

# BALKAN GREEN ENERGY NEWS

MAY 2015

*Balkan*  
**Green Energy**  
*NEWS*

The most comprehensive coverage of green energy news from the Balkans





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Photo: [www.biomasseverband.at](http://www.biomasseverband.at)

## Heinz Kopetz

World Bioenergy Association president

### Heating market emerging, but needs policy support

In the Balkan countries and in Turkey the energy policy is focused on fossil and nuclear energy sources rather than on renewables, says Heinz Kopetz, president of the World Bioenergy Association (WBA). In an interview for Balkan Green Energy News, he added WBA sees regional and national biomass associations as an important instrument to support the deployment of bioenergy, and invited companies from the Balkans to join too. In June, the association will publish the 2<sup>nd</sup> annual report on the global development of bioenergy. It is working on fact sheets on biomass gasification and the potential of the resource.

#### Which are the leading regions or countries in increasing biomass exploitation and what is their driving force?

In many countries in Africa biomass covers more than 50% of the primary energy supply, mainly in the form of traditional biomass use. Yet, the situation in Africa is quite different to South-eastern Europe. Therefore I restrict myself to European countries.

Leading countries in Europe in the use of biomass for final energy are Sweden and Finland, with a share of bioenergy above 30%, followed by the Baltic countries, with 20–30%. Denmark and Austria follow with a share of around 20% and next are Romania, Portugal and Bulgaria, where traditional biomass plays an important role.

The rapid deployment of bioenergy in the northern countries and in Austria was the result of a comprehensive government policy to improve energy security by using domestic biomass feedstock instead of imported fossil fuels, to create jobs in rural regions and reduce CO<sub>2</sub> emissions as part of the climate change mitigation policy.

#### Which is the best model for state incentives and how do you assess the European Union policies?

There is not one simple model. First you have to distinguish between the heat, electricity and transport fuel market. All three markets are of importance for bioenergy; they require different incentives. The incentives include a broad range of measures such as: awareness building, training, additional taxation of fossil fuels, government grants for bioenergy investment (especially for heating systems), feed-in tariffs or green certificates for bioelectricity and blending rules in combination with tax reduction for biofuels in the transport sector.

At the beginning of this century the European Union set important initiatives for bioenergy, especially for bioelectricity and transport fuels. This was not the case in the last years.

In most European countries, 50% of final energy is used as heat, mainly generated from oil, gas or electricity. In the countries leading in bioenergy, a big share of biomass is used in the heating sector. The heat market offers the best opportunities for bioenergy, if the government policy supports this

option. Unfortunately the European Union did not develop a successful policy for renewable heat so far.

**What are the main challenges that your members in our region are facing?**

WBA does not have many members in the Balkan countries and in Turkey and no members in Cyprus. In the Balkan countries and in Turkey the energy policy is focused on fossil and nuclear energy sources rather than on renewables. The awareness about the threat of climate change and the necessity to reduce the CO<sub>2</sub> emissions is not well developed. This is quite different to the countries in the north of Europe. In such an environment it is difficult for all renewables to take off, also for biomass. The potential of biomass is high – from forests, agriculture and waste – but only a small part is used.

**“Unfortunately the European Union did not develop the policy to support bioenergy for heating.”**

The advantages such as job creation, keeping the money for energy in the region, better energy security and the reduction of CO<sub>2</sub> emissions are often overlooked and, as a consequence, support policies for bioenergy are missing. In addition, the competition of gas and coal is strong. The main challenge is to convince the decision makers of the advantages of biomass, for implementing support policies for bioenergy, especially in the heating sector.

**Has the biomass industry suffered in terms of investment because of the sharp drop in oil prices, as we also don't see much chance of fossil fuels becoming expensive soon?**

Yes, the low oil prices are a problem for certain sectors of the biomass industry. These sectors are biofuels for transport and the biomass equipment industry, because the sales of biomass boilers are going down given the low oil prices. On the other hand, the sales of wood chips or pellets are not so much affected, because the installed biomass boilers remain in use and nobody expects that the oil price will remain below 60 dollars per barrel for the rest of this decade.

