

# BALKAN GREEN ENERGY

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*Balkan*  
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NEWS

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# INTERVIEW



Nandita Parshad

Director, Power and Energy Utilities  
European Bank for Reconstruction and  
Development

## Sustainable Energy Initiative mainstreams renewables

Under the framework of its Sustainable Energy Initiative, the European Bank for Reconstruction and Development funded renewable energy generation with about EUR 4 billion between 2006 and the end of 2014, says Nandita Parshad, EBRD Director, Power and Energy Utilities. In an interview with Balkan Green Energy News, she underscored the challenges coming from changing regulations and policy frameworks, including retroactive changes to support schemes for energy from renewable sources.

The bank's business in volume and number of deals in the power sector and renewable energy projects in particular has quadrupled since 2007, when Parshad became the head of the team of 30 professionals covering 35 countries. The portfolio exceeds EUR 6 billion and annual business is over EUR 1 billion.

### What is the ratio between the bank's investment in conventional versus energy production from renewable sources?

The EBRD is the largest renewable energy investor in its regions of operations, and in many countries the bank has pioneered the use of renewable energy resources. The share of renewable energy investments is high, compared to other investors, and in the period since 2006 the EBRD has actually invested more in renewable energy generation than in thermal power generation.

Between 2006 and the end of 2014, it invested EUR 16.4 billion in sustainable energy and climate change projects, under the framework of the Sustainable Energy Initiative.

“ In many countries the EBRD has pioneered the use of renewable energy resources. ”

Financing for renewable energy generation represents roughly 23% of this amount – approximately EUR 4 billion (including hydropower). The remainder includes financing for energy efficiency improvements, water efficiency, waste minimisation and resilience to climate change. Financing for renewable energy projects is offered either directly for larger scale projects, or via credit lines to local financial institutions for smaller-scale projects.

In the power sector overall, the EBRD invested approximately EUR 9.8 billion during the same period, with EUR 3.65 billion invested in thermal power generation. This included important investments in rehabilitation of existing infrastructure to make it more efficient and investments in gas fired power plants, which support the further expansion of renewable energy as flexible back-up generation.

In the Western Balkans we also particularly focus on regional connectivity, for example interconnectors which enable energy exchange, improve energy security and introduce flexibility to enable further renewable generation projects.

### **What does Sustainable Energy Initiative (SEI) actually mean and how important is it for facilitating sustainable energy investments in the Balkans?**

The Sustainable Energy Initiative is an EBRD strategic initiative, launched in 2006 in response to calls from the international community for multilateral financial institutions to scale up financing to address the global challenge of climate change.

Operationally, the SEI aimed to mainstream and to scale up sustainable energy financing throughout the bank's projects, whether in power generation, investments in industry, municipal infrastructure or property. Since 2013, the SEI has been broadened to include projects or project components that enhance water use efficiency, waste minimization or resilience to climate change. One of the key metrics has been the percentage of the bank's financing volume which is for sustainable energy. This has grown from 15% in 2005 to 34% in 2014, representing an average of 25%.

**“ Since 2006 the bank has invested more in renewable energy generation than in thermal power generation. ”**

Through the SEI the bank aims to address barriers to sustainable energy investments by integrating financing with technical assistance and policy dialogue. One such example of this integrated approach are the Sustainable Energy Financing Facilities (SEFFs). Via SEFFs the EBRD aims to assist local partner financial institutions in developing their sustainable energy business lines and reaching out to smaller-scale projects which the EBRD may not be able to finance directly.

In four of the Western Balkans countries, the EBRD has launched the Western Balkans SEFF (WeBSEFF) in 2009, to target small and medium-scale renewable and energy efficiency projects in buildings, manufacturing and generation. WeBSEFF combines approximately EUR 150 million of funding for nine partner banks in Bosnia and Herzegovina, Croatia, FYR Macedonia and Serbia, a technical assistance package of EUR 5.8 million for an implementation team who supports banks in originating and appraising sustainable energy projects, in marketing and in training activities, and EUR 24 million of EU assistance which incentivizes borrowers to prioritize sustainable energy investments.

Under the umbrella of the SEI, EBRD has also put in place a direct lending facility for renewable energy projects, the Western Balkans Sustainable Energy Direct Financing Facility (WeBSEDF).

Alongside the SEI, EBRD also supports specific Initiatives in the Western Balkans such as the Western Balkans Investment Framework (WBIF) that supports socio-economic development through the provision of finance and technical assistance for strategic investments, particularly in infrastructure, energy efficiency and private sector development. It is a joint initiative of the EU, international financial institutions, bilateral donors and the governments of the Western Balkans.

### **What are the major reasons for setbacks in the green energy investment climate in some of the Balkan region countries, since investment needs are obvious (Serbia alone has EUR 7 billion of “priority projects”) with very little signs of concrete investment going forward? Has the EBRD recently seen any favourable signs of investment climate improvements in Balkan region's markets when it comes to energy projects?**

Investment needs in terms of sustainable energy infrastructure in the Balkan region remain significant. To date, renewable energy investments have lagged behind other regions due to relatively high investment costs per kW installed, low energy tariffs prevailing in many countries, and weaker institutional capacity and regulatory frameworks. Nevertheless, EBRD has supported the Balkan region to launch a number of important projects, across the full range of sustainable infrastructure. For example, EBRD supported the Western Balkans Sustainable Energy Direct Financing Facility (WeBSEDF), which financed over 15 projects for a total loan value of EUR 64 million. As a result of the financing provided, a total of 60 MW generation capacity from renewable energy sources is being installed, which will lead to emission reductions of approximately 442.000 tonnes of CO<sub>2</sub> per annum.

EBRD is preparing a loan of over EUR 45 million for the construction and operation of a 72 MW wind power plant at Krnovo, Montenegro. This project is expected to be Montenegro's first utility-scale wind farm and will be a landmark transaction in the country.

**“ In some countries, regulators haven't been fully independent and insulated from political pressures. ”**

To further strengthen the energy investment climate, countries should aspire to:

- Improve the effectiveness of policy frameworks for renewable energy and energy efficiency in buildings. Some countries for example do not currently have adequate energy efficiency performance requirements for buildings.
- Establish consistent regulatory frameworks and independent regulators that can also set cost reflective tariffs
- Ensure financial viability of public companies and off-takers.

### **What does the EBRD identify as the most challenging risks in sustainable energy projects development in the Balkan region? Is political instability in the Balkans going to influence any plans?**

Policy and regulatory risks remain important issues for the development of sustainable energy in the Balkans and beyond. Over the past years we have seen regulatory changes and amendments to policy frameworks including retroactive changes to renewable energy support schemes. This has not only occurred in the Balkans but also beyond and has a significant impact on investors' confidence to invest in renewable energy projects. The regulatory changes have, at least in some countries, been a consequence of regulators not being fully independent and as insulated from political pressures as they should be. In countries where project developers were negatively affected by retroactive regulatory changes it will likely take some time to restore investor confidence to levels seen some years ago.

**“ Environmental and social appraisal is integrated into the overall project cycle and decision-making process. ”**

Apart from the regulatory frameworks, we consider the financial solidity of the off-takers as being of paramount importance for the further development of renewable energy in the region. In countries like Albania, a recent crisis within the power corporation KESH created liquidity problems for some project developers. We therefore work together with governments, regulators, developers, international investors and local banks to discuss necessary improvements to the investment framework and share our experience putting in place sound project finance structures for sustainable energy investments.

Overall, we are very confident that there is broad political consensus across the region about the necessity to move to a lower carbon economy and stay committed to the 2020 targets.

### **What is the procedure for the EBRD environmental and social review? Who are the partners and stakeholders for a project?**

All projects undergo environmental and social appraisal both to help EBRD decide if the project should be financed and, if so, the way in which environmental and social issues should be addressed in its planning, implementation and operation. The environmental and social appraisal is integrated into the overall EBRD project cycle and decision-making process. It assesses whether the project is capable of being implemented in accordance with the Environmental and Social Policy and the Performance Requirements and includes the assessment of the potential financial, legal and reputational risks as well as identifies potential environmental or social opportunities. EBRD partners include the clients and their advisers as well as other financing institutions that may co-finance the projects alongside EBRD. Stakeholders are clients' employees, local communities directly affected by the project and, where appropriate, other stakeholders, such as civil society organizations, who may have an interest in the project, as an essential element of good international practice and corporate citizenship. The clients are expected to identify and analyse project stakeholders and prepare a plan for stakeholder engagement, disclosure of information, consultation and participation, and ongoing reporting to relevant stakeholders as well as have a grievance mechanism to be aware of and respond to stakeholders' concerns.

## **Which renewable energy sources are the most challenging when it comes to environmental assessment?**

To date, the biggest challenges associated with EBRD projects have been involuntary resettlements and potential biodiversity impacts in some hydropower projects located in protected areas. Impacts of wind farms on avifauna (birds and bats) also require thorough assessment. As outlined above, the environmental and social appraisal of some projects, especially collection of biodiversity baseline information and studies can take a long time.

## **International environmental groups and political institutions have expressed concerns about the impact of many planned hydropower plants, especially in Macedonia and Albania. What are the latest developments in relation to EBRD's participation in the disputed projects and have there been any losses?**

EBRD undertakes comprehensive appraisal of the environmental and social impacts of the projects and will proceed only if the potential adverse impacts can be avoided or mitigated to an acceptable level and the project are structured to meet EBRD's Environmental and Social Policy and Performance Requirements. EBRD has approved certain projects subject to strict environmental and social conditions and is following a due process to ensure that all these conditions are met before approving disbursement of the loan proceeds for these projects and allowing any activities on the project site to begin.

# FEATURES



Qendresa Rugova

Burg Capital GmbH, Vienna

[esa.rugova@burgcapital.com](mailto:esa.rugova@burgcapital.com)

## An overview of the Turkish photovoltaic market

Driven by steady economic growth, the Turkish power market has experienced tremendous progress over the past decade with power generation assets doubling from around 37 GW in 2000 to the current level of 70 GW. This expansion, however, has also led to an increased reliance on imported natural gas, required to fuel the country's fleet of gas power plants, which supply over 40% of total power production.

### National solar energy strategy

According to official government forecasts, demand for power is expected to grow at an average annual rate of 5.25% in the coming decades. To meet this demand growth, the Turkish government has set ambitious goals, to create a more balanced energy mix by 2023 with an addition of 50 GW of capacity, most of which is set to come from new coal-fired plants (using domestic coal resources) and renewable energy sources.

Renewable energy plays a dual role in the Turkish energy strategy as not only does it help the country decarbonize its power sector but it also helps ensure security of supply in the longer term. In April, energy minister Taner Yıldız said that Turkey saved USD 850 million in energy imports due to the increase in the share of renewable sources.

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In its 2023 strategy, Turkey foresees the integration of an additional 35 GW of renewable capacity (14 GW of hydro, 17 GW of wind, a minimum 3 GW of solar photovoltaic and 300 MW of geothermal). The 3 GW target for solar was considered to be rather low considering the potential in the country and was consequently expanded to 5 GW in the first official national renewable energy action plan. Despite the ambitious goals, it yet remains to be seen if the current political and economic headwinds will affect Turkey's progress to achieving its renewable targets.

### Legislative base for renewable projects

Energy Market Regulatory Authority (EMRA) is the country's key body. There are two laws regulating electricity production from renewable energy sources; firstly the Electricity Market Law, enacted in 2013, which licenses and governs generating facilities; and secondly the Renewable Energy Law, which outlines the support mechanisms available to producers of electricity from renewable sources.

The EML categorizes renewable projects into so-called licensed and unlicensed facilities. The unlicensed category is designed for facilities of less than 1 MW (original limit of 500 kW was later increased) which, as the name suggests,

do not require a generation license. However, one should not be misled by the name as developers still have to go through a lengthy permitting process to be able to connect their facilities. Electricity produced from such projects can be used for own needs (e. g. adjacent or rooftop of industrial and commercial complexes) or can be fed into the grid under the available feed-in tariff support scheme.

The licensed segment is designed for larger scale projects, ranging between 1 MW and 50 MW. Currently the total capacity for the licensed category is capped at 600 MW. All applicants wishing to produce energy from solar resources have to follow a tender and licensing procedure in order to be granted a pre-license. In those cases, where there is more than one application for connecting to the same network, a tender is organized and the applicant offering the highest contribution fee per MW is deemed the winner and awarded a pre-license to produce power.

## Support mechanism

Renewable Energy Law provides for a feed-in-tariff support mechanism for generation facilities, currently fixed at 13.3 dollar cents per kWh.

“ The 3 GW target for additional solar power was considered to be rather low considering the potential in the country and was consequently expanded to 5 GW in the first official national renewable energy action plan. ”

According to the regulation, the respective authorized distribution company guarantees the investor power offtake at the set FIT for a 10 year period.

Additional “local content support” of up to 6.7 United States dollar cents (6 euro cents) per kWh is available for plants that utilize domestically manufactured equipment. The incentives are available for renewable facilities which are or will be in operation before December 31, 2020. Local content support is applicable for the first fiveyears of operation. There is no data available yet on the applicability of the support.

## Market developments and considerations

Guided by the national targets of 3–5 GW of solar photovoltaics by 2023 and positive regulatory developments in respect of renewable power generation, market players were optimistic about the path and speed of progress for the years to come. Consequently, in 2013 the Turkish solar market was in the spotlight as an attractive destination for investors looking for countries with high solar potential.

EMRA held the first round of its solar tendering program for licensed solar projects in June 2013. The call for tender generated strong interest with applications amounting to a total of 8.9 GW, some fifteen times the set cap. The two-year approval process took longer than anticipated but as of this month, Turkey has completed the allocation of 600 MW capacity of licensed solar projects.

Given the cap on licensed projects, market participants were bullish on the unlicensed sector with some industry players expecting 2014 to bring 200–300 MW of solar installations from the unlicensed segment. However, the implementation process has not been as swift as originally anticipated with only 54.8 MW of photovoltaic projects installed in Turkey as of the first quarter of this year.

“ The long and bureaucratic permitting process for both licensed and unlicensed sector is clearly an area for improvement. ”

Market data suggest that there is strong interest in the Turkish solar market given the volume of applications for licenses. However, progress has been slow and the sector has not yet fully delivered on its promise mostly due to few major bottlenecks in the system. Generally such bottlenecks represent a gap in familiarity with solar technology by Turkish authorities, local market players and financiers. The long and bureaucratic permitting process for both licensed and unlicensed sector is clearly an area for improvement and the licensing of future projects is expected to be smoother given the Turkish authorities’ learning curve from the first round of applications.

Domestic banks, the biggest lenders to energy projects in Turkey, have confirmed their appetite to consider financing of solar energy projects. Their strong interest in renewables is demonstrated by their recent lending activity for wind



farm projects. Banks are becoming more comfortable with the characteristics and dynamics of the solar industry, technology risk, third party involvement, emergence of “yieldcos” etc.

