17.5	17.2	25	22.4	12.5	10.4	13.6	17.4	17	14.5	12.3	13.9	17.7	19.2	17.6	8.1	10.1	14	11.2
Ribarevine - Kosovo	-147.4	-91.5	-113.9	-128	-120.4	-94.7	-73	-30.4	-23.2	-38.4	-43.5	-38	-28.8	-26.4	-34.2	-48.1	2.6	-1.9	-15.4	-40	-55.4	-55.2	-57.1	-81.2
Pg1 - Vau I Dejes	87.5	122.4	105.3	95.4	111.3	119.7	133.8	142.2	137.9	120.1	125.2	135.3	146.1	151.7	147.6	143.1	159.2	154	141.4	139.5	130.2	139.5	131	132.2
Pg2 - Trebinje	-72.8	-103.3	-74.3	-56.7	-64.9	-83.1	-96	-119.3	-129.4	-120	-118.9	-113.2	-128	-126.2	-117	-108.7	-141.4	-149.4	-148.8	-146.8	-135.5	-142.5	-145.6	-125
Perucica - Trebinje	-53.9	-66.4	-54	-46.7	-52	-58.9	-70.4	-79.8	-83.9	-75.9	-78.7	-69.6	-75.8	-74.3	-70.6	-68.1	-82.4	-86.7	-87.1	-88.4	-84.9	-88.6	-89.3	-85.9
Herceg Novi - Trebinje	-27.8	-28	-24.2	-22	-22.2	-24.2	-38.7	-45.1	-48.4	-48.6	-48.7	-46.1	-46.3	-46.1	-44.4	-43.5	-50.9	-55.3	-56	-55.6	-54.4	-53.5	-52.6	-48.5
Niksic - Bileca	14.4	11.8	12.8	13.4	12.5	11.7	1.9	0.3	0.6	2.6	1.7	3.2	0.7	0.4	1.4	2.3	0.6	4.5	5.3	5.6	5.1	4.8	2.1	0.9
Import	-232.7	-188.4	-165.4	-148.8	-146.9	-153	-162.7	-128.4	-157.2	-171.8	-176.6	-150.5	-175	-162.3	-159.8	-169.4	-163.2	-142.1	-175.1	-233.7	-275.8	-275.6	-285.8	-281.3

Hourly import of Montenegro on 13.1.2008 for each line (MWh)

Line \ Hour	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24
Piva - Sarajevo	0.4	0.6	-7.9	-4.3	-14.1	-15.9	-11.7	-11.7	-18.9	-9.3	-4.5	-11.8	-8	-14	-20.1	-17.6	-13.1	-5.2	-6.4	-4.2	-4.9	0.9	0.8	0.4
Pljevlja1 - Potpec	30.9	29.5	27.7	25.6	26	25.5	22.5	21.2	-15.1	-15.8	20.8	25.1	25.7	25.6	27.3	31.5	35.1	33	33.4	31.5	32.6	34	36	36
Pljevlja2 - Basta	-76.4	-84.6	-55.9	-35.9	-11.2	-11.6	-18.1	-44.5	-71.9	-90.7	-90.5	-102.5	-108.2	-99.2	-99.9	-95.8	-96.6	-105.6	-109.6	-105.7	-106.9	-113.8	-103	-96
Pljevlja2 - Pozega	20.5	8.3	16.9	20.9	25.1	27.1	26.3	18.4	13	14.6	17.6	6.5	2.6	6.4	5.5	9.8	14.6	18.4	15.2	17.2	12.7	9.2	16	15.7
Ribarevine - Kosovo	-196.3	-170.3	-174.5	-181.4	-187.8	-188.9	-195.6	-164.1	-93.6	-70.6	-59	-51.8	-67.9	-65.2	-67.4	-69.8	-87.3	-50.8	-35.9	-48.3	-56.1	-78.1	-106.8	-136.6
Pg1 - Vau I Dejes	64.9	86.6	77.8	67.1	85.1	93	86.1	92.1	110.2	109.2	109.4	116.3	105.1	108.9	118.8	120.1	101.2	117.6	122	126.4	128.2	122	105.7	81.1
Pg2 - Trebinje	-85.9	-77.1	-77.7	-72.4	-83	-89.2	-87.3	-100	-149.6	-161.9	-166.2	-185.7	-171.6	-176	-187.1	-176.3	-178.5	-192.4	-197.7	-190.6	-186.2	-164	-144.2	-121.9
Perucica - Trebinje	-71.3	-65.9	-63.7	-59.7	-66.2	-71.6	-71.3	-75	-96.3	-102.8	-104.3	-112.6	-104.8	-103.2	-109.7	-104.2	-103.3	-115.9	-117.3	-117.5	-118.6	-107.1	-94.2	-83.3
Herceg Novi - Trebinje	-32.3	-26.4	-24.4	-23.1	-23.8	-24.9	-26.2	-28.8	-36.1	-39.9	-53.2	-57.9	-57.6	-52.4	-46.3	-44.4	-46.8	-61.8	-62.3	-62	-60.6	-56.8	-51.8	-40.6
Niksic - Bileca	0.2	3.5	2.5	2.2	1.8	0.5	1.3	2.9	2	1.2	-5.1	-7.4	-5.5	-1.5	1.1	3.2	3.2	-3.9	-3.5	-3	-4.4	-3.8	-2.7	2.1
Import	-345.3	-295.8	-279.2	-261	-248.1	-256	-270.7	-288.2	-320	-365.3	-371.6	-386.1	-390.8	-370.5	-379.5	-347.7	-375.1	-364.5	-362.5	-354.3	-365.3	-358.9	-346.2	-343.1

Weather conditions

	17.1.	18.1.	19.1.	20.1.	21.1.
Albania <i>Tirana</i>	T: 3-11 W: SE 17 R: 10	T: 2-13 W: L-V R: -	T: 4-14 W: W 6 R: -	T: 4-16 W: - R: -	T: 6-16 W: - R: -
Bosnia and Herzegovina <i>Sarajevo</i>	T: 2-6 W: SE 9 R: 3	T: 3-8 W: - R: 7	T: -1-8 W: - R: -	T: 2-7 W: - R: -	T: -2-11 W: - R: -
Bulgaria <i>Sofia</i>	T: 0-6 W: SE 6 R: -	T: 1-7 W: L-V R: 2	T: -2-6 W: L-V R: -	T: 1-6 W: - R: -	T: -2-10 W: SW 6 R: -
Croatia <i>Zagreb</i>	T: 5-6 W: E 8 R: 5	T: 3-10 W: L-V R: 0.5	T: 3-9 W: NW 4 R: -	T: 3-10 W: SW 4 R: -	T: 1-11 W: SW 9 R: -
Greece <i>Athens</i>	T: 10-13 W: SE 8 R: 2	T: 10-15 W: NE 14 R: 7	T: 11-13 W: NW 12 R: 1	T: 10-12 W: N 11 R: -	T: 8-13 W: W 8 R: -
Macedonia <i>Skopje</i>	T: -1-6 W: SE 9 R: 3	T: -1-7 W: - R: -	T: -3-6 W: L-V R: -	T: 0-7 W: - R: -	T: -2-10 W: L-V R: -
Montenegro <i>Podgorica</i>	T: 3-11 W: SE 17 R: 15	T: 5-12 W: L-V R: 2	T: 3-10 W: W 4 R: -	T: 5-15 W: - R: -	T: 5-14 W: - R: -
Romania <i>Bucharest</i>	T: -5-1 W: - R: -	T: -4-1 W: - S: 5	T: -3-2 W: SW 6 R: -	T: -3-3 W: NW 6 R: -	T: -4-5 W: SW 12 R: -
Serbia <i>Belgrade</i>	T: 3-7 W: SE 27 R: 3	T: 3-12 W: SE 11 R: 2.5	T: 3-10 W: W 6 R: -	T: -2-5 W: - R: -	T: 2-11 W: SW 12 R: -

Average weather conditions for January

	Daily Minimum(°C)	Daily Maximum(°C)	Mean total rainfall	Mean number of rain days
Bosnia and Herzegovina <i>Sarajevo</i>	-4.4	2.7	71	10
Bulgaria <i>Sofia</i>	-4.9	2.2	28	10
Croatia <i>Zagreb</i>	-4	3.1	48.6	10.8
Greece <i>Athens</i>	5.2	12.5	56.9	12.6
Macedonia <i>Skopje</i>	-3.6	4	36	10
Montenegro <i>Podgorica</i>	1.4	9.5	192	12
Romania <i>Bucharest</i>	-5.5	1.5	40	6
Serbia <i>Belgrade</i>	-2.3	3.5	49	13

Analysis:

Dependency of electricity production in hydro power plants in South East Europe on precipitation

In this issue of Balkan Energy NEWS we are presenting a review of dependency of monthly electricity production of hydro power plants in South East Europe on average monthly precipitation. This can be useful review of data presented in observable way which can be further used for shorter term estimations of electricity production in countries of South East Europe depending on rainfall forecasts. In this issue of Balkan Energy NEWS data for Bosnia and Herzegovina, Croatia, Macedonia, Serbia and Montenegro (as whole) will be presented.

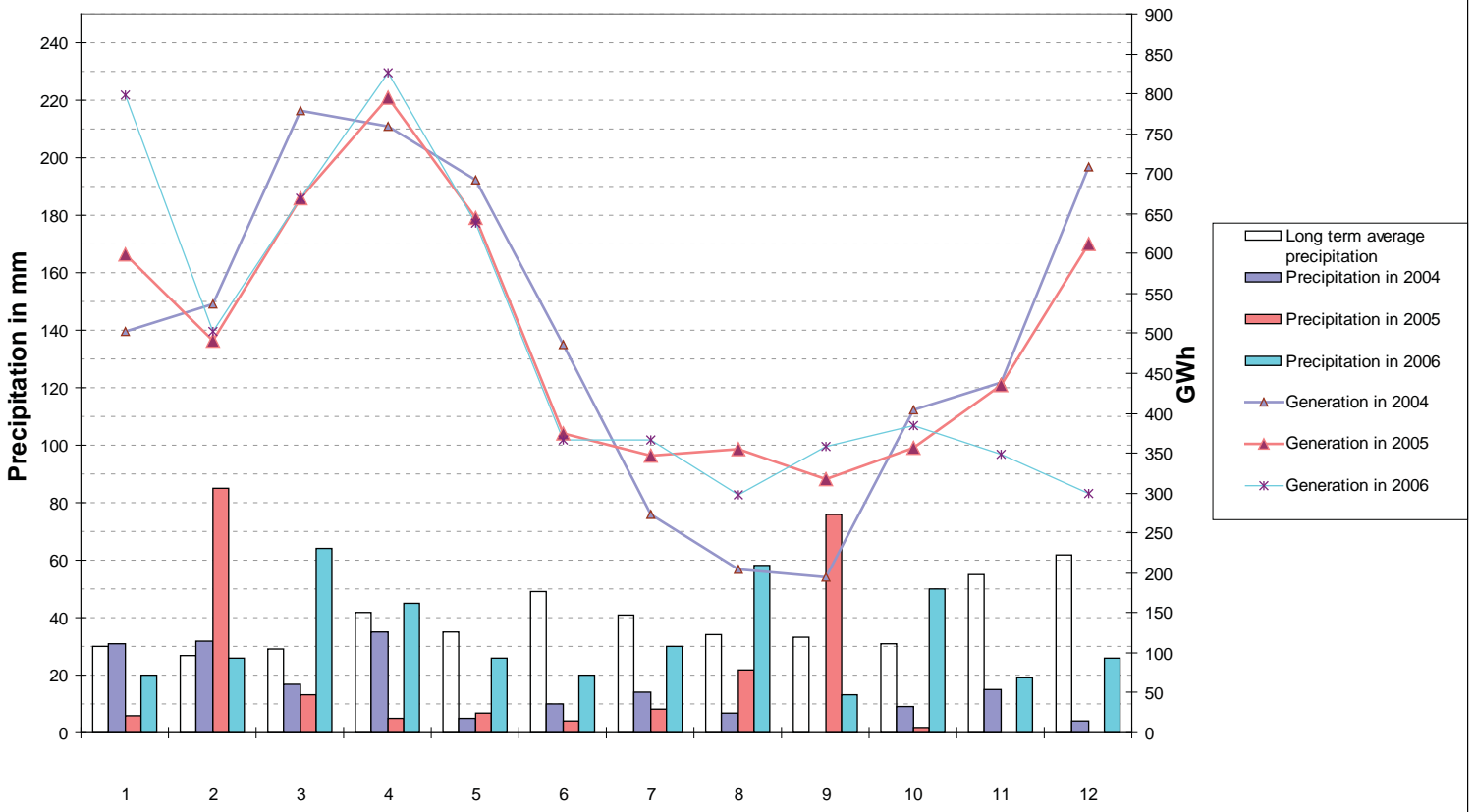
Historical dependency of monthly electricity production from hydro power plants is shown on the same diagram with monthly value of precipitation. Average monthly precipitation for each country is also shown, based on several decades measurements. Amount of precipitation in capital cities are used as reference

Although not only rainfall in specific country is relevant for electricity production, but also decisions of accumulation in specific basins, accumulation in upstream basins, rainfall and snow melting in upstream countries, from this data it can be concluded that rainfall in specific country has great influence in its electricity production from hydro power plants.