**With the rapid development in technology, have there been any breakthroughs you are optimistic about in relation to the use of biomass?**

Science and research are always improving the biomass technology in terms of efficiency, reduction of

emissions, improved comfort etc. In the last years the technologies for the most important biomass market – heating – have been well developed; concerning biomass combustion, permanent improvements but no major breakthroughs are to be expected in the future.

New interesting developments can be observed in the area of biomass gasification – small scale and large scale – and also in the conversion of cellulose to sugars and following to biofuels – advanced biofuels. These new technologies are rather expensive and mainly of interest in regions with a highly developed bioenergy industry.

**Even though the food prices crisis from the end of the last decade had a lot to do with acute market speculation, the fact is that more and more fertile soil was being used for growing sources of fuel, particularly crops that are also used in human diets. What lessons were learned? Isn't growing non-edible crops for fuel still taking up land that could be used for food crops?**

In this context here I only can mention a few points as follows:

- Land was always and is also today used for different purposes such as food and feed production, fibre production, raw material for starch industry and other biochemical industry, feed for animals for transport (horses) in the past and now for biofuels.

- There is enough land available. In the countries you mention, more than one million hectares of fertile land is not used. It is much better to use this land for energy than set it aside.

- Malnutrition worldwide has different reasons. In almost all cases it is the deficit in protein supply. If you produce biofuels like ethanol or biodiesel you only use part of the crop – starch, sugars or vegetable oil for energy. The plants like corn, cereals, canola, soy bean also contain protein – in total as much protein as the other components. It is used for the food supply as protein cake or other protein feed. Therefore the use of land for biofuels at the same time means production of additional protein. The biofuels production improves the protein supply worldwide.

**“Use of land for biofuels means production of additional protein. Malnutrition worldwide has different reasons.”**

On the other hand, if land is idle or taken out of production for ecological reasons, instead of using it

for biofuels, also the production of protein is reduced. There are examples in Africa where biofuel production leads to an improved agriculture and, at the end, to more food and renewable energy.

- The variations of prices for agricultural commodities in the last years were mainly a consequence of variations in the climatic conditions – droughts in parts of the world – and not of biofuel production. The land used for biofuels and protein was about 3% of the total arable land, less than unused fertile land and less than productivity gains by better yields per hectare.

- I see a moderate increase of biofuels for transport as a necessity that does not harm the food supply but helps us to reduce the dependency on fossil fuels in the transport sector, to reduce CO<sub>2</sub> emissions and to offer new opportunities for agriculture.

#### **When did you get interested in potentials of biomass and what was your first related professional role?**

My interest started in the 1980s, at a time when Austria decided to abandon nuclear energy and the accident of Chernobyl demonstrated the risks of this technology.

At this time also the first conferences on the negative impacts of CO<sub>2</sub> emissions caused by burning fossil fuels took place. In addition, agriculture and forestry in Europe had huge problems of overproduction and needed new markets.

**“Energy as a new market for agriculture and forestry can help increase the revenue of farmers and forest owners, and in addition we can create jobs in rural areas.”**

In many discussions with my friends we realised that the development of biomass for energy would help to solve these problems, because biomass can partly replace fossil fuels and help reduce CO<sub>2</sub> emissions as biomass is a CO<sub>2</sub> neutral energy carrier. Energy as a new market for agriculture and forestry can help increase the revenue of farmers and forest owners, and in addition we can create jobs in rural areas, build up a new renewable energy industry and become less dependent on imported energy carriers. In my position, within the agricultural administration in Austria I could help implement these ideas by developing different support and training programs for the deployment of biomass.

## **Climate change mitigation mission**

World Bioenergy Association (WBA) is a global association located in Stockholm with more than 150 members from 40 countries. Its members are companies, individuals and regional biomass associations.

WBA's mission is to support efficient and sustainable use of biomass for energy as part of a new energy system based on renewable energies. It considers the replacement of fossil fuels by renewable energies and energy efficiency the core strategy for climate change mitigation.

WBA's activities: exchange of experiences and knowhow by publishing fact sheets, position papers, articles, press releases; presenting at conferences; organising workshops; and lobbying for a sustainable biomass development in the areas of biomass for heat, electricity, transport fuels, biogas and biomass production.

