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NEWS

Energy News in Southeast Europe
twice in a month •

Nº 2008-VII/1 • 17-.07.2008

.BALKANENERGY.COM

About:

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

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

Balkan Energy NEWS consulting:

BalkanEnergy NEWS Consulting

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

Why Balkan Energy NEWS consulting?

- More then four years in consulting business for SEE Energy Sector
- More then three years leading info provider for energy business in SEE.

For more information contact us on news@balkanenergy.com

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In this issue:

July (1) 2008 issue of Balkan Energy NEWS, with limited data.

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Actual data

- » Power sector operational and market data for the period of 1.07.-15.07.2008
- » Forecasted weather conditions for the following period

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Analysis:

- » Thermal and Hydro power plants in Bulgaria

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News headlines

Region

- » Shareholders in PEOP project adopted new statute

Albania:

- » Bankers Petroleum to acquire 100% of Kucova oil field
- » Albania asked for Turkish gas

Bosnia and Herzegovina:

- » Government adopted report on energy balance sheet for 2007
- » Malaysian company to seek oil, Energoinvest claims it has exclusive right for oil researches
- » Parliament accepted report on privatization of oil companies
- » EP BiH to export electricity in 2009
- » Statkraft presented feasibility study for two HPPs
- » ERS to start preparation works for new power plants
- » EP BiH and BH Gas signed Memorandum of understanding

Bulgaria:

- » 250 million dollars for upgrade of oil refinery in Burgas
- » No electricity shortages this summer
- » Bulgargaz to demand 700 million euros loan for South stream project
- » Problems with financing of NPP Belene, BNP Paribas not willing to fund the project
- » Competition council approved establishment of state controlled energy holding
- » Bulgargaz and Gaz de France signed cooperation agreement
- » Government granted construction permit for NPP Belene
- » EU not against construction of new units in NPP Kozloduy

Croatia:

- » 16.5 million euros of losses for HEP in Q1
- » Plinacro and Hungarian FGSZ signed letter of intent for natural gas pipeline Slobodnica-Varosfold
- » Prime ministers announced share swap between INA and MOL
- » MOL published official intention for takeover of INA

Greece:

- » Final agreement between Hellenic petroleum and Edison signed
- » 250 million euros of investments from RF Energy
- » Paperwork and bureaucracy blocking 2.5 billion euro of project
- » Possible deadline extension for TPP Megalopolis

Macedonia:

- » Russian company to modernize TPP Bitola
- » Increase of natural gas prices
- » ELEM illegally spent 18 million euro
- » EVN continues with disconnections

Montenegro:

- » Privatization council approved recapitalization of EPCG
- » 33,000 customers applied for subsidies for electricity bills
- » Several companies purchased tender documentation for making the general design of unit 2 in TPP Pljevlja
- » CEZ interested in privatization of EPCG
- » New management of EPCG appointed
- » 44.5 million euros for electricity import in the first half the year
- » Privatization of small HPPs stalled
- » 3.6 billion euros needed for projects in energy sector

Romania:

- » Pump storage power plant Tarnita-Lapustesti to be built in 5-6 years
- » Plans for construction of new HPP in Turnu Magurele/ Nikopol
- » ANRE granted five new electricity trade licenses
- » Negotiations for units 3 and 4 in NPP Cernavoda to be completed this year
- » Report on energy resources in period January-May
- » Transgaz and MOL signed agreement for construction of Arad-Szeged natural gas pipeline
- » Edison to enter energy market
- » Sinus Holding announced construction of 700 MW wind farm in Moldova
- » President Basescu in favor of cooperation between Romgaz and Gazprom
- » Nuclearelectrica to be listed on stock exchange in 2009

Serbia:

- » New government approved energy agreement with Russia
- » Gazprom: South stream pipeline will not bypass Serbia
- » Gazprom increased price of natural gas

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

Balkan Energy NEWS publication

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

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

1022	Slovenia	2008	12267	1083	978	508	1119	91
1134		2010	12267	1083	978	508	1054	941
1077		2011	12590	955	1051	1127	997	

OPCOM

Annual electricity consumption in GWh		Year	Sum	1	2	3	4	5	6
1120		2007	11182	1027	891	953	850		
1089		2008	11570	1094	998	1012	911		
1054	Bosnia and Herzegovina	2009	10994	1099	932	963	818		
1156		2010	11722	1074	979	1016	910		
1157		2011	12186	1155	1038	1075	938		
3307		2008	34506	3229	2960	2637			
3185	Bulgaria	2009	32727	3051	3196	2638			
3257		2010	31954	3486	3052	3021	2443		
3167		2011	33452	3475	3107	3087	2577		
1640		2008	17842	1680	1543	1570			
1648	Croatia	2009	17507	1625	1530	1551	1323		
1611		2010	16174	1555	1481	1552	1356		
1611		2011	16174	1555	1481	1552	1356		
4521	Greece	2009	53504	4652	4271	4401	3894		
4521		2010	53565	4666	4107	4327	3913		
4521		2011	53565	4666	4107	4327	3913		
4521		2007	53504	4652	4271	4401	3894		
4521		2008	53504	4652	4271	4401	3894		
4521		2009	53504	4652	4271	4401	3894		
4521		2010	53504	4652	4271	4401	3894		
4521		2011	53504	4652	4271	4401	3894		
4791	Romania	2009	50636	4738	4268	4473	3803		
5141		2010	53365	4934	4472	4727	4353		

Country Reports on Energy Business in South Eastern Europe

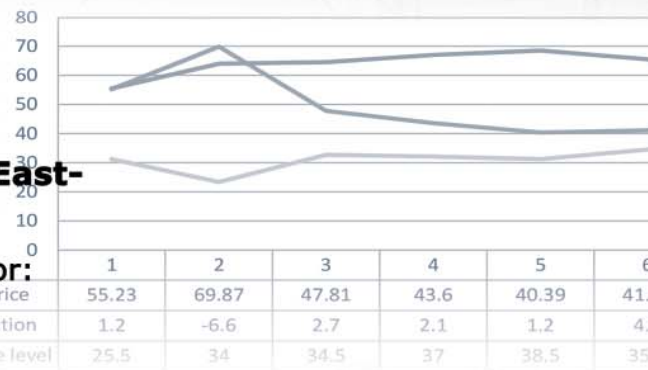
Country reports provide detailed overview of energy sector:

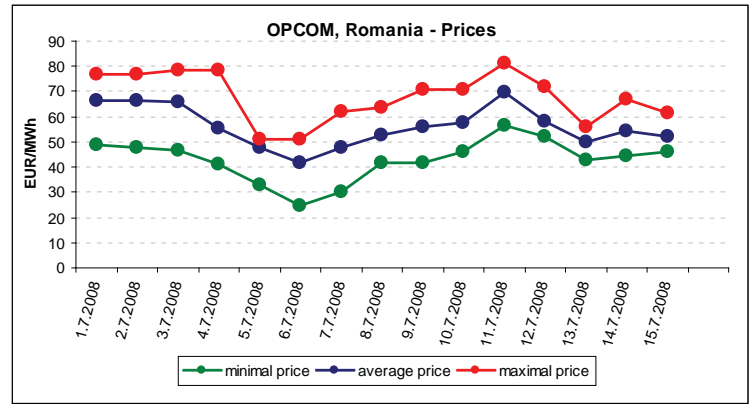
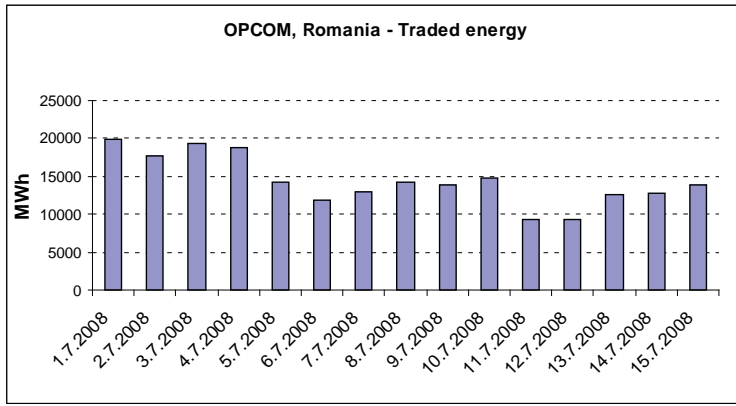
- Overview of the electricity market,
- Consumption, production and export characteristics
- Actualities - hot topics
- Key market players,
- Legislation and electricity market opening
- Electricity prices and tariffs,
- Potentials for investments in power generation,
- Privatizations in power industry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

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

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

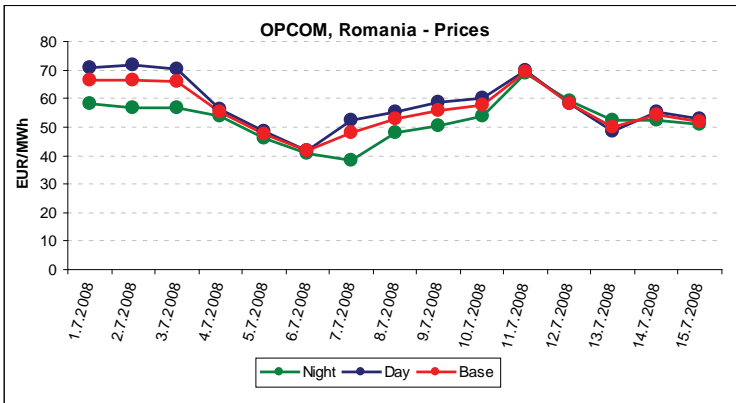
For ordering all of the reports, 20% discount will be applied.





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

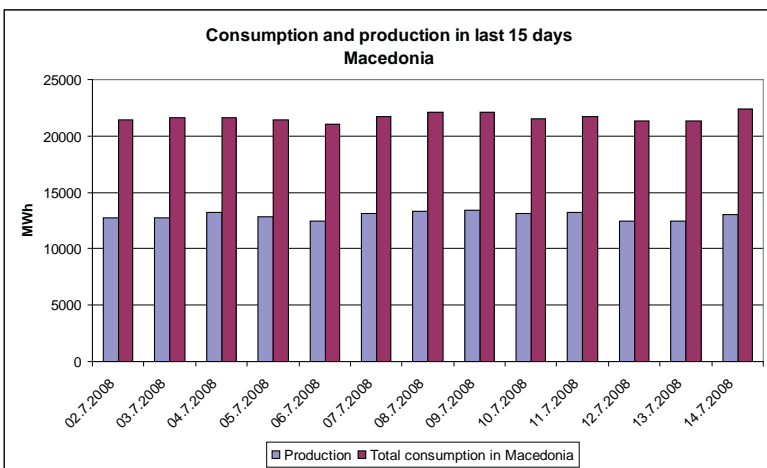
	1.7.2008	2.7.2008	3.7.2008	4.7.2008	5.7.2008	6.7.2008	7.7.2008	8.7.2008	9.7.2008	10.7.2008	11.7.2008	12.7.2008	13.7.2008	14.7.2008	15.7.2008
Base Price	66.40	66.65	65.82	55.50	47.61	41.48	47.76	52.74	55.84	57.87	69.47	58.37	49.89	54.29	52.09
Base Quantity	19870	17710	19258	18728	14271	11848	13001	14218	13903	14769	9271	9271	12570	12764	13832
Day Price	70.63	71.66	70.42	56.38	48.43	41.90	52.48	55.12	58.49	59.91	69.75	58.06	48.70	55.23	52.72
Day Quantity	13325	11510	12970	11969	9891	7978	9258	9683	9218	10472	6436	6436	8537	9071	9495
Night Price	57.96	56.62	56.62	53.74	45.98	40.63	38.32	47.98	50.54	53.79	68.90	58.99	52.27	52.41	50.83
Night Quantity	6545	6199	6288	6759	4380	3870	3744	4534	4685	4297	2835	2835	4033	3692	4337



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

Mepso, Macedonia (MWh)

	02.7.2008	03.7.2008	04.7.2008	05.7.2008	06.7.2008	07.7.2008	08.7.2008	09.7.2008	10.7.2008	11.7.2008	12.7.2008	13.7.2008	14.7.2008
Production	12743	12704	13217	12880	12471	13114	13356	13382	13136	13238	12455	12495	12997
Import	8682	8908	8420	8574	8562	8559	8700	8728	8416	8444	8852	8814	9405
Total consumption in FYROM	21425	21612	21637	21454	21033	21673	22056	22110	21552	21682	21307	21309	22402



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

NOS BIH - Bosnia & Herzegovina						August 2008.
Border+Direction	TTC	TRM	NTC	AAC	ATC	Validity period:
May 2008.						
IMPORT						
Croatia > BIH	-	-	580	-	144	01.-31.8.2008.
Montenegro > BIH	-	-	470	-	235	01.-31.8.2008.
Serbia > BIH	-	-	100	-	50	01.-31.8.2008.
EXPORT						
BIH > Croatia	-	-	600	-	260	01.-31.8.2008.
BIH > Montenegro	-	-	290	-	88	01.-31.8.2008.
BIH > Serbia	-	-	100	-	36	01.-31.8.2008.