From a structuring point of view, financing the unlicensed market is slightly more challenging as opposed to utility-scale tendered projects as this would require a bundling of multiple projects into portfolios that are large enough to become attractive for banks. Many innovative structures are being developed globally to suit financing for decentralized small-scale projects and such experience should be taken into consideration by those shaping the future of the Turkish solar market.

Much of the country's success in rolling out its photovoltaic sector depends on the successful implementation of the allocated 600 MW of licensed projects as well as the development of bankable project structures for the unlicensed sector that would enable investors to source capital efficiently and bring new solar projects online.

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# SERBIA

## CHP plant to be added to pellet facility by end-2016

May 25



Bioenergy Point, part of businessman Zoran Drakulić's Point Group Int, started the construction of a cogeneration facility in Boljevac which will **run on waste from the company's local wood pellet production** plant, Večernje novosti newspaper said. Drakulić had announced the **EUR 2 million investment** in May last year.

The electricity would be used for the factory's own needs, said Nebojša Marjanović, municipality head, adding that there is a **possibility to build a district heating system** for the entire town, and use the surplus hot water. The small combined heat and power plant's project should be implemented in 18 months, he said. „Before Bioenergy Point, there were talks with Italian company Tersa about constructing a thermal power plant which would use biomass. They bought the land, and were granted a location permit.

When time came for a construction permit, and they were supposed to define all the project's dimensions, they asked Municipality of Boljevac to guarantee the necessary commodity, in order for them to provide a loan using the guarantee,“ Marjanović told Večernje novosti. He added the municipality wasn't able to do it, because it didn't own the forests, so the company backed out.

Marjanović said potential investors bought 100 hectares of land around the town and set wind energy metering devices to see if it would be possible to build a wind park.

## Call for concession for waste management centre

May 29

Bidders can send propositions by September 25 for the construction of a waste management centre and for the method of processing and gathering for the city of Niš and seven surrounding municipalities. Regional development agency Jug manages the project and its chief Bojan Avramović said 70 hectares in Kereš location in Doljevac municipality were provided, while the eight **local self-governments agreed on the minimum amount of waste** they are obliged to deliver to the future partner company, 82,000 tons per year altogether.

A commission shall have 60 days to select a company for the public-private partnership project, which includes designing, building, financing and operating five transfer stations around the city. The conditions are strict and references are needed for the bidder's experience and business results, Avramović said. Besides, the offer needs to meet environmental standards and the concession fee to be paid to local authorities, he added. Technology of waste treatment shall be selected during the process of choosing the concessionaire. „In the public call's duration, 10 hectares of land shall be bought on the location of Keleš in Doljevac municipality, which would be quite enough to build waste treatment facility and an energy plant,“ Avramović said.

The bidder needs to provide the environmental impact study. Project's value excluding VAT is set between EUR 10 million and 100 million.

## EMS seen expressing interest for SEE CAO services

June 4

State-owned power grid operator EMS (Public Enterprise Elektromreže Srbije) is expected to express interest by the end of June in using the services of the Coordinated Auction Office in South East Europe (SEE CAO), **SeeNews** reported.

EMS is expected to officially express the interest, including definition of the borders with SEE CAO shareholders that should be serviced by the auction office, which disclosed the information in

a presentation. Upon receipt of the expression of interest, **SEE CAO will by the end of August define the admission fee and agreement** for services with same conditions as for its shareholders, to be signed by mid-October.

In order to include EMS borders in auctions for 2016, **SEE CAO is willing to accept only service provision for EMS**, the presentation showed. The main aim of the SEE CAO initiative, involving the transmission system operators of Albania, Croatia, Bosnia and Herzegovina, Macedonia, Greece, Montenegro, Romania, Slovenia, Kosovo and Turkey, is to harmonize congestion management methods and optimize cross border capacity allocation, the report said.

The SEE CAO's project team company was established in Montenegro's capital Podgorica in July. It began holding auctions in late 2014. The office said it plans to launch monthly auctions on the Greek-Turkish border in September, with annual auctions on the Greek-Albanian border seen in 2016.

## Works begin in IPA-financed street lighting project

June 8

Municipal public enterprise Varoš from the town of Vršac in Serbia's northeast awarded a work contract to Tehnika AD for investment maintenance of public lighting with financial assistance from the Romania-Serbia IPA Cross-border Cooperation programme of the European Union, eVršac portal said. Almost 800 **mercury-vapor lamps shall be replaced by LED and sodium-based ones**, one hundred poles are to be repaired and a smart controller cabinet – containing an energy saving device with continual voltage regulation, shall be installed in Gudurički put district.

Old mercury bulbs are going to be disposed of in accordance to EU regulation, including necessary technical documentation and expert supervision. The works are financed through **Green Lights for Safety and Sustainability of Roads – Gloss** project, and Tehnika had the best offer in the tender, with EUR 245,900. Elektrometal Plus DOO submitted a bid of EUR 269,950 while the documentation submitted by Minel-Schröder DOO wasn't complete, the report said. The programme is worth EUR 797,000 and IPA-funded with 85%. After the initial 18 months were set, the completion deadline was extended by further six months until December this year. Municipality of Deta, located across the border in Romania, is the local public enterprise's partner in the project.

## District heating operators' debt rises threefold

June 10

Repairs started on June 1 in district heating plants in Serbia and most of the companies operating the facilities are heavily indebted, daily Večernje novosti reported. In just two months, total **liabilities soared from RSD 8 billion (EUR 66.3 million) to EUR 190.6 million**, mostly because of loan instalments due for payment after a year of grace period, the report said.

District heating operators borrowed extensively at development banks last year and cut what they owed to gas monopoly JP Srbijagas up to 40%. Still, most have problems in repaying the loans, so it is difficult to finance repairs. Milovan Lečić of Toplane Srbije, the heating plants association, told the newspaper that total debt was still smaller than a year ago, but rising. Still, one must take into account that citizens owe EUR 273.4 million, which means this debt multiplied, he added. „It seems no one is paying,” Lečić said.

Still, he is certain there will be no problems in preparing the machines for the next heating season, but adds that only the necessary parts would be replaced in the facilities.

**“Only the necessary parts would be replaced in the facilities due to lack of funds.”**

The Law on Efficient use of Energy introduced **energy services as a business activity** provided by specialized companies through ESCO (energy service company) model of contracting.

Most Balkan countries which utilize biomass inefficiently, or have developed processing of biomass, compensate energy which can be produced from biomass, now inefficiently used or used for exported products, by importing electricity, natural gas and fossil fuels. In addition, **increased demand for firewood, wood pellets and other fuels** reduces available quantities of biomass which could be used in local heating plants or power plants.

Meanwhile, **very few of 78 geothermal wells are utilized** in Vojvodina, Serbia's northern province, while their overall potential is more than 70 MW. Still, there are **local projects** aiming for the start of mainstream use.

## Electricity price increase of 12% set for August

June 22

Higher budget revenues will be the main effect of the new 7.5% excise duty on electricity, Serbian finance minister Dušan Vujović said, state-owned Tanjug agency reports. The cost of electricity in Serbia is **currently RSD 4.97 (4.12 euro cents) per kWh, plus 0.88 euro cents** in tax, he said in the National Assembly.

Mining and energy minister Aleksandar Antić announced on June 11 that the price of electricity in Serbia will increase 12% on August 1, the Government of Serbia said, as reported by the media. At a press conference in the government headquarters, he added that the price hike was **agreed with the International Monetary Fund (IMF)**, and pointed out that the socially disadvantaged will have 120 to 250 kWh per month for free.

The price of electricity in Serbia will remain by far the lowest in Europe, and will be 50% cheaper than in Montenegro, two times cheaper than in Croatia and 15% below the price in Bosnia and Herzegovina, Antić said. He noted that the price increase is necessary to ensure a stable power system, new investments in the energy system of the country and the creation of new jobs. The **7.5 percentage points** from the price hike proceeds belong to the state budget, while the remaining 4.5 points would go to EPS, the country's power monopoly.

## Clear legislation necessary for GE to invest

June 11



General Electric is prepared to invest more in Serbia, but **regulation should be amended**, said Gaetano Massara, the company's Southeastern Europe unit's chief executive. Many significant projects have been put on hold in the country, including wind power, he said at the General Electric Sourcing Day, an event held

at the building of the National Assembly of Serbia. The gathering was organized by the parliament's economic caucus, the Serbian Chamber of Commerce and Industry and the National Alliance for Local Economic Development – Naled.

„We wish to invest in the development of infrastructure, but we need a stable business environment and a clear legislation framework. Serbia has the opportunity to develop 500 MW in wind farms, which would bring investments of EUR 1 billion and create more than 500 jobs during the construction. This will occur when all necessary by-laws are adopted”, said Massara, as quoted on Naled's website.

**The government is ready to subsidize** GE's and other international companies' suppliers, Serbian prime minister Aleksandar Vučić said. Incentives may cover investments, equipment and new jobs, and consulting services in partnership with international organizations such as German GIZ and American USAID, he said. The state is ready to pay grants for certificates, he said at the event.

## Fintel secures financing, permit for wind parks

June 8

Energobalkan DOO signed a contract with Unicredit Bank Serbia for financing La Piccolina wind farm of 6,6 MW, located in Vršac, operator's parent company Fintel Energia Group SpA said in a press release. The Italian independent power producer added that **total amount of the loan is equal to EUR 7 million**, while the required equity is 30% of total investment. The financing envisages a repayment in six years, including a grace period of 15 months with a fixed interest rate of 6.5%, Fintel Energia said. Finally, there is a possibility to extend the repayment of the outstanding debt for further six years. Energobalkan signed contracts with Vestas Systems AG and Prenecon SA for the supply and construction of La Piccolina wind farm, the statement said. Project is due to completion by the beginning of 2016 and it will be the second wind mill in Serbia to receive the feed-in tariff envisaged by Serbian law. Kula facility is the first one, the statement said. La Piccolina will deliver 18 GWh per year.

A non-binding term-sheet for the financing of Košava 2 wind farm of 9.9 MW, located in Vršac municipality, was signed on May 26 by Fintel Energia and **Erste Bank**. The company's 9.9 MW Kula project is financed by the same borrower. Fintel Energia also said it obtained the building permit on May 22 for **the construction and operation of a 9.23 MW wind farm in Veliko Gradište**, east of capital Belgrade. MK-Fintel Wind AD, a joint

venture between MK Group (46%) from Serbia and Fintel Energia (54%), was set up in 2008 to invest in green energy projects. The Italian operator said it has licenses for 150 MW of capacity in the country.

The new Erste Bank deal envisages a 12 years non-recourse financing for a total consideration up to EUR 10.65 million with a minimum equity of 30%. Košava 2 wind farm will consist of three turbines of 3,3 MW unitary power and will deliver 32 GWh per year, equivalent to yearly consumption of 9.200 Serbian families, the press release said. The project is due to be launched by end-2016, while Kula, in the country's northwest, and La Piccolina are under construction. Veliko Gradište facility RAM is due to completion in the first half of 2016, the Italian operator said. The wind park will be built and operated by special purpose vehicle Vetro Park RAM DOO Fintel Energia said the project would generate clean energy for 4.400 Serbian families.

## Energy policy key to climate change mitigation

June 9



"This is perhaps the last opportunity for our generation to reach an agreement on climate change and sustainable development in order to preserve the planet and the quality of life," Vuk Jeremić, president of Center for International Relations and Sustainable Development (CIRSD), said at a public debate on climate change and energy in the residence of the ambassador of France. He added that **Serbia remains a predominantly agriculture-based economy** with weak infrastructure, and that another natural disaster similar to the May Floods of 2014 may annihilate the future for many generations, CIRSD published on its website. Jeremić, former president of the General Assembly of the United Nations and Serbian minister of foreign affairs, added there is a great deal of awareness among the countries of the Western Balkans to cooperate in the areas of energy,

environmental protection and water management. With a coordinated set of development strategies amongst the region's countries, the private sector would, in his view, better see opportunities to act. Jeremić stressed the significance of the current **global negotiations round, set to finalize in Paris at the 12-day COP 21** United Nations Climate Change Conference, starting on November 30.

Christine Moro, the ambassador of France, said joint efforts in fighting climate change cannot be nearly as effective as with engagement of the public.

Vladimir Đurđević, a docent at Belgrade University's Faculty of Physics, said that the main reason behind global warming and increased carbon dioxide emissions lies with the excessive use of fossil fuels. The scientific community has been aware of this problem for decades, but lacked a real connection with the decision-making structures, he was quoted in CIRSD's report. Đurđević also remarked that if humanity continues with the "business-as-usual" approach, the consequences might not only be immense but irreversible.

Serbia's decision to reduce greenhouse gas emissions, together with the timely adoption of European Union laws in the field of climate and energy, will help investments in the energy sector, improve energy supply security and lead to a transfer into a highly efficient and low-carbon economy, Michael Davenport, head of the Delegation of EU to Serbia, stated at the event.

While the EU keeps moving toward energy security and diversification, Serbia and its surrounding countries are doing everything in their power to maintain the status quo, said Ana Brnabić, vice president of the Managing Board of the National Alliance for Local Economic Development. Europe has been increasing utilization of renewable energy resources for the last two decades, she added. Serbia, on the other hand, has changed none of its energy producing methods for the last 30 years, Brnabić said.

Nikola Rajaković, Belgrade's Electrical Engineering Faculty professor and former state secretary in the Ministry of Energy, said that Serbia generates two thirds of its electricity in thermal plants, while the remaining share comes from hydropower. The country hasn't advanced much in using renewable energy sources in total consumption, especially wind, the expert underscores and adds that investors demand more state guarantees, most importantly for wind power purchasing. Getting permits and connecting to the grid isn't well regulated, Rajaković claims.

## Seepex power exchange targets launch by end-year

June 11

Serbia's day-ahead Southeast European Power Exchange (Seepex) is targeting a launch in November or December this year, the press office of European Power Exchange (EpeX Spot), told SeeNews in an email. EpeX Spot is developing the project in partnership with Serbian state-owned electricity grid operator EMS.

EMS director Nikola Petrović had earlier told SeeNews the power exchange was set to become operational by the end of the third quarter this year. In March 2014, Petrović said Paris-based EpeX Spot, an exchange for power spot trading in Germany, France, Austria and Switzerland, will have a 25% share in Seepex with EMS holding the remainder.

Elsewhere in the region, day-ahead exchanges are set to launch this year also in Croatia and Bulgaria. Both projects involve Norwegian-based Nord Pool Spot, which has teamed up with CROPEX in Croatia and IBEX in Bulgaria.