WBA's mission is to transform the global energy system towards 100% renewables within a few decades - bioenergy contributing 15–25% of the global energy supply.

**WBA invites companies from the Balkan region to join it.**

# FEATURES



## Vojislav Milijić

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### Biomass in the Western Balkans: Why don't we use our wood biomass potentials?

Biomass is the biodegradable part of products, waste and residues in forestry, agriculture industry and communal waste. Biomass from wood and agriculture residues is the first energy source used by humans and its significance has reduced only when fossil fuel utilisation started to develop. However, significance of biomass started to grow again, due to exhaustion of fossil fuel reserves and their negative impact on climate and environment. Apart from the above-mentioned, utilisation of biomass in the political context of the modern world enables countries to increase their energy independence. In the Balkans, biomass is the most significant renewable energy source, due to abundance of forests and agricultural areas.

All Western Balkan countries are dedicated to increasing the utilisation of renewable energy sources in compliance with EU 2020 goals and agreements with the Energy Community.

Country	RES share 2009 (%)	RES share goal 2020 (%)	Biomass potential (petajoules – PJ)	Operational biomass-based power plants – capacity
Albania	31	38	14.42	/
Bosnia and Herzegovina	34	40	36.81	/
Croatia	13	20	44.32	3–5.21 MW
Kosovo*	19	25	/	/
FYR of Macedonia	22	28	13.95	/
Montenegro	26	33	3.88	/
Serbia	21	27	103.57	/

*Table: Energy Community / EU 2020 goals, biomass potential, operational biomass-based CHP and district heating projects*

Legislative and regulatory frameworks and support mechanisms aimed to increase the usage of biomass and other renewable energy sources are developing. Investors interested in biomass utilisation in district heating (DH) systems and combined heat and power (CHP) plants are also present. However, despite all potential and advantages of biomass and the existence of potential investors, we cannot be satisfied with the level and modes of utilisation for energy production in all Western Balkan countries.

“ Long-term contracting with private forest owners is possible, but very hard, due to the large number of owners of small forests and the lack of developed forest owners cooperatives and organisations ”



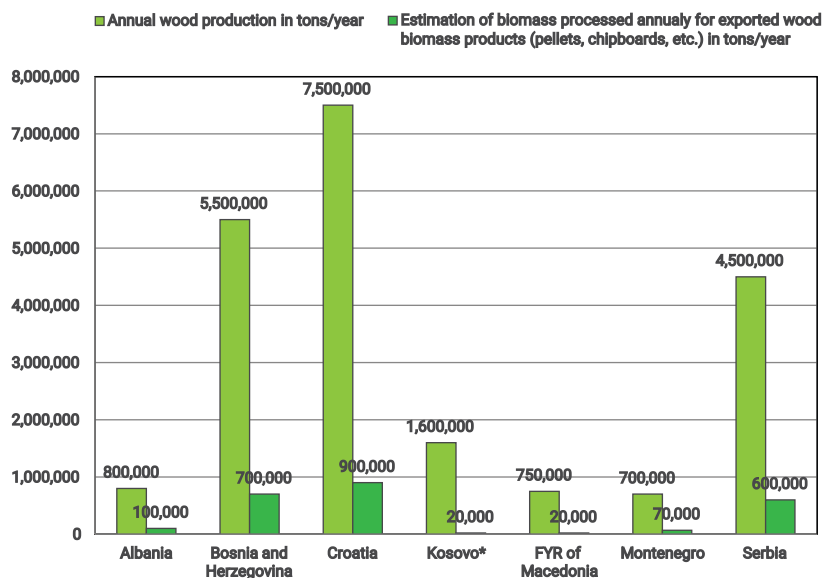


Chart 1: Annual wood production / estimation of biomass processed annually for exported wood-biomass products

On the other hand, significant quantities of wood biomass are used inefficiently (as firewood) or are processed to wood chips, pellets and other products, which are exported to more developed Central European markets. This is positive from the aspect of industry development and export, but negative from the aspect of energy production. Most Balkan countries which utilise 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. Contrary to wood, utilisation of agricultural biomass is still undeveloped, since except from the few examples of energy production for industrial purposes and traditional utilisation in farming and agro pellet production, most of the biomass remains on fields. Thus we will focus on wood biomass in this article.