ESO - Bulgaria						August 2008.
Border+Direction	TTC	TRM	NTC	AAC	ATC	Validity period:
IMPORT						
Serbia > Bulgaria	-	-	50	-	25	01.-10.8.2008.
	-	-	50	-	25	01.-10.8.2008.
	-	-	0	-	0	01.-10.8.2008.
Romania > Bulgaria	-	-	300	-	200	01.-28.8.2008.
	-	-	100	-	0	29.-31.8.2008.
Greece > Bulgaria	-	-	200	-	100	01.-31.8.2008.
EXPORT						
Bulgaria > Serbia	-	-	300	-	150	01.-10.8.2008.
	-	-	100	-	50	01.-10.8.2008.
	-	-	0	-	0	01.-10.8.2008.
Bulgaria > Romania	-	-	100	-	0	01.-31.8.2008.
Bulgaria > Greece	-	-	650	-	550	01.-31.8.2008.

OPS HEP - Croatia						August 2008.
Border+Direction	TTC	TRM	NTC	AAC	ATC	Validity period:
IMPORT						
Hungary > Croatia	-	-	-	-	300*	01.-31.8.2008.
Slovenia > Croatia	-	-	-	-	100	01.-31.8.2008.
Serbia > Croatia	-	-	-	-	0	01.-31.8.2008.
BiH > Croatia	-	-	-	-	125	01.-31.8.2008.
EXPORT						
Croatia > Hungary	-	-	-	-	200*	01.-31.8.2008.
Croatia > Slovenia	-	-	-	-	100	01.-31.8.2008.
Croatia > Serbia	-	-	-	-	0	01.-31.8.2008.
Croatia > BiH	-	-	-	-	0	01.-31.8.2008.

* Common auction conducted by MAVIR

MAVIR - Hungary						August 2008.
Border+Direction	TTC	TRM	NTC	AAC	ATC	Validity period:
IMPORT						
Croatia > Hungary	600	200	400	200	200	01.-31.8.2008.
Romania > Hungary	300	100	200	150	50	01.-31.8.2008.
Serbia > Hungary	250	100	150	125	25	01.-31.8.2008.
EXPORT						
Hungary > Croatia	950	200	750	450	300	01.-31.8.2008.
Hungary > Romania	350	100	250	150	100	01.-31.8.2008.
Hungary > Serbia	450	100	350	200	150	01.-31.8.2008.

* Common auction conducted by MAVIR

MEPSO - Macedonia						August 2008.
Border+Direction	TTC	TRM	NTC	AAC	ATC	Validity period:
IMPORT						
Serbia > Macedonia	400	100	300	120	0	01.-31.8.2008.
Greece > Macedonia	300	100	200	0	0	01.-31.8.2008.
EXPORT						
Macedonia > Serbia	300	100	200	75	25	01.-31.8.2008.
Macedonia > Greece	100	100	0	0	0	01.-31.8.2008.

TSO EPCG - Montenegro						August 2008.
Border+Direction	TTC	TRM	NTC	AAC	ATC	Validity period:
IMPORT						
Albania > Montenegro	-	-	-	-	100	01.-31.8.2008.
BiH > Montenegro	-	-	-	-	50	01.-31.8.2008.
Serbia > Montenegro	-	-	-	-	40	01.-31.8.2008.
EXPORT						
Montenegro > Albania	-	-	-	-	0	01.-31.8.2008.
Montenegro > BiH	-	-	-	-	160	01.-31.8.2008.
Montenegro > Serbia	-	-	-	-	120	01.-31.8.2008.

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

Transelectrica - Romania						August 2008.
Border+Direction	TTC	TRM	NTC	AAC	ATC	Validity period:
IMPORT						
Bulgaria > Romania	200	100	100	50	50	01.-31.8.2008.
Serbia > Romania	200	100	100	50	50	01.-31.8.2008.
Hungary > Romania	350	100	250	50	200	01.-31.8.2008.
Ukraine > Romania	250	100	150	100	50	01.-28.8.2008.
	200	100	100	100	0	21.-29.8.2008.
	250	100	150	100	50	30.-31.8.2008.
EXPORT						
Romania > Bulgaria	400	100	300	50	250	01.-28.8.2008.
	200	100	200	50	150	29.-31.8.2008.
Romania > Serbia	400	100	300	50	250	01.-10.8.2008.
	200	100	100	50	50	11.-22.8.2008.
	400	100	300	50	250	23.-28.8.2008.
	200	100	100	50	50	29.-31.8.2008.
Romania > Hungary	300	100	200	50	150	01.-10.8.2008.
	200	100	100	50	50	11.-22.8.2008.
	300	100	200	50	150	23.-28.8.2008.
	200	100	100	50	50	29.-31.8.2008.
Romania > Ukraine	0	0	0	0	0	01.-31.8.2008.

EMS - Serbia						August 2008.
Border+Direction	TTC	TRM	NTC	AAC	ATC	Validity period:
IMPORT						
Hungary > Serbia	-	-	-	-	175	01.-31.8.2008.
Romania > Serbia	-	-	-	-	150	01.-10.8.2008.
	-	-	-	-	50	11.-22.8.2008.
	-	-	-	-	150	23.-28.8.2008.
	-	-	-	-	50	29.-31.8.2008.
Bulgaria > Serbia	-	-	-	-	150	01.-10.8.2008.
	-	-	-	-	50	11.-28.8.2008.
	-	-	-	-	0	29.-31.8.2008.
Macedonia > Serbia	-	-	-	-	100	01.-31.8.2008.
Albania > Serbia	-	-	-	-	105	01.-31.8.2008.
Montenegro > Serbia	-	-	-	-	175	01.-31.8.2008.
BiH > Serbia	-	-	-	-	50	01.-31.8.2008.
Croatia > Serbia	-	-	-	-	50	01.-31.8.2008.
EXPORT						
Serbia > Hungary	-	-	-	-	75	01.-31.8.2008.
Serbia > Romania	-	-	-	-	50	01.-31.8.2008.
Serbia > Bulgaria	-	-	-	-	25	01.-28.8.2008.
	-	-	-	-	0	29.-31.8.2008.
Serbia > Macedonia	-	-	-	-	150	01.-10.8.2008.
	-	-	-	-	125	11.-31.8.2008.
Serbia > Albania	-	-	-	-	50	01.-31.8.2008.
Serbia > Montenegro	-	-	-	-	95	01.-10.8.2008.
	-	-	-	-	55	11.-31.8.2008.
Serbia > BiH	-	-	-	-	50	01.-31.8.2008.
Serbia > Croatia	-	-	-	-	50	01.-31.8.2008.

- 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)

Danube water-level in cm for last 30 days

relevant for:

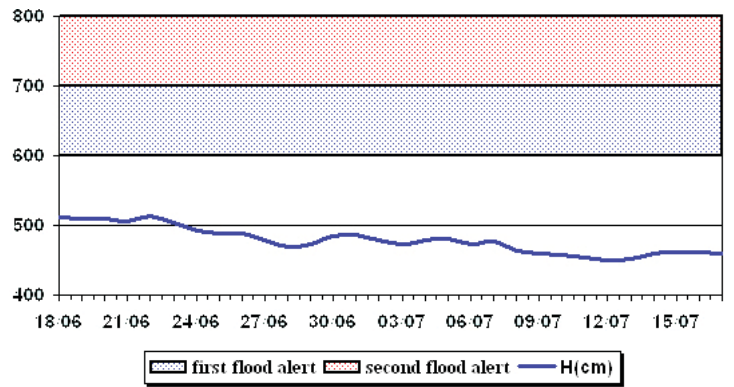
HPP Portile de Fier I, 1167 MW, Romania

HPP Portile de Fier II, 270 MW, Romania

HPP Djerdap I, 1058 MW, Serbia

HPP Djerdap II, 270 MW Serbia

(source: Republic Hydrometeorological Service of Serbia)



Forecasted weather conditions for the following period

	18.7.	19.7.	20.7.	21.7.	22.7.	23.7.	24.7.	25.7.	26.7.	July averages.
Albania <i>Tirana</i>	T: 17-32 W: NW 5 R: -	T: 16-32 W: N 10 R: -	T: 18-34 W: NW 5 R: -	T: 19-35 W: NE 20 R: -	T: 15-31 W: NE 30 R: -	T: 12-28 W: N 16 R: -	T: 11-26 W: N 11 R: -	T: 11-27 W: NW 10 R: -	T: 12-30 W: NW 11 R: -	Temperature: 16-32 Amount of rain: 40 Number of rain days: -
Bosnia and Herzegovina <i>Sarajevo</i>	T: 9-23 W: L-V R: 2	T: 12-25 W: L-V R: -	T: 12-32 W: - R: -	T: 9-19 W: NE 10 R: 6	T: 7-22 W: NE 11 R: -	T: 7-22 W: N 6 R: 4	T: 8-23 W: N 5 R: 5	T: 11-26 W: L-V R: 3	T: 13-33 W: - R: -	Temperature: 12.8-25.9 Amount of rain: 79 Number of rain days: 9
Bulgaria <i>Sofia</i>	T: 14-29 W: - R: -	T: 16-28 W: NW 7 R: -	T: 14-32 W: - R: -	T: 18-31 W: NW 11 R: -	T: 13-26 W: N 18 R: -	T: 9-26 W: N 8 R: -	T: 11-26 W: N 10 R: -	T: 13-28 W: NW 5 R: -	T: 16-32 W: N 9 R: -	Temperature: 13.8-25.9 Amount of rain: 63 Number of rain days: 10
Croatia <i>Zagreb</i>	T: 17-20 W: NE 6 R: 5	T: 14-22 W: - R: -	T: 14-35 W: SW 6 R: -	T: 19-22 W: NE 9 R: -	T: 11-24 W: N 8 R: -	T: 11-27 W: NW 4 R: -	T: 14-27 W: NW 4 R: 5	T: 16-31 W: W 4 R: 4	T: 16-33 W: L-V R: -	Temperature: 14.2-26.7 Amount of rain: 81 Number of rain days: 11
Greece <i>Athens</i>	T: 22-32 W: NW 22 R: -	T: 22-32 W: NW 10 R: -	T: 23-34 W: N 16 R: -	T: 22-33 W: NW 19 R: -	T: 22-31 W: N 16 R: -	T: 22-32 W: N 21 R: -	T: 23-27 W: NW 12 R: -	T: 20-30 W: NW 11 R: -	T: 22-30 W: NW 18 R: -	Temperature: 21-33.5 Amount of rain: 5.8 Number of rain days: 2
Macedonia <i>Skopje</i>	T: 12-32 W: NW 6 R: -	T: 14-32 W: N 9 R: -	T: 14-33 W: - R: -	T: 14-32 W: N 22 R: -	T: 15-28 W: NW 30 R: -	T: 8-25 W: N 14 R: -	T: 10-27 W: N 12 R: 4	T: 11-28 W: NW 9 R: -	T: 13-32 W: NW 11 R: -	Temperature: 14.8-29.8 Amount of rain: 34 Number of rain days: 7
Montenegro <i>Podgorica</i>	T: 17-30 W: N 4 R: -	T: 19-32 W: N 10 R: -	T: 19-33 W: L-V R: -	T: 17-30 W: NE 24 R: -	T: 20-32 W: NE 33 R: -	T: 16-30 W: N 15 R: -	T: 16-30 W: N 12 R: 4	T: 16-31 W: NW 10 R: 5	T: 18-34 W: NW 5 R: -	Temperature: 20.3-31.8 Amount of rain: 38 Number of rain days: 5
Romania <i>Bucharest</i>	T: 18-34 W: - R: -	T: 17-30 W: NW 7 R: 3	T: 18-32 W: - R: -	T: 18-34 W: - R: -	T: 16-28 W: NW 12 R: -	T: 16-27 W: L-V R: -	T: 18-34 W: - R: -	T: 19-34 W: - R: -	T: 20-35 W: NE 8 R: -	Temperature: 15.6-28.8 Amount of rain: 64 Number of rain days: 7
Serbia <i>Belgrade</i>	T: 19-30 W: NW 12 R: -	T: 15-31 W: NW 8 R: -	T: 19-36 W: S 10 R: -	T: 19-22 W: NW 25 R: -	T: 12-23 W: N 25 R: 1	T: 12-24 W: NW 14 R: 5	T: 12-26 W: NW 10 R: 2	T: 15-28 W: NW 10 R: -	T: 18-34 W: NW 4 R: -	Temperature: 16-27.3 Amount of rain: 66 Number of rain days: 10

T: Temperature in celsius degrees

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

R: Rain in mm

S: Snow in mm

Analysis:**Thermal and Hydro power plants in Bulgaria**

In this issue of Balkan Energy NEWS we will present you short description of existing thermal and hydro power plants.