## Study reveals exceptional groundwater energy

June 17

The city of Novi Pazar has the greatest potential in Serbia in geothermal sector, results of a six-month research showed. The study on potential utilization of local groundwater was presented at a public event, attended by mayor Meho Mahmutović and ambassador of Kuwait Yousef Ahmad Abdulsamad, regional radio-television's portal said.

“The city of Novi Pazar has the greatest potential in Serbia in geothermal sector, results of a six-month research showed.”

What was found in Novopazarska banja (spa) and Rajčinovića banja is just an indicator of proper temperatures in the depth, on the territory of the city of Novi Pazar, the chief author of the study Dejan Milenić said, as quoted in the report on Rtvnp.rs. The associate professor in Belgrade's Faculty of Mining and Geology added research should be continued.

The study of groundwater, geothermal potential and possibility for utilization consists of three books on 400 pages with maps and supplements by the seven-member team from the Faculty of Mining and Geology.

## Private partner overhauls street lighting in Topola

June 18

Mercury-vapor street lamps cost local budget about RSD 1 million (EUR 8.300) per month until now, Dragan Jovanović, Topola's municipal assembly chief, told Tanjug news agency.

Intelligent public lighting project is underway, aiming to cut expenses by up to 60%. The system's reconstruction should be done by mid-July, with 3,000 LED lights installed in the town and all villages in the municipality, he added. The partner in the public-private endeavour is Elektro energija SRB DOO, Serbian subsidiary of Slovenian Elektro energija DOO, which invests EUR 800,000. Jovanović explained the municipality is obliged to pay the investor back over 15 years, from half of the savings on public lighting cost. Starting July 15, citizens will be able to report malfunctions by SMS, he added. Jovanović stated that Topola, located in central Serbia, is the first in Serbia to introduce 'intelligent lighting' through a public-private partnership, and that several municipalities bought its project documentation.

After getting efficient lighting, the local authority plans to abolish savings-restrictions in villages and the practice to switch off one out of two street lamps in the town.

## Vojvodina funds energy efficiency projects

June 18



Nenad Stanković, energy and mining secretary in the Government of the Autonomous Province of Vojvodina, held a press conference to present two public calls. One is for applications for grants in projects of energy efficiency upgrading in public buildings. The secretariat's budget funds the programme with RSD 115 million (EUR 0.95 million), the provincial government's website said. All public institutions founded by the province, the Republic of Serbia or a

local self-government have the right to apply for co-financing. A similar project was implemented in 2008, the report said.

The other programme is for grants to co-finance introduction of **efficient indoor lighting in public institutions**, and EUR 370,000 million has been approved for the project.

“*All public institutions founded by the province, the Republic of Serbia or a local self-government have the right to apply for co-financing.*”

However, the provincial government's website said, due to 'vacation season', there will be no calls for public institutions in July, so the next wave of programmes would start in late August or early September. Still, 'in late July and early August' calls for applications are to be launched for agricultural farms, including biomass and solar energy utilization. This will be followed by a programme worth EUR 331,000 for non-governmental organizations, aimed at educating children and pupils about using energy efficiently, officials said.

## Investment depends on government taking share of risk

June 18

Out of initial 15 thermal plants, only the ones in Nova Varoš, Prijepolje, Mali Zvornik and Priboj will switch to biomass, in a project funded by KfW Development Bank, Miloš Banjac, assistant minister for mining and energy, said at the Energy Day conference. The project's value has thus come down to EUR 20 million, Banjac said. The yearly event was organised fourth time in a row by the Society of Thermal Engineers of Serbia, in cooperation with Energoprojekt Entel AD within the European Union's Sustainable Energy Week initiative – EUSEW.

Serbia and Albania advanced the most within the Energy Community in relation to the implementation of EU's Third Energy Package, Janez Kopač, director of the Energy Community Secretariat, said during his presentation. The biggest problems are in Bosnia and

Herzegovina and in Macedonia, the latter actually taking a step back, as consumers weren't allowed to choose a power supplier, he added. "Energy Union is an efficient political slogan, as it perpetuates and intensifies discussions on what it really represents and on energy policy of the EU, which is at a crossroads. We are moving ever deeper into the field of renewable energy sources and the decarbonisation of the economy, with problems emerging, so they are to be solved through energy policy," Kopač stated.

Green economy is a driver of economic growth and the number of jobs in that sector has risen significantly in the EU, despite the recession, said Freek Janmaat, head of the European integration section of the Delegation of the EU in Serbia. Agenda for renewable energy sources and climate change isn't exclusive of growth policy, as evidence shows that the EU curbed emission of greenhouse gasses by 19% since 1990, while its gross domestic product grew by 45%, he added. Janmaat said Serbia needs clarity about the division of risks between the government and investors in renewables. The state should find balance between the difficult situation it is in and its commitment to the target of 27% share of renewable energy, and stimulate those projects, he underscored.

“*Kopač: Serbia and Albania advanced the most within the Energy Community.*”

Development of power generation from renewable sources will bring huge amounts of electricity, which may help bringing its price down in a few decades, even to less than zero, making investment unprofitable, Arthur Heberle, vice president of Mitsubishi Hitachi Power Systems Europe, told Balkan Green Energy News. A major problem is volatility in generation, because there is, for instance, a lot of power from solar panels during the day, and none at night, or sometimes there is very little sunshine, he added, suggesting storage costs are a very important factor. "The best would be to reduce carbon dioxide emissions as much as we can, using the technology that would make it economical at the time. Conventional plants will remain, though," Heberle said. At the conference, he presented the case of Germany in energy sustainability in Europe.

# KOSOVO\*

## World Bank interested in energy projects?

June 9



Minister of economic development Blerand Stavileci visited Washington, conducting separate meetings with heads of the World Bank and **senior officials of the State Department**, with a focus on economic development, namely energy sector projects, the ministry said.

As part of this visit, Stavileci met senior officer of the World Bank, including Kyle Peters – deputy president for operations, Laura Tuck – deputy president for Europe and Central Asia, Rachel Kyte – deputy president and emissary for climate change, and Dimitris Tsitsiragos, deputy president of the International Finance Corporation.

The minister discussed sustainable development in the energy sector in Kosovo, including projects aimed at increasing generation capacities, enhancing energy efficiency, and developing renewable energy resources, and he received strong support from the abovementioned senior officials, according to the report on the ministry's website.

Stavileci embarked in this visit to attend a roundtable with other officials from Energy and Natural Resources Office and Office for Economic and Business Issues of the State Department.

# MONTENEGRO

## EPCG installs submarine power cable in Bay of Kotor

May 26

By installing an undersea cable between the capes of Opatovo and Sveta Nedelja in the Bay of Kotor, national energy company EPCG completed **an investment worth EUR 250.000**.

LDU Tivat completed the project of laying the new 35 kV submarine link Opatovo – Sveta Nedelja, around 500 meters long, with the conductor's cross-section of 240 square millimeters, ensuring spare or emergency supply of Bijela, Morinj, Tivat and Herceg Novi, the company said on its website.

„The project organized reconstruction of the present 35 kV switch bays, for transfer from air to undersea line at both ends of the cable i. e. new switching equipment was installed in both towers. Furthermore, cable placement was preceded by complex and strenuous works on setting of protective anchor blocks both on the shore and in the sea, as well as preparation of the seabed along the cable route,“ said Goran Kovačić, technical manager in LDU Tivat. The cable substitutes a half a century old line that has been out of order over the past years.

A **1 GW Italy–Montenegro underwater transmission cable project**, financed by CGES (Montenegrin Electrical Transmission System) and Italian Terna, has completed its first phase in March.

## Hospitals' makeover brought energy efficiency

May 28

Montenegro – Energy Efficiency Project (MEEP), implemented from February 2009 until December 2014, was the first one in the country of its kind and it covered six hospitals, eight schools and a students' dormitory, the Ministry of Health said. Government of Montenegro borrowed EUR 6.5 million from the International Bank for Reconstruction and Development (IBRD) to finance the endeavour, the report said. **Works in health facilities were financed by EUR 2.5 million**, and Ministry of Health was the institution responsible, with help from the Directorate for Energy Efficiency.



The MEEP's implementation results, including energy savings and improvement of conditions for patients and workers, influenced the state government to take a new loan of EUR 5 million, so the programme was extended in 2013 as MEEP Additional Financing (AF). The new funds will be used for measures of upgrading energy properties of 12 to 14 health facilities, the report said. MEEP AF's implementation started in April last year, and the project ends in March 2017, the ministry said.

## Country's first mini hydropower facility launched

June 1



In the village of Lijeska near Tomaševo in **Bijelo Polje municipality**, Vrelo mini hydropower plant has been put into use. Bijelo Polje's official website reported Ivana Hlavsová, the Czech ambassador, and Aleksandar Žurić, the municipal head, led the launching ceremony.

The power plant, located in Montenegro's northeast, was **equipped by Hydrolink SRO**. The concession had been granted in June 2012 to operator Synergy DOO, majority owned by Tomáš Hájek and with a 12% stake held by KIA Montenegro. The latter enterprise was founded by Vuk Rajković, who has **close family ties with prime minister Milo Đukanović**, according to Vijesti newspaper. The contract's duration is 30 years and the fee is equivalent to 6.1% of planned power generation.

“ *The power plant, located in the country's northeast, was equipped by Czech company Hydrolink.* ”

„Today in Bijelo Polje we launch a facility which is the first of its kind in Montenegro,” Žurić said at the event. „The facility is a small hydropower plant, and its significance is much bigger than its capacity in relation to energy production from renewable sources... We have another ongoing endeavour, a big hydropower

plant with a suspended concession, plus four small projects with interest from investors in Bijelo Polje municipality's territory.”

Investor Tomáš Hájek stated that all environmental requirements set out before the construction had been met. The installed capacity is 612 kW and the construction cost was EUR 1.7 million. The power plant has an energy permit for the construction of power-generating facilities and is projected for an annual output of 2.7 GWh.

After this ceremony, a cornerstone was laid for another small hydropower plant, at Bistrica river in nearby village of Majstorovina. The investment is worth EUR 7 million.

## EPCG Metering and Distribution Project – phase 2

June 2



Elektroprivreda Crne Gore AD Nikšić (EPCG), Montenegrin power enterprise, intends using part of the proceeds of a loan from the European Bank for Reconstruction and Development towards the cost of EPCG Metering and Distribution Project – Phase 2. The company invited sealed tenders from contractors for the **contract for ancillary equipment for smart meters installation**, EBRD said. The deadline is July 20.

Tenders are invited for one or more lots. Each lot must be priced separately. Tenders for more than one lot may offer discounts and such discounts will be considered in the comparison of tenders. Tendering for contracts is open to firms from any country. Tenderers must qualify with an average annual turnover of EUR 1 million equivalent over the last three years as prime supplier.

Also listed is a Successful Experience as Supplier in the execution of at least three contracts within the last five years, each with a value of at least EUR 500,000,

that have been successfully and substantially completed and that are similar to the proposed goods, the document said. All tenders must be accompanied by a tender security of EUR 15.000 or its equivalent in other convertible currency.

## Three SHPPs soon open for bids from investors

June 3

The government in Podgorica is preparing a public competition for concessions on future small hydropower plants (SHPPs) on three streams: in Šavnik, Kolašin and Mojkovac, as reported by Pobjeda newspaper. Hydrological research showed that the total potential capacity would be 7.2 MW, with an estimated yearly production of 30.9 GWh, the paper learned in the Ministry of Economy. The public hearing on the concession document lasted one month, through June 12, Portal Analitika reported. „The current concession contracts foresee the construction of 41 SHPPs with a total capacity of 72 MW and yearly production of 244 GWh. The value of investments for all planned SHPPs is EUR 109 million,” the ministry said.

“Hydrological research showed that the total potential capacity would be 7.2 MW.”

The plan for building SHPPs needs urgent revision, because it is an uncontrollable and unsustainable utilization of rivers' hydro potential, threatening to destroy most of the small water streams in the country, environmentalist organization Green Home said on May 31, citing potential damages in the ecosystem if the project isn't planned properly.

Montenegro's potentials cannot be utilized properly without building middle-sized and big hydropower plants, Goran Sekulić, associate professor in Podgorica's Faculty of Civil Engineering, told Elektroprivreda magazine, Portal Analitika reported.

„We cannot achieve environmental protection, which is being persistently insisted on, if we are poor and have no profitable product that would increase the state's total revenue,” he added.

## EBRD, KfW finance Krnovo wind park project

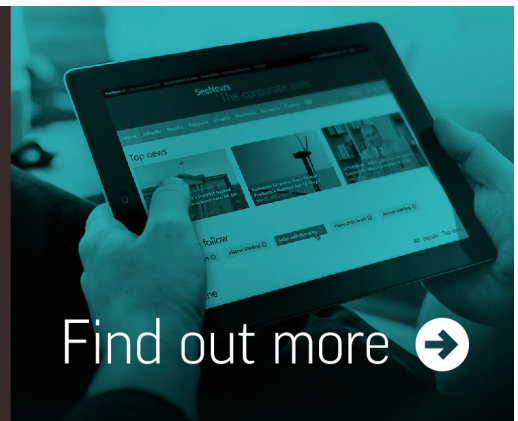
June 16


Julio Moreno, head of the European Bank for Reconstruction and Development's country office, announced an investment of EUR 48.5 million in Krnovo wind farm in an interview for Portal Analitika. The project worth a total EUR 130 million will be supported in cooperation with KfW Development Bank of Germany, he added. „It will be the biggest private energy producer, and the wind power plant will cover 7–8% of consumption in Montenegro. We will also finance the construction of a mini hydro power plant on Bistrica river” in Bijelo Polje, Moreno said. He denied the possibility for EBRD to finance the construction of thermal power plant Pljevlja's second block, explaining that the bank's energy policy does not allow it. However, there are talks with CGES (Montenegrin Electrical Transmission System) about upgrading its network.

Construction work on the 72 MW power plant has been launched in May. Serbian newspaper Večernje novosti reported on June 16 about the permit for a EUR 120 million wind park project in Krnovo near Nikšić. The construction licence was issued by the Ministry of Sustainable Development and Tourism of Montenegro to Krnovo Green Energy from Podgorica, to build the facility on 1,500 meters above sea level, the article said. The document includes transformers in Brezni and Krnovo, transmission lines, wind turbines system and maintenance building. The contract states that in the first 12 years of operation, the guaranteed purchase price can't be under EUR 95.99 per MWh. Planned generation is about 160 GWh, the newspaper's portal said.