“It is hard to find adequate quality; especially since best biomass (from wood industry) is already utilised by pellet and chipboard producers and exported.”

So far there are very few state-owned companies that declared willingness to develop biomass production-based projects. There are cities and municipalities with issues in heat supply to residents interested in biomass heating-production projects but without funds to develop it on their own. On the other hand there are private investors interested in public-private partnerships in biomass-based heat energy supply and development of CHP project. Also, there are industries interested in or with already implemented biomass energy projects for their own purposes.

As mentioned, some mechanisms of state support toward biomass (and other renewable energy sources) production are present. But obviously, perspectives of the state and the investors do not coincide. From the Balkan states perspective, the reasons to invest in biomass-based energy production are some of the following:

- Increase of RES share according to obligations toward Energy Community;
- Competitive feed-in tariffs;
- Reduction of energy production costs;
- Energy independence;
- Excellent biomass utilisation potentials.

“Utilisation of biomass in the political context of the modern world enables countries to increase their energy independence.”

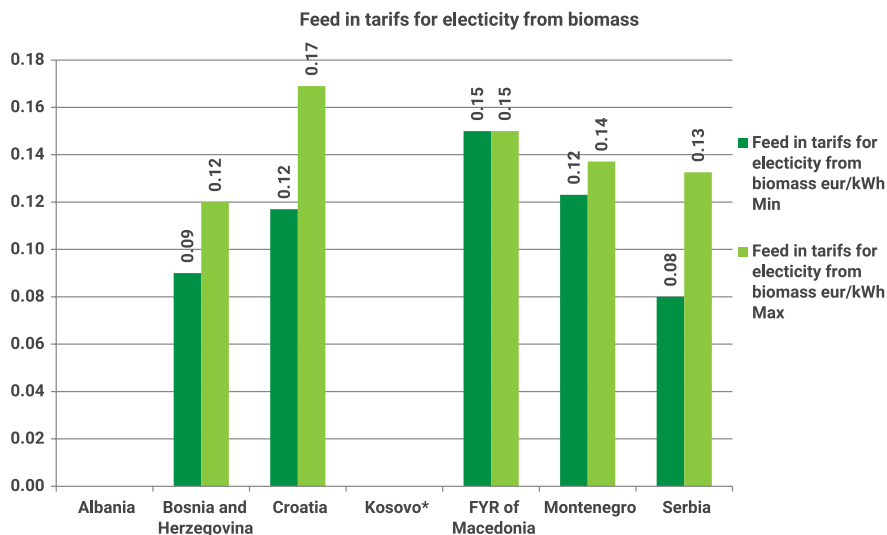


Chart 2: Feed-in tariffs for electricity from biomass

On the other hand, there is a single reason for a private investor to invest in biomass-based energy production. This is profit – which will be generated either by reduction of costs or increase of sales of added value products.

In order to generate the profit and invest in biomass-based energy production, an investor needs:

- Energy uptake – pre-contracted and guaranteed energy uptake for a certain period of time;
- Permissions from various state authorities;
- Financing;
- Last but not least – biomass in sufficient quantity and of adequate quality, from long-term supply contracts (at least as long as a duration of long-term energy uptake agreement), and at a competitive price.

Energy uptake is more or less regulated in Balkan countries. Also there are feed-in tariff systems in place and most of electric energy distributors have the obligation of energy uptake from biomass-based energy producers. This is however not the case in biomass-based heat energy. Permission policies are not unique in all Balkan countries, but nevertheless they all are implementing modern legislation aimed at accelerating the permission process. Financing opportunities for biomass-based project exist and are available for governments, cities and private investors. However, financing is always related to biomass supply guarantees and long-term contracts. In some cases, financial institutions ask for long-term supply contract to be based on biomass from state-owned forests.