Martisa complex

Martisa Iztok complex is considered as the largest energy complex in South Eastern Europe. Martisa complex is consisted of three TPPs, Martisa East 1 and Martisa East 2, Martisa East 3, and Mini-Martisa, lignite mine. Complex is situated in south eastern part of Bulgaria, 280 kilometers from the Sofia, capital of Bulgaria, and 60 kilometers from the city Stara Zagora. It is located in a large lignite coal basin. The development of Martisa complex started in 1952. Martisa East 2 started with construction in 1962, and unit 1 was introduced in the system of Bulgaria in 1966.

TPP Martisa East 1, with production capacity of 500 MW, was sold to 3C, and later on, sold to AES corporation. AES Corporation and NEK have signed an agreement, by which AES has obligation to upgrade old TPP with new, 670 MW TPP. Construction of new TPP has started in 2006, and construction costs are estimated to 1.3 billion euros. "Alstom" is in charge for construction.

TPP Martisa East 2 has total installed capacity of 1 465 MW, with eight generation units. It is largest generation utility in Bulgaria. Newest, units 7 and 8 were put in operation in 2002, and they are equipped with FGD (flue gas desulphurization). Local lignite is used for generation of electricity, extracted in the mines of Martisa East. TPP Martisa East 2 is 100% state owned. At the moment an extensive investment project for rehabilitation of the power units, including construction of FGD plants for units 1 to 6 are in progress in TPP Maritsa East 2.

Currently, 2 investment projects are undergoing. First, construction of FGD for units 1-4, and second, construction of FGD for units 5 and 6. It is planned that capacity of units 1-6 will be increased by 156 MW by this projects.

TPP Martisa East 3 is third largest power plant in Bulgaria, with 900 MW (4x225) of installed generation capacity. 73% of shares were sold by approximately 200 million euros to "Energy Corporation". Later on, Italian Enel acquired 73% stake, while remaining 27% are held by NEK.

In the beginning of 2007, Enel has expressed interest to build new 700 MW TPP in martisa complex. Enel has hired local company Minproekt, task of which is to evaluate coal reserves in the basin that would be used for supply of potential TPP. Head of Minproekt said that Martisa Iztok coal company would have to increase coal production by 7 to 8 million tons per year if the new TPP was built. The coal reserves in the basin should last for 40 to 50 years.

In the same time, German RWE has also earlier expressed readiness to build 600 MW TPP in the same coal basin. They proposed similar model to that of US company AES, which started

construction of replacement capacity in the TPP Martisa Iztok 1. High official from RWE confirmed that company is ready to invest 900 million to 1 billion euros in the project. The plant could be put in service in 2013th, RWE said. RWE and Maritsa Iztok mining company have established ineffective joint venture in 1999th. Either the joint venture would be transformed into new company that could build new TPP or it would be liquidated.

TPP Varna

TPP Varna is located in shore of lake Varna, 12 kilometer from Varna city. It was designed to use imported coal, mainly from Ukraine and Russia. TPP has 1260 MW (6x210 MW) and it is 2nd largest TPP in Bulgaria. Annual production in past years was approximately 3 000 GWh. Three units operate under capacity reserve agreement signed with National electric company (NEK). Two units deliver electricity to domestic market, while one unit has been producing electricity for foreign customers.

In 2007, 100% of shares in this old TPP were sold to Czech CEZ for 306 million euro. First ranked bidder, Russian RAO ESS pulled back its offer of 398.7 million euro. CEZ has announced 200 million euros investments in TPP Varna in order to install new sulfur dioxide removal equipment and electro filters

Also, in the beginning of 2007, management of TPP announced 360 million euros worth investment program in period 2007th -2016th. According to plans, CEZ should install sulfur-dioxide removal equipment on units 4,5 and 6 by 2011th and on units 1 and 2 until 2015th. The project is aimed to reduce emission of harmful gases in accordance to EU requirements.

In 2008, CEZ has announced plans for increase of generation capacity in TPP Varna. The new unit will have two 300 MW gas turbines and one 320 MW steam turbine.

According to earlier announcements made by CEZ's managing director in Bulgaria Lubos Pavlas, the new capacity in TPP Varna should be put in service in 2013. According to Pavlas, CEZ decided to build new unit due to most likely reduction in greenhouse gas quotas, which should be introduced by the state of Bulgaria. If this happens, the company could be forced to stop three of its unit in TPP Varna, director said.

In the end of the last year, the company requested increase in electricity prices from 27.5 euros/MWh up to 36.2 euros/MWh, but the power regulator has not responded yet. In the meantime, the company's costs increased for another 5 euros/MWh having in mind that price of coal on international markets increased at 85 euros/ton.

In 2007, TPP Varna reported some 2.5 million euros of operational profit, which was 1 million lower comparing to previous year.

TPP Bobov Dol

Thermal Power Plant Bobov Dol is located in the Southwest Bulgaria. It is situated 10 km northwest of the town Dupnitsa and about 70 km south of Sofia. It has been operational since 1976, with total installed capacity of 630 MW (3x210 MW units)

and available capacity of 570 MW. It is supplied with coal from 12 mines in western and south western Bulgaria. Coal reserves from current mines which are supplying TPP are decreasing, and it is estimated that only one unit could be supplied by them by 2013. There are also possibilities for altering a TPP to gas fired TPP.

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

In June 2008, Energia MK, the company owned by local tycoon Hristo Kovachki, which controls several coalmines in the country, won in the auction for sale of 100 % shares in thermal power plant (TPP) Bobov Dol. TPP was sold at initial price of 51 million euros.

The outcome of the auction was expected since the second competitor in the tender was the local company Minna Kompania, which is also linked to Kovachki. In the same time, the company failed to pay guarantee of 2.5 million euros and Energia MK was the only participant in the auction. 60 million euros are announced to be invested for the modernization projects in the TPP.

CHP Rousse

CHP Rousse is smallest TPP in Bulgaria. It is designed for combined production of electricity and heat energy. Construction has started in 1964, and upgrades were finished in 1985. It has 400 MW of generation capacity.

After long and unsuccessful procedure for selling the CHP to RAO EES, Bulgarian government has approved the sale of CHP Rousse to Slovenian HSE. HSE offered 85.1 million euros for 100% of shares in CHP Rousse. Bulgarian Privatization agency said the HSE failed to submit an information regarding the plans to sell a stake in the CHP before the deal was finalized. In July this year, HSE opened a sale procedure for 49 % shares in CHP, without informing the PA. In the end of August 2007, contract has been signed between Privatization Agency and HSE. Soon after, HSE sold 49 % of shares to Russian Mechel. According to sources, the rest of 51 % shares should be sold by HSE to Mechel by 2010.

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

Hydro power plants

There are 51 hydro power plants in Bulgaria. Many small ones are already privatized. Total installed capacity of all hydro power plants is 2615 MW. Hydro power plants generate small amounts of energy. There are 14 larger hydro power plants within 4 cascades systems: Belmeken-Sestrimo-Chira, Batak, Vacha and Arda. They are mainly used to regulate power system operation and cover peak load. There are 4 sets of pumped-storage hydroelectric power stations located at Chaira. Total installed capacity consists of 4 reversible sets is 864 MW (generating mode) and 788 MW (pump mode). There are several project undergoing, such as hydropower complex Tsankov Kamak and Gorna Ada.

The list of larger HPPs is shown in the table below.

Cascade, Plant	type	Capacity (MW)	Output (consumption) GWh in 2004
Belmeken - Sestrimo - Chaira Cascade	turbines pumps	1599 898	919 279
Chaira Pumped-storage HPP	turbines pumps	864 788	148 236
Belmeken Pumped-storage HPP	turbines pumps	375 110	33 43
Sestrimo HPP		240	300
Momina Klisura HPP		120	138
Vacha Cascade	turbines pumps	380 45	584 1
HPP Teshel		60	125
HPP Devin		80	106
HPP Orpheus	turbines pumps	160 45	160 2
HPP Krichim		80	193
Batak Cascade		231	428
HPP Batak		40	103
HPP Peshtera		125	227
HPP Aleko		66	98
Arda Cascade		270	516
HPP Kurdzhali		106	162
HPP Studen Kladenets		60	190
HPP Ivailovgrad		104	164
Other HPP		87	245
TOTAL HPP	turbines	2864	2692
	pumps	943	280

News:**Shareholders in PEOP project adopted new statute (Region)**

Shareholders assembly of the Project Company for Pan European oil pipeline (PEOP) took place in Zagreb in the second week of July. The members of the project company are Janaf (Croatia), Conpet and Oil Terminal (Romania) and Transnafta (Serbia). The assembly adopted a new Statute and appointed members of the Management board.

According to agreement signed in Bucharest in April, the main task of the board will be to include Italian partners in the project, to find investors and to find customers for the new pipeline.

The PEOP project has been developed in accordance to ministerial declaration signed in Zagreb in April last year. The project is also supported by EU.

Slovenia and Italy also signed ministerial declaration, but they did not sign shareholders agreement. The agreement left an option for two countries to join the project under same terms. It was said that project would be unfeasible if Slovenia and especially Italy do not join it.

§ § §

Bankers Petroleum to acquire 100% of Kucova oil field (Albania)

According to sources, Bankers Petroleum Ltd plans to acquire remaining 50% stake in Kucova oil field. As a reminder, Bankers Petroleum Ltd has bought 50% stake from Sherwood International in February, for approximately 1 million euro.

Bankers Petroleum Ltd has exclusive right to develop the Kucova oil field.

§ § §

Albania asked for Turkish gas (Albania)

Turkish Energy Minister, Mr. Hilmi Guler said that Albania asked for gas over the Shahdeniz pipeline that passes through Turkey. According to him, Albanian Prime Minister Sali Berisha asked that during a bilateral meeting for gas over the Shahdeniz pipeline passing through Turkey.

Azerbaijan gas from Shahdeniz deposit is being transported to Turkey by Baku-Tbilisi-Erzurum pipeline. The initial capacity of the pipeline is 8.8 billion cubic meters of gas per year. It is expected that capacity could be extended to 20 billion cubic meters of gas per year after 2012.

He added that efforts were underway on pipeline project to carry gas to Europe and said the Nabucco project's agreement would be signed between the governments soon.

§ § §

Government adopted report on energy balance sheet for 2007 (Bosnia and Herzegovina)

Government of Federation of Bosnia and Herzegovina (BiH) has adopted a Report on energy balance sheet for the last year.

According to the report, overall coal production in the entity was 6.135 million tons, which was some 5 % lower than planned. In the same time, the amount covered domestic consumption, while coal export reached 104,000 tons.

Overall electricity production reached 7.672 TWh, which was 0.5 % lower than planned. The report also showed that 27 companies imported overall amount of 832,700 tons of oil derivatives. The report also said that natural gas supply was regular and stable during the last year.

§ § §

Malaysian company to seek oil, Energoinvest claims it has exclusive right for oil researches (Bosnia and Herzegovina)

The representatives of company Tara-Drina, owned by Malaysian businessman Joseph Vijay Kumar, said to local media that company is interested in oil researches in Bosnia and Herzegovina (BiH). The special areas of interest are locations near cities of Tuzla, Stolac and Livno. The news on intentions of Malaysian company was published by many internet portals in the World.

Malaysian company believes that oil researches in BiH are justified, where some 90 million dollars should be invested for this purpose. The company has been collecting information on potential oil reserves near Tuzla for more than a year. A year ago, the company asked for government's approval to conduct researches near this city.

Commenting the abovementioned announcements, deputy director of Energoinvest reminded that ministry of energy, mining and industry granted exclusive rights for oil researches in Federation of BiH to Energoinvest.

Officials from Energoinvest said that Malaysian company was not a serious company and that it had not paid a rent for using Energoinvest's offices of more than a year.

Malaysian company did not want to comment these remarks, and said they have experts that could start oil researches in no time.

Deputy director of Energoinvest also confirmed that company has been engaged in finding the strategic partners in the projects for oil researches in Federation of BiH. The negotia-

tions are in initial phase, while most likely partner should be some US oil company, official confirmed.

Energoinvest has also prepared requests for granting the concession contracts for oil production. In this moment, granting the concessions is under jurisdiction of cantonal authorities. Federal minister of energy, mining and industry Vahid Heco believes that this law should be changed and that federal authorities should grant concessions.

After the meeting with Joseph Vijay Kumar, federal prime minister Nedžad Branković proposed that Tara-Drina and Energoinvest could agree on partnership agreement in order jointly to perform oil researches in the country. The meeting was held at the request of Malaysian company, which wanted to present justified reasons for start of oil researches.