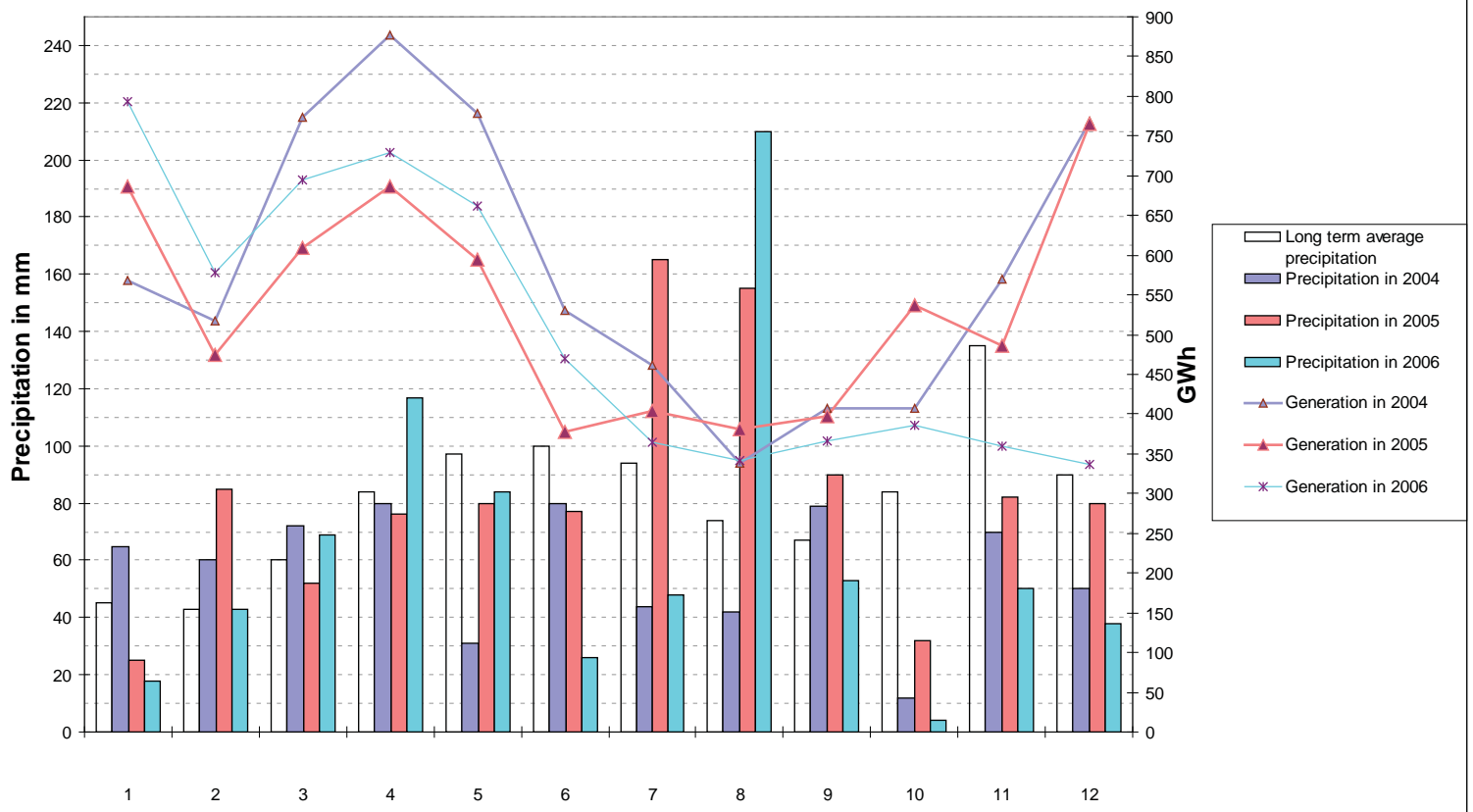
Balkan Energy News is open for preparation of customised studies, reviews and analyses related to power sector in South East Europe and we will be happy to give you proposals for topics you are interested in.

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

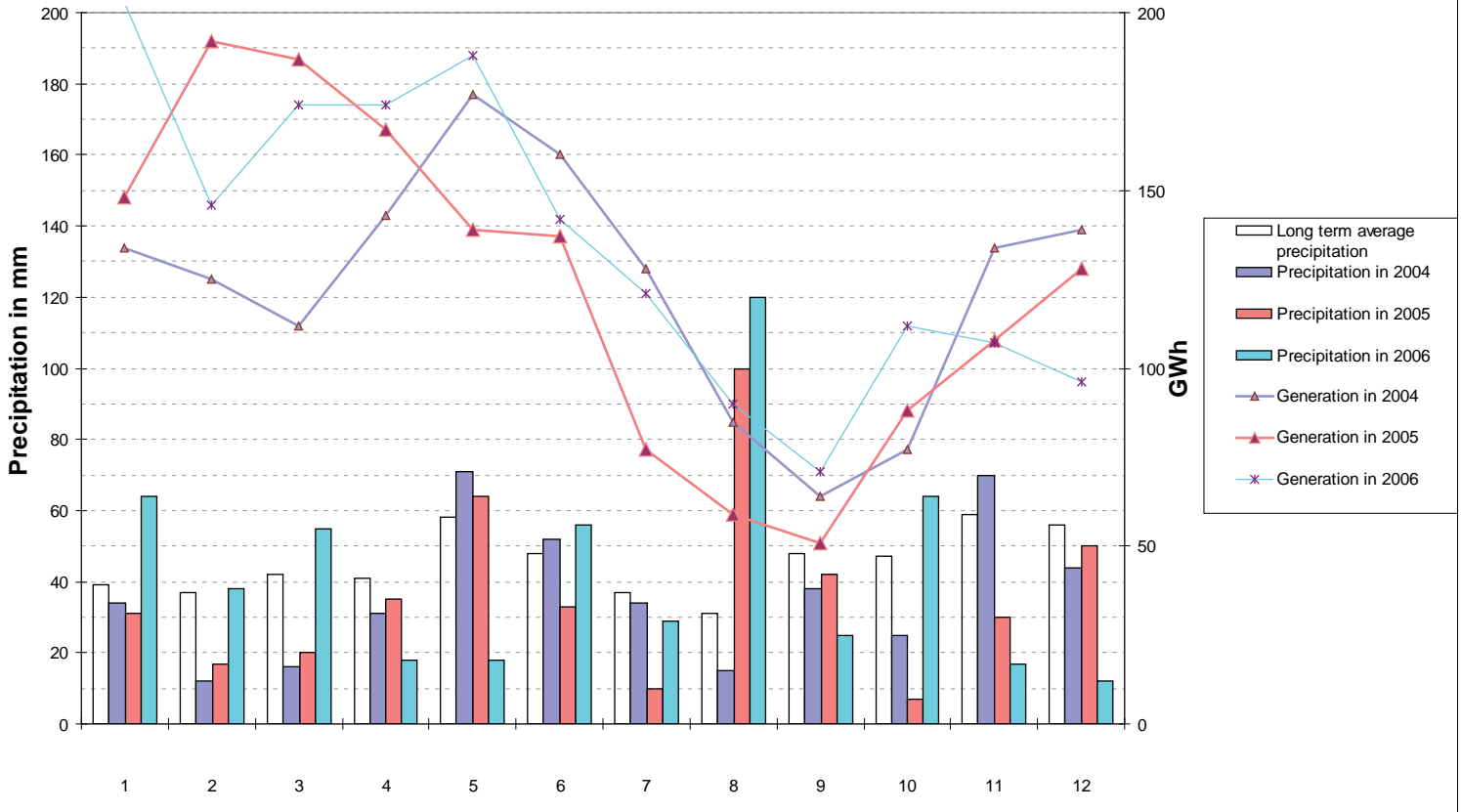
Bosnia and Herzegovina Hydro generation & Precipitation



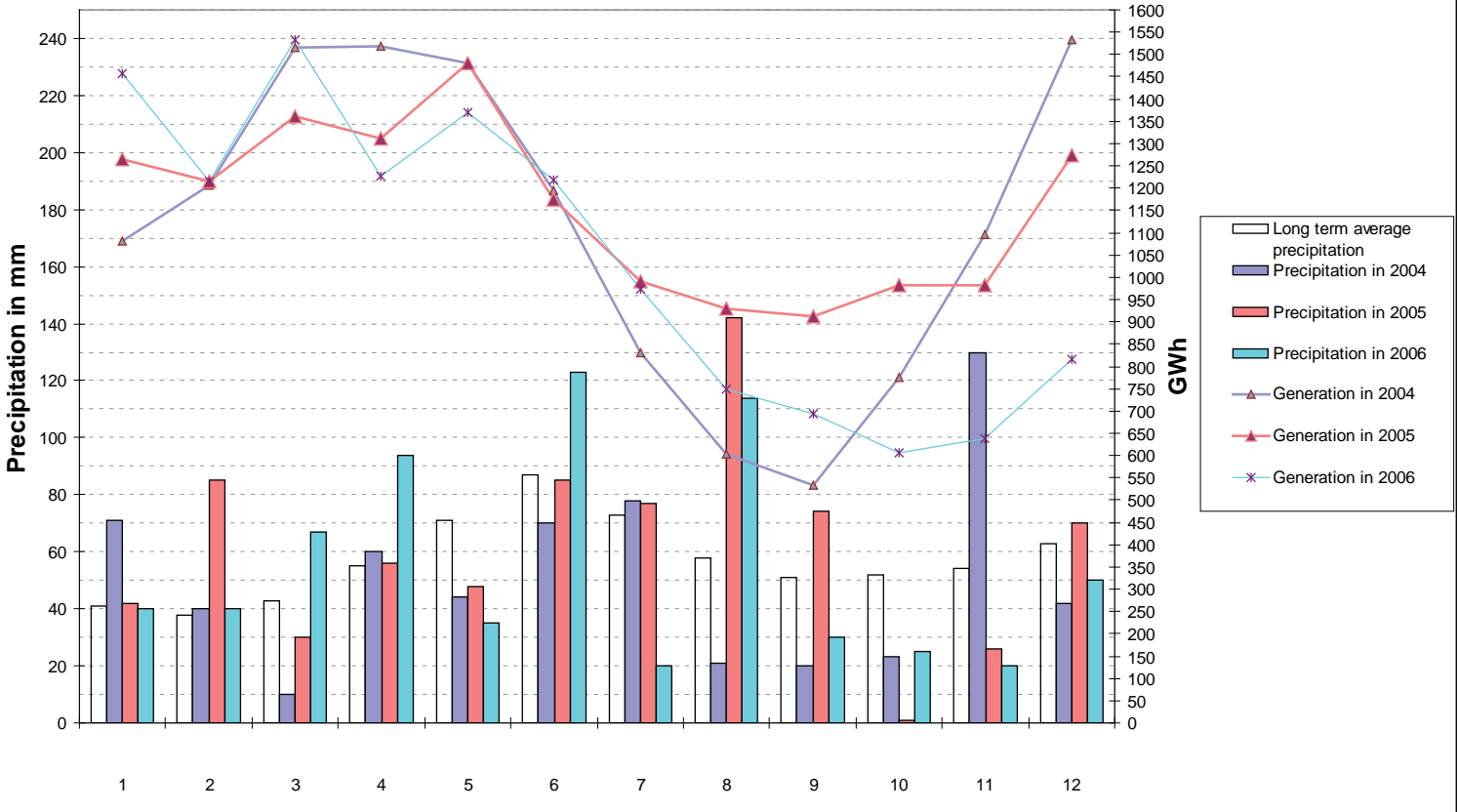
Croatia Hydro generation & Precipitation



Macedonia Hydro generation & Precipitation



Serbia and Montenegro Hydro generation & Precipitation



Bosnia and Herzegovina

		January	February	March	April	May	June	July	August	September	October	November	December
Hydro generation (GWh)	2004	502	536	779	760	692	486	273	205	195	404	439	708
	2005	599	491	670	796	644	374	347	355	317	357	436	612
	2006	799	502	670	827	638	366	367	297	358	385	348	300
Monthly precipitation (mm)	2004	31	32	17	35	5	10	14	7	0	9	15	4
	2005	6	85	13	5	7	4	8	22	76	2	0	0
	2006	20	26	64	45	26	20	30	58	13	50	19	26
Long term average precipitation (mm)	Long term	30	27	29	42	35	49	41	34	33	31	55	62

Croatia

		January	February	March	April	May	June	July	August	September	October	November	December
Hydro generation (GWh)	2004	568	517	774	877	779	531	462	339	408	407	570	768
	2005	686	474	609	687	595	378	404	381	397	537	486	765
	2006	793	578	695	730	662	470	364	341	366	386	360	337
Monthly precipitation (mm)	2004	65	60	72	80	31	80	44	42	79	12	70	50
	2005	25	85	52	76	80	77	165	155	90	32	82	80
	2006	18	43	69	117	84	26	48	210	53	4	50	38
Long term average precipitation (mm)	Long term	45	43	60	84	97	100	94	74	67	84	135	90

Macedonia

		January	February	March	April	May	June	July	August	September	October	November	December
Hydro generation (GWh)	2004	134	125	112	143	177	160	128	85	64	77	134	139
	2005	148	192	187	167	139	137	77	59	51	88	108	128
	2006	203	146	174	174	188	142	121	90	71	112	107	96
Monthly precipitation (mm)	2004	34	12	16	31	71	52	34	15	38	25	70	44
	2005	31	17	20	35	64	33	10	100	42	7	30	50
	2006	64	38	55	18	18	56	29	120	25	64	17	12
Long term average precipitation (mm)	Long term	39	37	42	41	58	48	37	31	48	47	59	56

Serbia and Montenegro

		January	February	March	April	May	June	July	August	September	October	November	December
Hydro generation (GWh)	2004	1082	1207	1516	1518	1480	1196	832	604	532	775	1096	1532
	2005	1266	1215	1361	1311	1481	1175	991	929	911	981	983	1275
	2006	1458	1216	1533	1228	1369	1217	974	748	693	605	637	816
Monthly precipitation (mm)	2004	71	40	10	60	44	70	78	21	20	23	130	42
	2005	42	85	30	56	48	85	77	142	74	1	26	70
	2006	40	40	67	94	35	123	20	114	30	25	20	50
Long term average precipitation (mm)	Long term	41	38	43	55	71	87	73	58	51	52	54	63

News:

The agreement on project company for Bourgas-Alexandroupoulos oil pipeline initialed (Region)

According to Russian news agency ITAR-TASS, in the second half of January in Athens, the representatives of energy companies from Russia, Bulgaria, Greece, initialed tripartite agreement for establishment of International project (IPC) company that would be involved in construction and operation of oil pipeline Bourgas-Alexandroupoulos.