*“ Contrary to wood, utilisation of agricultural biomass is still undeveloped, since except from the few examples of energy production for industrial purposes and traditional utilisation in farming and agro pellet production, most of the biomass remains on fields. ”*

This takes us to the last point, and with everything else more or less adequately regulated, the major issue in development of biomass-based energy production project – the biomass. First, quantities declared as technical potential for certain locations are not always economically viable – too much cost is related to their mobilisation. Usually this issue is related to forest management practice, inadequate forest infrastructure, inadequate harvesting machinery and methods. Second, it is hard to find adequate quality; especially since best biomass (from wood industry) is already utilised by pellet and chipboard producers and exported. Third, long-term contracts, needed by investors to procure finances for the project development, are in most cases mission impossible. State-owned forest companies either declare that they do not have adequate quantities, or that it is not in their jurisdiction to make such contracts, while even those who have long-term contracts in practice impose a trial period of one or two years with annual contracts. Long-term contracting with private forest owners is possible, but very hard, due to the large number of owners of small forests and the lack of developed forest owners cooperatives and organisations. And fourth, competitive price is a combination of previous three factors mentioned plus the optimisation of biomass mobilisation and logistics.



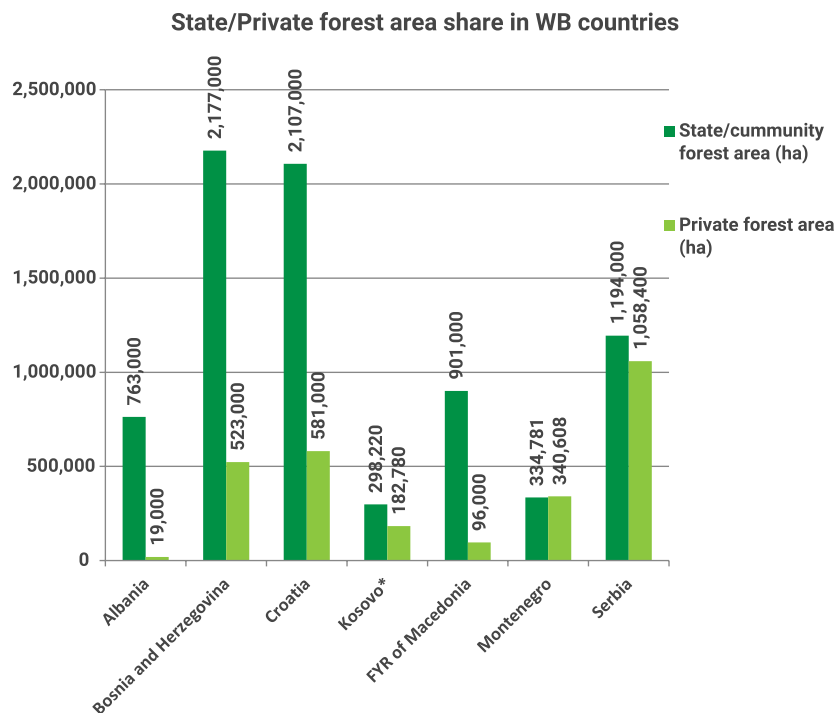


Chart 3: State/private forest area share in WB countries

Nevertheless, overall situation in biomass utilization is moving forward and more companies managing natural resources become interested in biomass utilization, especially faced with issues of climate change. In addition, Central European biomass-based products market became globalised, therefore it is hard for Balkan producers to compete with Canadian, U. S., Baltic countries, Ukrainian and even Russian ones in terms of quality, quantity and prices. With reduction of production of biomass based products aimed for export, we can expect more interest in increasing of biomass based energy production from forest management companies as well. This, however, takes time. Or, considering the significance of biomass energy production often declared by Balkan countries government officials, who control state-owned forest companies, we should expect more support and commitment in implementation of biomass-based projects. Or explore, develop and implement models of support for private forest owners and farmers aimed at increasing biomass production, and this also takes time.



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## Challenges to financing renewables projects in the Balkans

Global investment in renewable power has seen impressive growth, even surpassing anticipations with a total investment of USD 270.2 billion in 2014, 17% higher than 2013 (BNEF, 2015). This surge in investment has become possible as costs for solar panels and wind turbines are rapidly decreasing thereby making renewable technologies more competitive relative to conventional power generation.