Prime minister said that Energoinvest was granted concession, but the company would not be able to perform oil researches by itself.

§ § §

Parliament accepted report on privatization of oil companies (Bosnia and Herzegovina)

The parliament of Republic of Saps (RS) accepted the Information on privatization of oil companies in RS in the session held in second week of July.

The information said that preparations for renewal of Oil refinery in Brod have been completed, that funding for this project was secured and that 13 contracts for this purpose have been signed with contractors and subcontractors.

The government admitted that privatization procedure lasted more than expected for several reasons, such as delays in adopting the law on quality of liquid fuels in Bosnia and Herzegovina, delays in approval of privatization by Competition council of BiH, and managerial changes in Zarubezneft.

In the same time, several local experts and NGOs criticized prime minister Milorad Dodik for signing the annex to privatization agreement with Russian company Zarubezneft. Annex was signed in beginning of June. According to annex, RS allowed to Russians to reprogram payment of unpaid taxes in period of nine years, where the payment will start in 2011. The unpaid taxes of oil companies amounted to some 70 million euros.

Experts said that by signing the annex, government allowed Russians not to pay interest rates on unpaid taxes, which was against the laws.

On the other hand, spokesperson of the prime minister of RS said the annex needed to be signed having in mind changes in laws related to sale of state owned shares in oil companies.

In the information presented to MPs, the government explained that annex of the privatization agreement did not change any of the obligations of both sides. The annex has just defined the models for completing those obligations.

The annex also includes obligation of Russian owners to pay 72.5 million euros of debts of the Oil refinery in Brod and to pay unpaid salaries for employees in the refinery.

As a reminder, on August 16, 2006, the government of RS and Russian Zarubezneft signed Protocol on intention for privatization and renewal of Oil refinery in Brod, Motor oil refinery in Modrica and fuel distributor Petrol. On February 2, 2007, two sides signed agreement for sale of shares owned by the state and pension fund for some 126 million euros.

Among other things, the new owner was obliged to renew oil companies in period of 42 months, to preserve all employees in the same period and to increase oil processing at 4.2 million tons per year.

§ § §

EP BiH to export electricity in 2009 (Bosnia and Herzegovina)

The officials from Power utility of Bosnia and Herzegovina (EP BiH) confirmed that contract for delivery of electricity to Croatian power utility (HEP) will expire by the end of this year.

As a reminder, EP BiH was obliged to deliver 5.5 TWh of electricity to HEP in order to compensate prewar investments of HEP in thermal power plant (TPP) Tuzla. The contract should have lasted five years and it should have expired in June this year, but it was prolonged since EP BiH did not return all electricity on time.

In 2009, after expiration of this contract, EP BiH will have overall annual surplus of 2 TWh of electricity. According to announcements from EP BiH, in the next year, the company will offer some 1.6 TWh of electricity in a tender.

§ § §

Statkraft presented feasibility study for two HPPs (Bosnia and Herzegovina)

Minister of economy, energy and development of Republic of Srpska (RS) Slobodan Puhalać announced that Norwegian Statkraft would most likely build two hydropower plants (HPPs) on Vrbas River.

Puhalać said this during the presentation of pre-feasibility study made by Statkraft. The study is the first step in implementation of energy agreement signed by the government of RS and Statkraft in January this year.

The subject of the latest study were four construction sites for two 17 MW HPPs. The study showed that sites Trno and Laktasi are the most suitable construction sites. The worth of the investments in new HPPs is estimated at some 60 million euros.

Ian Linerud, the head of Statkraft's Western Balkans office, said that two new HPPs would produce 80 GWh of electricity each. Linerud said they proposed to government of RS to start these

projects. Prime minister Milorad Dodik announced that government would give its answer to Statkraft by the end of the month.

§ § §

ERS to start preparation works for new power plants (Bosnia and Herzegovina)

Executive director for investments and development in Power utility of Republic of Srpska (ERS) Vladislav Vladicic confirmed that preparation works for construction of hydropower plant (HPP) Dabar should start within a year.

As a reminder, according to cooperation protocol signed by ERS and Russian Inter RAO EES in April this year, two companies should build seven hydropower plants (HPPs) (to be located on rivers Drina, Trebisnjica and Lim) with overall power output of 530 MW and annual electricity production of 1.7 TWh. Total investments should reach over 700 million euros. In the same time, Russian company signed similar cooperation protocol with Power utility of Serbia (EPS).

On River Trebisnjica, the HPPs Dabar, Bileca and Nevesinje should be built. Their overall annual electricity production should be 484 GWh, while cost of the construction is estimated at some 290 million euros.

On River Drina, the HPPs Paunci, Foca and Gornja Drina should be built. These projects will be carried out in cooperation with Serbia. Overall annual electricity production in these HPPs should reach some 700 GWh.

On River Lim, HPP Mrsovo should be built, where cost of the project is estimated at 92 million euros.

Vladicic reminded that necessary researches for new HPPs have been already made, and even project papers for some of the projects have been prepared. On the other hand, the amount of the funds that will be invested by Inter RAO as well as the exact deadlines of the projects is still unknown.

In the related news, according to announcements, new project documentation for HPP Gornja Drina should be completed by ERS and EPS in September this year. The project, previously known as HPP Buk Bijela, had to be modified after Montenegro abandoned it for ecological reasons.

§ § §

EP BiH and BH Gas signed Memorandum of understanding (Bosnia and Herzegovina)

The national gas company BH Gas and national power company Power utility of Bosnia and Herzegovina (EP BiH) signed a Memorandum of understanding in Sarajevo in the beginning of July.

According to MoU, two companies will start joint activities related to making of project documentation for construction of gas fired thermal power plant (TPP) Kakanj and for new com-

bined heat and power plant (CHP) near Sarajevo. The cost of the studies is estimated at some 50,000 euros.

The signing of MoU was attended by minister of mining and energy Vahid Heco. He reminded that government had initiated large-scale projects for construction of eight new power plants. Minister said that strategic plan for construction of new power plants envisaged construction of CCGT power plants. The government wants to increase usage of natural gas in energy sector, minister Heco said.

§ § §

250 million dollars for upgrade of oil refinery in Burgas (Bulgaria)

Russian Lukoil, the owner of oil refinery Neftochim Burgas, plans to invest some 250 million euros for upgrade projects in this year. The upgrade will enable production of oil derivatives in accordance to EU standards that will be imposed in 2009. Starting from 2009, the allowable amount of sulfur in fuel in EU should be reduced from 50 ppm down to 10 ppm.

Neftochim is the only operational refinery in Bulgaria. According to company's plans, crude oil processing in this year should amount to 7.3 million tons.

§ § §

No electricity shortages this summer (Bulgaria)

Executive director of Bulgaria's Electricity system operator (ESO) Ivan Ayolov said there would be no electricity shortages this summer despite increased electricity consumption and large-scale regular maintenance works.

In the first week of July, three large units in thermal power plants were under maintenance, i.e. the two units in TPP Varna and one in TPP Maritsa Iztok. Their overall power output is 500 MW. Ayolov confirmed that rest of power plants have been operating under normal conditions.

§ § §

Bulgargaz to demand 700 million euros loan for South stream project (Bulgaria)

Minister of economy and energy Petar Dimitrov confirmed that national gas company Bulgargaz would try to sign 700 million euros loan contract for financing the South stream project in Bulgaria.

Minister said this after parliamentary energy committee supported ratification of agreement for construction of new natural gas pipeline signed with Russia in January this year. According to agreement, Bulgaria and Russia will control equal shares in the project.

The preliminary calculation showed that cost of the project could amount to 1.4 billion dollars, despite the fact that exact pipeline route was not decided yet.

§ § §

Problems with financing of NPP Belene, BNP Paribas not willing to fund the project (Bulgaria)

BNP Paribas, the bank selected to arrange the loan for funding the nuclear power plant (NPP) Belene, said it would not invest any of its funds for the project. BNP will provide only advisory services and it would not be a lead arranger for the loan.

In the beginning of June, right before expiration of tender deadline, National electric company (NEK) and BNP Paribas signed the contract for financing the construction of NPP Belene. According to explanations at time, BNP should have been lead arranger for the loan. Apart from the deadlines for arranging the loan, NEK did not reveal other details of the contract.

As a reminder, BNP Paribas provided 250 million euros bridge loan for funding the project.

According to BNP Paribas, the agreement with NEK only envisaged an option for the bank to invest its funds in the project, where NEK hoped this would be the case.

Financial experts said it was unusual that bank selected to arrange the loan was not willing to invest its own funds and that this could be signal of caution for other potential investors. Sources from BNP Paribas said the latest decision was reached by the highest officials of the bank due to high risks related to the project.

In the same time, global credit crisis and rising prices of raw materials could imply new problems for providing funds for the project. Some experts believe that the latest development could force Bulgaria to change its opinion and to accept offer of former Russian president Vladimir Putin. As a reminder, Putin said to Bulgarian officials that Russia was ready to fund most of the project by investing 3.8 billion euros.

In the same time, minister of economy and energy Petar Dimitrov admitted that plans for providing the loan faced certain problems. He said to local television that funding of the project was not secured. Dimitrov said there are some interested investors, where Russia is the most certain investor in this moment. In addition, minister Dimitrov believes that private banks need to accept their risks in the project, especially having in mind that government had provided 600 million euros in state guarantees for future loans, which will be provided by Euroatom and European investment bank.

The state of Bulgaria and Russian AtomStroyExport signed the contract for construction of future 2,000 MW NPP. The worth of the contract is 4 billion euros, and the price does not include the price of related infrastructure. According to latest estimation, the project costs could amount to 6-9 billion euros.

§ § §

Competition council approved establishment of state controlled energy holding (Bulgaria)

Bulgarian Competition council (CC) has approved government plans for establishment of national energy holding company. The future holding will be consisted of National electric company (NEK), nuclear power plant (NPP) Kozloduy, thermal power plant (TPP) Maritsa Iztok 2, Bulgargaz and mining company Maritsa Iztok.

CC explained that planned merger is just an internal restructuring of state owned power companies.

In the end of June, the government selected Deloitte Bulgaria to be the consultant for the establishment of national energy holding.

According to CC, the members of the holding will remain independent companies, where holding will not be involved in any of commercial or production activities. Each member of the holding will be allowed to make its own business strategy in order to achieve targets set by the holding. The companies will preserve its business licenses, and it will operate independently within the holding.

§ § §

Bulgargaz and Gaz de France signed cooperation agreement (Bulgaria)

In the beginning of July in Paris, Bulgaria's gas company, Bulgargaz and Gaz de France signed the Memorandum on strategic partnership. The agreement is related to development of natural gas market and ensuring the security in natural gas supply.

The agreement was signed by CEO of Bulgargaz Lyubomir Denchev and president and CEO of Gaz de France Jean-Francois Sireli.

The signing of the agreement has been expected for more than a year. The negotiations continued in February after Gaz de France was rejected from participation in Nabucco natural gas project.

§ § §

Government granted construction permit for NPP Belene (Bulgaria)

The government of Bulgaria officially approved the start of construction of nuclear power plant (NPP) Belene after ministry of regional development and public works issued permit for start of construction.

The permit was issued to investor, the National electric company (NEK), which presented the permit to future constructor, the Russian AtomStroyExport. After the issuing of the construction permit, Russian company is allowed to enter construction site at any time and to start construction works.

In October 2006, AtomStroyExport, with subcontractors Areva and Siemens, was selected to be the constructor of the second NPP in Bulgaria. Russian company outbid Czech Skoda in the international tender.

Official contract with AtomStroyExport was signed in January this year. The worth of the contract is 4 billion euros, where two 1,000 MW units should be built in 2013 and 2014, respectively. AtomStroyExport will deliver and install equipment in the NPP.

In this moment, Russian company is engaged in construction of five NPPs, in China, India and Iran.

§ § §

EU not against construction of new units in NPP Kozloduy (Bulgaria)

European Commissioner for Energy Andris Piebalgs said that European Commission was not against the construction of units 7 and 8 in nuclear power plant (NPP) Kozloduy. Piebalgs confirmed that several US companies are interested in this project.

In June, Bulgaria's minister of economy and energy Petar Dimitrov announced that several large US companies are interested in construction of two new nuclear units in NPP Kozloduy, which would be replacement capacity for smaller decommissioned units.

In the same time, prime minister Stanishev appointed working group that will be responsible for preparing the development strategy for NPP Kozloduy, including the construction of new units.

In the related news, minister of economy and energy Petar Dimitrov said at the energy forum in the Black Sea resort of Pomorie that restarting the units 3 and 4 in NPP Kozloduy would be the best solution for Bulgaria until the NPP Belene was built.

§ § §

16.5 million euros of losses for HEP in Q1 (Croatia)

According to official financial report, Croatian power utility (HEP) posted 16.5 million euros of losses during the first quarter of this year. In the same period last year, the company posted 1.4 million euros of profit.