The agreement was signed by deputy director of Transneft, Vladimir Nemtsev, executive director of Bulgargaz, Lyubomir Dencev and member of management board of Hellenic Petroleum, Theodoros Vardas. The signing of the final agreement should take place in Sofia on January 18.

According to the intergovernmental agreement signed by Russia, Bulgaria and Greece on March 15 last year, the owner of the new oil pipeline will be the IPC. Recently, it was decided that head office of IPC should be in Holland.

The Russian consortium will own 51 % of the company, while Bulgaria and Greece will own 24.5 % stake each. As for Greece, 1 % of shares will be controlled by government and the rest will be controlled by Hellenic Petroleum. As for Bulgaria, the stake will be controlled by Technoportstroy and Bulgargaz.

By June this year, Transneft should present the supply contracts to shareholders. According to intergovernmental agreement, the Russians are obliged to provide 100 % oil supplies for the pipeline. The initial annual capacity of the pipeline should be 35 million tons, where this amount could be increased at 50 million tons. The cost of the construction of 285 km pipeline is estimated at some 1.2 billion dollars.

In the same time, EU officials said that construction of Bourgas-Alexandroupoulos pipeline was not among the EU priorities. According to the report that should be voted by EU parliament in the second half of January, EU energy priorities would be Nabucco gas pipeline, PEO, and AMBO pipeline. EU aims to build oil and natural gas networks that should transport energy sources from Caspian and Black Sea regions.

In the related news, deputy economy chairman of the parliamentary committee for economy, Petar Kanev, believes that signing of the agreement for South stream pipeline (which was announced by several media in the region), would not take place in Sofia on January 18. The main reason is the fact that negotiations were still underway, Bulgarian official said.

In the same time, US ambassador in Sofia, John Beyrle, said the US would support Bulgaria regarding the demand for majority stake in South stream project in Bulgaria.

§ § §

British company Penspen selected as owner's engineer in Nabucco project (Region)

Nabucco Pipeline International Ltd, the project company in charge for construction of Nabucco natural gas pipeline, announced that engineering company Penspen (UK) would be in charge for coordination of detailed technical plans in the project.

General manager of Nabucco Pipeline International Ltd, Reinhard Mitschek, said that Nabucco project reached the stage of final realization having in mind that selection of Penspen as owner's engineer was the turning point in the project.

The Penspen was selected in the international tender, where the worth of the contract is 9 million euros. The engineering company should start to work on the project in January, while the main planning tasks should be finished by the end of the year. The Penspen would be also in charge for evaluation of environmental and social impact of the project.

The subsidiaries of the Nabucco International Ltd in the partner countries will be in charge for coordination of more detailed plans in their countries. So far, four subsidiaries, 100 % owned by Nabucco International were established, while the foundation of subsidiary in Turkey is in the progress.

Penspen said that scope of their activities would include management of local Front End Engineering Design (FEED) contractors, the review of the technical feasibility study, preparation of the design basis, hydraulic studies, SCADA and telecommunications, GIS and preparation of tender packages for the next phase.

Mitschek believes that Nabucco project would be one of the solutions for providing the additional amount of energy sources for Europe. The Nabucco pipeline is the important infrastructural project that will connect Turkey, Bulgaria, Romania, Hungary and Austria, Mitschek said.

The Nabucco pipeline is aimed to transport natural gas from Caspian region, Egypt and Middle East. The cost of the project is estimated at 5 billion euros, while the transport capacity should reach 31 billion cubic meters of gas per year. In this moment, the shareholders in the project company are OMV, MOL, Transgaz, Bulgargaz and Botas.

§ § §

Gas crisis in Middle East (Region)

Turkey has halted the flow of Azeri gas to Greece due to suspension of gas supplies from Iran to Turkey. Iran, which is one of Turkish main gas suppliers, has stopped gas flow to Turkey. Reason for this is, according to Teheran officials, cold weather and cut in Turkmen gas supplies. Turkmenistan has cut off the supplies to Iran on 1st of January, and as a result of shortage, Iran has completely halted the export to Turkey on 7th of January, and violated a contract between Iran and Turkey, by which Iran has to ship around 27 million cubic meters of gas to Turkey. Iran has reduced supplies to Turkey in 2nd half of December to 5 million cubic meters. Iran officials accused Turkmenistan as the cause of the troubles. There are speculations that Turkmenistan wanted to rise up prices of gas to Iran, which Iran did not agree on.

On 13th of January, Turkmenistan responded to these accusations, saying that Teheran did not pay its commitments, which delayed rebuild and maintenance of the pipeline, but Iran officials did not agree with this, saying all payments have been executed.

Turkish ministry official said that daily consumption in Turkey has dropped from 142 million cubic meters of gas to 124 million, as a result by halt in Iranian gas flow. "As of yesterday, those gas-fired electricity producers who could do so have switched to alternative fuel, while others have implemented certain cuts. In this context, there is no problem in electricity production," the official said. He also noted that an agreement with Greece has been made in order to make up for this halt. Iran will deliver liquefied natural gas by ships to Turkey.

George Stergiou, head of Greece's natural gas grid management company, said gas from Turkey stopped on Jan 5. "We are not facing any shortage because we continue to get natural gas from Russia and also have liquefied natural gas coming from storage facilities in Revithousa," he said.

§ § §

Huge oil and gas reserve discovered in Albania (Albania)

"Gustavson Associates LLC", engaged by "Manas Petroleum" corporation has announced that large deposit of oil and gas is found in northern Albania. According to announcement, deposit has unproven 2 987 billion barrels of oil and 3 014 trillion cubic feet of natural gas. "Manas Petroleum" corporation has a contract with government to make exploration for oil and gas of the northern parts of Albania. According to license, the company is allowed to explore oil and gas reserves in an area approximately 780,000 acres in size, located along a geological fold in north-western Albania. Gustavson's assessment is limited to the potential undiscovered oil and gas resources underlying the company's licenses.

"Gustavson Associated LLC" officials said that if the oil is capped with a layer of gas, Gustavson calculates the field to total 1.4 billion barrels of light oil and 15 trillion cubic feet of natural gas. If only gas is present, the reserve is expected to contain 28 trillion cubic feet of natural gas.

"The probability of success for a wildcat well in a structurally complex area such as this, is relatively high due to the fact that there exists a proven hydrocarbon source and analogous production exists only 20 to 30 km away", said the Gustavson Associates report.

In December 2007, Albania's Council of Ministers agreed to allow DWM Petroleum AG, a subsidiary of Manas, to assist in the exploration, development and production of Albania's land-based hydrocarbon reserves in conjunction with the government's Agency of Natural Resources. Also, the reports says: "Manas has this opportunity because Shell and Coparex suspended all exploration activity and abandoned the blocks in reaction to the extreme unrest in Albania and the conflict in neighboring Kosovo allowing Manas to later acquire these superbly defined, giant, virtually drill ready prospects."

Manas is currently analyzing the Gustavson report and expects to release further details in around three weeks. The company is currently preparing a study which consists of reprocessing seismic, seismic acquisition and processing to be followed by drilling.

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

§ § §

Italian "Marseglia Group" seeking permission to build wind farm and bio-fuel power plant (Albania)

On 10th of January, Italian "Marseglia Group" presented their plans for investment in Albanian energy sector to Prime minister Sali Berisha. This 400 million EUR project consist of two parts. First is to build a 140 MW bio fuel power plant in Shengjin, second of construction of wind park in Balldren. Also, "Marseglia Group" would build all necessary substations, and these projects should have around 410 MW total.

The representatives of this major industrial group said that they decided to invest in Albania because this is the country with the lowest level of taxes in the region and the most secure place for investments.

Premier Berisha assured "Marseglia Group" representatives that the Albanian government will offer a fast and qualitative administrative system for the realization of this project.

§ § §

Big round of privatizations in 2008 (Albania)

Albanian government has announced a big round of privatizations in 2008, in order to end public ownership of the last major assets controlled by the state.

According to Prime Minister Sali Berisha, INSIG, a distribution branch of Albanian power utility "KESH", and the only oil refinery in Albania, AMRO, will be sold later this year. "This year will be marked by a privatization wave, as we view ourselves as a liberal government that believes in free enterprise" Sali Berisha said. He also detailed plans to conclude concessionary contracts with private enterprise for the construction of new hydro-electric generating plants.

IMF and World Bank have expressed concern that the energy crisis could have an adverse effect on the country's economic growth, which has been averaging close to 6% per annum in recent years.

The current wave of privatization is being structured with expert assistance provided by the International Finance Corporation, a branch of the World Bank, and the United States Agency for International Development, USAID.

§ § §

Concession of Ashta HPP underway (Albania)

Albanian Council of Minister approved the decision on selecting the defining authority for the concession of Ashta HPP.

Prime Minister Sali Berisha, who is very interested in environment protection and renewable energy sources, has marked this project as very serious and environmentally acceptable.

"We contracted the International Financial Corporation. The afore-said corporation contracted a serious company for the environmental studies, which recommended the construction of Ashta hydro-power station", the Prime Minister said.

Ashta HPP station is supposed to be constructed in the framework of the public and private partnership.

§ § §

EP HZHB requested increase in electricity prices (Bosnia and Herzegovina)

Power utility of Herceg Bosnia (EP HZHB) submitted the request for increase in electricity prices to Federal regulatory energy agency (FERK). The formal hearing regarding the request will take place on January 17, when officials from EP HZHB will answer the questions on their expenses.

Spokesperson of FERK said that EP HZHB proposed two options for new retail prices and according to each of them, the electricity prices for households should rise by 2 %. The final decision on new prices should be reached by FERK by the end of January.

FERK recently approved 4.25 % increase in prices at the request of the second power company in Federation of Bosnia and Herzegovina (BiH), the Power utility of BiH (EP BiH).

EP HZHB based its demand on the latest conclusions of government of Federation of BiH regarding the energy balance sheet for 2008. The government decided that, during whole year, EP HZHB must deliver 41 MWh/h at the price of 36 euros/MWh to Aluminum factory in Mostar, the largest industrial customer in the country. In the same time, EP HZHB purchased from EP BiH another 35 MWh/h at price of 60 euros/MWh, which should be delivered to Aluminum factory too at the abovementioned regulated prices.

The media in BiH accused officials that citizens would again paid the difference in prices for the electricity delivered to Mostar factory. According to estimations, in last year, EP HZHB has lost some 20 million euros due to this difference.

§ § §

The capital renewal in Oil refinery Brod to start on February 1 (Bosnia and Herzegovina)

Operations manager in Oil refinery in Brod, Jovan Dobric, confirmed that the capital overhaul of old processing line in the refinery should start on February 1. Dobric confirmed to the press that general manager of NefteGazInkor, the new owner of the refinery, informed him on the start of overhaul.

According the operations manager, the funds for overhaul were provided, while the team of Russian experts should pay a visit to the refinery around January 20.

The overhaul was postponed due to problems related to purchase of spare parts, but also due to unfavorable weather conditions. The repair works should be finished in period of three months, while the renewed processing line should be able to process some 1.2 million tons of crude oil per year (or 4,000 tons per day). NefteGazInkor was also obliged to restore new production line with output of 4.2 million tons.

NefteGazInkor should invest some 40 million euros for the revival of production process in refinery in this year, Dobric said. Until the production was restored, the issue of oil transport from Russia to city of Brod as well as the distribution of production output would be resolved. According to one option, the crude oil could be delivered by railway, which would imply additional investments. The second option envisaged oil supply through Adriatic pipeline.

According to original privatization contract, Russian owner was obliged to restart oil refining in period of 60 days. The new owner had paid most of the financial obligations toward workers in the past period.

On the other hand, the head of union of workers in the refinery said that new owners, after they took over the company, did not pay any of salaries. The association of unions in energy sector in Republic of Srpska (RS) demanded from new management in oil companies to increase salaries, to secure their regular payment, and to apply new collective agreement signed in 2006.