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# CROATIA

## Croatia first in the region to close down old thermal power plants

May 26

Old power plants with a total capacity of 1.2 GW are due to be shut down in Croatia, and the state electricity distribution system currently controls 3.65 GW, energy expert Marijan Kalea told Novi list newspaper. With economic recovery, energy needs would rise, so **at least 2 GW may be missing by 2020**, he claims, including possible 1 GW from the rise in consumption. The country is in the same position it was five years ago, because of long negotiations with Marubeni Corporation of Japan, which was supposed to build the 500 MW thermal power plant Plomin C, while the construction of a 68 MW hydropower facility Ombla near Dubrovnik is out of sight, gas-powered generation unit of 500 MW in Osijek is still in its early stage, and a plan for a thermal power plant in Ploče was opposed by citizens on a referendum, Kalea added. Old thermal power units including Sisak, Rijeka, Plomin 1 and TE-TO Osijek need to be shut down by January 1, 2018 because of excess emissions, he said. New capacities were supposed to be launched by now, Kalea stressed and added that the strategic investments legislation did make permit issuing quicker but that the efforts were insufficient.

“*Kalea: New capacities were supposed to be launched by now.*”

The only new power plant launched in the last two and a half decades is the five-year old Lešće hydro unit of 42 MW, while all other projects are only for upgrading and reconstructing existing generation capacities, the report said. HEP Group (Hrvatska elektroprivreda), the national power company, controls seven thermal and 26 hydropower plants, Novilist.hr said.

## Cropex, Nord Pool Spot develop power market

June 2

Croatian Power Exchange Ltd. (Cropex) and Nord Pool Spot, a power market, announced the signing of a cooperation agreement to **create the first competitive Croatian day-ahead power exchange**, with the possibility of extension to include an intraday market at a later stage.

Cropex is committed to the development of a transparent and efficient Croatian power market, enabling the country to become a part of the pan-European multi-regional coupling of power markets (MRC), Nord Pool Spot said. In order to ensure the rapid fulfilment of this goal and, at the same time, to deliver valuable services to its customers, Cropex has selected Nord Pool Spot as its partner to operate the Croatian power market as an exchange serviced by price coupling of regions (PCR), Nord Pool Spot's press release said.

The plan is for the Croatian day-ahead market to become operational by the end of the fourth quarter. Silvio Brkić, CEO of Cropex, said: „We are happy and proud to have Nord Pool Spot as Cropex's strategic partner. This partnership is the best guarantee for the successful creation of a liquid Croatian day-ahead power market, integrated into the MRCs of European power markets.“

A cooperation agreement was signed with Nord Pool Spot in April, aimed at **setting up and running Bulgaria's first day-ahead power exchange**. The platform is planned to start operations by the end of the year.

## Wind project Zelengrad–Obrovac becomes operational

June 3

An investment of EUR 50.56 million in a wind park in northern Dalmatia **with 42 MW of capacity** was completed and set into motion, Večernji list newspaper said. Turbines with an additional 12 MW of capacity will be installed in Zelengrad–Obrovac wind park in the second phase.

EnerCap Capital partners, the fund manager based in Prague which specializes in investments in clean energy in Central and Eastern Europe, and Crescent Capital, a Turkish fund manager which specializes in investing in energy and infrastructure, jointly ensured equity for the construction of the second largest wind farm in Croatia, which will generate more than 10 percent of the installed capacity of wind power in Croatia. The project, which started in 2009, was developed by company Eko energija koncept DOO. **The first phase was completed with 14 V90 turbines** produced by Vestas. The engineering works were performed by Ing-grad DOO, in cooperation with ABB DOO.

# SLOVENIA

Zelengrad–Obrovac will produce approximately 100 GWh per year, which corresponds to the consumption of around 25,000 households, thereby avoiding the emission of 24,000 tons of carbon dioxide emissions, said Zoran Simone, CEO of Eko energija koncept. „We have a building permit for the construction of four additional wind turbines, and this will become the largest wind farm in Croatia. But the administration is the problem for us, and that they restrict the quota for additional megawatts.“

Attorney Davor Stanić from the Stanić i Radelić JTD, legal adviser to investors, explains that technical limitation prescribed by HOPS DOO, the transmission operator, prevents expansion, as reported by ESIA SEE (Environment Social Impact Assessment South East Europe). “We expect to liberalize further investment in wind energy in Croatia,” he said.

## Energy efficiency boosts construction sector

June 12

„We secured HRK 600 million (EUR 79.12 million) for energy efficiency and environmental protection projects in 2015. A large share was directed to the buildings construction sector,” Mihael Zmajlović, environmental and nature protection minister, said at a presentation in Zagreb. At the event, one in a **series of gatherings** organized by the ministry and the **Environmental Protection and Energy Efficiency Fund**, he said the programmes protect nature, save energy, increase the quality of life and make companies competitive. „But, more importantly, we create work for construction companies and small businesses, contributing to job creation,” Zmajlović added.

The minister stated on June 11 that subsidies for buying energy efficient household devices would continue next year. In just nine days, **all the funds were used, with 10,000 devices bought**, Zmajlović said, as reported by Tportal.hr.

He added that in the second half of next year there will be new energy efficiency projects, but that he cannot say if there will be a boost to the fund from which the state helps buying devices with an A++ energy certificate.

## Low-carbon society must be main national goal

June 2



Energy policy is being planned for the next twenty years, **with consideration for forty years in the future**, infrastructure minister Peter Gašperšič said, presenting the government's draft Energy Concept of Slovenia at Ljubljana's Faculty of Electrical Engineering. „We agreed with the transition to a low-carbon society when we accepted international obligations, however we must not see it as a demanding process of transforming the society, but as a challenge to create opportunities to develop welfare in the society,” he was quoted in a report on his ministry's website. It is necessary for the directions and measures in the energy sector to be harmonized with related policies as much as possible, Gašperšič said.

Transfer to a low-carbon society includes reducing **total emissions by 80% through 2050**, from the 1990 levels, the minister added, stressing that the plan is to achieve sustainable electricity generation, alter the structure and increase the share of renewable sources, increase energy efficiency, reduce dependence on fossil fuels imports and to switch from fossil to low-carbon energy sources. Energy concept of Slovenia will be finished by the end of the year, Gašperšič said. The draft document is in a process of public disclosure of opinions until mid-August and it includes a plan to reduce emissions by 40% through 2035.

National statistics bureau said that in 2013, the share of renewable sources was 17%, six percentage points more than in 2003, where **wood and other biomass contributed with 51% in renewables**. Hydropower is in second place with 35%, while the share of other sources was increasing. For instance, solar power generation increased 215-fold in five years, official statistics showed.

## RWE launches power distribution to homes

June 10



German power utility RWE is entering the Slovenian market, starting with the sale of electricity to households. In taking this step, the company is continuing its policy of **tapping new supply markets in Eastern Europe**, it noted in a press release. The plan is to gain 10% of the market by 2020, head of the Slovenian RWE's subsidiary Nikola Krečar told the press.

The German giant will start with simple products, with the main offer consisting of one-, two- and three-year deals, and packages without subscription. It will also sell LED lights. „Our clients will be able to save EUR 100 annually and at the same time reduce their consumption by up to 15 percent,” Krečar said, adding that the company would offer **competitive and fair pricing**, **Slovenia Times portal reported**. RWE's entry in the Slovenian market will bring significant change, and its presence will bring positive effects in terms of competition, he claims. „I believe that our arrival will be beneficial for all consumers, including those who will not come to us.”

Karl Kraus of the Management Board of RWE East, the company's Central and Southeast Europe division, said that RWE wants to become one of the leading energy companies in Slovenia, noting that the Slovenian electricity supply market is „very liberalized.” According to him, the company will first focus on households, which is to be followed by business consumers and industry. RWE could later sell natural gas and will look to launch renewable projects, Kraus added.

RWE is present in 12 European markets and supplies around 24 million consumers with electricity and gas, the press release said. The RWE group, which employs some 60,000 people, said it generated EUR 50 billion in revenue last year. According to Krečar, the company will directly and indirectly create around 150 jobs in Slovenia.

## Companies waiting for frame for works on Morača HPPs

June 17



Slovenian government got acquainted with the expressed interest of domestic companies for a group engagement in Montenegro in projects for building a chain of hydro energy facilities on Morača river, as well as with the initiative for a **trilateral memorandum of understanding** between Ministry of Foreign Affairs of Slovenia, Ministry of Economy of Montenegro and Ministry of Forestry and Water Management of Turkey.

Infrastructure ministry's Energetika-portal.si said cited the Ministry of Foreign affairs saying that the proposed memorandum is based on Slovenian–Turkish Strategic Partnership, a document signed on March 3, 2011 in Ankara by prime ministers Borut Pahor and Recep Tayyip Erdoğan (both now presidents), and that it is also related to Montenegro's Energy Development Strategy until 2030. Adoption of the documents and series of talks between diplomats of Slovenia and Turkey on the one side, and officials of Montenegro on the other, were followed by a search for possible ways of cooperation in getting the projects, and later in the construction of energy facilities, which exceeds Slovenian companies' capacity, the report said. The aim of the memorandum is to connect the economies of Slovenia and Turkey through consortiums for complementary work, where Turkish companies are builders, and Slovenian ones are suppliers of machines, electric and hydro equipment, the statement added. Without cooperation based on the memorandum, Slovenian companies could participate only as subcontractors, as Montenegro, on the base of its legislation, generally signs memorandums like this one for grand projects, the report said.

In late March, president of Slovenia Borut Pahor said possibilities for expansion of cooperation with Turkey exist, namely in constructing the Morača hydroelectric power plant in Montenegro. **At his official visit to Slovenia, the president of Turkey Recep Tayyip Erdoğan** agreed with his counterpart and emphasized that cooperation could grow stronger mainly in the fields of construction and automotive industry.

# BOSNIA AND HERZEGOVINA

## KfW to lend EUR 47.5 million for renewable energy projects

May 26



Vjekoslav Bevanda, deputy chair of the Council of Ministers and minister of finance and treasury, signed a financial cooperation agreement worth EUR 48 million with Christian Hellbach, ambassador of Germany in Bosnia and Herzegovina.

Bevanda said the deal enables withdrawal of EUR 47.5 million through favourable loans and **EUR 500,000 of grant funds**, of which 52% is going to the Federation of Bosnia and Herzegovina, the larger entity, and the remainder to the Republic of Srpska. He clarified that these funds will finance development of hydropower generation and other renewable sources projects, while grant funds are for a water supply and sewerage project. Bevanda thanked the authorities of Germany for approving EUR 600 million altogether to Bosnia and Herzegovina, including almost EUR 100 million of grants, Klix.ba and Sarajevotimes.com reported.

“**Loan funds will finance development of hydropower generation and other renewable sources projects.**”

Ambassador Hellbach said that through the projects Germany wants to support Bosnia and Herzegovina to use its huge energy potential even better and he pinpointed that **the funds are not for budgets but for concrete projects**. The German government so far approved EUR 750 million through financial cooperation projects to Bosnia and Herzegovina, the embassy said.

## Vaptech commissions Mesići-Nova hydropower plant

May 30

Old hydro facility Slaviša Vajner Čiča from 1950 was retired, Večernje novosti newspaper reported. The plant in a cave, on Prača water stream, was replaced by Mesići-Nova's three turbine-generator sets. The **Vaptech-powered 5.21 MW facility** was launched by Milorad Dodik, president of the Republic of Srpska, Željka Cvijanović, prime minister of the entity, and Petar Đokić, the energy minister, while Ljubomir Mrda attended the ceremony as head of Elektro distribucija Pale, operator of BAM 10 million (EUR 5.13 million) project.

„Hydropower plant Mesići-Nova is constructed to operate for the next 70 years, bringing earnings of BAM 3 million (EUR 1.53 million) a year. It was built independently by Elektro distribucija Pale, which covers the area of 13 municipalities. It is the most advanced run-of-river hydropower plant in the region,” Mrda said. Mesići-Nova has a capacity of 24 GWh per year and it consists of linked units: an intake and a supply tunnel with a **flow profile of 4.9 square metres**, which allows the flow of 12 cubic metres per second, a pressurized pipeline and the powerhouse, Srna agency said.

“**The facility is constructed to operate for the next 70 years, bringing earnings of EUR 1.53 million a year.**”

Vaptech, based in Bulgaria, said it delivered **three identical vertical Francis turbines and three butterfly valves** DN1100, PN10. Each of the turbines has 1.74 MW and works in estimated net head of 48.26 meters, flow of 4 cubic meters per second and the rated speed is 600 rounds per minute. The maximum efficiency of the turbines is 93.7%.

Just a few kilometres downstream from Mesići, two more mini hydro plants are being built on Prača river, 10 MW each.

## Microloan line for efficiency, housing, agriculture

June 2

The European Bank for Reconstruction and Development is supporting the expansion of non-banking financial services in Bosnia and Herzegovina with a **EUR 6 million loan to Partner Microcredit Foundation** for on-lending to micro and small enterprises.

The funding will help the company to develop energy efficiency loans for housing and agricultural products **following the destructive impact of the floods in May 2014, according to EBRD**. Medium to long-term refinancing for microfinancial institutions is limited and has become less available in the last few years in Bosnia and Herzegovina, the bank said. Despite the relatively low share of the banking sector assets, the microfinance sector is an important source of funding for more than 200,000 clients which are not served by local banks, the press release said. The financing of this project comes under the EBRD's Small Business Initiative, a platform for supporting micro, small and medium-sized enterprises (MSMEs) through the Bank's partner financial institutions.

„We are pleased to secure this way of financing with the EBRD. It will help Partner Microcredit Foundation to strengthen its position and increase competitiveness in the microfinance market“, said Senad Sinanović, head of Partner Microcredit Foundation, as quoted by Indikator.ba.

## Canton signs concession for EUR 1.99 million SHPP

June 2



Company Eko Energy DOO from Tešanj plans to build a small-sized hydropower plant (SHPP) worth 3.9 million marka (EUR 1.99 million), the Government of Zenica-Doboj Canton said, **SeeNews** reported.

The SHPP will be located on the Stavnja river, in the municipality of Vareš, 45 kilometers north of capital Sarajevo. The cantonal minister for agriculture, forestry and water management Himzo Smajić signed **a 30-year concession contract with Eko Energy**, the government said in a statement. Eko Energy's director Zahir Skoljić said the company is ready to begin the construction works in the next 15 days.

**Revenue of EUR 51,100 per year is expected** from the concession fee, with 70% belonging to the municipality and 30% to the canton. Zenica-Doboj is one of the 10 cantons of the Federation of Bosnia and Herzegovina, one of the two autonomous entities that make up the country. The other one is the Republic of Srpska.

## Elektroprenos has EUR 153.3 million for investments

June 9

State-run power transmission system operator Elektroprenos/Elektroprijenos Bosne i Hercegovine AD Banja Luka has BAM 300 million (EUR 153.3 million) available for investments in the energy system in 2015, **SeeNews** quoted local media. Elektroprenos has **already concluded contracts worth a total of EUR 28.1 million** and currently has ongoing tenders in the amount of EUR 61.31 million, news agency Srna reported, quoting the company's director Mato Zarić. He added that these tenders will be finalized by mid-July and that Elektroprenos is presently preparing to invite bids for every remaining job envisaged in this year's investment plan.