In the same period, HEP reported 387 million euros of income (+8 %), while overall expenses amounted to 401 million euros (+13.2 %). The main reason for increase in expenses was the rise in fuel costs up to 235 million euros (+38 %).

In the last four years, HEP's profit decreased by more than 70 million euros. In 2004, the annual profit stood at 62 million euros, while income was 1.24 billion euros. The profit in 2005 remained the same, while income amounted to 1.35 billion euros. In 2006, profit decreased to 33 million euros, while overall

income reached highest ever amount of 1.4 billion euros. In the last year, company reported 3.5 million euros of profit.

Overall active capital of the company on March 31, 2008 stood at 4.27 billion euros (-0.68 %).

In the related news, HEP announced that Standard&Poor's confirmed company's credit rating BBB with stable outlook.

§ § §

Plinacro and Hungarian FGSZ signed letter of intent for natural gas pipeline Slobodnica-Varosfold (Croatia)

In the first week of July, Croatian natural gas transmission company Plinacro and its Hungarian counterpart FGSZ Natural Gas Transmission signed a letter of intent related to construction of natural gas pipeline between two countries. The new pipeline should be built between Slobodnica near Slavonski Brod (Croatia) and Varosfold (Hungary).

Two companies are obliged to build bidirectional pipeline. By this, Croatia will get new supply and transit route for natural gas. Croatian officials believe this pipeline will be important as a link to South stream pipeline and Nabucco pipeline.

During the same occasion, Plinacro and FGSZ signed a letter of intent with Croatian power utility (HEP) regarding the import of natural gas through new pipeline for HEP's purposes.

§ § §

Prime ministers announced share swap between INA and MOL (Croatia)

During the meeting in Dubrovnik in the beginning of July, prime minister of Croatia Ivo Sanader and prime minister of Hungary Ferenc Gyurcsány confirmed they agreed on share swap between Croatian oil industry (INA) and MOL. The exact amount of shares in INA to be swapped was not decided.

Two prime ministers did not reveal the details of the deal, yet they said the new model of privatization of INA would be beneficial both for Croatia and for Hungary. The share swap was proposed by Croatia, which was interesting and fascinating solution, prime minister Gyurcsány said.

Two prime ministers also discussed plans for connecting the natural gas networks of two countries. The new meeting regarding this subject should take place in the beginning of September.

Hungarian MOL already controls 25 % plus one share in INA. The company more than once expressed interest in increasing its stake in INA. In the same time, this transaction was considered as a defense strategy against hostile takeover launched by OMV.

In June this year, prime minister Sanader clearly said that government would not reconsider OMV's offer for purchase of shares in INA during the next privatization stage of national oil company. Sander believes that share swap will increase energy security of the country since INA will be able to influence MOL's business strategy.

On the other hand, analysts believe that latest decisions were made at the time when both, INA and MOL, are running out of time. MOL is pressured by OMV, while Croatia is worried over the fact that, starting from October, MOL would have right to sell or purchase INA's shares without government's consent. The analysts also believe that government will swap between 14 and 19 % shares in INA.

Only day after meeting in Dubrovnik, prime minister Sanader visited Austria, where he said that decision regarding share swap between INA and MOL was not final. The government will compare share swap and sale of shares, after which the final decision would be made. Sander repeated that he is in favor of share swap.

The sources from the government of Croatia confirmed that any kind of decision regarding continuation of privatization of INA has to be approved by the parliament. In addition, according to privatization law of INA, which was voted in 2002, the state of Croatia is obliged to keep at least 25 % plus one share in INA until the country becomes EU member. In this moment, the government controls 44.84 % shares in INA.

§ § §

MOL published official intention for takeover of INA (Croatia)

In mid July, legal representatives of Hungarian MOL in Croatia officially informed Croatian financial services supervisory agency (HANFA) on its plans for takeover of Croatian oil industry (INA).

In the letter sent to HANFA, MOL acted as a bidder who is linked to majority owner of INA, i.e. government of Croatia. The government and MOL jointly own 69.84 % of shares in INA, i.e. 44.84 % and 25 % of shares respectively. MOL said it was interested in purchase of rest of 30.16 % of shares in INA owned by minority shareholders.

The latest MOL's offer leaves an option for announced share swap between INA and MOL, since MOL was not interested in buying the government's stake in INA.

According to Croatian laws, MOL is obliged to publish the official offer within 30 days since submitting the letter of intent. MOL will publish public offer for takeover of INA very soon, officials from Zagreb Stock Exchange confirmed.

HANFA is obliged to approve or to reject public offer in period of 14 days, and every shareholder will be allowed to decide whether it will sell its shares or not.

According to local experts, the latest move of MOL was surprise, and the main goal was to act faster than OMV, which an-

nounced plans for purchase of shares of INA. In this way, MOL will have to buy only 30.16 % of shares in order to takeover INA.

Few days before MOL's move, vice prime minister Damir Polancec confirmed that OMV sent official letter to the government. In the letter, OMV expressed interest for purchase of state owned shares in INA or for share swap. In the same time, OMV sent similar letter of intent to War veterans' fund, which controls 7 % shares in INA.

Polancec explained that HANFA needed to rule out whether the OMV was obliged to publish public offer for takeover of INA. According to Croatian laws, any company interested in more than 25 % shares in INA is obliged to publish public offer for takeover.

On the other hand, spokesperson of OMV Thomas Huemer explained that nature of OMV's expression of interest did not require from company to inform HANFA. OMV also said it would be interested in privatization of INA if the government started transparent privatization procedure.

In the same time, Huemer denied claims published by one Hungarian news portal that OMV and MOL agreed on joint takeover of INA. The Hungarian sources said that OMV should purchase state owned shares in INA, while OMV would allow MOL to purchase 20.2 % of its shares currently controlled by OMV.

Vice prime minister Polancec said that, after the latest decision of MOL, OMV would have a chance to show its seriousness and to submit counter offer for purchase of shares in INA. One of the obstacles for OMV is the fact that government of Croatia needs to approve any offer for purchase of more than 10 % shares in INA.

HANFA announced it would demand to see the letters sent by OMV to the government and the War veterans' fund in order to evaluate whether OMV wanted to purchase more than 25 % of shares in INA.

§ § §

Final agreement between Hellenic petroleum and Edison signed (Greece)

Greek refining company Hellenic Petroleum and Italian Edison SpA have signed the final agreement for 50%-50% joint venture regarding construction of up to 2000 MW generation capacity, power trading and marketing activities.

New joint company will control thermal generation in which it will have 75% stake, while Hellenic Energy & Development and Halcor will have remaining 25%.

Hellenic Petroleum officials said that "Hellenic Petroleum contributes to the generating subsidiary its 390MW CCGT power plant in Thessaloniki. Edison, in return, contributes its 65% stake in the 420MW CCGT power plant in Thisvi, Greece, which is currently under construction, as well as projects currently in the study phase for the construction of additional power plants. Hellenic Energy & Development and Halcor contrib-

ute to the generating subsidiary their 35% stake in the Thisvi power plant.”

Additionally, to balance the respective asset contributions of the partners, Hellenic Petroleum will receive a EUR 55 million payment from Edison and the holding company will receive a EUR 30.7 million payment from Hellenic Energy & Development and Halcor.”

“The new company will be a holding group that will develop renewable energy sources, natural gas production and trade electrical energy in the Balkans and elsewhere,” said ELPE President Efthymios Christodoulou at the signing ceremony.

This deal is waiting for the approval of regulatory authority.

§ § §

250 million euros of investmens from RF Energy (Greece)

Executive of “RF Energy” revealed plans of his company to invest 250 million euro in Greek energy sector by 2010. According to general manager Ioannis Pantousis statement, RF Energy is aiming for capacity of 428 MW by 2010, while 11 MW projects are underway. He also expressed interest to expand company operation to other Balkan countries.

RF Energy is the subsiday of FG Europe, and it currently has 17.6 MW of installed power in wind park and small hydropower plant.

§ § §

Paperwork and bureaucracy blocking 2.5 billion euro of project (Greece)

According to Spanish companies, bureaucracy is blocking 2.5 billion euro of projects in renewable energy sources.

Representatives of four Spanish companies operating in Greece – Acciona, Endesa, Iberdrola and Gamesa – pointed to red tape as the main obstacle to their investment plans.

According to them, the lack of a national land registry, government departments with poor communication with local authorities were some of the problems.

Jesus Olmos, general manager of Endesa Hellas, which plans to invest 1.6 billion euros in Greece, said the mountain of paperwork demanded by the Greek government can result in a delay of five years for a single permit. Also, Acciona plans to invest some 500 million euros in Greece’s windpower sector over five years.

§ § §

Possible deadline extension for TPP Megalopolis (Greece)

According to unofficial sources, deadline for tender for construction of TPP Megalopolis might be extended to September, after several companies requested extension.

Gas fired TPP should be operational in 2011, and it would have between 750-830 MW, CCGT. It will be located in Megalopolis, southern Greece.

§ § §

Russian company to modernize TPP Bitola (Macedonia)

Officials from TPP Bitola and Russian “Energomasinogradba” have signed a deal for modernization and long term development of Bitola complex, on 4th of July in Moscow.

Signed document secures stable and efficient operation of TPP Bitola until 2025, and awareness of Russian company to provide technical and financial help.

Firsly, technicians from TPP Bitola will analyze steam boiler with Russian technicians from “3 and O Podolsk” and after that, full revitalization and modernization will occure.

In the related news, in first 6 months of 2008, TPP Bitola has produced 38 GWh more than in the same period previous year. 2 131 GWH has been produced in first half of 2008, which represent 50% of planned production in 2008.

§ § §

Increase of natural gas prices (Macedonia)

Macedonian company „Makpetro”, largest domestic importer of natural gas has filled a request to regulatory commision for increase of natural gas prices. An increase from 22.5 denars to 25.95 denars for cubic meter is expected. Makpetrol justifies such request with higher prices on world market.

Also, an increse for central heating prices is expected, and unofficially, 60% of increase is expected. Announcment from regulatory commision regarding this price hike is expected soon. Heavy oil price has been increased for 62% in the period of one year, from 23.5 denars to 38 denars per liter.

In related news, government of Macedonia has decided to begin with storage of oil derivates from next year, in order to maintain oil prices on lower level.

§ § §

ELEM illegally spent 18 million euro (Macedonia)

National revision agency has found large number of irregularities of ELEM in financial reports from 2006. Mostly, law regarding procurements was not followed. According to revision agency, there is a case where ELEM did not sign a deal with a companies who won tender procedures.

3 deals regarding exploitation and sale of coal were realized without approval of supervision body. Also, oil was sold from TPPs who do not have licences for this. 370 000 euros were spent on commercials and sponsorship contract.

1.8 million euro were spent for construction of pig farm, fish pond and plastic garden for vegetables growth in the area of Suvodol mine.

Accusations were also regarding delayed constructions of HPP "Sveta Petka", where no penalties were charged, although there were defined in the contract.

According to sources, ELEM has signed a 22 million euro deal with German company, to deliver equipment for mine Gnegotino in a period of 15 months. Till now, equipment has not been delivered or no documentation regarding it is present to evaluate value of that equipment.

§ § §

EVN continues with disconnections (Macedonia)

EVN Macedonia has continued to disconnect customers who did not pay their debts. Not only household consumers are affected, but companies for water supply, public lightning ect. also. Until EVN purchased distribution company, large number of companies, villages and municipalities did not pay their debts for decades and avoided their obligation, since government did not want to pay their debts, because this expense was included in their operational budget.

In previous two weeks, EVN Macedonia has disconnected 12 water processing utilities. 9 of them were disconnected in period of 30 hours, while 3 were disconnected permanently, until all debts are paid. As a reminder, EVN has disconnected water processing utilities for several times, but according to recent disconnections, no significant progress has been made. EVN has announced that agreement has been made with only 5 recently disconnected water processing utilities.

Also, 3 villages have been disconnected in period of 10-20 hours. Until now, villages have been disconnected mostly in period of few hours. Large number of villages will be disconnected in period of 3 hours. As a reminder, inhabitants of these villages did not allow EVN Macedonia workers to disconnect households individually, so villages with low payment rate (below 10%) are entirely disconnected.

§ § §

Privatization council approved recapitalization of EPCG (Montenegro)

Montenegro's Privatization council (PC) decided to start procedure for recapitalization of Power utility of Montenegro (EPCG). The head of PC, vice prime minister Vujica Lazovic said the EPCG would issue 31.28 millions of new shares, with nominal worth of 8.7 euros, so that overall worth of the package would be some 300 million euros. The recapitalization should be completed by the end of the year.

The funds obtained in privatization will be invested in new technologies and for increasing the overall efficiency in EPCG, Lazovic said.