§ § §

CEZ to establish subsidiary (Bosnia and Herzegovina)

Czech CEZ should establish subsidiary in Bosnia and Herzegovina (BiH) very soon. The country manager of CEZ in BiH, Josef Hejsek, said that new company would be involved in the same activities as the parent company, i.e. in electricity production and trade.

According to Hejsek, the registration of new company was in the initial phase, where CEZ applied for obtaining the licenses for electricity production, internal trade, export and import. The subsidiary, with head office in Sarajevo, should be operational in February. Hejsek pointed out that the new company would cooperate with all power utilities in the country. CEZ had already signed cooperation contracts with Power utility of Republic of Srpska (RS). The company would not be involved in privatization procedures in BiH, the country manager said.

In the related news, the prime minister of RS, Milorad Dodik, has filed the lawsuit against NGO Transparency International (TI) BiH for false claims regarding the omissions and illegal affairs in the contract for privatization of oil companies in RS and cooperation agreement on establishment of joint venture with CEZ.

TI BiH claimed that abovementioned contracts negatively affected capital market in BiH and breached several legal and sub legal acts. TI BiH submitted its report to the government of RS. The report claims that joint stock company Coalmine and thermal power plant (TPP) Gacko had transferred its assets into new limited company, i.e. the company was transformed into less transparent form without approval of parliament and consent of shareholders. The analyses also showed that assets invested by RS were much higher comparing to those invested by CEZ. In the same time, the contract leaves the option for CEZ to achieve extraordinary profit, while RS would have enormous expenses in order to meet contractual obligations, TI BiH said.

§ § §

Improved bids for NPP Belene (Bulgaria)

All five potential strategic partners in the project for construction of nuclear power plant (NPP) Belene submitted improved bids. The new bids were submitted at the request of National electricity company (NEK). The NEK did not want to reveal the details of the bids.

The potential partners for acquiring 49 % stake in Belene project are E.ON, RWE, CEZ, Electrabel and Enel. The main request of NEK, issued in December last year, is related to the management of Belene Power Company (BPC) and the management and supervision of the project. NEK also expects that potential partners would offer a premium for the investments that NEK had already carried out in Belene project. This premium would be the one of the key parameters for evaluation of bids.

In December last year, CEO of NEK, Lyubomir Velkov, said the most of the potential partners in their original bids implied they want to

have majority stake in BPC, which was considered as unacceptable for Bulgaria.

In the end of 2007, European commission approved the use of VVER reactors that will be installed by Russian AtomStroyExport, while Bulgarian parliament approved state guarantees for up to 600 million euros loan for the project. The cost of the construction of 2,000 MW NPP is estimated at 4 billion euros.

According to the latest information, the strategic investor and the bank that will arrange the loan for the project should be selected simultaneously by the end of this year.

On the other hand, minister of economy and energy, Petar Dimitrov said in a press conference that deadline for selection of the strategic investor would be set at mid 2008. Some sources imply that NEK could take an export loan from Russian Roseximbank. On the other hand, the AtomStroyExport could also provide funds for the project, sources said

It is expected that Bulgaria and AtomStroyExport would sign final contract for construction of NPP Belene during the visit of Russian president Vladimir Putin to Sofia scheduled for January 18.

§ § §

ESO allocated 18 million euros for construction works in 2008 (Bulgaria)

Electricity system operator (ESO) confirmed it had allocated some 18 million euros for construction works in this year, which would be close to the amount spent in 2007.

Director of ESO, Ivan Ayolov, confirmed that national electricity export in 2007 reached 4.5 TWh. During the first ten days of 2008, Bulgaria exported 47 GWh of electricity to the neighboring countries, Ayolov confirmed.

§ § §

Marivent Ltd to invest 500 million euros for wind farm in Pernik (Bulgaria)

The Greek company, Marivent Ltd, announced it would invest 500 million euros for construction of wind farm near city of Pernik. The power output of wind farm should be 800 MW. This was confirmed by Greek embassy in Finland in an official statement.

The Greek company said it signed construction contract in October last year. The wind farm will sell electricity to National electricity company (NEK) in a period of 20 years, during which the Greeks expect to post some 4.5 billion euros of incomes. The project should be completed in period of 30 months.

§ § §

ESO restricts electricity export until the end of March (Bulgaria)

On January 14, Bulgaria's Electricity system operator (ESO) sent a circular letter in which it informed all electricity traders that electricity export from Bulgaria would be stopped for a week due to increase in domestic consumption and due to coal shortage.

During the first half of January, due to extremely cold weather, daily electricity consumption was increased from 140 GWh up to 150 GWh. According to estimations of ESO, overall electricity consumption in January would be 600 GWh higher than planned.

In the same time, thermal power plant (TPP) Varna did not operate at full capacity due to lack of coal.

The electricity traders said that export ban was not announced on time. On the other hand, ESO said it first asked traders to oblige themselves not to export additional amounts of electricity. When trading companies refused this, the export ban was imposed, ESO clarified.

Minister of economy and energy, Petar Dimitrov explained that temporary export ban would be in force until March 31, where this ban would be reviewed every week. Dimitrov confirmed that domestic consumption increased by 20 %.

Head of National electric company (NEK), Lyubomir Velkov, explained that government had the right to impose export ban in cases when regular electricity supply in the country was endangered. If Bulgaria continued to export electricity, it would not have any power reserves in case of disturbances, Velkov said.

§ § §

Sofia heating company offered for sale (Bulgaria)

Ministry of energy and economy, and the municipality of Sofia, the two owners, approved in principle privatization of 100 % of shares in Sofia heating company. This privatization process could be the one of the largest in energy sector in Bulgaria. The final approval of privatization procedure should be reached during January.

The ministry wants to attract a strategic investor with experience and potentials to develop the company. The Sofia heating company is considered as the third largest power utility in the country, after nuclear power plant (NPP) Kozloduy and Maritsa East mining complex.

The privatization of the company should have been initiated in 2007, but disputes among shareholders postponed this process. In the same time, the owners of the company abandoned the idea for hiring the privatization consultant due to lack of funds. Because of that, some experts warned on potential non-transparency of the privatization.

According to estimations, overall worth of company's assets was some 320 million euros at the end of 2006. In the same year, overall income reached 160 million euros, while net loss stood at some 5 million euros. Estimated loss in 2007 should reach some 14 million euros. The company has over 60 million euros of debts toward gas supplier, and in the same time, it has serious problems with collection rate of heating bills. The company supplies some 400,000 households in capital Sofia.

During 2006 and 2007, the company was in the front news due to fraud scandals and potential bankruptcy. The former head of the company was arrested in 2006 due to embezzlement.

According to Bulgarian media, local businessman, Hristo Kovachki, has expressed interest for privatization of Sofia heating company. Kovachki is involved in various business activities, such as manufacturing, banking, energy and retail.

In the last year, Kovachki established his own political party. Kovachki hopes that the state would create favorable environment for Bulgarian companies to take part in privatization of heating company.

§ § §

New gas fired TPP to be built in Dalmatia (Croatia)

According to Croatian paper, Slobodna Dalmacija, Croatian power utility (HEP) should build new natural gas fired thermal power plant (TPP) near city of Obrovac in Zadar County.

In December last year, the head of management board of HEP, Ivan Mravak, confirmed that HEP should initiate construction of two new TPPs, the one in Slavonija (400 MW) and the second in Dalmatia. HEP did not want to reveal any details regarding the potential plant in Dalmatia.

Croatian paper said that, according to the current physical plans of four counties in Dalmatia, there are only three suitable construction sites for new TPP. The most likely site for the new TPP should be near city of Obrovac. According to plans, the regional natural gas pipeline should pass near Obrovac. In the same time, 400kV electricity grid already exists in the area, and there are plans for further development of the high voltage grid.

§ § §

New wind farm to be built (Croatia)

The new wind farm in Croatia should be built near city of Omis, the Croatian press reported. The future wind farm should have 14 wind generators and overall power output of 12 MW. The estimated annual electricity production should stand at 27 GWh.

The investor is the company SEM 1986, where the cost of the project is estimated at 12 million euros. In the beginning of January, the investor was in the process of acquiring the approval for the construction site.

The construction site was selected in accordance to the study performed by the Energy institute Hrvoje Pozar. At the site, the wind measurements have been carried out since 2003.

After the approval was granted, the investor should initiate negotiations with Croatian power utility (HEP) regarding the electricity purchase agreement.

The project documents, the feasibility study and the environmental study have been already done. According to announcements, the project could be finished by the end of 2009.

§ § §

27 % increase in natural gas consumption in last quarter in 2007 (Croatia)

According to latest data, natural gas consumption in Croatia in the last quarter in 2007 was even 27 % higher comparing to the same period in 2006. The industrial and privileged customers spent some 216 million cubic meters of gas more than planned, while natural gas distributors delivered 59 million cbm of gas more than planned during the same period.

Due to increased consumption, the natural gas reserves in underground storage facility in Okoli were considerably reduced, i.e. from 630 million cbm in the beginning of October down to 300 million cbm in January. On the other hand, officials believe there would be no problems in supply by the end of the heating season.

The average daily natural gas consumption in December amounted to 12 million cbm, while, in the first half of January, average consumption reached 11.5 million cbm.

Nevertheless, Croatian oil industry (INA) announced it would import extraordinary amounts of gas in order to preserve stability in supply. According to announcements, some 26 million cbm could be imported from Italy during February.

In the same time, INA announced reduction in supply for large customers, such as Croatian power utility (HEP) and Petrochemical factory. The similar situation took place last year in December due to high peak consumption.

INA pointed out that the latest development showed the need for construction of new underground storage facility Okoli 2 (500 million cbm capacity) or the new regional storage facility in Benicanci (2 billion cbm capacity), in order to cover peak consumption in the country.

Croatia imports some 40 % of overall natural gas needs, while the rest was provided from domestic sources.

§ § §

Plinacro signed contract for designing the projects in period 2007-2011 (Croatia)

Croatian natural gas transmission company, Plinacro, confirmed it had signed contract for preparing the main and implementation projects for regional natural gas pipelines, which would be built during the second investments cycle of development and construction of natural gas system in period 2007-2011.

The 6.5 million euros contract was signed by the Plinacro and the Business association (Elektroprojekt, EKOENERG, and Oil and gas engineering). The Business association was selected in the international tender, which was conducted in accordance to rules of European investment bank (EIB).

According to plans, Plinacro should invest 443 million euros in 70 projects, where over 920 km of gas networks should be built.

In November last year, Plinacro started construction of regional pipeline Bosiljevo –Split, which was considered as one of the key projects in this investment cycle, along with the planned interconnection natural gas pipeline toward Hungary.

§ § §

PPC-RWE agreement to be discussed on 29th of January (Greece)

A controversial agreement between PPC and RWE, which was announced in November 2007 and further discussed in November, will again be discussed by PPC BoD on 29th of January. Previous discussion was interrupted by powerful PPC employee union (GENOP). Government has approved joint venture between PPC and RWE.

By this agreement, PPC and RWE would build 2 coal fired power plants, 800 MW each, and PPC would have 49% stake, while RWE would have remaining 51%, sale of two gas-turbines units totaling 167 megawatts, for use in summer peaks in the 2008-2010 period, further development of the natural gas sector and meeting the targets of the PPC renewable energy sources subsidiary.

There are rumors that a GENOP will hold a meeting on 16th of January, to discuss a 24-48h strike on 29th and 30th of January.

§ § §

Another joint ventures announced (Greece)

Officials from PPC have announced that there are plans for another joint venture, in order to build an 880 MW gas fired power plant with "Halyvourgiki SA", local steel company.

"The management of Halyvourgiki SA and Public Power Corporation SA have decided to propose to their boards of directors the approval of a draft memorandum of understanding for the construction and operation of an 880 megawatt natural-gas fired electricity generation unit," PPC said in a statement. This power plant is supposed to be build in Elefsina, south-west of Athens, and it will supply Athens and southern Greece.

This memorandum of understanding calls for creation of joint venture which would be 51% owned by "Halyvourgiki SA" and 49% by PPC, like joint venture with PPC and RWE.

Also, a third joint venture, between "Halyvourgiki SA" and RWE have been announced; but there are no additional details.

§ § §

Endesa Hellas plans for Volos power plant going as planned (Greece)

Endesa Hellas officials announced that their plans for construction of new natural gas power plant in Volos are proceeding as planned.

This new unit will have a 445 MW capacity and it will belong to "General Electric". Annual production is expected to be more than 2530 MWh, and the annual consumption will be 450 million cubic meters of natural gas. It will be located in Dimini, close to Volos, in a Mytilineos owned location.

§ § §

Government and OKTA refinery signed settlement agreement (Macedonia)

On December 31, 2007, the government of Macedonia and OKTA refinery, owned by Hellenic Petroleum (HELPE), reached a settlement agreement. By signing the agreement, the government of Macedonia showed it has been respecting the international institutions and international laws, vice prime minister, Zoran Stavrevski said. The agreement was signed by vice prime minister, minister of economy, minister of finance, on one side, and M.L.Myrianthis, executive member of the board of Hellenic Petroleum, on other side.

According to spokesperson of the government, Ivica Bocevski, the overall debts of the state toward OKTA reached 94 million dollars, while OKTA agreed to accept payment of compensation of 40 million dollars. Out of overall debt, 53 million dollars was the main debt, 16 million dollars was the interest and 25 million euros was the additional debt from 2004 until the present time.