## Srbac in talks to build a heat and power unit

June 9

After a return visit of a Luxembourg investment fund's representatives to the Municipality of Srbac, located at the northern border with Croatia, financial support was announced from the Grand Duchy to start two enterprises, one of which would produce electricity and heat, and the other one vegetables in greenhouses, Radio Srbac said. When municipality chief Drago Ćirić (pictured) was in Italian Villanuova last month, he visited a combined heat and power generation plant with the capacity of 1 MW of electricity and 1.2 MW of heating for greenhouses. He had then met the representatives of the investment fund from Luxembourg, who accepted to come to Srbac to discuss about **constructing a wood-fired plant**, the report said.

The fund is ready to invest EUR 4.5 million for the power and heat facility, which is half of the Italian plant's value, Ćirić said and added that the municipality needs to prepare the paperwork, register two companies and negotiate with the authorities of the Republic of Srpska, one of two entities in Bosnia and Herzegovina, to grant a concession on 10 hectares of state-owned land in Srbac area. The plan is for the operation of two firms to start by this year's end and for 150 people to be hired, he said.

Ćirić told Rtvbn.com portal the investors **agreed with the proposal to buy 14 hectares** in Mali Sitneši for the combined heat and power plant, and that the municipality needs to prepare a feasibility study for the foundation of two companies. Construction is supposed to start in autumn, according to the report.

## Quotas for biomass become obligatory next year

June 11



Bosnia and Herzegovina must remain energy independent, said Mirsad Jašarspahić, vice president of the Chamber of Economy of the Federation of Bosnia and Herzegovina, Ekapija.ba reported. Speaking on a panel about the energy sector's development at the Energa fair in Tuzla, he stressed that **BiH is obliged to accept and implement European Union's regulations**, including its complete energy policy.

The Government of the Federation of BiH, the larger of the country's two entities, met the quotas defined by its action plan for renewables for last year, said Hajrudin Bećirović, head of **Operator za OIEIEK**, the authority for renewable energy sources and efficient cogeneration. „I want to stress that in 2014 there were no applications for biomass. We were obliged by law to switch those quotas, which were for biomass, to other forms of energy, which need to have a share of 5%. We expect to be able to intervene this year (too), while in 2016 we need to fill the biomass quotas,” Bećirović said. He added the quotas were switched to hydropower and solar power, so that last year's

obligations were met by 98.8%. This year is marked by a big number of investors interested in solar power facilities, Bećirović said.

The Czech Republic's embassy represented six energy and mining companies at the fair which are open for local partnerships. As ambassador Jakub Skalnik told Ekapija.ba, one of them was the first supplier of a biomass-fired energy generator in BiH. **Czech Republic can transfer its know-how** in sectors of energy, renewables and biomass to its Bosnian partners, but conditions need to be met, he added, stressing the need for a friendly business environment.

## Srebrenik school reconstructed with project funds

June 12



More than 600 pupils will have warmer classrooms and savings of more than 50% shall be achieved after the reconstruction of the elementary school in Duboki Potok in the municipality of Srebrenik near Tuzla, Ekapija.ba portal reported. Gromex company was hired for the **works within the Green Economic Development project**, implemented by the **United Nations Development Fund** and financed by the Environmental Fund of the Federation of BiH, the Swedish embassy and Tuzla Canton's Ministry of Spatial Planning and Environment.

The central building had its carpentry replaced, the roof and walls got thermal insulation, and the school now also has a new façade. Energy efficiency measures from January to April brought heating and cooling needs down, which shall bring **savings of BAM 14,000 (EUR 7,160)** and reduce carbon dioxide emissions by 80 tons per year. The works are worth BAM 201,000, and the ministry provided half the funds. The rest of the project is financed equally by the entity's fund, the embassy and UNDP, the report said.

**The school suffered damage in last year's floods** and headmaster Edis Bajrektarević announced further energy efficiency and water management works, which are to include four auxiliary village schools.



## Power monopoly boosts prices and revenue target

June 19

Branislava Milekić, chief executive officer of the Power Utility of the Republic of Srpska (Elektroprivreda Republike Srpske – Matično preduzeće AD Trebinje), said the electricity price **increase for companies will be less than 12%** and that the tariffs will depend on transmission line quality, daily Nezavisne novine's portal reported.

Regulation authority REERS (Regulatorna komisija za energetiku Republike Srpske) published new tariffs on June 11. The **average price for households will rise 9.4%** in July to BAM 0.14 (6.99 euro cents) per kWh, while the increase across the board will be 8.76% to 6.49 cents, according to the document.

After meeting representatives of the monopoly and the business community, regulatory commission member Ljubo Glamočić said utilities asked for a BAM 53 million (EUR 27.08 million) increase in yearly revenue in the Republic of Srpska, one of two entities of Bosnia and Herzegovina. Nevertheless, the regulators approved an increase of just EUR 17.88 million, he added. From the total sum, the most is for production facilities (three hydropower and two thermal power plants).

“ *The power utility's activities still need to be rationalised, companies say.* ”

The chamber of commerce and employers' representatives said the announced 10% to 12% increase in power prices isn't acceptable. The power utility's activities still need to be rationalised and economic policy plan was to introduce reforms aiming at helping businesses, but the charge for using renewable energy sources was instead increased, they said.

Meanwhile, **Hidroelektrane na Trebišnjici**, a hydropower plant operator, filed a report to Banja Luka Stock Exchange on June 15 that shows a **gap in revenue of EUR 39.34 million** from last year, mostly debt by legal entities, buyers of electricity, magazine Istina's portal reported. The Power Utility of the Republic of Srpska owed EUR 34.74 million to the subsidiary, equivalent to its yearly production.

## Mecasolar supplies 1 MW in 2-Axis trackers

May 27



A new solar project in Miroslava, 400 kilometres north of Bucharest, has been powered with 97 dual axis trackers produced by Mecasolar (Mecanizados Solares SL) from Fustiñana, Spain, the company said in a press release. **One of the biggest photovoltaic power plants** in the country will be connected to the grid at the end of June, the company said.

The power plant, which is expected to have an annual solar power output of 1.7 GWh and to save 850 tons of carbon dioxide equivalent emissions, features 97 of 10.31 kW 2-Axis trackers and more than 4,170 photovoltaic modules. The devices are capable of increasing photovoltaic solar energy production by more than 35%, when compared to a fixed installation, the press release said. This maximizes profits by reducing the investment in solar panels, the company added.

Mecasolar added it expects to strengthen its presence in Central Europe, stressing that the renewable energy market is expanding, with good prospects for solar energy.

## National energy strategy vexed in Brussels

May 29

„We need a real national program for energy, which would **not only stimulate production or subsidize alternative energy**, but finance research, training of professionals, production and delivery of services by companies based in Romania,” said Victor Negrescu, member of the Progressive Alliance of Socialists and Democrats Group in the European Parliament. Fourth edition of 'Romania Energy Day' event was held at the

European Parliament in Brussels, under the title 'The Energy Union: Challenges and Opportunities in Central and South-Eastern Europe', Business-review.eu reported. „For example, for the EUR 35 billion provided annually by the European Commission, mostly for research, I would like to see the first Romanian project,” Negrescu said.

“ Fourth edition of 'Romania Energy Day' event was held at the European Parliament in Brussels. ”

Ensuring the energy security is a priority for Romania and co-regional cooperation is an essential element of the European Union's energy policy, ambassador Mihnea Motoc, permanent representative of Romania to the EU, said according to a press release. „We appreciate the European Commission's initiative to create a framework for cooperation in Central and South Eastern Europe (Cesec). We hope that the list of priority regional projects, to be adopted by the high level group of Cesec in early July, in Croatia, to create a regional energy system through which each member state in the region to have access, in time, at least to three different sources of supply – this regional framework will make a real difference in the future in terms of enhancing energy security,” he added.

## Partners sought for solar panel plant investment

June 1

Altius Fotovoltaic, solar panel manufacturer, expects a RON 16 million (EUR 3.6 million) revenue for this year, half of which generated by exports, and is in talks with partners to open a production facility in Africa or the Middle East, Ziarul Financiar reported. The company is part of Bomax group, which invests in real estate development and energy.

Ion Murgescu, Altius Fotovoltaic's chief executive, said it would be a sin not to expand the business and that the company is in talks to build factories in Africa. The enterprise generally looks at countries where the government encourages investment and energy prices are good, he said.

Altius opened a solar panel factory in Giurgiu Free Zone in 2013. It invested EUR 8 million in the facility, only unit of its kind in Romania. Although there were attempts by companies Renovatio and Siliken to enter this market, their projects did not survive.

## Norwegian funding supports selective waste collection

June 8



A EUR 4 million project designed to collect recyclable waste from households was implemented by Total Waste Management, part of recycling Green Group and a provider of integrated waste management solutions, and co-financed with grants of EUR 1.4 million from the Government of Norway, The Diplomat magazine's portal said in a report.

Smart collection infrastructure is developed in 25 major cities in Romania, aiming to take over 15,200 tonnes annually of packaging waste and electrical and electronic equipment, destined for recycling plants in the country, the report said.

Norway has set itself the development objective to become one of the most innovative and green economies in the world, said Tove Bruvik Westberg, the ambassador of Norway to the country. „Optimizing existing industries, encouraging entrepreneurship and investment in eco-innovation, developing and implementing new technologies, these are some of the steps taken by Norway to promote a green economy.”

To date, 11 collection points have been installed by Green Group, with the rest expected to be implemented by the end of the year, The Diplomat reported.

## Financial construction inked for solar units takeover

June 9

Canadian investment vehicle Transeastern Power Trust issued a statement reporting it agreed to take over two solar parks in Romania from RG Renovatio Group Limited. The price is about USD 9.6 million (EUR 8.45 million), based on prevailing exchange rates and not accounting for debt, the buyer said. A portion is payable by the issuance of trust units of EUR 0.88 each, where Transeastern, which completed the first tranche of a previously announced private placement,

issued an aggregate of 5.4 million subscription receipts, each exercisable into one unit of the trust and one trust unit purchase warrant expiring in maximum 36 months.

The vehicle, via its subsidiaries, will be assuming **certain financing from UniCredit Leasing Corporation IFN**, the statement said. The solar power plants have been in production for over two years. J. Colter Eadie, chief executive officer of Transeastern, commented: „We are pleased to have executed the purchase agreements and closed the first tranche of our equity offering. We are looking forward to the closing of the acquisitions and debt financing in the next few weeks.“ Transeastern Power Trust, through its direct and indirect subsidiaries in Canada, the Netherlands and Romania, has been formed to acquire interests in renewable energy assets in Romania, other countries in Europe and abroad.

““ *The two power plants that are to be acquired have a total capacity of over 16 kW and they have been in production for over two years.* ””

In June 2014, Transeastern bought 11 small hydropower plants in Romania, with an installed capacity of 5.1 MW, from Rott, Zagra and Suha projects, one of the sellers being Romenergo, Energy World magazine's portal said.

## Energy inefficiency remains biggest challenge

June 10

The biggest problem for Romania is still energy inefficiency, given that the quantified losses in coal energy units reach up to about EUR 4 billion annually, said Iulian Iancu, chairman of the Committee for Industries and Services of the Chamber of Deputies, Business Review reported. On June 9, representatives of central authorities and energy industry participated in a forum at the Parliament Palace named 'Energy Efficiency and Climate Change Adaptation Process: Fundamental Priorities for Romania'.

The system is inefficient, Iancu added in his statement. The loss is between 24% and 26.1% in the last four years, adds the report on Business-review.eu. The **share of vulnerable consumers increased to 42%**, while the population's energy consumption is bigger than industry's and even that of agriculture and transport services put together. In the consumption structure it is abnormal to have such high consumption for the population compared to other sectors, Iancu said.

Another topic on the agenda was cogeneration. Policy bonus will be reconsidered given that bonuses given so far, as those for cogeneration, have not reached the original purpose, namely to be a source for investment in efficiency, said Andrei Gereu, minister of energy. They turned into an existence support for the producers of energy and heat.

The minister said that Romania must find a balance between measures to increase energy efficiency and the maintenance at an appropriate level of the country's capacity to face all the challenges at regional level. „These things should be reconsidered... so that we can balance all these challenges, not to be put in a position to finance a sector at the expense of another. I think here about the conflict that has existed in recent years between renewable energy sector and the production of energy from coal.“

## New law on biomass, biogas means cheaper heating

June 12



Four ministries, regulating authority ANRE and Romanian Association of Biomass and Biogas (Arbio) are preparing the new law for the biomass and biogas sector, while a parliamentary committee is working on the new law for heating, Energynomics.ro reported. The final stage of talks started on the feed-in tariff scheme (for projects with an installed capacity of up to 0.5 MW) and the fourth green certificate, for the bioenergy projects for high-efficiency cogeneration. Also, a **new law for energy crops is under discussion** and EU grants of 232 million euros were provided exclusively for the biomass and biogas sector, the report said.

Arbio Biomass and Biogas Forum with an Arbio workshop dedicated to energy crops were held on June 9 at Capital Plaza hotel in Bucharest. The investors confirmed that once legislation is in place, they are ready to invest in dozens of projects, as they have agreements with farmers and factory waste.

In her message at the forum, Anca Bujor, counsellor at the Ministry of Energy, confirmed that the government considers biomass a priority, also in accordance with principles of the new energy strategy that it develops. Thousands of farmers and waste companies will avoid the penalties of EUR 80 per ton as of January 1, 2017 and RON 120 (EUR 26.7) per ton as of January 1, 2018, which will be charged for waste that will not be treated under the new EU directive, the report said. Arbio's president Ilias Papageorgiadis stressed that with a stable income and no surprises, this sector will offer a lot more. „The new law for biomass and biogas means cheaper methods for heating for thousands or even millions of citizens, but also for companies with production units. We estimate that the effect will be a reduction of 20–30% of the invoice for the citizens and we already have concrete examples that confirm this”, he added.

“ Investors confirmed that once legislation is in place, they are ready to invest in dozens of projects. ”

Didzis Palejs, Board member of the European Biomass Association, offered an example. „In Latvia we are exporting and importing biomass for fossil fuels. But I noticed that we import the equivalent of 7 TWh of natural gas for EUR 55 per MWh and exporting wood of 7 TWh for EUR 13 per MWh. This means that annually we lose 280 million euros. Romania, with a much larger consumption, is facing the same problem and a greater loss for sure. Therefore, biomass is the solution for energy efficiency and fewer imports,” he said.