The latest decision was reached in accordance to the conclusion of the government regarding plans for construction of new and renewal of existing power plants, Lazovic explained.

After the recapitalization, the state will remain in possession of 55 % shares in national power company, while strategic partner will control 22 % stake, the same as the minority shareholders.

The PC has also established Tender commission, which will be in charge for recapitalization procedure, selection of privatization advisor, and preparation of business and investments plans for EPCG until 2013. The commission's task will be also to solve disputable issues related to construction of second unit in thermal power plant (TPP) Pljevlja, coalmine Pljevlja and Aluminum factory (KAP).

The privatization of EPCG through recapitalization was earlier announced by the prime minister Milo Djukanovic. According to him, political parties in the country reached consensus and decided that EPCG will be majority owned by the state. Commenting the latest changes in the management of EPCG, Djukanovic said this was regular procedure, especially having in mind the age of most of the former officials.

Newly appointed chair of Board of directors of EPCG, Srdjan Kovacevic, confirmed that several large companies were interested in recapitalization. He believes that tender for this purpose could be published in November or in December.

Kovacevic explained that state would remain majority owner of EPCG, but there would be an option for granting the managerial rights to future strategic partner. According to current proposal, the state would offer managerial contract to strategic partner, where the partner will be obliged to achieve five-year investment plan of over 250 million euros and to achieve projected profit.

According to Kovacevic, Statkraft, NTE, Electrabel, CEZ, HSE and Verbund earlier expressed interest for privatization that includes managerial rights.

After the publishing the decision for start of recapitalization of EPCG, Norwegian Statkraft was the first company to confirm it was interested to participate in the future tender. Roar Alme, one of the directors in Statkraft, said the company would take part in the tender if the terms were favorable. Statkraft could help restructuring and improving the business performance

of EPCG, Alme believes. He also confirmed that Statkraft is interested in having the managerial rights in EPCG. Several times in the last two years, Norwegian company said it was willing to invest up to 1 billion euros for construction of new power plant in Montenegro or for purchase of shares in EPCG.

§ § §

33,000 customers applied for subsidies for electricity bills (Montenegro)

More than 33,000 electricity customers in the country applied for the subsidies for payment of electricity bills. The subsidy programme was approved by the government after the latest increase in electricity prices.

The underprivileged customers and households, with overall monthly income below 1,000 euros and electricity bills between 15 and 60 euros, are entitled to demand subsidies. The requests will be submitted until July 25, where government allocated 10 million euros for this purpose.

In the related news, Power utility of Montenegro (EPCG) confirmed it had filed 15,800 lawsuits against households and 128 lawsuits against other customers, which did not pay their bills on time. Overall debts of sued customers amounted to 115.7 million euros. In the same time, the company disconnected some 2,400 customers for unpaid bills.

The head of Functional division Supply in EPCG said the collection rate of electricity bills should reach 94 % in this year. In last year, EPCG sued some 35,000 customers and claimed 19 million euros for unpaid bills.

§ § §

Several companies purchased tender documentation for making the general design of unit 2 in TPP Pljevlja (Montenegro)

Officials from Power utility of Montenegro (EPCG) confirmed that 4 to 5 five companies has purchased tender documentation for making the general design and pre-feasibility study for unit 2 in thermal power plant (TPP) Pljevlja. EPCG prolonged tender deadline from July 3 to August 4, due to large number of interested companies.

The cost of the project is estimated at 550,000 euros, where the selected company will be obliged to prepare the projects papers within seven months.

Director of TPP Pljevlja Slavko Vukasinovic believes that construction of new unit will be the best solution for energy sector. On the other hand, the unit could not be built by 2012, as it was envisaged by the official national energy strategy, the director said. According to most of the experts, the unit could be built by 2015.

Head of the coalmine Pljevlja Djordje Dzuverovic believes that new project will also solve ecological problems in city of Pljevlja.

According to earlier estimations, the cost of construction of unit 2 should reach 180 million euros. Experts from EPCG earlier proposed that new power plant should be built through public private partnership, where state should grant concessions, while future partner should provide funds for the project. New unit should have power output between 200 and 250 MW, where annual electricity production should reach 1.3 TWh.

In addition, the prime minister Milo Djukanovic said that option for construction of new unit by EPCG itself (so called plan B) had failed and that state should continue privatization of TPP and coalmine Pljevlja.

§ § §

CEZ interested in privatization of EPCG (Montenegro)

The representative of CEZ for Southeastern Europe Bohdan Malaniuk announced that CEZ is interested for investments in energy sector in Montenegro, where privatization of Power utility of Montenegro (EPCG) is considered as a priority.

Malaniuk said that CEZ could be interested either for recapitalization or for purchase of state-owned shares in EPCG. In addition, CEZ is ready to invest funds for construction of second unit in thermal power plant (TPP) Pljevlja, official said.

The amount of potential investments of CEZ is not known, since this would require feasibility study, Malaniuk concluded.

In the related news, vice prime minister Vujica Lazovic said after the meeting with his colleague from Czech Republic that CEZ is one of the most serious candidates for strategic partnership with EPCG, as well as one of the potential investors in new power plants in Montenegro.

§ § §

New management of EPCG appointed (Montenegro)

In the beginning of July, shareholders assembly of Power utility of Montenegro (EPCG) dismissed almost entire old board of directors and appointed new members. The new board of directors was elected for only one-year period instead of four years.

Minister of economic development Branimir Gvozdenovic explained that old board of director was not dismissed, yet government decided to establish new board of directors in accordance to restructuring of national power company.

The experts in the country believe that dismissal of old board of directors was related to the fact that old board was against privatization of EPCG, as a contrary to ruling DPS party. Prime minister Djukanovic recently criticized plans of former man-

agement of EPCG regarding investments in new power plants, saying that cancellation of privatization of energy complex in Pljevlja was a mistake.

Among the others, members of new board are former executive director of EPCG Srdjan Kovacevic, deputy minister of economic development Miodrag Canovic and deputy minister of finances Milorad Katnic. The head of the board of directors will be Srdjan Kovacevic.

The new executive director of EPCG will be Ranko Vojinovic, former director of IT department in EPCG.

During the assembly, Srdjan Kovacevic presented business report for the last year. EPCG posted 7.8 million euros of losses, where overall income reached 261 million euros (+12 % higher than planned), while overall expenses were 269 million euros (+5.23 %). The business loss was the consequence of low electricity prices, lower production in hydropower plants (HPPs) and thermal power plant (TPP) Pljevlja, increased electricity import, high losses in distribution network, and higher municipality taxes, management of EPCG said.

In 2007, EPCG produced 2.04 TWh of electricity (including HPP Piva), which was 13.5 % lower than planned. In the same time, electricity consumption amounted to 4.6 TWh, which was 1.1 % higher than planned. Electricity import was 3.36 TWh, which was 11.3 % than planed and 14.4 % higher compared to the previous year. The losses in the transmission network continued to fall and decreased to 2.65 % in the last year. In the same time, losses in distribution network reduced from 29.06 % in 2006 down to 22.8 % in the last year. Out of this amount, technical losses reached 12 %, while commercial losses amounted to 10.8 % or some 0.5 TWh.

§ § §

44.5 million euros for electricity import in the first half the year (Montenegro)

Power utility of Montenegro (EPCG) has paid overall amount of 44.5 million euros (VAT included) for import of 490 GWh of electricity in the first six months of the year. The average price of imported electricity was 80 euros/MWh (no VAT).

According to electricity balance sheet for this year, EPCG should import 800 GWh of electricity. The latest development implies that electricity import in this year could be higher than planned, experts say. As a reminder, in the last year, EPCG paid record amount of 91 million euros for electricity import.

According to EPCG, the electricity import in the first half of the year was higher than planed due to unfavorable hydrology. Because of that, only in May, the company imported 91 GWh instead of planned amount of 47 GWh, for which it paid 6.3 million euros.

In the same period, electricity production (without HPP Piva) reached 866 GWh, which was 1.3 % higher than planned. Thermal power plant (TPP) Pljevlja exceeded production target by 12.1 %, while electricity production in hydropower plant (HPP)

Perucica was 7 % lower than planned. HPP Piva produced 1.1 % more electricity than planned.

The electricity consumption of the largest customer, Aluminum factory (KAP) was 13.8 % lower than planned, while distribution customers spent 1.7 % electricity more than planned.

§ § §

Privatization of small HPPs stalled (Montenegro)

The sale of small hydropower plants (HPPs) was stalled due to legal dispute with municipality of Cetinje, despite the fact that large number of investors was interested in purchase of HPPs. This was said by director of development department in Power utility of Montenegro (EPCG), Srdjan Vujadinovic.

The procedure was stalled after municipality of Cetinje claimed that small HPPs Podgor and Rijeka Crnojevica are the property of municipality.

In 2006, shareholders assembly of EPCG approved the sale of five small HPPs (overall annual production of 5.5 GWh), where their book value was estimated at 1.5 million euros. In the same time, estimations showed that some 900,000 euros needed to be invested in renewal of those HPPs.

In the same time, EPCG decided that two remaining small HPPs, Glava Zete (the largest small HPP) and Slap would remain owned by the company.

§ § §

3.6 billion euros needed for projects in energy sector (Montenegro)

In mid July, international energy conference took place in city of Kolasin. The conference was organized by United Nations Industrial Development Organization (UNIDO) and ministry of economic development.

The conference was attended by large number of foreign investors, and the main aim of the conference was the presentation of projects in energy sector. The conference was attended by officials from World Bank and European commission.

Prime minister Milo Djukanovic invited participants of the conference to invest in energy sector, but also to point out to potential problems and obstacles in business environment in the country.

During the conference, the government presented draft Action plan for implementation of strategy of energy development until 2012.

The government and other participants jointly concluded that overall cost of the projects envisaged by the national energy strategy would reach 3.6 billion euros, instead of 2 billion euros, as it was originally believed.

Minister of economic development Branimir Gvozdenovic said that estimated cost was changed after foreign investors and international financial institutions expressed their suggestions. In the same time, Action plan for implementation of energy strategy will include some new projects, minister explained.

In the same time, minister Gvozdenovic announced continuation of projects in energy sector.

Gvozdenovic announced that preliminary tender for construction of new hydropower plants (HPPs) on Moraca River will be published by the end of the year. The HPPs will be built through DBOT (Design-Build-Operate-Transfer) concession agreement. According to official estimations, the price of electricity produced in four cascade HPPs on Moraca River should be some 4 eurocents/kWh. In July, the state should publish the tender for consultant in this project or it should select International finance corporation (IFC) as a consultant.

Minister also announced launching of new tenders for construction of small HPPs by the end of the year. The government will offer 30 construction sites in three tender procedures (10 sites each), Gvozdenovic said. The signing of the contracts for seven construction sites for small HPPs, granted in the recent tender, is in progress.

In October, the government will publish tender for granting the concession for coal production on site Maoce. The estimated reserves in this area are some 100 million tons of coal, and future investor will be obliged to build new thermal power plant.

The government is also preparing tender for public private partnership in the project for construction of second unit in TPP Pljevlja, Gvozdenovic confirmed.

By the March next year, the government should publish tender for continuation of oil and natural gas researches in Adriatic. The new law on oil and natural gas researches is in the regular procedure, while law on natural gas market should be voted by the end of the year, minister said.

§ § §

Pump storage power plant Tarnita-Lapustesti to be built in 5-6 years (Romania)

Minister of economy and finance Varujan Vosganian said that pump storage hydropower plant (HPP) Tarnita-Lapustesti will be built within 5-6 years, where overall cost of the project would reach 1 billion euros. Minister said this during the seminar in Costinesti.

Vosganian admitted there were several studies related to the project, where the conclusions were ambiguous. On the other hand, the project was initiated and the new plant will be vital part of national electricity system, Vosganian believes.

During the same occasion, general manager of hydropower producer Hidroelectrica Traian Oprea confirmed that power output of the new HPP was decided and it will be 1,000 MW.

The funds for the project exist, while electricity transmission operator Transelectrica is also willing to take a part in the project, Oprea said.

During the first phase of the project, installed power output will reach at least 500 MW. According to Oprea, World Bank, EBRD, and EIB expressed the interest for the project. He also reminded that new HPP will enable continues operation for large thermal and nuclear units during the off peak period.

§ § §

Plans for construction of new HPP in Turnu Magurele/Nikopol (Romania)

Prime minister Calin-Popescu Tariceanu confirmed that Romania is reconsidering plans for construction of new hydropower plant (HPP) in Turnu Magurele/Nikopol on Danube River. The construction of new HPP is seen as the best option having in mind rise in prices of energy sources, Tariceanu said.

Although construction site will not be as favorable as in case of HPP Iron Gates, the new HPP on Danube could be advantageous for Romania in the future, prime minister concluded.