Two parties agreed that upgrade of quality of certain oil products of OKTA should be done in the reasonable period, not less than 12 months. In the same time, it was agreed that Macedonia should require written consent from OKTA in order to impose new standards of oil products in Macedonia. This stipulation is based on original sale contract, Bocevski said. If this were not done, i.e. if Macedonia unilaterally imposed new oil standards, the state would be obliged to pay all financial damages incurred by OKTA.

It was agreed that OKTA would perform all necessary investments in order to meet all the standards set in the Bylaw on the quality of liquid fuels until February 1, for diesel and until June 2009, for gasoline and fuel oil.

The clause in the agreement also confirmed that government of Macedonia admits that OKTA has performed all necessary investments related to environmental improvements, including the desulphurization equipment in the refinery. In that sense, the government was obliged to issue necessary licenses for operation as soon as possible.

On the other hand, OKTA was obliged to transfer 20 % of profit of oil pipeline Skopje-Thessalonica to the government of Macedonia. Bocevski said that part of the sale contract related to mandatory purchase of minimum 500,000 tons of fuel oil per year from OKTA would be also adjusted in the future.

The original agreement was published on the official website of the government of Macedonia. The government also published original sale contract from 1999, as well as the verdict of the arbitrage court in Paris, reached in August 2007.

The oil refinery was sold to HELPE in 1999, and the dispute between state and OKTA has lasted for seven years. The International arbitrage court in Paris reached the verdict in favor of OKTA. During the court procedure, OKTA demanded compensation after the government of Macedonia canceled the exclusive rights given to the refinery and after the state of Macedonia failed to purchase the minimum amount of fuel oil agreed by the sale contract. On the other hand, the government claimed that HELPE did not fulfill several obligations envisaged by the sale contract.

The agreement between the government and OKTA caused large number of reactions among the public and NGOs in Macedonia. The vast majority of critics were suspicious regarding the timing of the agreement, the secrecy of negotiations and the fact that the refinery would continue to produce oil products that are not in accordance to EU standards.

The former head of Competition council (CC), Sladjana Taseva, believes that settlement agreement would not solve problems caused by damaging sale agreement signed in 1999. During her presidency, CC has initiated investigation regarding the sale of oil refinery in Skopje to HELPE. The investigation has lasted for five years, without being completed.

The former ministry of economy, Stevco Jakimovski, said that settlement agreement was just another confidential agreement signed by ruling VMRO-DPMNE party (which also signed original sale contract) and HELPE.

The leading opposition party, SDSM, believes that the settlement agreement was scandalous and corruptive. SDSM claimed that the agreement would restrict the presence of any other major oil company in Macedonia, while the state would incur some 900 million dollars of losses and OKTA would earn the same profit in 18-month period. SDSM believes that this was a continuation of damaging policy and reminded that the refinery was sold to HELPE for only 32 million euros in 1999, which was the lowest price in Europe. In the same time, HELPE was granted unprecedented privileges.

The government denied all claims said by SDSM and invited citizens to inform themselves in regards to the agreements by visiting the government's website. The government pointed out that the direct agreement with OKTA saved 54 million dollars for Macedonia. The minister of finance, Trajko Slavevski, one of the signatories, pointed out that the government managed to solve long-term dispute and created opportunities to negotiate the terms of contracts, which are not in the best interest of the country, such as price of gasoline and minimum annual amount of fuel oil to be purchased.

§ § §

MEPSO disconnected Silmak factory from power grid (Macedonia)

Macedonia's transmission system operator (MEPSO) stopped delivery of electricity to Silmak. MEPSO explained that, starting from January 1, Silmak was not tariff customer anymore, and since the company did not manage to purchase electricity on free market, MEPSO was forced to disconnect company from electricity grid. Prior this decision, MEPSO was granted approval from REC. Starting from January 1, MEPSO was not obliged anymore to provide electricity for industrial customers.

Those that are not in favor of disconnecting the Silmak said that large industrial customers produce majority of country's GDP, where their underperformance would affect overall economy.

Director of Silmak, Zvonko Stojanovski, said that, in the past several months, the management warned the government that Silmak would not be able to purchase electricity on free market. The factory, which employs 700 people, was forced to stop production in the first week of January.

Director also pointed out that, in the moment when MEPSO disconnected company from electricity grid, the disaster was avoided only by luck. Three furnaces were in operation in that moment, director explained. Stojanovski said that any interruption in electricity supply causes some 1.5 to 2 million euros of expenses for the company.

Director said that company would have some 700 to 800 euros of electricity expenses for production of 1 ton of ferrosilicon if the company paid the electricity at the market prices. In the same time, the price of ferrosilicon on free market is some 900 euros/ton so that company would not be able to cover raw materials and salary expenses. Stojanovski believes that Silmak and other industrial customers should be entitled for at least 20 % of electricity at regulated prices.

§ § §

12 companies submitted bids for construction of 28 small HPPs (Macedonia)

Seven local and five foreign companies submitted 58 bids in the tender for construction of 28 small hydropower plants (HPPs). The

bids were opened in the second week of January, while the tender was launched in the second half of September last year.

The HPPs will have power output up 5 MW, and it would be built in the confluences of rivers Vardar, Strumica and Crni Drim.

The tender results and selection of the best bidder for each construction site should be published by the end of January, the chairman of tender commission said. The most important criteria in the tender are the offered power output, the one-time concession fee and size of the confluence.

The largest bid came from Austrian company Energie-Zotter-Bau GmbH, which offered 300,000 euros for construction of 24 small HPPs. The bids were also submitted by Italian CO-VER (8 HPPs), Swiss Duferco and Slovenian Poteza (4 HPPs each), local companies Eltek, Fidko, consortium Ingmark and Flexpower, consortium of Engima 3D, Elma, Energetika inženjering and Eureka plast (3 HPPs each), German PCC (2 HPPs), local company MZT Pumpi (2 HPPs), local companies TGS Tehnicki gasovi and Omega (1 HPP each).

The average investments are estimated at 1 million euros/MWh, officials said. The bidders are obliged to start construction of HPPs one year after they were granted a concession and to start electricity production two years later. The government of Macedonia plans to offer overall number of 405 sites for purpose of construction of small HPPs.

This was the second tender for granting 20-year concession contracts for small HPPs that was launched by the government. In the first tender, launched in March last year, the government offered 60 construction sites, where the bids were submitted for 42 of them. At the time, tender commission said the bidders offered overall amount of 9 million euros for construction of these HPPs.

§ § §

Government offered electricity for industrial customers at 75 euros/MWh (Macedonia)

The government of Macedonia offered to large industrial customers 1.25 TWh of electricity at the price of 75 euros/MWh. Some 800 GWh of electricity should be provided by thermal power plant (TPP) Negotino and the rest by Macedonian power plants (ELEM).

The vice prime minister, Zoran Stavrevski, said this price was 10 to 20 % lower comparing to current market prices, i.e. comparing to the prices those customers already paid for import of electricity. Vice prime minister said this during the meeting with the managers from the largest companies.

As a reminder, starting from January 1, all large industrial customers, i.e. Silmak, Makstil, Skopski leguri, OKTA, Feni industry, Mital Steel, Usje, Macedonian railways and Bucim are obliged to provide electricity in free market by themselves.

The price of 75 euros/MWh will cover expenses of ELEM and TPP Negotino and it was the minimum that could be offered by the government in order to help the largest companies in the country, Stavrevski said.

The government explained that it simply is not able to provide sufficient amount of electricity for all industrial customers. The government said it would save some 30 million euros, after it decided not to sell electricity under privileged prices to industrial customers.

The amount of electrical energy offered by the government of Macedonia will cover 30-50 % of the overall needs of the large companies. Out of nine large companies, only ferrosilicon producer Silmak did not sign electricity purchase agreement in this year.

Stavrevski explained that if only one or two large customers sign the agreement, the TPP Negotino would produce as much as necessary amount of electricity. In that case, Regulatory energy commission (REC) would be required to make new calculations regarding the price of electricity to be paid by interested industrial customers. If none of the companies signs the agreement, the electricity surpluses will be offered on free market. This would require changes in Energy law, officials said.

During the meeting, which took place on January 10 and which was attended by prime minister Nikola Gruevski, vice prime minister Zoran Stavrevski and officials from nine companies, only several industrial customers accepted the government's offer due to high prices. In the same time, some industrial customers said that main problem for them would not be the price of electricity, but the inflexibility in supply.

The government's spokesperson, Ivica Bocevski, did not want to reveal the names of the companies that accepted government's proposal. According to unofficial sources, Silmak and Feni could be the companies interested for the offer. Bocevski announced that during the next meeting, which should take place soon, the details of the agreement would be clarified.

The representative of Bucim, the copper-gold mine, said the price of 75 euros/MWh was unacceptable. He said the amount of 1.25 TWh was insecure and the final price would certainly depend on fuel oil prices. In the same time, the government envisaged payment of penalties in case of deviation in electricity consumption. Official said that Bucim paid fixed price of 79 euros/MWh during whole year for electricity acquired on free market, where this contract allows deviations in electricity consumption between 7 MWh/h and 14MWh/h. The average consumption of Bucim is some 11MWh/h.

Director of Silmak hopes that during the next meeting, the government should decrease the offered price. He explained that Silmak would be able to spend more electricity during the night hours. Because of that, Regulatory energy commission (REC) could approve considerably lower price for Silmak.

In the related news, director of MEPSO, Vladimir Zdravev said during the meeting with large industrial customers that they would be obliged to pay five times higher fee for electricity transmission services in case of higher electricity consumption or two times higher fee in case of lower electricity consumption. The current fee is 1.7 euros/MWh.

This was unacceptable for most of the companies having in mind they would not be able to forecast their electricity expenses. The industrial customers demanded from MEPSO that allowed deviation in electricity consumption should be set at +/- 5 % or to pay penalties at regulated electricity prices, i.e. at price of 35 euros/MWh.

§ § §

Petrol Bonus to purchase land for new petrol stations (Montenegro)

Montenegro-Slovenian oil company, Petrol Bonus, confirmed it was in process of purchase of land in capital Podgorica for the purpose of construction of new petrol stations. The Slovenian Petrol and

state oil company Montenegrobonus signed a joint venture agreement in July last year.

The management of Slovenian Petrol reminded that development strategy of the new company has envisaged construction of 20 petrol stations, warehouses for oil derivatives, storage of mandatory oil reserves and start of gasification projects in the country.

Director of public relations department of Petrol, Aleksandar Salkic, confirmed that Petrol Bonus is in the process of recapitalization. In the same time, the company needs to acquire all necessary construction permits and to define the potential construction sites. Petrol also announced it would implement its information system in the joint venture, which would support all business activities of the company. Petrol would also provide financial and accounting support to Petrol Bonus, Salkic said.

According to cooperation agreement, Petrol, which controls 50 % stake in Petrol Bonus, should invest 154 million euros in the joint venture in the next several years. In 2007, the investments should have reached 14.3 million euros, while investments should amount to 64 million euros in 2008. In 2009, Petrol should invest 22.8 million euros, while investments should reach 17.8 million euros per year in period 2010-2012.

Slovenians are also obliged to build liquefied natural gas (LNG) terminal in Bar port and to build natural gas network in Podgorica. Salkic confirmed that negotiations regarding the LNG terminal were in progress.

§ § §

Coalmine Pljevlja called for urgent investments in 2008 (Montenegro)

The management of coalmine Pljevlja confirmed that company would need to invest 27.8 million euros in this year. The largest part of the funds, i.e. some 20 million euros, should be invested for continuation of dislocation of Cehotina River.

The board of the directors of the coalmine warned that the coalmine would not be able to continue production process if 20 million euros was not provided until April 1. This would cause serious problems for thermal power plant (TPP) Pljevlja, which would be forced to stop electricity production, the management said.

In order to provide necessary funds, the company believes that the government, ministry of economic development, Regulatory energy agency (REA) and Power utility of Montenegro (EPCG) should give their full support to the coalmine.

According to original business plan, the coalmine should produce 1.35 million tons of coal in 2008, where 1.3 million tons should be delivered to TPP Pljevlja. The government recently adjusted the amount of coal to be delivered to TPP at 1.47 million tons. The coalmine said that this additional output would require additional investments of 3 million euros, after which the company demanded overall amount of 6.75 million euros for return of investments.

The coalmine demanded from REA to approve increase in coal prices for the TPP up to 33.26 euros/ton (+50 % increase). According to plans, the company should report 48 million euros of income in this year.

Officials from the coalmine said that company would report some 16.6 million euros in case if REA maintained current coal price of 21.9 euros/ton. If REA approves new prices, the company could re-

port insignificant profit in this year, the management of coalmine said.

In the same time, the coalmine Pljevlja confirmed that coal prices for industrial and wholesale customers would be increased at 51.08 euros/ton, 48.76 euros/ton and 37.29 euros/ton, depending on coal quality, respectively.

§ § §

EPCG to report business loss under 10 million euros (Montenegro)

Executive director of Power utility of Montenegro (EPCG), Srdjan Kovacevic, believes that EPCG would report business loss of 5 to 7 million euros in the last year.

This would be better than expected having in mind that planned loss for 2007 was set at 20 million euros. The exact data would be published after the business result in December was evaluated, Kovacevic said. As for 2008, Kovacevic expects that EPCG would report positive business result at the end of the year.