Legislation on feed-in tariffs could enter into force in early October or earlier, Anca Bujor told Energynomics.ro. „The support scheme will be approved for projects of less than 500 kW. Any change affecting the budget of the scheme must be notified to the European Commission (EC),” she said at the Govnet conference ‘Biomass, Biogas and Cogeneration 2015’.

In addition, the **government is working on transitional provisions for cogeneration projects** notified close to the deadline of December 31, 2016, after which obtaining subsidies cannot be possible. Thus, even cogeneration projects notified after that date may benefit from support schemes, as the duration of the implementation of a cogeneration project is much bigger than that of other green industries. At the same time, the new law on granting the possibility to conclude bilateral contracts for players with installed capacity of less than 3 MW came into force in early June. Subsequently, to approve the legislation on regulated, feed-in tariffs for small players, government will have a statutory period of 90 days. Under the new law on renewables, electricity market participants

with a capacity of less than 3 MW will be able to sell green certificates quarterly. Also under the new law, the 125–250 MW wind projects can be approved directly, without notifying the EC.

## Hidroelectrica's contracts didn't involve state aid

June 16



Following an in-depth investigation, the European Commission has concluded that electricity supply contracts signed by the state-owned Romanian electricity generator Hidroelectrica SA with certain **electricity traders and industrial customers** did not involve state aid within the meaning of the EU rules.

The commission found that the contracts were either concluded on market terms or, where tariffs were below market level, that the Romanian state could not be held responsible for the tariffs granted. In particular, the analysis revealed that Hidroelectrica charged prices that were fully in line with the benchmark market price to nine customers (ArcelorMittal, Alro, Alpiq RomEnergie, Alpiq RomIndustries, EFT, Electrica, Electromagnetica, Energy Holding, Euro-PEC). The prices charged to Luxten-Lighting, Electrocarbon and Elsid were lower than the benchmark market price. However, **the investigation** did not establish that the decision to grant favourable conditions to these relatively minor private players can be attributed to the Romanian authorities. The non-confidential version of the decisions will be made available in the State Aid Register on the **DG competition website** once any confidentiality issues have been resolved.

On April 21, the European Commission concluded that in the contracts between Hidroelectrica and Electrocentrale Deva SA, on the one hand, and Hidroelectrica and Termoelectrica SA, on the other, the two companies were offered an **unjustified economic advantage**, thus breaching EU norms.

The insolvent producer of hydropower may be listed on the stock market while still insolvent, until May of next year, the company's trustee Remus Borza

said, as quoted by Energy World magazine's portal. Hidroelectrica would list 15% of shares, he added.

In other news, the Government of Romania, holding an 80% stake in Hidroelectrica through the Ministry of Economy (Mecma), **opposes the proposed investment of the company into renewables** industry, market sources told Energynomics.ro. The other major shareholder is the Proprietatea Fund (FP), with nearly 20% of the shares. The company currently seeks points of support, as it is clear that at the Ministry of Energy there are none, says the source, as quoted in the June 5 report.

“*The company currently seeks points of support, as „it is clear that at the Ministry of Energy there are none.”*”

A decision of the Extraordinary General Shareholders Meeting of Hidroelectrica, indicates that the shareholders „do not endorse the identification and analysis of investment opportunities in the renewable energy sector.” Instead, they approved the capital increase in the participation in Hidroelectrica SSH Hidroserv and the dividends owed to shareholders. Thus, of the nearly RON 883.6 million (EUR 197.22 million) profit, remaining after deducting the legal reserve, about RON 75.6 million were dedicated to accounting loss reported at December 31, 2014 for the year 2012 and approximately RON 646.4 million were paid as dividends, of which about RON 517.5 million to Mecma and about 129 million to FP. In addition, 161 million lei were sent to reserves. Hidroelectrica set an **investment budget of EUR 1.3 billion** for 2015–2020 in May.

## Repower gives up on investments in renewables

June 16

A Swiss group changed its mind about investing in renewable energy sources in Romania, **due to law changes**, portals Wall-street.ro and Capital.ro said.

Private power supplier **Repower Furnizare Romania**, the local subsidiary of Swiss-held Repower AG, was **planning to invest about CHF 200 million (EUR 192 million)** in renewable energy production units, as well as in hydropower plants. As reported by Energy World magazine's portal, the capacity should have amounted to 100 MW by 2020.

„Romania is the fourth key market, after Switzerland, Italy and Germany. Unfortunately, the budget for 2020, as defined by the board of directors, is used to build

market capacities in Romania... We wanted to invest in the renewable energy sector, **including hydro design capacities of 5 to 10 MW**. But due to the amendments to the legislative framework we had to stop,” said Dan Dragoş Drăgan, chief executive of Repower Furnizare Romania, as quoted by portal Business-review.eu.

Despite its recent decision, the local subsidiary, which has a **5% market share** among independent power suppliers, will still invest approximately EUR 1 million in the local market, in new products and services. The company will also focus on energy retail this year.

## Monsson operates in 20 countries on four continents

June 16



Projects of over 2.4 GW, out of which **over 1 GW have been already built and operational**, have been developed under Monsson Group in Romania. The company said it expanded its operations in 20 markets in the past two years and reached 500 employees on four continents.

In a press release, the company added **it invested over EUR 200 million in the country** so far, in construction and operation of photovoltaic and wind parks. According to Sebastian Enache, business development manager in Romania for Monsson Group, the expansion decision came after renewables industry in the country ground to a halt. „The lack of new projects made us review and reconsider our investment plans rather promptly... The investment in the international expansion has cost us quite a lot so far, but we are prepared to continue this process, considering the expansion of our services as well as the expansion of the external markets,” he added, Romanian news agency Act Media reported.

Monsson operates in **Europe, Middle East, New Zealand and Asia**, switching from developer status to integrator of complex energy solutions, comprising also large projects of desalting using renewable resources, as reported by The Diplomat's portal.

Established in 1997, Monsson Group has focused on renewable energy since 2004 and became a major wind farm developer, according to information on its website. It also works in sectors of hydropower, waste to energy incinerators, cogeneration plants, and generation from residual natural gases.

The most famous project developed by Monsson Group and built by ČEZ is the Fântânele-Cogealac 600 MW park, at that time the second largest onshore wind farm project in the world, Act Media said.

## Infringement procedure over micro hydro plants

June 18

The European Commission (EC) is initiating an infringement procedure against Romania over the micro hydropower plant projects underway on the **Dejani-Lupșa and Vistișoara rivers** on the northern slope of the Făgăraș mountains, WWF-Romania said, Act Media agency reported.

In a release, the environmental advocacy and restoration organization states that it has been informed about this move in a June 3 official letter from the European Union body. WWF-Romania representatives told Agerpres agency that the executive institution had informed the authorities in Bucharest that on May 28 legal action would be pursued.

“Confirmation from the European Commission comes a year and a half after WWF filed two formal complaints.”

„From information that we hold, the infringement procedure also targets the destructive projects on the southern slope of the Făgăraș mountains, **on the Capra and Buda rivers**. Confirmation from the European Commission comes a year and a half after WWF filed two formal complaints to the commission, signalling a number of systemic violations of European and national legislation on water and biodiversity, in what concerns the authorization of constructions and their location in protected areas of European interest (Natura 2000),“ details the WWF-Romania release.

According to the organization, the initiation of such a procedure follows some far-reaching steps Romania failed to respond to. According to WWF-Romania, **other projects have been illegally approved** for the Alb river in Retezat mountains, and Bistra Mărului, Șucu and Olteana rivers in Țarcu mountains, where company SC Alset Energy SRL proposed two projects with two MHPs each. In a statement, WWF calls for the urgent intervention of the Ministry of Environment in these cases, Romania-insider.com reported.

## Partnership set for developing solar power plants

June 18

Armand Group, a Romanian renewable energy operator, said it signed an agreement with Green Tech Ltd., a specialized British company, for the finance and development of solar photovoltaic projects **below 500 kW capacity** that will benefit from the new solar feed-in tariff expected to be applied this year in the country. With British finance and Romanian engineering, the two companies **plan to develop 20 MW** of new solar projects in Romania until the end of next year.

Armand announced that in Tustea, Hunedoara county, a photovoltaic **park with 500 kW capacity begins supplying power** to the national grid. Work for constructing the solar park began in April. The company was the general planner, it handled construction and will handle operation and maintenance once the photovoltaic plant starts functioning. Armand Group offers solutions in the area of renewable energy, specialized consulting, design, installation and professional equipment, the press release said.

The group was founded in Timișoara in 2009 and is controlled by local investor Armand Domuta, according to Energy World magazine's portal. The partnership with Green Tech Ltd. is worth EUR 20 million, the report said.

## Fourteen companies exempt from green certificates

June 18

After the Government of Romania approved an aid scheme last year, to help large industries cope with the growing cost of energy from renewable sources, this year fourteen companies are exempt from paying for the full green certificate. **They will pay 40% to 85% less** than normally for green certificates, based on energy consumption, Economica.net portal said.

The group includes names such as Alro, ArcelorMittal, Carpatcement, TMK Artrom and Lafarge, as reported by Romania-insider.com. The fourteen will be **spared from paying EUR 75 million**. However, households and other industrial consumers will have to share the costs. The government estimated that the state aid will last 10 years and will amount to EUR 750 million. Some 300 large industrial consumers should benefit from this scheme.

**Similarly, according to new rules in Slovenia**, energy intensive industry may pay EUR 10 million less this year for the support for renewables, while households and other businesses would contribute EUR 30 million more.

# BULGARIA

## Energy efficiency measures in Plovdiv kindergartens

May 26

The Municipality of Plovdiv intends using part of the proceeds of a **grant from the Kozloduy International Decommissioning Support Fund (KIDSF)**, administered by the European Bank for Reconstruction and Development and its own funds towards the cost of energy efficiency in public buildings, EBRD said.

The local authorities invited sealed tenders from contractors for energy efficiency measures in four public buildings – kindergartens located in the territory of the municipality. The deadline is July 10. Measures include insulation or change of the old thermal insulation of roofs, external walls, floors of the buildings; replacement or adjustment of windows in order to reduce energy losses in the buildings; and replacement of incandescent tungsten lamps with compact fluorescent lamps, the procurement notice said.

The invitation for tenders **follows the general procurement notice** for this project from April.

## Project for hydropower system's rehabilitation

May 29

Natsionalna Elektricheska Kompania EAD (NEK EAD) intends using the proceeds of the grant funds provided by the Kozloduy International Decommissioning Support Fund (KIDSF), administered by the European Bank for Reconstruction and Development under a grant agreement and its own financial sources towards the cost of the project for rehabilitation of hydropower system capacities, consisting of **two sub-projects** – rehabilitation of Belmeken – Sestrimo – Chaira hydro complex and of Vacha-1 hydropower plant 110 kV switchyard and other systems of integrated control.

The overall budget is EUR 37 million, of which 70% will be financed by KIDSF and 30% by NEK EAD, the procurement notice on EBRD's website said. Project includes training and the notice lists design, supply, installation and commissioning of new control systems, excitation systems, turbine governors, relay protections, turbine equipment, vibration measuring systems, 19 kV switchgears, oil systems and spherical

valves, work stations, upgrade of control systems, 110 kV high voltage equipment, telecommunication and electric metering equipment, civil works, transportation and waste disposal.

The procurement is expected to begin in the third quarter of this year. The closing date is May 29, 2016. The contracts implementation period is expected to be approximately 50 calendar months, followed by a defects notification period.

## Full liberalization at least a year away

June 8

Bulgarian households and small businesses will have the right to choose their electricity supplier freely as of July 2016 at the earliest, Ivan Ivanov, chairperson of the Energy and Water Regulatory Commission (EWRC), said earlier this month. The commission will **need more time to analyse** whether the full market liberalization would lead to higher electricity prices of electricity, Trud.bg said. The electricity market liberalization for households and small businesses had been announced for January 1, 2016, as reported by Publics.bg portal.

“*The electricity market liberalization for households and small businesses had been announced for January 1, 2016.*”

„We will keep households on the regulated market next year as well, so that we can protect them from electricity prices fluctuations,” Ivanov said, as quoted by Darik radio. However, he pointed out that the market liberalization in neighbouring Romania actually led to a drop in electricity prices of with much as 40 percent. He pointed out that households and small businesses are currently paying BGN 125 (EUR 60.25) per MWh, according to the regulated tariff, while the medium and large businesses, which have access to the liberalized market, pay an average of BGN 90 per MWh.

What is more, the regulator mulls a reintroduction of the so called „obligations to society” fee in the price of export-bound electricity. Prior experience with this practice has brought Bulgarian power exports close to a complete halt. Nevertheless, Ivanov considers that the regulatory commission will find a way to charge the fee to exported electricity without making it uncompetitive to electricity from other countries.

# FYR MACEDONIA

## Project on industrial energy efficiency launched

May 28

Regional Environmental Center (REC) brought together industrial companies, governmental institutions, stakeholders, academics and energy efficiency experts, as well as representatives of international organisations, at an event to mark the official launch of the project named 'Catalysing Market Transformation for Industrial Energy Efficiency and Accelerating Investments in Best Available Practices and Technology', the aim of which is to **improve the energy, environmental and economic performance** of the Macedonian industrial sector.

The 50 participants at the kick-off meeting expressed great interest in the project, as energy efficiency and energy use have become key aspects of the country's economy, REC Former Yugoslav Republic of Macedonia said. Its director Katarina Georgievska said the aim is to **enhance policies and regulatory frameworks**, and that the project has an innovative approach, engaging many stakeholders. Vladimir Peševski, deputy prime minister for economic affairs, said local capacities rising from the project would remain, Macedonian Informative Agency reported.

Main objective of the project is to raise awareness of energy efficiency for competitive and sustainable industries. The project is funded by the Global Environment Facility (GEF) through a grant of USD 1.4 million. Co-financers, contributing a total of USD 5.9 million (EUR 5.2 million), are the United Nations Industrial Development Organization (Unido), ministries of economy and environment, the Macedonian Bank for Development and Promotion, the Energy Agency, private companies, USAID's Industrial Energy Management Project and Low-Emission Development Strategies Project, REC Former Yugoslav Republic of Macedonia, and the Faculty of Technology and Metallurgy of Skopje.

Economy minister Bekim Neziri expressed support for the project's potential for energy savings, contributing to achieving the objectives of both the National Strategy for Improving Energy Efficiency and the accompanying action plan.

## Geothermal heating and cooling for public buildings

June 3

Elementary school, kindergarten and local cultural centre in Ilinden municipality will use renewable energy sources for **heating and cooling of 7,000 square meters** of interior space, Build.mk portal said. An energy efficient system for three public buildings has been put into use by transport and communications minister Vlado Misajlovski and Ilinden mayor Žika Stojanovski. The value of the project, supported by the European Bank for Reconstruction and Development and the World Bank is MKD 26 million (EUR 42.000).