§ § §

ANRE granted five new electricity trade licenses (Romania)

The National Energy Regulatory (ANRE) has granted five new electricity trade licenses. The licenses were granted to Delta Energy, Amgaz Furnizare, JAS Budapest ZRT, Energy Incorporatet, and Slovenia's HSE. Hungarian JAS Budapest ZRT and HSE have opened offices in Bucharest. According to ANRE, 63 electricity traders have been active in national energy market.

§ § §

Negotiations for units 3 and 4 in NPP Cernavoda to be completed this year (Romania)

Minister of economy and finances Varujan Vosganian confirmed that Competition council had informed EU on changes in the project for construction of units 3 and 4 in nuclear power plant (NPP) Cernavoda.

As a reminder, state of Romania decided that state owned Nuclearelectrica will control majority stake in the project as a contrary to original terms of the project, where state should have controlled some 20 % stake.

According to minister, the negotiations regarding the start of the project should be finished by the end of the year. The cost of the project is estimated between 2 and 4 billion euros, where exact value should be determined after completion

of new feasibility study. The new study will be financed by all future partners, i.e. CEZ, Iberdrola, Enel, Electrabel, RWE, ArcelorMittal and Nuclearelectrica. The two 700 MW units should be put in service in 2014-2015.

Originally, the cost of the project was estimated at 2.2 billion euros, and the new estimation was based on the latest calculations made by ministry of economy and finances.

According to sources, partner companies should establish smaller company that will prepare foundations for establishment of project company in period of 18 months. This company will have capital of some 30 million euros, which would be used for new feasibility study and for preparing the establishment of project company. Sources also said that new feasibility study should be ready in November.

On the other hand, officials from CEZ believe that projects deadlines will be prolonged at least for a year, having in mind the latest changes imposed by the government of Romania. CEZ explained that it would be necessary to restart all negotiations and original calculations.

Commenting the latest increase in estimated project costs, director of CEZ Romania Adrian Borotea said the increase was unjustified. He also said that this change happened when government decided to increase its share in the project, which was very illogical.

§ § §

Report on energy resources in period January-May (Romania)

According to National Institute of Statistics (INS), primary energy resources in the first five months reached 17.179 million tons of oil equivalent (toe), which was 1.7 % higher comparing to last year. The domestic production reached 10.317 million toe (+2.7 %), while import of primary energy resources reached 6.879 million toe (+0.3 %).

The coal resources amounted to 3.629 million toe (-13.7 %), where domestic production reached 2.628 million toe (-5.1 %) and import reached 1.001 million toe (-30.2%).

Oil resources amounted to 5.169 million toe (+2.8 %), where domestic production reached 1.847 million toe (-7.9 %) and import reached 3.322 million toe (+9.9 %).

Natural gas resources amounted to 5.822 million toe (-1.2%), where domestic production reached 4.011 million toe (-1.8 %) and import reached 1.811 million toe (+0.3%).

Electrical energy resources reached 28.304 TWh, which was 2.494 TWh or 9.7 % higher comparing to the same period last year. The increase was mainly the consequence of increased production by 2.652 TWh (+10.5 %).

The production in thermal power plants (TPP) was reduced by 1.1 TWh (-6.7 %). In the same time, the production in hydropower plants (HPPs) was increased by 1.7 TWh (+26.6 %),

while production in nuclear power plant (NPP) was increased by 2.05 TWh (+79.6 %).

The production in thermal power plants amounted to 54.5 % of overall electricity resources, production in hydropower plants amounted to 29.0 %, while production in nuclear power plants amounted to 16.5 % of overall electricity resources.

Overall electricity consumption amounted to 22.424 TWh (+5.4 %), where 62.8 % was spent by industry and 15.4 % by households. In the same period, electricity export increased by 1.003 TWh (+68.3 %).

§ § §

Transgaz and MOL signed agreement for construction of Arad-Szeged natural gas pipeline (Romania)

Romanian's natural gas transmission company and its Hungarian counterpart FGSZ, subsidiary of MOL, signed a joint agreement for construction of natural gas pipeline Arad (Romania)-Szeged (Hungary).

109 km long pipeline should be operational in 2010 and its capacity should be up to 4.4 billion cbm per year. Romanian section of the pipeline will be 62km long, where 26km still needs to be built.

Each company will be responsible for development of its part of the pipeline, where both companies will invest its own funds for the project. Transgaz recently confirmed that dozen companies expressed interest for using the new pipeline.

§ § §

Edison to enter energy market (Romania)

Italian Edison announced plans for entering the Romanian market in the next two years. The company plans to have 1,000 MW of output in thermal power plants. The company is also interested in partnership with state owned electricity producer Termoelectrica, in investments in wind farms and in purchase of some hydropower plants. This was said by legal representative of Edison in Romania Marta Popa.

Edison is interested in cooperation with Termoelectrica in projects for renewal and construction of new power plants in Deva and Paroseni, similar to projects initiated by the government in Galati, Doicest and Borzesti.

Italian company has been investigating opportunities to enter Romanian market since the second half of the 2007. Popa said the Edison would not be interested in investments if studies showed that price of energy was not market based, or if the rate of return was not in accordance to company's strategy. Popa said that foreign companies are interested for investments in Romania, but the government needs to have stable and uniform policy.

§ § §

Sinus Holding announced construction of 700 MW wind farm in Moldova (Romania)

Sinus Holding said it is interested in construction of 700 MW wind farm in northeastern Moldova. The cost of the project is estimated at 1 billion euros.

The latest announcement is just one of many announcements for investments in wind energy projects in the country. On the other hand, transmission system operator, Transelectrica, said that national electricity system could absorb maximum output of 1,500 MW in wind farms in this moment.

According to legal representative of Sinus Holding, the company is owned by Hungarian company Hungarowind. The company already selected five prospective construction sites in Moldova. In this moment, the company is involved in obtaining the necessary permits for the project, while installation of wind generators could start next year.

As a reminder, large-scale investments in wind farms were announced by Continental Wind Partners, Iberdrola and Martifer. In the same time, oil company Petrom, the largest company in Romania, announced it could be interested in investments in wind energy sector.

§ § §

President Basescu in favor of cooperation between Romgaz and Gazprom (Romania)

President of Romania Traian Basescu said he was in favor of cooperation with Russia in the natural gas sector. This will include construction of storage capacity Roman-Margineni, which should be built by the joint company of Romgaz and Gazprom.

President said this during talks with Iulian Iancu, the Chair of the Commission for Industries in the Deputies' Chamber, where two officials discussed strategic energy issues. Iancu presented to president a set of actions that needs to be undertaken in energy sector in the country.

§ § §

Nuclearelectrica to be listed on stock exchange in 2009 (Romania)

The state owned operator of nuclear power plant (NPP) Cernavoda, the Nuclearelectrica, should be listed on stock exchange in the next year. This was confirmed by the management of the company.

Government earlier said it should offer 15 % of shares in Nuclearelectrica through initial public offering (IPO). The funds

obtained in IPO should be invested in construction of units 3 and 4 in NPP.

In July this year, Nuclearelectrica celebrated ten years of successful operation. The company doubled its capacities in this period, which supported stability of electricity prices in the country, company said. In the same period, the company produced 66 TWh of electricity.

Nuclearelectrica is the second largest electricity producer in the country (after Hidroelectrica), where company provides some 18 % of overall electricity production.

§ § §

New government approved energy agreement with Russia (Serbia)

In the first week of July, newly elected government of Serbia approved the energy agreement with Russia and sent it to parliament to be ratified. The speaker of the Serbian parliament announced that parliament should ratify energy agreement in mid July.

In the same time, the government appointed workgroup that will be involved in negotiations with Gazprom regarding privatization of Oil industry of Serbia (NIS), which is the part of energy agreement. The head of the workgroup will be the vice prime minister and minister of economy Mladjan Dinkic.

The advisor of the chair of the management board of Gazprom-neft Dimitri Malishev announced that agreement for sale of 51 % of shares in NIS could be signed in mid August, depending on the decision of Serbian parliament.

Malishev reminded that by investing 500 million euros for reconstruction and modernization of NIS, the oil refinement should be doubled, while petrol stations will be renewed. By this, NIS should become a leader in the region, high official said. The planned investments should increase market capitalization of NIS. According to Malishev, it will take some 3 to 4 years to complete modernization projects.

Answering the journalists' questions, Malishev said that sale price of 400 million euros for majority stake in NIS was agreed with the government and it would not be a subject of change. On the other hand, there could be room for increasing the planned investments in NIS, Gazprom's official said.

On the other hand, minister of economy Mladjan Dinkic said in a press conference that he would insist on new, higher price for NIS during the incoming negotiations with Russians. Dinkic repeated that part of agreement related to natural gas sector was very favorable for Serbia, but the agreed price for NIS was too low. The minister announced that Serbia could propose to provide part of the funds for investments in NIS, while Russian partners could increase its cash offer.

Dinkic explained that agreement, which should be ratified by the parliament, does not contain exact price for majority stake in NIS. In addition, the agreement did not define which assets of NIS would be sold to Gazprom since most of the assets were

not transferred to NIS until December 31, 2007, the date defined in the agreement.

Prime minister Mirko Cvetkovic also confirmed that energy agreement did not contain any sale price for NIS. The sale price was defined in a protocol for realization of the energy agreement signed by government and Gazprom. The protocol is subordinated to main agreement, Cvetkovic said.

§ § §

Gazprom: South stream pipeline will not bypass Serbia (Serbia)

The advisor of the chair of the management board of Gazpromneft Dimitri Malishev denied rumors published by some media that Italian Eni has been pressuring Gazprom to change the route of the South stream pipeline. According to speculations, new route should bypass Serbia and it should be shifted to Romania.

Malishev said to press in Belgrade that South stream pipeline is the part of the integrated energy agreement signed with Serbia. He repeated that new pipeline across Serbia will transport minimum 10 billion cbm of natural gas per year with an option to increase this amount up to 20 billion cbm. According to energy agreement, Russia will control 51 % of the pipeline in Serbia.

In addition, some Serbian media reported that South stream pipeline would run toward Turkey before entering Bulgaria. Officials from Gazprom said that South stream pipeline would run between Russia and Bulgaria, from where it would be split in two directions, toward Serbia and Hungary and toward Greece.

In related news, minister of economy of Slovenia Andrej Vizjak confirmed in the beginning of July that experts' negotiations between Slovenia and Russia regarding South stream project should be completed by mid July. According to Vizjak, both sides believe that cooperation in this project should be beneficial for both countries. Russia proposed to Slovenia to take part in the South stream project in June.

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Gazprom increased price of natural gas (Serbia)

Starting from July 1, Russian Gazprom increased price of natural gas delivered to Serbian gas company Srbijagas by 14 %.

In accordance to tariff system, the increase in prices for industrial customers will be immediate, while price increase for households and heating plants needs to be approved by the government, after Srbijagas submits official request. The new prices should be approved before the next heating season.

The price of natural gas delivered by Gazprom is adjusted quarterly in accordance to formula that takes in account the price of crude oil and dollar exchange rate.

In the related news, the head of Srbijagas, Sasa Ilic, confirmed that loading of the underground natural storage facility in Banatski Dvor was going in accordance to plans. Some 900,000 cbm of natural gas has been stored per day, so that some 100 million cbm of gas will be stored before the next heating season. Director also confirmed that analyses would show how much of the stored gas could be used during winter.