In 2007, electricity production of hydropower plants (HPPs) was 20 % lower than planned due to drought, so that business result would have been even better if the weather conditions were more favorable, director said. Kovacevic also said that the company would have certainly reported positive result if local municipalities had charged lower taxes and if Regulatory energy agency (REA) had approved realistic electricity prices. He reminded the profitable operation of the company is the main prerequisite for listing the EPCG's shares on London Stock Exchange or some other stock exchanges, where certain activities in that direction were initiated. The procedure should take 12 months to be finished, director said.

Head of EPCG believes that there will be increase in electricity prices this year, but the final price of electricity would be below 10 euros/kWh. EPCG has been preparing the request for new prices, where the management and board of directors should approve the request by the end of January. Kovacevic said that price increase should be 10 %.

If EPCG submits the request for increase in electricity prices by the end of January, according to regulations, REA would have 90 days to reconsider the request. It implies that new, higher, electricity prices could be imposed on May 1. This was confirmed by the head of REA, Dragoljub Draskovic. Draskovic said to local press that electricity import in 2008 would be lower by 300 GWh comparing to last year. EPCG should pay overall amount of 71 million euros for electricity import in this year, comparing to 82 million euros paid in 2007.

Commenting the recent claims of officials from UN development program (UNDP) in Montenegro, Kovacevic admitted that the country still needed to solve problems related to energy efficiency, electricity losses and subsidies. EPCG should continue installation of remote electricity meters, which should increase efficiency of electricity system. EPCG allocated 20 million euros for this purposes, director said. According to recent data, EPCG managed to reduce electricity losses down to 20 %. In 2008, the losses should be reduced down to 17-18 %.

Kovacevic also believes that restructuring and privatization of the company should be done carefully having in mind the company's small size comparing to European electricity systems. On the other hand, EU demands separation of transmission from other activities in electricity sector. By March 31, EPCG should be restructured into five limited companies and, starting from January 1, 2009, trans-

mission division would become independent company. Kovacevic reminded that EPCG is the only power company in the region that remained vertically integrated.

Kovacevic supported construction of new power plants in the country, and he called for better cooperation between ecologists and energy companies. As a reminder, new energy strategy envisaged construction of second unit in TPP Pljevlja, four HPPs on Moraca River, one HPP on Komarnica and potential construction of HPP Boka. The HPP Boka could be the project that could be supported by both ecologists and energy experts. The preliminary studies regarding this HPP should show whether the project could be approved.

The second unit in TPP Pljevlja should be built first, while the construction of the first HPP could start in 2009, Kovacevic concluded.

Commenting the recent announcements regarding construction of nuclear power plant in Albania, head of EPCG said that such project was unrealistic.

§ § §

50 companies purchased tender documentation for small HPPs (Montenegro)

According to the Montenegro's press, some 50 companies purchased tender documentation for construction of small hydropower plants (HPPs).

Among others, documentation was purchased by EFT, local companies Vektra, Normal Company, Zetogradnja and Hidroenergija Montenegro, Energoinvest from Bosnia and Herzegovina, Konstruktor from Croatia, Tuboinstitut and Poteza from Slovenia, PCC from Germany, Balkan Energy, Sencap and Terna energy from Greece, Austrian companies Verbund and Energie-Zotter-Bau and Electrabel from Belgium. The tender documentation was also acquired by Power utility of Montenegro (EPCG).

The tender for granting the 43 water concessions for purpose of construction of small hydropower plants (HPPs) was launched in November last year, where the bids could be submitted by February 1.

§ § §

NTE established joint venture (Montenegro)

Norwegian power company, NTE, and local company Zetogradnja, established a joint venture called NTE Montenegro, which should be involved in construction of hydropower plants (HPPs), and electricity transmission and distribution.

The NTE will have 51 % stake in the venture. The company already purchased tender documents for construction of small HPPs, and it has expressed interest for privatization of electricity distribution division of Power utility of Montenegro (EPCG).

The members of the board of director of new company are Bjorn Grodas Ole, Trigbe Kvernland ad Blagota Radovic, while executive director is Milorad Brackovic.

In the past several years, NTE was one of the largest donators of EPCG in the projects for development of transmission and distribution grids. NTE and EPCG had signed business and technical agreements, where the first joint project should be construction of small

HPP Otilovici. NTE also expressed interest for funding the construction of large HPPs on Moraca River.

§ § §

Iberdrola expressed interest for construction of wind farms (Montenegro)

Spanish Iberdrola is seriously interested for construction of several wind farms in Montenegro, local press reported. The wind farms should be built through public private partnership. In the last year, Iberdrola several times had talks with vice prime minister, Vujica Lazovic, and offered construction of wind farms.

In the same time, the government of Montenegro plans to continue wind measurements on several sites and it should prepare legal framework for construction of wind farms.

According to study prepared by the ministry of environment and sea of Italy in the last year, Montenegro has a great potential for construction of wind farms in certain parts of the country, especially in coastal and mountain areas.

Strategy of energy development of Montenegro envisaged construction of wind farms in the next three years.

§ § §

Transelectrica to raise electricity transmission fees (Romania)

Romanian transmission system operator, Transelectrica, confirmed that average electricity transmission tariffs would be increased by 3.23 % in 2008, i.e. from 4.02 euros/MWh up to 4.19 euros/MWh. The system service tariff was also increased by 22.64 %, i.e. from 3.94 euros/MWh up to 4.83 euros/MWh. The regulated price for covering the technological consumption of the transmission network was increased at 54.53 euros/MWh (no VAT), where this electricity is delivered by thermal power plant (TPP) Deva.

Abovementioned decisions are approved by Romanian Energy Regulatory Authority (ANRE). The increase in tariffs is aimed to provide funds for upgrade of transmission networks and increase of cross border capacity.

In 2008, Transelectrica could post some 88 million euros of profit, which would be some 270 % higher comparing to 2007. The estimation was made by Czech investment bank Wood & Company. The bank believes that Transelectrica would be able to compensate losses in 2007 by increase in transmission tariffs. The financial analysts from Wood & Company said that the increase in profit could be reported only if ANRE does not impose congestion situation to Transelectrica as it was in 2007. According to Wood & Company, the decisions of ANRE in the last year caused some 28 million euros of losses for Transelectrica.

Transelectrica is owned by ministry of economy and finance (73.7 %), Proprietatea Fund (13.5 %) and minority shareholders (12.8 %). The company listed 10 % of shares on the Bucharest Stock Exchange in 2007.

§ § §

KazMunayGas to take 3.1 billion dollars loan for takeover of Rompetrol (Romania)

Kazakh state oil company, KazMunayGas (KMG) has acquired 3.1 billion dollars loan for the takeover of Rompetrol, the Romanian press reported. The loan will be arranged by Calyon, Credit Suisse Group and ABN Amro Holding.

In August last year, The Romanian businessman Dinu Patriciu sold 75 % of shares in Netherlands-based Rompetrol Group NV (TRG) to KazMunayGas for 2.7 billion dollars.

The Kazakh's company recently announced it would invest 500 million euros in Rompetrol in the next three to five years. The investments should include enlargement of annual output of Petromidia refinery up to 5 million tons and enlargement retail network.

§ § §

Plans for renewal of TPP Isalnita (Romania)

The power complex in Craiova announced it would invest some 10 million euros for renewal and repair of its Isalnita branch (2x315 MW). The power complex in Craiova is consisted of thermal power plant (TPP) Isalnita and combined heat power plant (CHPP) Craiova (300 MW). In the beginning of December, the company announced to invest up to 30 million euros for TPP Isalnita.

§ § §

Transgaz to post 375 million euros of income in 2008 (Romania)

Natural gas transmission company, Transgaz, expects to post 375 million euros of income in this year. In the same time, the gross profit should amount to 96 million euros, which would be one-third higher comparing to 2007.

The general manager of Transgaz, Ioan Rusu, explained that increases would be the result of higher quantities of gas transported by the company and decrease in technological expenses.

In the same time, overall expenses should reach 290 million euros, where some 178 million euros will be invested. The net profit for Transgaz in 2008 should stand at 82 million euros.

In the first nine months in 2007, Transgaz reported 217 million euros of income (+8 %), while net profit declined to 52 million euros (-0.6 %).

In the related news, in the end of December, Transgaz has started the construction of natural gas pipeline Jibou-Gilau. During the first phase of the project, overall investment would reach 10.8 million euros. The overall length of the pipeline will be 80km.

§ § §

No increase in electricity and gas prices (Romania)

Minister of economy and finance, Varujan Vosganian, confirmed that electricity prices would be unchanged in the incoming period. In the same time, the natural gas prices could be increased only if

the government provides financial support to households, the minister said.

Vosgian said the prices would remain unchanged despite recent warnings. This particularly refers to electricity prices, where the state managed to preserve stability of prices despite the worst drought in the past decade, minister pointed out.

In the beginning of 2008, National Regulatory Agency in the field of Energy (ANRE) announced that electricity and natural gas prices should have been increased starting from January 1. ANRE said that natural gas prices, in particular, should rise significantly.

Romania imports natural gas exclusively from Russia, where the price stands at 200 to 213 euros per 1,000 cubic meters. The price of domestic natural gas stands at 129 euros/1,000 cm, and it should be gradually harmonized to EU natural gas prices. The natural gas distributors, Distrigaz Sud, owned by Gaz de France, and E.ON Gaz Romania, owned by E.ON, believe that natural gas prices at the end of 2008 should be increased up to 30 % due to both higher import prices and abovementioned harmonization of prices.

According to the recent data of European Statistics Office, the Eurostat, electricity and natural gas prices for households in Romania were among the lowest in EU in 2007.

The price of natural gas was 7.6 euros/gigajoule, which was the sixth lowest price in EU, after Estonia, Lithuania, Hungary, Latvia and Bulgaria. The lowest natural gas price was reported in Estonia, 5 euros/gigajoule, while the highest price was reported in Sweden, 15.08 euros/gigajoule.

The electricity price for households in Romania last year was 8.5 eurocents/kWh, which was the lowest price after Greece, Lithuania, Estonia, Latvia and Bulgaria, which reported the lowest price in EU of 5.5 eurocents/kWh. The highest electricity prices in EU were reported in Italy, 16.5 eurocents/kWh.

The electricity prices for industrial customers reached 8.4 eurocents/kWh. The lowest electricity prices for industrial customers were reported in Latvia (4.4 eurocents/kWh), while the highest price was reported in Ireland (11.25 eurocents/kWh).

§ § §

Energy Holding to report 270 million euros of income in 2007 (Romania)

Electricity trader Energy Holding (EH) hopes to report 270 million euros of income and net profit of 10 million euros in the last year. The financial result of the company is lower comparing to 2006.

In 2008, EH wants to increase both income and profit by consolidation of its market share and by increase of number of industrial customers.

In the same time, the company had initiated construction of 700 million euros worth coal fired thermal power plant, where finishing of the feasibility study for the project is expected soon.

According to the report of National Energy Authority (ANRE), EH is the leading electricity supplier in Romania with 19 % market share.

§ § §

5.1 TWh traded on day-ahead market of OPCOM in 2007 (Romania)

On January 11, electricity market operator, OPCOM, confirmed that 5.1 TWh of electricity was traded through day-ahead trading platform in 2007. Therefore, overall electricity trade since the market was launched on July 30, 2005 has reached 10.9 TWh.

The electricity traded in 2007 amounted to 9.33 % of national annual consumption. This ratio was 7.74 % in 2006. The OPCOM had 75 market participants, where 52 of them in average were active on daily market.

OPCOM also stated that overall amount of electricity traded through 158 bilateral contracts for years 2007 and 2008 on the Centralized Bilateral Contracts Market amounted to 11.9 TWh. The number of contracts was five times higher comparing to 2006.

As for 2008, bilateral contracts reached 7.6 TWh, which was equal to some 14 % of national consumption in 2007.

§ § §

Finance minister announced 5 % increase in electricity prices (Serbia)

Finance minister, Mirko Cvetkovic, announced that electricity prices in Serbia would rise by 5 % in the first quarter of 2008. On the other hand, Cvetkovic admitted that actual increase in prices should be 10 %, but the government was not in favor of such move in order to ease inflation pressures in this year.

Minister confirmed that the government plans to keep inflation rate at 6 % maximum during 2008. According to preliminary analyses, the inflation rate in Serbia reached even 10 % in 2007.

§ § §

EPS produced 39 TWh in 2007 (Serbia)

Power utility of Serbia (EPS) confirmed it had produced almost 39 TWh of electricity in 2007, which was some 0.5 TWh higher comparing to previous year and it was the highest ever electricity production reported by EPS.

Thermal power plants (TPPs) also reported highest ever production of 24 TWh, which was 630 GWh higher comparing to 2006.

In a press release, EPS confirmed that maximum daily consumption, maximum hourly consumption, maximum daily production and maximum daily production of TPPs reached new records in the second half of December.

EPS confirmed that daily electricity production in TPPs on the last day of 2007, reached historic record of 112.45 GWh. EPS also said that daily electricity consumption in the second half of December last year reached 150 GWh on several days. On December 31, the hourly electricity consumption reached new record of 7,305 MWh. The previous record hourly consumption of 7,189 MWh was reached ten years ago. The analyses also showed that daily electricity consumption in the second half of December increased by 8 GWh comparing to 2006.

In the same time, the coalmines Kolubara and Kostolac reported the highest ever coal and overburden production.