Implementation of energy efficient systems for heating and cooling, utilizing groundwater's temperature, achieves savings of up to 40% on electricity and heating energy costs, enabling improvement in conditions for education and the education process, the quality of child protection, creating conditions for the development of culture in the municipality, as well as environmental protection, mayor Stojanovski said.

## National conference held on energy challenges

June 17



Providing sustainable energy development is a must, participants in the 'Energy Challenges of the Republic of Macedonia' conference conveyed as their key message.

Stefan Peter, chairman of the Board of EVN Macedonia – electricity distribution company, highlighted its



investment plans, while Siniša Spasov, general director of MEPSO – transmission system operator, referred to the investment plans, emphasizing the ongoing project for building a transmission line that will connect Macedonia and Serbia, expected to be completed by the end of summer, and the power line that will connect Macedonia with Albania, which in its design phase. Dejan Boškovski, general director of ELEM – largest and state owned electricity producer, cited the investments in progress and the company's future projects, stressing the revitalization of existing power facilities, opportunities for opening new coal mines, which could supply the existing thermal power plants, but also the plans for building new hydropower plants.

President of the Association of Energy Risto Janevski, director of refinery Okta AD, highlighted the situation in the market of oil products in Macedonia, as well as legislation in this area. Konstantin Dimitrov from Macedonian Center for Energy Efficiency (Macef) briefly addressed the energy efficiency policy and legislation and the challenges that the country faces with in reaching the national energy saving target. He stated that the mandatory energy audits should be postponed until Macedonia joins the European Union. Krste Miladinovski, director of the Macedonian Energy Resources, presented the plans for the development of gasification in the Republic of Macedonia.

*“ Mandatory energy audits should be postponed until Macedonia joins the European Union, said Konstantin Dimitrov from Macedonian Center for Energy Efficiency. ”*

The gathering was organized to present relevant information in all areas of the energy sector, thus contributing to sustainable energy sector development, security of supply, and improved legislation on energy efficiency. Every major energy player presented the current status and specific challenges that they or the country will have to deal with in the near future. The conference was organized by the Energy Association within the Economic Chamber of Macedonia. The conference was attended by 50 representatives of energy companies, relevant ministries, regulatory bodies, academia and donor community.

## Industrial – green zones framework study presented

June 18

Introducing possibility for public–private partnership in establishing and operating industrial – green

zones, defining „green criteria“ and specific business activities for the zones, and subsidies and other types of incentives to the founders and investors are among the key recommendations given in the recently prepared Study for Improving the Legislation on Industrial – Green Zones. Generating (or using) energy from renewable sources should be one of the leading industries, with building factories and running industry processes that will be energy efficient among the key criteria, the authors wrote.

*“ Energy from renewable sources should be one of the leading industries, with energy efficiency for factories and industrial processes among the key criteria. ”*

Ministry of Economy, Economic Chamber of Macedonia and USAID-funded Clean Energy Investment Project (CEI Project) organized a presentation of the study which includes numerous findings and recommendations for improving the legislation. The participants came from selected municipalities and companies as potential founders and investors in the zones, all of them involved in the survey conducted for this purpose. Representatives of relevant public institutions and donor funded projects also attended the event. High-level representatives of the ministry and the chamber made introductory speeches, while the renewable energy sources specialist of the CEI Project delivered a detailed presentation, followed by an open discussion among the participants.

The presentation and subsequent discussion focused on the main results of the survey that was carried out from March through May this year, but findings related to national legislation and other countries' legislation and practice (Serbia, Slovakia, Ireland, Denmark, etc.) regarding industrial – green zones (parks) were also touched upon. Findings and recommendations of this study will be the basis for the amendments to the upcoming Law on Industrial – Green zones and supporting by-laws, leading to enabling favourable environment for establishing these type of zones in Macedonia.

[DOWNLOAD THE STUDY IN MACEDONIAN](#)

# GREECE

## Clean-up process underway for idle permits

June 10



Procedures are underway for clearing a backlog of renewable energy source permits issued for projects that now stand no chance of being actualized, Energy Press portal said. Idle applications are being eliminated through a process based on legislation that **demands banking guarantees worth the equivalent of respective projects** from applicants.

“*Implementation of photovoltaic systems through net metering procedures is being obstructed by law.*”

At the same time, Hedno (Hellenic Electricity Distribution Network Operator) has launched a clean-up mission of its own for roof-mounted photovoltaic systems. It is preparing to give older applicants one month to resubmit their applications as a sign of genuine interest. Otherwise, their applications will be shelved to make way for a new wave of interest being expressed by individuals and enterprises seeking to capitalize on a newly introduced net metering legal framework, the report said. The net metering plan will enable electricity consumers who generate their own power from an eligible on-site facility and deliver it to local distribution facilities, to offset the electric energy provided by the utility during an applicable billing period.

A total of 1,665 applications for roof-mounted photovoltaic systems with a total capacity of 14.32 MW had been submitted until the end of September 2013, the most recent date for which Hedno's data is available. The older applications for household photovoltaic systems, now sitting idly and **saturating capacity limits, are blocking entrepreneurial photovoltaic interest** on islands with major tourism activity, the Energypress.eu report said.

Meanwhile, despite promising energy cost-cutting benefits for the agricultural sector, as has been pointed out by specialized studies, the implementation of photovoltaic systems through net metering procedures is being **obstructed by law**. A legislative amendment made in 2011 does not permit photovoltaic system installations for land placed under a high-productivity category. The amendment, made to settle issues concerning land transfers in high-production areas, unintentionally affected the sector.

## Countrywide wind power plants' capacity tops 2 GW

June 11



The country's total wind energy capacity linked to the grid exceeded 2 GW, Eletaen, the Greek Wind Energy Association, said in its **preliminary report for the first half of this year**, Energy Press portal said. The benchmark level was struck on April 26 by a 2 MW Vestas V90 facility installed by Terna Energy in the Mavrovouni area of Viotia, slightly northwest of Athens. Still, the current total level remains at just 50% of the national objective that had been set for 2014, the report said.

“*Total wind power level remains at just 50% of the national objective that had been set for 2014.*”

A total of 103 MW in wind facilities were connected to the grid, while 440 kW were withdrawn, in comparison to the total amount of 113 MW registered last year. New facilities, either under construction or under contract, stand to **add a further 198 MW**, the report says. Eletaen noted that the total capacity for the first half of 2015 – both functional projects and ones at a testing stage – will amount to 2081.5 MW, up 5.2% compared to end-2014.

However, Greece's **net wind turbine power was 1.74 GW in May**, as 20 MW of capacity was added, Lagie (Hellenic Electricity Market Operator SA) published in its latest monthly report.

PPC Renewables SA, a wholly-owned subsidiary of PPC (Public Power Company), intends to **more than double its green power capacity** from current 148 MW, including development of a **120 MW aeolic park in Andros**, northernmost island of Cyclades, and finishing the 157 MW Ilarionas hydropower plant near Kozani, Energy Press reported. Its business plan for 2014–2017 set EUR 327 million for investments.

Meanwhile, the Municipality Council of Karditsa in western Thessaly **blocked the procedures for the construction of a 110 MW wind park** in the region of Agrafa, Skai network's portal said on May 27. The plan for installing 48 turbines was resisted by local stakeholders, saying information is lacking about the influence on the environment in the protected area.

## Greece has significant global role in solar energy

June 19

In the 2014 European solar market, Belgium, Bulgaria, Czech Republic and Greece were experiencing, to different degrees, the **effects of retroactive government measures**, already in place or ones that are expected. SolarPower Europe, formerly EPIA (European Photovoltaic Industry Association), published its yearly global market outlook covering the period through 2019 and including information that Greece was part of a group of three markets, other ones being Italy and Germany, where photovoltaic panels cover more than 7% of power consumption, while all remaining countries have less than half of that share, except for Bulgaria with over 4%. Also, **together with Italy Greece had the biggest balance** between residential, commercial and utility scale segments in photovoltaic cumulative capacity among 17 markets tracked in the document that was published on June 9. Meanwhile in Romania and Bulgaria, the utilities category, ground systems of over 1 MW, dominated with over 90% of total capacity.

The quest of European institutions to increase the integration of renewable energy sources into the electricity market has pushed several countries to already modify their regulatory framework to support photovoltaic projects. The guidelines on state aid for environmental protection and energy that entered into force in July 2014 stipulate feed-in premiums and tenders, except in special cases, the study said.

**“ In Germany, Italy and Greece photovoltaic generation covers more than 7% of power consumption. ”**

Bulgaria, Croatia, Greece, Romania and Turkey were included in a table grading annual and cumulative installed capacity parallel to political support prospects. The chart includes 20 countries. While Romania grew by a solid 72 MW of solar installations to 1,223 MW, Greece added only 17 MW of capacity but finished with almost 2.6 GW, which ranks it seventh.

Turkey almost tripled its solar power capacity in 2014, but only to 58 MW, and had a favourable political situation. Croatia added 13 MW and concluded the year with an overall 33 MW in photovoltaic facilities and less than favourable prospects. Bulgaria stagnated with a little over 1 GW and a bad political environment.

Greece figured as a key international solar energy participant in a report published by REN21, a Paris-based non-profit association serving as a global platform for renewable energy policy, Energy Press reported. **Greece was ranked fourth worldwide** in terms of photovoltaic capacity installed per capita. This list was headed by Germany, followed by Italy and Belgium. In the category for **solar energy water heating, Greece was placed fifth**, behind Cyprus, Austria, Israel and Barbados.

Piraeus Port Authority SA said it continued with the **installation and operation of a 430 kW solar park** in the port of Neo Ikonio district. The width of the facility is 1,100 meters and it consists of 1,436 panels of 300 watts each. The power plant is absolutely suitable for the environment and with the European Energy Policy, the operator said.

# CYPRUS

## EBRD mulls credit lines for renewables, efficiency

June 3

In terms of supply, oil and oil products dominate in Cyprus, accounting for 94% of total primary energy supply, and for 96% of electricity production in 2013, the European Bank for Reconstruction and Development said in a new country strategy document. The remainder of the supply are renewables, of which about 20% are imported in the form of biomass.

The EBRD's engagement in Cyprus is temporary and envisaged to last until the end of 2020. **The bank has invested over EUR 100 million** in the country and is preparing further investments, the document said. According to the decision by its shareholders, EBRD is active on the whole territory of the island and offering its finance and business advisory for private sector restructuring and the expansion of markets. The country strategy defines three priority areas for the bank to support: financial sector, privatisation and corporate restructuring. In the area of financial sector restructuring, the bank announced that dedicated credit lines, for instance for small and medium enterprises, energy efficiency and renewable power generation, will be used to introduce improved (cash-flow based) lending practices and to support corporate governance changes in banks where the EBRD will not engage with equity.

“*In its Country Strategy for Cyprus, the bank states that solar power is more available in the island than in almost all of the rest of Europe.*”

Energy sector across the island is characterized by very high dependence on imported sources of energy, dominance of fossil fuel, continuous rise of energy demand, and the rising degree of renewable energy sources exploitation and penetration, although further significant investment is needed in renewables, solar power in particular. In addition, the energy system is small and isolated with no interconnections, the Country Strategy for Cyprus states. High energy costs are further undermining private companies, the document said.

„Looking at renewable energy, solar power is more available than in almost all of the rest of Europe although the current actual uptake is limited. The

Republic of Cyprus target of solar power including both photovoltaics and concentrated solar power under certain conditions exceeds 10 per cent by 2020, which would be one of the top ones in the EU markets, if achieved,” EBRD's strategists wrote. Electricity consumption has increased dramatically in the 10 years prior to the crisis mainly attributed to air conditioning. In this context, there is potential especially for energy savings in buildings sector, the bank said. „Building energy performance regulations include mandatory installation of a solar thermal system for hot water in dwellings and also provisions for the installation of a photovoltaic system. Wind power is also an area that could be further exploited under the 2020 targets. In addition, there is potential for biomass and biogas exploitation using agricultural residues, waste disposal plants, and the exploitation of landfill gas from the waste disposal plants”, the document said.

Looking at the regulatory front, key areas of focus include implementation of ESCO (energy service company) regulations, upgrading of performance standards for buildings, appliances, to and above EU requirements, as well as assisting the upgrading of waste management and renewable energy regulations, country strategy defines.

## Efficient lighting for 20 municipalities, communities

June 11

Works on replacing 56,000 street lamps with energy-saving lighting in 20 municipalities and communities are expected to start in October, Cyprus News said. According to preliminary calculations, savings on electricity cost may be up to 50%, said the report published by Sigma Live. Energy **consumption may drop by 15,000 MWh** per year, which is equivalent to 6,000 tons of carbon dioxide emissions. Procedure has been set to motion in order to find investors. Cyprus Energy Agency, responsible for the tender for the selection of energy savings companies (ESCO) which will perform the works, carried out sampling of the light's intensity.

The announcement said energy efficiency in public lighting is a priority for local self-governments, which aim to curb carbon emissions significantly and to cut expenses on public lighting, taking up more than 10% of their budgets.

## Alterenergy in Lushnjë region: three schools reconstructed

June 3

Albania's prime minister Edi Rama joined the ceremony after infrastructural works within the Alterenergy project in elementary schools in Grabian and Terbuf in Lushnjë region in Albania's west, accompanied by the ministers of education and urban development Lindita Nikolla and Eglantina Gjermeni.

Grabian, Çermë e Sipërme and Çermë Proshk elementary schools are **three of five public buildings reconstructed** within the Alterenergy programme. The main scope is to promote energy efficiency measures, ensuring high benefit to end users, with energy savings and environmental benefits, contributing to the growth and productivity of the Albanian economy, the report said. This project aims at providing a sustainable energy level in production as well as consumption for small communities in the Adriatic area. It is the first strategic project funded within the IPA Adriatic Cross-border Cooperation Programme 2007–2013; it has been launched in September 2011 and it will last until August this year. The initiative relies on a partnership of 18 organizations, regions, ministries and energy agencies in Italy (seven Adriatic regions), Albania, Bosnia and Herzegovina, Croatia, Greece, Montenegro, Serbia and Slovenia and it is led by the Mediterranean Department of Puglia Region with the scientific support of the Technology and Innovation Regional Agency (ARTI Puglia).

A business meeting was organized with Alterenergy in April at the **Renexpo Western Balkans** fair in Belgrade.

## Germany inks EUR 40 million loan for energy sector

June 18

The Government of Albania reached a loan agreement with the German government for a project that aims to increase efficiency in the energy sector, Invest in Albania portal reported. The EUR 40 million loan will be allocated by a German bank, official sources say.

Efficiency in the energy sector programme consists of improving the **aspect of energy transmission**, according to experts. The agreement was reached in the framework of the developmental public cooperation between the two countries.