Tenders:

Electricity

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Company / organization:	EBRD, related Bulgaria
Metamodul CNG for Etropole gas system	
Content:	<p>This Invitation for Tenders follows the General Procurement Notice for this project which was published in Procurement Opportunities, on 29.02.2008.</p> <p>Metamodul Ltd. hereinafter referred to as the Purchaser, intends using part of the proceeds of the Kozloduy International Decommissioning Support Fund (KIDSF), administered by the European Bank for Reconstruction and Development (the Bank) towards the cost of the Project " Metamodul CNG for the Etropole gas supply system"</p> <p>The Purchaser now invites sealed tenders from Suppliers for the following contract to be funded from part of the proceeds of the grant:</p> <p>* Supply of sets of technology (technological procedures for simultaneous operation of three compressors at a main compression centre and of two compressors at an additional compression centre), and equipment (compressors - 8 numbers) for compression of natural gas and refuelling of transportable vessels and vehicles with CNG.</p> <p>Tendering for contracts is open to firms from eligible countries as of 1 April 2008. These are: EU members states, Switzerland and EBRD's countries of operation.</p>
Deadline:	2 Sept 2008 at 11:00, Sofia Time times
Contact:	<p>Mr.Christo Petkov Purchasing entity: Metamodul Ltd. Address: 36,Mila Rodina Street, 1408 Sofia, Bulgaria Tel: +359 2 818 00 10 Fax:+359 2 8180020 E – mail: metamodul@gmail.co</p>

Company / organization:	EPS, related Serbia
Electricity sale on intra-daily basis	
Content:	From 16.6.2008, EPS is selling electric energy on an intra-daily basis, every working day from Monday to Friday. Delivery point: within the electric power system of Serbia Minimal power of delivery: 5MW Offers for purchase of electric energy on an intra-daily basis shall be received from 08:00 till 16:00 hrs, through the fax number +381 11 3973 760
Deadline:	
Contact:	Miladin Basaric, tel: +381 11 3973 185 fax: +381 11 3973 760 email: miladin.basaric@eps.rs

Company / organization:	EPCG, related Montenegro
Feasibility study - 2nd unit of TPP Pljevlja	
Content:	For additional information, please contact Mr. Dobrilo Gacevic at +382 89 330 102.
Deadline:	03.07.2008, 11:30 hrs.
Contact:	Dobrilo Gačević; TE »Pljevlja« Tel. +382 89 330 102, Fax +38289 330 131 e-mail: epcgte@cg.yu Mr. Dobrilo Gačević Tel. +382 89 330-102, Mr. Vladimir Nikčević Tel. +38283 204-219

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

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

Company / organization:	EBRD, related Bulgaria
Construction of wood biomass heating plant in town "Triavna"	
Content:	The project announced within this procurement notice will be partially financed from the Kozloduy International Decommissioning Support Fund, established in 2001 for supporting the decommissioning of units 1-4 of the Kozloduy Nuclear Power Plant. One of the purposes of this Fund is to finance or co-finance the preparation and implementation of selected projects that aim the necessary restructuring, upgrading and modernisation in the energy sector and improving energy efficiency. This General Procurement Notice draws attention to the forthcoming tender for supply of goods and installation of equipment for the construction of a modern biomass fired heating plant and the related district heating network in town Triavna. The tendering includes: 1. Supply of loading machine and specialised wood transporting track; 2. Supply of district heating network pipes; 3. Supply and installation of heating substations for customer sites. Overall Budget for the project is EURO 4 million, from which EURO 0.8 million will be financed from the Kozloduy International Decommissioning Support Fund. The invitations for tenders are expected in the third quarter of 2008. The invitations will be open to firms that qualify under the Procurement Policies and Rules of the EBRD and the KIDSF. The eligible countries as of 1 May 2008 are: EU member states, Switzerland, all so-called PHARE countries and the EBRD's Countries of Operations.
Deadline:	14 May 2009 at 00:00, Sofia time
Contact:	Mr. Svetlozar Todorov Investor's representative BioEnergia Triavna OOD 4 Trapezitsa str, entr. 4, fl. 4 Sofia 1000, Bulgaria Email: anton.ivanov@yahoo.co.uk Telephone/Telefax: +359 2 989 89 50

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

Company / organization:	EBRD, related Bulgaria
Replacement of transformers for CEZ Razpredelenie Bulgaria	
Content:	<p>The project announced within this procurement notice will be partially financed from the Kozloduy International Decommissioning Support Fund, established in 2001 for supporting the decommissioning of units 1-4 of the Kozloduy Nuclear Power Plant. One of the purposes of this Fund is to finance or co-finance the preparation and implementation of selected projects that aim the necessary restructuring, upgrading and modernisation in the energy sector and improving energy efficiency.</p> <p>This General Procurement Notice draws attention to the forthcoming tender for supply of equipment for the replacement of outdated 20/0,4 kV power transformers with new transformers of higher efficiency.</p> <p>Overall Budget for the project is EURO 3,84 million from which EURO 0.76 million will be financed from the Kozloduy International Decommissioning Support Fund.</p> <p>The replacement of the power transformers is planned to start by the end of 2008.</p> <p>The invitation for tender is expected in the third quarter of 2008. The invitation will be open to firms that qualify under the Procurement Policies and Rules of the EBRD and the KIDSF. The eligible countries as of 1 February 2008 are: EU member states, Switzerland, all so-called PHARE countries and the EBRD's Countries of Operations.</p>
Deadline:	14 May 2009 at 00:00, Sofia time

Contact:	Mr. Atanas Dandarov Director management of the company CEZ Razpredelenie Bulgaria AD 330, Tzar Simeon Street 1309 Sofia, Bulgaria Office tel: +35928053403 Fax: +35929862805 e-mail: atanas.dandarov@cez.bg
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Company / organization:	EBRD, related Bulgaria
Ruse Integrated Energy Farm	
Content:	<p>. The Kozloduy International Decommissioning Support Fund (KIDSF), administered by the European Bank for Reconstruction and Development (EBRD, was established in 2001 for the support of the decommissioning of Units 1-4 of the Kozloduy Nuclear Power Plant. One of the purposes of this Fund is to finance or co-finance preparation and implementation of selected projects that aim the necessary restructuring, upgrading and modernisation in various Bulgarian industry sectors consequential to final shutdown of Units 1 - 4 of the Kozloduy Nuclear Power Plant.</p> <p>District administration Ruse intends to use the proceeds of the Grant from the Kozloduy International Decommissioning Support Fund for co-financing the establishment of an integrated energy farm, consisting:</p> <ul style="list-style-type: none"> • Supply and installation of Biomass gas generation reactor, gas cooling, gas washing and gas drying using straw • Supply and installation of CHP plant for production of electric and thermal energy • Supply and installation of biomass (straw) transport, handling and storage facilities • Up-grade of the existing heat only boiler (HOB) for the utilisation of biogas <p>The tendering includes design, engineering, procurement, delivery, construction, installation, pre-commissioning and commissioning of works and is expected to begin in the Q III 2008.</p> <p>The total expected budget of the project including the consultancy assignment is €3.4 million, from which the grant financing part is €1.56 million.</p> <p>Tendering for contracts to be financed from grants of the KIDSF, is open to firms from eligible countries as of 1 April 2008. These are: EU member states, Switzerland and the EBRD's countries of operation.</p>
Deadline:	9 May 2009 at 00:00, Ruse time
Contact:	Dr. Todor Petrov Director District administration Ruse Bulgaria Fax : + 359 82 812 232 Email: T.Petrov@ruse.e-gov.bg

Company / organization:	EBRD, related Romania
CFR Traction Energy Network Management LOT 1,2 - General	
Content:	<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</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. Electricitare SA B-dul D Golescu nr.38 Bucharest, Romania Tel: + 40 21 3192512; Email: ionel.truica@cfr.ro</p>

Company / organization:	EBRD, related Bulgaria
Enemona CNG project - General	
Content:	<p>The project announced within this procurement notice will be financed from the Kozloduy International Decommissioning Support Fund, established in 2001 for supporting the decommissioning of units 1- 4 of the Kozloduy Nuclear Power Plant. One of the purposes of this Fund is to finance or co-finance the preparation and implementation of selected projects that aim the necessary restructuring, upgrading and modernisation in the energy sector and improving energy efficiency.</p> <p>This General Procurement Notice draws attention to the forthcoming tender for Supply and installation of equipment for five Compressed Natural Gas vehicles in Bulgaria. The purpose is the development of a natural gas supply system in towns Svilengrad and Kardjali in South-East Bulgaria. The project includes:</p> <ul style="list-style-type: none"> • Design, supply and installation of 5 vehicles for transportation of the natural gas from the compressed natural gas terminal on the high pressure distribution network to the terminals in the low pressure consumer distribution system. <p>Budget for the project: €650,000. The invitation for tenders for the implementation of the project is expected in the second quarter of 2008. The invitations will be open to firms that qualify under the Procurement Policies and Rules of the EBRD and the KIDSF.</p>
Deadline:	13 Feb 2009 at 00:00, Sofia time
Contact:	<p>Mrs. Nadya Ivanova; Enemona Utilities EAD Balscha str. 1, bl. 5 1408 Sofia, Bulgaria Tel: +359 2 80 54 746; Fax: +359 2 91 79 873; e-mail: n.georgieva@enemona.com</p>

Company / organization:	EBRD, related Bulgaria
Sofia District Heating Rehabilitation	
Content:	<p>The Kozloduy International Decommissioning Support Fund (KIDSF), administered by the European Bank for Reconstruction and Development (EBRD), was established in 2001 for the support of the decommissioning of Units 1-4 of the Kozloduy Nuclear Power Plant. One of the purposes of this Fund is to finance or co-finance preparation and implementation of selected projects that aim the necessary restructuring, upgrading and modernisation in various Bulgarian industry sectors consequential to final shutdown of Units 1 - 4 of the Kozloduy Nuclear Power Plant.</p> <p>Toplofikacia Sofia AD, the joint stock district heating company serving the city of Sofia is carrying out the rehabilitation of the centralized district heating system in the city. The District Heating Rehabilitation Project comprises modernization of district heating substations, replacement of pipelines, compensators, thermal insulation of over-ground pipelines, conversion to variable flow of the Sofia district heating network.</p> <p>Toplofikacia Sofia AD intends to us grant funds of the Kozloduy International Decommissioning Support Fund (KIDSF) and own financial sources for delivery, installation, testing and commissioning of individual heating substations units for space heating and domestic hot water including heat exchangers, circulation pumps, control valves and automation devices. The budget for the project, subject of this GPN is about €2.5 million.</p>
Deadline:	13 Mar 2009 at 00:00, Sofia time
Contact:	<p>Mrs. Anastasiya Markova PIU Manager 23 Jastrebetz St., 1680 Sofia, Bulgaria Tel: +359 2 8593171 Fax:+359 2 8599124 E-mail: amarkova@toplo.bg</p>

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

Contact: Sinisa Stancevski ; Project Manager
AD MEPSO
Tel: +389 2 3149 018
Fax: +389 2 3238 687

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

Varna city heating network rehabilitation KIDSF

Content: The projects announced within this procurement notice will be partially financed from the Kozloduy International Decommissioning Support Fund, established in 2001 for supporting the decommissioning of units 1-4 of the Kozloduy Nuclear Power Plant. One of the purposes of this Fund is to finance or co-finance the preparation and implementation of selected projects that aim the necessary restructuring, upgrading and modernisation in the energy sector and improving energy efficiency.

This General Procurement Notice draws attention to the forthcoming tenders for technical specification, supply of the materials and work installation. The purpose of the project is improvement of the energy efficiency by rehabilitation of the 1/3 of the heating pipelines network, reducing energy losses. This includes the replacement of 11 km of over 20 years old steel pipes, insulated with glass wadding and laid in concrete ducts with pre-insulated steel pipes for direct bedding. The pipeline replacement concerns about 1/3 of the heat distribution network of the district heating network for heat transmission and distribution pipelines of DN 50 to DN 500.

The rehabilitation process will be provided over three years, during spring and summer periods, in order to minimize the heat supply interruption in Varna city. The first phase is planned to start in 2008, with the renewal of 4 km of pipelines, in the area of Mladost.

The main area to be tendered under the EBRD PPR for the KIDSF financing is the supply of the pre-insulated pipe and additional material.

Overall Budget for the project is €2.0 million, from which €0.4 million will be funded from the Kozloduy International Decommissioning Support Fund.

The invitation for tenders are expected in the first quarter of 2008. The invitations will be open to firms that qualify under the Procurement Policies and Rules of the EBRD and the KIDSF.

Deadline: 22 Jan 2009 at 00:00, Varna time

Contact: Mr. Ilija Nikolaev Director of the board
Tel: +359 52 500 670
Fax: +359 52 750 358
e-mail: inikolaev@dalkia.bg

Company / organization: EBRD, related Romania

CFR Traction Energy Network Management LOT 1,2 - General

Content: This notice updates the General Procurement Notice published on EBRD Website dated 22nd July 2005 under reference 5104-GPN-36043 and updated on 24 July 2006.

CFR Electrificare is a Beneficiary of a loan from the European Bank for Reconstruction and Development and intends to use its proceeds towards the cost of a project to continue modernisation and introduce cost-savings measures in management of its traction energy network. The proposed project, which has a total estimated cost of EUR 26 million equivalent (EUR 22m from the Bank and EUR 4m in VAT and other taxes), will require the procurement of the following goods, works and services:

Lot 1: Supply and Installation of equipment sets for the Upgrading and Rehabilitation of 12 traction substations 110/25kV and the associated sectioning/subsectioning posts and disconnectors remote control

Lot 2: Supply and Installation of equipment sets for the control and surveillance (SCADA) of four railway energy dispatchers: DEF Timisoara, DEF Caransebes, DEF Craiova and DEF Targu-Jiu. Tendering for the above contracts is expected to begin in the fourth quarter of 2007.

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

Deadline: 22 Oct 2008 at 00:00, Bucharest time

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

Company / organization:	EBRD, related Bulgaria
Rehab and Extension of Power Transmission Network LOT 1,2,3	
Content:	<p>The National Electric Company – NEK-EAD (the “Employer”) intends using the proceeds of the grant funds provided by the “Kozloduy International De-commissioning 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>

Oil and Gas

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