Coalmine Kolubara confirmed that the coal production amounted to 29.25 million tons, which was some 100,000 tons higher than previous record reported in 2006. In the same time, removal of overburden stood at 78.3 million cubic meters, which was the highest production ever. The coal delivered from Kolubara was used for production of even 50 % of overall electricity in the country. In 2007, Kolubara coalmine invested 45 million euros for upgrade of mining equipment.

In the same time, the Kostolac coalmine also reported record production of 7.21 million tons of coal as well as 28.85 million cubic meters of overburden removal.

§ § §

EPS published a tender for electricity import in February (Serbia)

Director of Electricity trade department of Power utility of Serbia (EPS) confirmed that the company had launched a restrictive tender for import of electricity in period February 1-29, 2008.

EPS invited registered electricity traders in Serbia to submit bids for import, while the bids were opened on January 8.

According to Public procurement law, the following companies were eligible to submit bids: NEK(Bulgaria), Ezpada (Czech Republic), Statkraft (Germany), Sempra (Great Britain), Istrabenz (Slovenia), EFT (Switzerland), EFT (Serbian office), HSE (Serbian office), Atel (Serbian office), CEZ (Serbian office), MC Invest Consulting, EGL (Serbian office), E.ON (Germany), E.ON (Serbian office), Ostelektra (Germany), Energy Holding (Romania), Rundap (Serbia), MBS Energy (Serbia), RE Trading (Czech Republic), Sempra (Serbian office), EGL (Switzerland), Ezpada (Serbian office).

EPS demanded to import 100 MWh/h or 69.6 GWh. The requested amount is divided in three lots, i.e. 50 MWh/h or 34.8 GWh, 30 MWh/h or 20.88 GWh and 20 MWh/h or 13.92 GWh, respectively. EPS preserved the right to adjust import by +/- 25 %.

§ § §

Unit 4 in TPP Nikola Tesla A put in commercial operation (Serbia)

In the first half of January, Power utility of Serbia (EPS) has finished capital overhaul of unit 4 (300 MW) in thermal power plant (TPP) Nikola Tesla A and put the unit in commercial operation. During the overhaul, all turbine blades were replaced, 75 % of pipeline and boiler system was replaced, and new automation management system was installed. The reconstruction of electro filters, which was also carried out, will lead to meeting the EU environmental standards.

The cost of the project was 76.2 million euros, where EPS funded the project from its own sources, i.e. from electricity sales. The overhaul lasted eight and a half months, and its main purpose was the increase of electricity output, extension of the life span of the unit, and upgrade of environmental protection equipment, the director of the TPP, Dragan Popovic said. Popovic pointed out that year 2007 was the year of the records for the company, where reported electricity production was 3.18 % higher than planned. The same trend

should continue in this year, director believes. In the first week of 2008, the company's output was 11 % higher than planned, while daily electricity production reached historic record.

General manager of EPS, Vladimir Djordjevic, said that renewal of unit 4 was the largest single project for EPS that was financed from company's own funds. Thanks to constant investments in the last seven years, TPP Nikola Tesla increased annual electricity production by 15.3 %, up to 18 TWh. During past several years, EPS had invested some 380 million euros for modernization of TPPs, where environmental protection was the important part of these projects. General manager confirmed that TPPs, in 2007, had produced overall amount of 24 TWh, which was 630 GWh higher comparing to previous record reported in 2006.

During the occasion, the minister of energy and mining, Aleksandar Popovic, announced that EPS should invest some 1.2 billion euros alone in the various environmental projects by 2015. Minister also pointed out that Serbia needs to build new power plants and to use electrical energy rationally. By April this year, Serbia and Republic of Srpska (RS) should present plans for construction of new hydro-power plants (HPPs) on Drina River, Popovic announced.

§ § §

NIS plans to report 12 % increase in profit in 2008 (Serbia)

Oil industry of Serbia (NIS) announced that company plans to report some 110 million euros of profit in this year, which would be some 11 % higher comparing to record profit reported in last year.

The official plans of the company envisaged increase in oil production by 0.7 %, increase in oil refinement and sale of liquefied natural gas by 2 %, increase in sales of oil derivatives and triple increase in production of motor oil and lubricants.

Having in mind that this year would be crucial for NIS in terms of reaching the EU environmental standards, NIS will invest overall amount of 275 million euros, which would be three times higher comparing to 2007. These funds will be invested for modernization of oil refineries, environmental protection, modernization of petrol stations, continuation of Program for improvement of business activities and development of IT system.

§ § §

Gazprom guarantees construction of natural gas transit pipeline (Serbia)

In the first half of January, Russian Gazprom issued a press release regarding proposed cooperation with Serbia. According to Gazprom, the construction of South stream natural gas pipeline would make Serbia the natural gas transit country. The project would enable stable natural gas supply not only for Serbia but also for some other European countries.

Gazprom could bring investments, resources and energy safety to Serbia, Russians said.

Gazprom said it has been investigating possible enlargement of natural gas network in Serbia, where the company already took part in the agreements that will explore possibilities for construction of pipelines across Serbia.

Gazprom confirmed its interest in privatization of Oil industry of Serbia (NIS) and said it has been negotiating with the government of Serbia over this issue. The privatization of NIS is a good business opportunity for Gazprom, but decision for sale of NIS to Gazprom should be reached exclusively by the government of Serbia, Gazprom said.

Russian company believes that, after the modernization, NIS could become competitive company, which would have stable supplies. The release said that advantage of cooperation with Gazprom and Gazpromneft lies in the fact that Russian companies have its own oil and gas supplies. This fact is considered as the key advantage over competitors.

As for underground natural gas storage facility in Banatski Dvor, Gazprom confirmed it had been interested for construction and utilization of the facility. The particular facility could cover entire gas consumption during winter in Serbia, as well as in Bosnia and Herzegovina. On the other hand, Gazprom confirmed that two parties still did not reach consensus regarding Banatski Dvor.

Gazprom reminded that Serbia was the one of the traditional and most important markets for them. In 2008, Russia and Serbia will celebrate 30 years of cooperation in natural gas sector. In 2006, Russia exported 2.1 billion cubic meters of gas to Serbia, while the same export should be reached in 2007.

Deputy chairman of the management board of Gazprom, and general manager of Gazpromexport, Aleksandar Medvedev, said that Gazprom's experience, expertise and oil and gas reserves would support NIS in achieving the higher efficiency and competitiveness.

Medvedev said that South stream pipeline would guarantee stable natural gas supply for citizens of Serbia. He reminded that there are two optional routes of the future pipeline (northern and southern), where the final decision is yet to be reached.

He repeated that Gazprom would be highly interested in privatization of NIS if the state of Serbia decided to privatize entire national oil company or just some parts.

In the same time, officials from ministry of energy and mining of Serbia confirmed on January 15 that negotiations with the Russian side were still in progress. The officials did not want to reveal the details of negotiations or to comment the claims of several media that Russia set the deadline for Serbian answer at January 16.

According to earlier unconfirmed claims, Gazprom offered 400 million euros for 51 % stake in NIS and another 500 million euros in investments. The Gazprom also accepted to pay some 600 million euros of debts of Serbian oil company.

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

According to some unofficial sources, Russia is ready to improve its initial offer related to NIS and the natural gas pipeline route. Sources said that government of Serbia demanded 2 billion euros for NIS instead of initial amount of 900 million euros. In addition, Serbia demanded that future pipeline should be the part of the main transit route, and not just an extension. Serbia also wants to collect entire transmission fees by itself, unofficial sources said.

Serbian minister of economy and regional development, Mladjan Dinkic, which criticized the most the Russian proposal, earlier said

that Russian offer was humiliating and shameful and demanded 2 billion euros in cash for majority stake in NIS.

On the other hand, his coalition partner, minister of energy and mining, Aleksandar Popovic, believes that signing the agreement with Russia could boost economic development and provide energy security for Serbia.

In the related news, European commission (EC) expressed concerns over the potential takeover of NIS by Russian giant Gazprom. The international media implied that Serbian prime minister Vojislav Kostunica could sign the agreement with Russia during the visit of Vladimir Putin to Sofia, scheduled for January 18.

EC said that, according to most of the experts, the worth of NIS was much higher comparing to Russian offer. EC also said that several European companies expressed interest for privatization. EC believes that privatization of NIS must be fully transparent, and motivated exclusively by commercial and economic interests, spokesperson of EC said. As a reminder, OMV, PKN Orlen, MOL, Rompetrol and Hellenic Petroleum more than once expressed interest for privatization of NIS.

§ § §

Corrigendum from previous issue:

Increase in profit of 15 % for NIS (Serbia)

In 2007, Oil industry of Serbia (NIS) should post over 100 million euros of profit, which would be 15 % higher comparing to 2006, the management said.

General manager of NIS, Srdjan Bosnjakovic, said in a press conference in Novi Sad that overall income of NIS reached 3.3 billion euros. The overall production was 720,000 tons of oil and oil derivatives, the overall processing output reached 3.4 million tons and overall sales stood at 2.4 million tons. According to plans for 2008, overall sales of NIS should be increased by 15 %.

In the same time, overall investments of the company reached 82 million euros in 2007 (+15 %), while planned investments in 2008 should reach 290 million euros. The overall debts of the company have been reduced by 65 million euros, while the same trend should continue next year, general manager said. He reminded that NIS reached 22nd place among 500 the most successful companies in 19 countries in the region. Bosnjakovic did not want to comment the latest development regarding the offer of Russia for investments in NIS.

On the other hand, chairman of the management board of NIS, Zeljko Popovic, said that the board was displeased with the level of investments in 2007, although the management undertook number of actions for achieving the ambitious investment program. According to chairman, NIS should have taken 300 million euros loans in 2007, where the funds should have been invested for reaching the EU standards by 2010, expansion and modernization of petrol stations.

Tenders:**Electricity**Company /
organization:

EBRD, related Bosnia and Herzegovina

Stanari Thermal Power Plant Project

Content:

EFT-Thermal Power Plant Stanari" Ltd., member of Energy Financing Team Group, is considering applying in its own name or through a joint-venture to be established with a strategic partner, to the European Bank for Reconstruction and Development (EBRD) for a loan towards the co-financing of the construction of 420 MW lignite fired Power Thermal Plant Stanari.

The power plant will be located near the town of Stanari, 70 km east of the city of Banja Luka. The new plant will be fuelled by lignite from the nearby Stanari lignite mine.

The proposed power plant will require engineering, procurement and construction of a supercritical, single unit lignite fired power plant of 420 MW nominal capacity, pursuant to a "turnkey" engineering, procurement and construction ("EPC") contract.

The plant shall be equipped with all necessary facilities including a complete flue gas treatment system, indirect dry cooling system, process water and water management system, coal storage and handling system, ash disposal system and ancillaries.

The power plant shall be designed to fulfill the following objectives:

- Gross efficiency of at least 43%
- High level of availability
- Automated to a high degree, including flexible operating characteristics
- Compliance with National and European Union environmental requirements.

Tendering for the EPC contract is expected to begin in September 2007 with pre-qualification of applicants. Procurement of services, supply, installation and works will be carried out following the results of a tender process.

Contracts to be financed with loans from the EBRD will be subject to its Procurement Policies and Rules. The proceeds of the EBRD's loan will not be used for the purpose of any payment to persons or entities, or for any import of goods, if such payment or import is prohibited by a decision of the United Nations Security Council taken under Chapter VII of the Charter of the United Nations or under a law or official regulation of the purchaser's country.