The network of the energy transmission in the energy system is one of the direct perpetrators of the losses in the network according to energy experts, the report said. Despite the expected improvements in this regard which aim to reduce the losses, the project also aims to install the intelligent meters in buildings and in the energy distribution network to avoid losses, the article said. Such agreement has been considered by the government since in 2011 and now has become reality after being published in the Official Bulletin.

## Statkraft seeks afforestation services provider

June 22

Devoll Hydropower Sh. A. (DHP), Albanian company ultimately owned by the Norwegian company Statkraft AS, closed its invitation for expression of interest or **prequalification for afforestation services** as the deadline expired on June 22. The endeavour in Banje hydropower plant area, part of Devoll project, covers 255.3 hectares in five sections and includes maintenance of standard forest species, the company's website said.

On June 8, Statkraft **hired Norwegian SediCon for the delivery of dredging equipment** to the Devoll hydropower plant in Albania, Dredging News Online (Sandandgravel.com) said. The Devoll River is 15 kilometers long and feeds a 390 million cubic metres reservoir. The river carries large sediment loads and the reservoir is expected to lose about 5 million cubic metres of its volume per year. In order to avoid storage loss, SediCon will provide a dredge for 400 cubic metres per hour to a depth of 60 metres, the report said.

Devoll project consists of two plants – Banja and Moglicë, to be built in the valley, with an installed capacity of 256 MW. **The power plants will produce 729 GWh annually**, increasing the Albanian electricity production by almost 17 per cent, Devoll's website says.

Licenses for the construction and use of 30 power plants throughout Albania were cancelled by the country's government for their **„failure to meet obligations,”** after members of the European Parliament called on it to reconsider the plans.

The liberalisation and integration of the Albanian electricity market has been **slower than expected**, Devoll's director of governmental affairs Agnar Aas had said in October, during a presentation at an industry event on Tirana, petrochemical market information provider ICIS reported.

# TURKEY

## Vestas receives 83 MW order for Yahyalı wind park

May 27

Bak Enerji Uretimi A. Ş. is buying equipment for its wind project in Turkey from Vestas Wind Systems A/S. The order for the Yahyalı project comprises the supply and installation of **25 of V126-3.3 MW wind turbine units** as well as a 10-year active output management (AOM) 4000 service agreement, Vestas said. Delivery of 83 MW of generating capacity is planned for the first quarter of 2016, while commissioning is scheduled for the second half of the year. Vestas said the 126-meter rotor model is one of its best performing ones on low-wind sites. Upon completion, the Yahyalı wind farm is **expected to produce about 303,000 MWh annually**, which corresponds to the residential electricity consumption of approximately 182,000 people in Turkey, the press release said.

„Turkey’s power demand has significantly increased due to rapid economic growth and a larger population, so the Turkish wind energy sector is expected to become one of the largest wind power markets in the world. Vestas is strongly committed to this market and we are pleased to contribute with our technologies and expertise to drive down the cost of energy in Turkey,” says Vestas Mediterranean’s president Marco Graziano.

Vestas has been present in Turkey since 1984 and has installed 846 MW of wind power capacity in the country. Vestas has erected wind farms in Istanbul, Balıkesir, Manisa, Çanakkale, İzmir, Afyonkarahisar, Hatay, Mersin, Kayseri, Sivas and Aydın.

## Petkim wind farm shall be complete next year

June 2

The wind power plant for Turkey’s Petkim petrochemical complex, in which the State Oil Company of Azerbaijan (Socar) has a share, will be launched next year, **Kenan Yavuz, Socar Turkey’s CEO**, said during the 22nd Caspian Oil and Gas Conference in Baku, Azerbaijan. „As Socar Turkey, we are fulfilling our share of the burden in promoting renewable energy that is on the top of Turkey’s energy strategy. Petkim Wind Power Plant, developed with an installed power of 27 MW in the first phase and 24 MW in the second, will contribute to the region’s clean power

need and Turkey’s renewable energy capacity... I am proud to claim that we are Turkey’s biggest investor,” he was quoted on the company’s website.

The fair took off in Baku with the participation of Azerbaijan’s president İlham Aliyev. A total of 402 companies participated, including ones from Turkey, Russia, United States, United Kingdom and France. Socar Turkey introduced Petkim Value-Site Project and Tanap, two major projects with a total investment cost up to USD 20 billion (EUR 17.83 billion). Aliyev visited Socar Turkey’s stand.

Last year **Alstom signed a contract worth more than EUR 55 million** with Petkim for the supply of 17 ECO 110 wind turbines of 3 MW each for the wind farm in the İzmir Aliaga peninsula. The scope of the contract includes construction, supply and engineering works of the power plant to be built as turnkey delivery project.

## JinkoSolar of China to supply panels to Else Enerji

June 9



Photovoltaic modules of 20 MW are to be delivered to Else Enerji by October, JinkoSolar Holding Co., Ltd. said. Else Enerji provides **consultancy, planning, engineering, construction, operation and maintenance services** for projects in Turkey.

The customer majors on solar projects in Turkey and is still growing rapidly, the press release on JinkoSolar’s website said. „This agreement marks another milestone in our expansion into the Turkish market,” commented Frank Niendorf, JinkoSolar’s European sales director. „We are proud that JinkoSolar and its high-quality modules were selected by Else Enerji, Turkey’s leading clean energy company. Else

Enerji has the highest quality standards in the Turkish market, which has been used as the basis for their successful market expansion."

JinkoSolar said it has over 15,000 employees across its five production facilities in Jiangxi and Zhejiang provinces in China, in Malaysia, Portugal and South Africa, 12 global sales offices and 11 subsidiaries.  
PHOTO: Jinkosolar.com

## Upsolar selected for nearly 3 MW of new solar projects

June 15



Chinese provider of solar photovoltaic modules and services Upsolar said it struck a deal for 2.84 MW of capacity with Erikoğlu SunSystem, an engineering, procurement and construction (EPC) company with more than 2,000 systems deployed. Erikoğlu will install 3,548 Upsolar UP-M250P and 7,592 Upsolar UP-M260P modules **across three projects in the cities of Denizli and Afyon.**

"Like Erikoğlu SunSystem, Upsolar has earned a stellar reputation for customer satisfaction," said A. Nuri Erikoğlu, Board Member of Erikoğlu SunSystem. "From its transparent bill of materials to its meticulous attention to quality control, the company was the clear choice to deliver the strong performance our customers have come to expect."

"Our rapid growth in Turkey can be attributed to Upsolar's nimble approach to entering promising new regions, supported by a network of dynamic production partners," said Esra Canpolat, Sales Manager for Upsolar Turkey. "To date, we've sold more than 32.2 MW of our high-quality modules into the market, surpassing our initial targets."

# REGION/EU

## Serbian company installs LED lighting in Kočani

June 15

Minel-Schröder fabrika svetiljki DOO from Belgrade, Serbia, signed a contract with Kočani municipality in Macedonia to replace street lighting and install **LED lamps in the town and a part of the village of Orizari.** The value of the project is MKD 52.51 million (EUR 850.000) and 3,125 lights will be replaced, said Ratko Dimitrovski, Kočani mayor, who signed the contract with Minel-Schröder's chief executive Branislav Vučković. **The savings will be up to 65%** and the funds are coming from the municipal budget, through a local tax, he added.

Vučković said the project will open a new identity for lighting in the municipality, where both the local authority and the citizens will be fully satisfied with results, Ekonomski.mk portal reported. The first street lamps will be replaced in early August, while the project's overall duration is 42 months, Build.mk portal said. Minel-Schröder won the tender with the smallest price out of four companies.

## EU on track to meeting 20% renewable energy target

June 16

In 2013, Bulgaria has already exceeded its renewable energy sources target share of 16% for 2020 by three percentage points, while in the rest of European Union's southeast, **Cyprus is the furthest behind schedule,** having achieved 8.1%, compared to its target of a 13% share, a new report shows.

EU countries are well on the way to meeting the EU's target for 20% renewable energy in the overall energy supply by 2020. European Commission's report reveals that 25 member states were expected to meet their 2013/2014 interim renewable energy targets. Last year's projected share of renewables in gross final energy consumption was 15.3%. The bloc's target was broken down into national objectives, which takes account of each country's potential. But **objectives are not legally enforceable** – something green campaigners say is a weak spot in the EU's policy on renewables, EurActiv.com reports.

Looking at EU member states in our region, Greece also stands out, with its renewables having reached

15% in 2013, compared to the 10.2% trajectory for 2013/2014. The country's target set for 2020 is 18%. Bulgaria's trajectory for 2013/2014 was 11.4%, and having beat that by 7.4 percentage points ranks it third in the EU in the category, with Sweden and Italy in the lead. Croatia and Slovenia exceeded their interim trajectory, but still needed to make an effort to reach their 2020 targets of 20% and 25% respectively, while in 2013 Romania was only one tenth of a percentage point behind its goal of 24%.

„We have three times more renewable power per capita in Europe than anywhere else in the rest of the world. We have more than one million people working in a renewable energy sector worth over EUR 130 billion a year and we export EUR 35 billion worth of renewables every year,” said Miguel Arias Cañete, commissioner for climate action and energy. However, as the trajectory in the Renewable Energy Directive becomes steeper closer to 2020 and regulatory uncertainty and administrative barriers continue to impact private investment in the sector, additional measures might be needed for a number of member states, the report states.

## CERB overhauls biggest hydro station in Albania

June 17

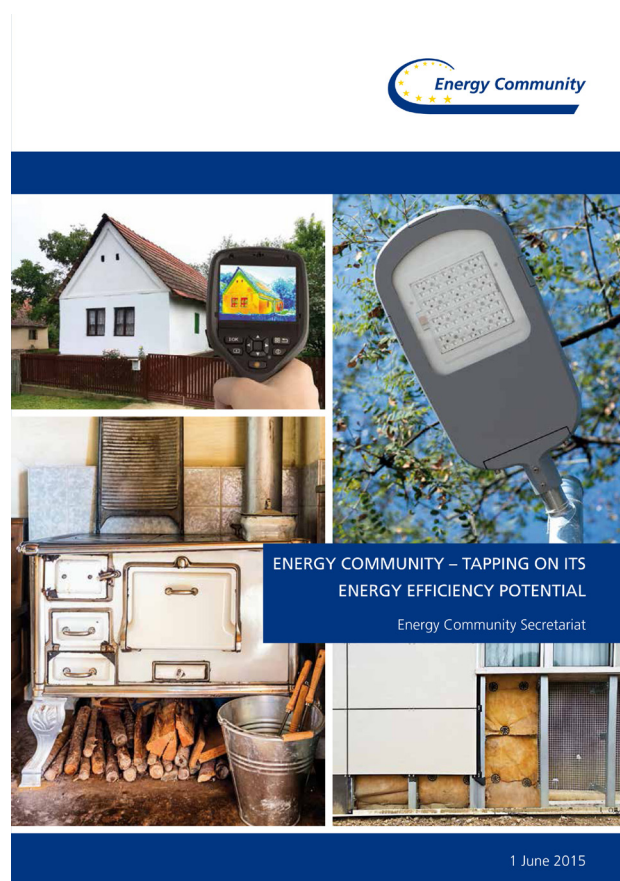


Bulgarian company Centralna Energoremontna Baza EAD (CERB) announced that it has embarked on a project for overhauling Albania's biggest hydropower plant – the Koman, Publics.bg portal said. **The project is worth BGN 1 million (EUR 510,000)** and was commissioned by the Albanian state-owned electricity company KESH. CERB is participating as contractor of Austria's Andritz Hydro, thus carrying out an overhaul of a total of three transformers, the report said. This includes replacing the cooling system of the transformers, processing of transformer oil, paintjob and cleaning. The transformers have not been subjected to repairs since they were produced in 1984. CERB said that the overhaul would not only spare to KESH

the EUR 3 million it would have paid for replacing the transformers, but also decrease greatly the risk of failure which occurs with the lack of proper maintenance.

## Energy efficiency upgrading its market role

June 17



Acknowledging energy efficiency's place as the „first fuel“ is a significant step forward, says one of the key messages in a publication named 'Energy Community – Tapping on its Energy Efficiency Potential'. Energy efficiency markets deliver goods and services that reduce the energy required to fuel our economies, the document said. Another point is that energy efficiency financing in the Western Balkans is developing from being a niche to a more established financial market segment.

Nowhere else in Europe does energy efficiency have such great potential than in the Energy Community Contracting Parties, according to the organization. The publication demonstrates, by mapping out the supporting projects, programmes and investment credit lines, that although the contracting parties are lagging behind, energy efficiency is **starting to be taken seriously** by an increasing number of stakeholders, the report said.



The publication underlines that the uptake of energy efficiency requires an integrative approach. To stimulate the uptake of energy efficiency, the contracting parties should increase their engagement in energy sector reforms, including price and tariff policies, and promote the market penetration of energy efficient technologies, the document said, adding that energy efficiency is the means to reduce energy bills and thus the risk of energy poverty.

According to the International Energy Agency, by reducing or limiting energy demand, energy efficiency measures can increase resilience against a variety of risks, such as energy price rises and volatility, stress on energy infrastructure, and disruptions to energy supply systems, the publication said.

Eight regional initiatives and programmes offer financial and technical assistance in the Western Balkans with the total amount available of over EUR 733.6 million, the analysis found. A large majority of this funding, over EUR 500 million, remained underutilized due to the lack of appropriate delivery mechanisms to link the local energy efficiency projects with the available financing, the publication said.

'Energy Community – Tapping on its Energy Efficiency Potential' publication can be downloaded [HERE](#).

# UPCOMING EVENTS

**September 17, 2015**

## **CROENERGY 2015 – Sustainable Energy Finance and Investment Summit**

Zagreb, Croatia

**September 17 - 18, 2015**

## **EII 2015 – Energy & Infrastructure Investment Conference**

Zagreb, Croatia

**October 14 - 15, 2015**

## **All energy Turkey**

Istanbul, Turkey

**October 20 - 21, 2015**

## **8th Balkan Energy Finance Forum**

Belgrade, Serbia

**November 4 - 5, 2015**

## **RENEXPO BIH**

Sarajevo, Bosnia and Herzegovina

**November 17 - 18, 2015**

## **Balkan Energy and Infrastructure Supply Chain and Procurement Forum**

Belgrade, Serbia

**November 18 - 20, 2015**

## **RENEXPO SOUTH-EAST EUROPE**

Bucharest, Romania

**December 1 - 3, 2015**

## **GeoPower Global Congress**

Istanbul, Turkey

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## Contact information:

Center for Promotion of Sustainable Development  
Bulevar Mihaila Pupina 133, Belgrade, Serbia  
Phone: +381 63 871 28 74  
E-mail: [office@balkangreenenergynews.com](mailto:office@balkangreenenergynews.com)  
Web: [www.balkangreenenergynews.com](http://www.balkangreenenergynews.com)



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