Deadline:

27 July 2008 at 24:00, Belgrade time

Contact:

Danilo Milosevic
Chief Mechanical Engineer
Energy Financing Team Ltd.
Bulevar Mihaila Pupina 10b/II
Belgrade, Serbia
Tel: +381 11 3011 061
Fax: +381 11 3011 053
email: danilo.milosevic@eft-group.net

Company /
organization:

EBRD, related Romania

Rehabilitation and Modernisation of thermal power plant

Content:	<p>. S.C. Complexul Energetic Turceni S.A. has applied for a loan from the European Bank for Reconstruction and Development [the Bank] and intends to use the proceeds to finance the Rehabilitation and Modernisation of Units 3 and 6 at its coal fired thermal power plant located in Turceni, Gorj County, Romania. The proposed project, which has a total estimated cost of EUR 425 million (excluding VAT), will aim at the achievement of the following objectives:</p> <ul style="list-style-type: none"> - increasing time and energy availability; - extending the unit operation period with 15 years; - improving technical-economic parameters; - improving environment conditions by reducing the noxes emissions to comply with the laws in force; - achieving technical conditions imposed by the interconnectivity to UCTE. <p>through:</p> <ul style="list-style-type: none"> -Rehabilitation and modernisation of the 1,035 t/h boiler and auxiliary plants; -Rehabilitation and modernisation of the 330 MW turbine and auxiliary plants; -Modernisation of the control, protection and regulating system within the UCTE norms. -Modernisation of the solid fuel settlement first phase. <p>The tendering procedure for the above is expected to begin in the first quarter of 2008.</p> <p>The tendering procedure and the works to be financed with the proceeds of a loan from the Bank will be subject to the Bank's Procurement Policies and Rules and will be opened to firms from any country. The proceeds of the Bank's loan will not be used for the purpose of any payment to persons or entities, or for any import of goods, if such payment or import is prohibited by a decision of the United Nations Security Council taken under Chapter VII of the Charter of the United Nations or under a law of official regulation of the Purchaser's country.</p>
Deadline:	21 Dec 2008 at 00:0, Turceni time
Contact:	Cristea Dumitru S.C. Complexul Energetic Turceni S.A. Uzinei Street, 1, Turceni, Gorj County, Romania Tel: +40253 335 247 Fax: +40253 335 122

Company / organization:	EBRD, related Bulgaria
Kozloduy Nuclear Power Plant – General	
Content:	<p>The following notice refers to goods, works and services to be procured through open tendering for projects financed by the Kozloduy International Decommissioning Support Fund which is administered by the European Bank for Reconstruction and Development.</p> <p>For more information, please visit http://www.ebrd.com/oppo/procure/opps/goods/general/070803a.htm</p>
Deadline:	3 Aug 2008 at 24:00, Kozloduy time
Contact:	Mr. Daryll Jones Fax. + 359 973 7 4508 E-mail: kpmu@npp.bg

Company / organization:	EBRD, related Bosnia and Herzegovina
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Power Distribution Reconstruction Project	
Content:	<p>This Invitation for Tenders follows the General Procurement Notice for this project which was published on EBRD Procurement Opportunities on November 11th, 2005.</p> <p>JP ELEKTROPRIVREDA BOSNE I HERCEGOVINE – d.d. SARAJEVO hereinafter referred to as the Purchaser, intends using part of the proceeds of a loan from the European Bank for Reconstruction and Development (the Bank) towards the cost of Electrical meters, current associated transformers and PSTN modems. The Purchaser now invites sealed tenders from all interested Purchasers and/or Manufacturers for the following contract to be funded from part of the proceeds of the loan:</p> <p>The contract will cover supply of</p> <ul style="list-style-type: none"> • Electrical meters for households – 33.230 (thirty three thousands and two hundred thirty) pcs, • Electrical meters for other categories of consumption – 1.117 (one thousand one hundred and seventeen) pcs, • Current transformers 0,4 kV - 711 (seven hundred and eleven) pcs, current transformers 10(20) kV - 9 (nine) pcs and • Communicator with PSTN modem – 24 (twenty four) pcs and 5 (five) portable working standard meters <p>Tendering for contracts to be financed with the proceeds of a loan from the Bank is open to firms from any country.</p> <p>To be qualified for the award of a contract, Tenderers must meet the qualifying criteria; specified in Instruction to Tenderers.</p> <p>Tender documents may be obtained from the office at the address below, starting from 19.12.2007 upon payment of a non-refundable fee of 300 (three hundred) EUR or equivalent in a convertible Bosnian Marks (BAM) currency. Potential Tenderers upon request may receive by fast courier services the tender document against payment of additional 100 (one hundred) EUR or equivalent amount in BAM, to be paid on below mentioned manner. If requested, the documents will be promptly dispatched by courier, but no liability can be accepted for loss or late delivery.</p> <p>The Tender must be accompanied by a tender security of 30,000 € or its equivalent in BAM currency.</p>
Deadline:	19 Feb 2008 at 12:00, Sarajevo time
Contact:	JP ELEKTROPRIVREDA BOSNE I HERCEGOVINE – d.d. Sarajevo Project Implementation Unit Mr. Nedeljko Despotović, PIU Director Wilsonovo šetalište 15 71000 Sarajevo BOSNIA AND HERZEGOVINA Tel.+387 33 751 030 Fax.+387 33 751 033 e-mail: n.despotovic@elektroprivreda.ba

Company / organization:	EBRD, related Romania
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Technical assistance for wind power integration in Romania

Content:	<p>Transelectrica, the Romanian Transmission System Operator, intends to engage a consultant to carry out the assignment to enable Transelectrica to determine: appropriate levels of wind generation which may be connected to the national grid at present under reliable operation of the power system and appropriate operational and technical conditions for managing such connected generation capacity; grid reinforcement necessities that allow to increase the wind generation in the Romanian Power System; best solutions to increase the available back-up reserves for wind generation in the system; The assignment will, comprise the following key tasks:</p> <p>Review and assessment with reference to international practices:</p> <p>Review of voltage/frequency regulation and active/reactive power control techniques, system operator needs with respect to wind power plant data in the network connecting procedure; grid protocols and market rules for grid connection as they relate to wind farms, and load forecasting techniques and applications for management of wind farms in Romania;</p> <p>Technical Diagnosis and Recommendations for Romanian Power System: Definition and assessment of possible maximum penetration of wind power into the Romanian system through powers system analysis; Description and explanation of Transelectrica's action plan and regulations on operation control for successful wind power plants integration; Recommendations of technical characteristics required for wind power plants connected to transmission network; Recommendations to aid the regulatory and legal framework with specific rules and regulations on the intermittent power supply; Anticipated Assignment Start Date and Duration: The assignment start date is expected to be 01 February 2008, and anticipated duration of the assignment is 3 months.</p> <p>Maximum Budget available for the Assignment: EUR 98,000.00; exclusive of VAT The Consultant must determine whether any indirect taxes/VAT are chargeable on the proposed services and state the basis for such determination in their response to the Notification.. If any indirect taxes/VAT are payable, the client will have to pay indirect taxes/VAT element of the services directly to the consultant/s unless otherwise agreed;</p> <p>Funding Source: It is anticipated that the contract will be financed through the Spanish Sustainable Energy Initiative Fund. Eligibility: The consultancy firms must be registered in Spain. The experts must be of Spanish nationality. However, up to a maximum of 25% of the total funds may be used to finance services of local Romanian experts or consultancy firms; the experts provided by Romanian firms must be Romanian nationals</p>
Deadline:	28 Jan 2008 at 17:00, Bucharest time
Contact:	<p>Mr Ciprian Diaconu Director - Assets Management Division Transelectrica S.A. Str. Armand Calinescu, nr. 2- 4, sector 2, Bucuresti, Romania Tel: +40 21 303 56 12 Fax: +40 21 303 56 20 Email: ciprian.diaconu@transelectrica.ro</p>

Company / organization:	EPS, related Serbia
Prefeasibility study	
Content:	<p>of service related to development of investment – technical documents: 'PREFEASIBILITY STUDY WITH GENERAL DESIGN FOR THE CONSTRUCTION OF THERMAL POWER FACILITY FOR THE COMBUSTION OF LOW CALORIFIC VALUE KOLUBARA LIGNITE INCIRCULATING FLUIDISED BED BOILER, fully in accordance with this invitation and tender documents № 52/07/DSI. More details on: http://www.eps.co.yu/novosti/javnipozivi/25122007/Javni%20poziv%20-%20tender%2052.07.DSI%20-%20engleski%20-%20DANAS.pdf</p>
Deadline:	January 29, 2008, by 12.00 hrs, Belgrade time
Contact:	<p>slobodan.djekic@eps.co.yu miomir.rajovic@eps.co.yu</p>
Company / organization:	EBRD, related Romania
CFR Traction Energy Network Management LOT 1,2 - General	
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 Electricitare 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 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:	<p>Mr I Truica, Technical Director S.C. Electricitare SA, B-dul D Golescu nr.38 Bucharest, Romania Tel: + 40 213192512 Email: ionel.truica@cfr.ro</p>

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

Company / organization:	EBRD, related Romania
CFR Traction Energy Network Management LOT 1,2 - General	
Content:	<p>CFR Electrificare is a Beneficiary of a loan from the European Bank for Reconstruction and Development and intends to use its proceeds towards the cost of a project to continue modernisation and introduce cost-savings measures in management of its traction energy network. The proposed project, which has a total estimated cost of EUR 26 million equivalent (EUR 22m from the Bank and EUR 4m in VAT and other taxes), will require the procurement of the following goods, works and services:</p> <p>Lot 1: Supply and Installation of equipment sets for the Upgrading and Rehabilitation of 12 traction substations 110/25kV and the associated sectioning/subsectioning posts and disconnectors remote control</p> <p>Lot 2: Supply and Installation of equipment sets for the control and surveillance (SCADA) of four railway energy dispatchers: DEF Timisoara, DEF Caransebes, DEF Craiova and DEF Targu-Jiu.</p>
Deadline:	22 Oct 2008 at 00:00, Bucharest time.
Contact:	<p>Mr I Truica; Technical Director S.C. Electrificare SA B-dul D Golescu nr.38 Bucharest, Romania Tel: + 40 21 3192512; Email: ionel.truica@cfr.ro</p>

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

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

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

Company / organization:	NEK, related Bulgaria
Bridge Financing for the Belene NPP Project	
Content:	<p>Natsionalna Elektriesheska Kompania EAD has announced a tender to raise debt financing in the amount of MEUR250. This credit facility will be used to finance the design, procurement of equipment and civil works (construction and erection works) under the Project for Construction of NPP Belene during the first year of its implementation. This period is planned for implementation of the first phase of the Project that mainly covers design and preparatory works and within this period of 1 year NEK in its capacity as the company responsible for the development of the Project will complete the process of its structuring. The purpose of this credit facility will be to play the role of bridge financing until the required financial resources are provided for the complete implementation of the Project for construction of NPP Belene. Therefore NEK EAD as Borrower intends to repay entirely the credit immediately after the financial close of the Project is achieved or to keep the credit on its balance sheet with option for long term repayment. The announcement is published on the page of the Public Procurement Agency http://www.aop.bg and in the Supplement to the Official Journal of the European Union http://ted.europa.eu. The documents for participation in the public procurement procedure may be obtained at the Head Office of NEK EAD or via e-mail upon submission of a document evidencing payment of the documentation fee of 500 Euro. The payment may be made either at the pay-office of NEK EAD or by bank transfer to the NEK account: IBAN: BG35KORP92201400534102, BIC: KORPBGSF in Corporate Commercial Bank AD.</p>
Contact:	Yulian Kiossev, tel. (+3592) 9263490 ykiossev@nek.bg.

Company / organization:	EBRD, related Bosnia and Herzegovina
Power Distribution Reconstruction Project	
Content:	<p>This GPN updates the notice published on the EBRD website on 11 November 2005. Bosnia and Herzegovina has applied for a loan from the European Bank for Reconstruction and Development ("The Bank") towards the cost of reconstructing and modernising the electricity distribution infrastructure in Bosnia and Herzegovina, enabling the three local power utilities (Elektroprivreda Bosne Hercegovine ("EPBIH"); Elektroprivreda Republike Srpske ("EPRS") and Elektroprivreda Hrvatske Zajednice Herceg Bosne ("EPHZHB")) to improve reliability and quality of electricity supply, reduce losses and improve energy efficiency.</p> <p>The proposed project has a total estimated cost of Euro 55 million, proposed to be financed by the EBRD, and will require the procurement of the following goods, works and services for:</p> <ol style="list-style-type: none"> (a) Goods and related Services for purchasing of metering equipment for residential consumption and Low and Medium Voltage substations, Low and Medium Voltage transformers, cables and auxiliary equipment for Low and Medium Voltage lines, machinery and equipment for the installation of the aforementioned items; (b) Works for the installation of the aforementioned items; (c) Consulting services to support the three Project Implementation Units established by the three power utilities. <p>Tendering for contracts under (c) above was completed in June 2006. Procurement for goods & services and works under (a) and (b) above has started and should be completed by December 2007.</p>
Deadline:	2 June 2008 at 24:00, Mostar time

Contact: Mr. Josip Jerkovic
PIU Director
Tel:+387 36 323 788
Fax:+387 36 322 831
Email: josip.jerkovic@epzhb.ba

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

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

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

Phase I

1.1 Supervision of quality assurance by Contractor and PIU during implementation of survey work and design estimates.

1.2 Quality and the accepted technical solutions assessment during elaboration of design estimates.

1.3 Final review and approval of the made up design estimates for the construction of 500 kV OTL 500 kV Agadyr SS– 500 kV YuKGRES SS.

Phase II

2.1 Managerial and monitoring support during contracting.

2.2 Analyses of the results of the tests performance for the quality conformance of the equipment and materials supplied under the project to the quality and technical characteristics operated together with KEGOC JSC specialists. Tests results evaluation.

2.3 Quality assurance surveillance by the Contractor and PIU during implementation of the construction and erection works.

2.4 Environmental measures monitoring during implementation of the construction and erection works.

2.5 Verification of implementation according to the PIP and review of any changes to the PIP.

2.6 Verification of the proper use of available funds.

2.7 Submit periodic activity reports as may be requested from time to time by KEGOC.

Phase III

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

Oil and Gas

Company / organization: EBRD, related Bulgaria

Bulgartransgaz Silistra System Development

Content: Bulgartransgaz EAD intends to use the proceeds of the Grant funds provided by the Kozloduy International De-commissioning Support Fund, administered by the European Bank for Reconstruction and Development and its own resources to finance the cost and complete the Project for delivery and construction of high pressure gas pipeline to, and gas regulation station in Silistra. The Project, which has a total estimated cost of EUR 10.7 million, will require the following deliveries and construction services:

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.

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.

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.

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:

- Temporary construction and preparatory works;
- Delivery of materials and equipment (except of those included in the Delivery Contracts (A, B and C) above);
- Construction and installation;
- Pre-commissioning and commissioning tests;
- Getting Permission on Commissioning by the competent control authorities;
- 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.

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.

Deadline: 3 Nov 2008 at 00:00, Sofia time.

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Bulgaria
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