Balkan countries, with their vast untapped renewable energy potential, have adopted obligatory binding targets for renewable energy, but have struggled to mobilize capital to fund and bring projects to fruition. It is estimated that EUR 2.3 billion is required to finance regional renewable projects of common regional interest (Energy Community, 2013). Restricted by public budgets, state-owned incumbent utilities are unable to finance such projects on their own balance sheets, thus creating opportunities for private sector independent power producers (IPPs) to bridge the funding gap. However, attracting investors has proven to be rather difficult as national energy markets do not yet provide for stable, transparent regulatory frameworks and a competitive environment for such investments. Moreover, national markets are considered to be small on an individual basis which limits potential for economies of scale.

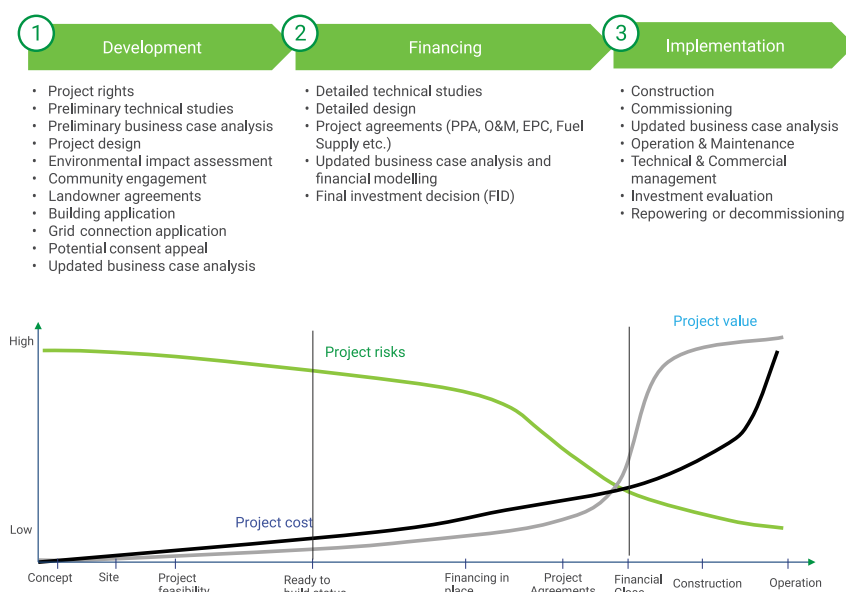


Figure 1 – Renewable energy projects, implementation phases, value creation and risk profile - Source: Burg Capital analysis

Renewable energy projects essentially go through three distinct phases: development, financing and implementation. A combination of both equity and debt is required for renewable projects, with equity sponsors being instrumental in driving projects through the first two phases. As each phase is completed and the project de-risked by the structuring and development work, project values increase and they become more attractive for equity investors and lenders alike (Figure 1).

Initial development funding in the Balkans is usually sourced from either local developers or international renewable project developers with a local or regional presence. There has been some progress in project planning activities throughout the region (Phase 1), however challenges remain to structuring complete bankable solutions to attract non-recourse project financing (Phase 2).

*“ Balkan countries, with their vast untapped renewable energy potential, have adopted obligatory binding targets for renewable energy, but have struggled to mobilize capital to fund and bring projects to fruition. ”*

Sourcing debt for renewable projects requires use of internationally tested financing structures, such as project finance, which are designed to suit the long term nature of infrastructure projects in heavily regulated industries, such as energy. In such structures, project debt (typically covering up to 70% of total cost) is issued entirely on the basis of the project as a stand-alone activity with repayment entirely dependent on the future cash flow of the project and with limited or no recourse to the ultimate project owners.

*“ Expertise is often missing, both on institutional and project development levels, which hinders implementation of targets. ”*

Non-recourse debt relies on a robust contractual structure allowing for major risks (regulatory, offtake, operational, construction, fuel supply etc.) to be mitigated often by a pass-through to third parties via project agreements – power purchasing (PPA), engineering, procurement and construction (EPC), operation and maintenance (O&A), leasehold agreement etc., so as to give the necessary comfort to the investors and financiers that the project is indeed viable and bankable.

*“ National markets are considered to be small on an individual basis which limits potential for economies of scale. ”*

Following are some of the main obstacles holding back renewable developments in the Balkan region:

#### **Limited institutional capacities and project development know-how**

Commercial structuring and financing of energy projects (Phase 2) is a lengthy and detailed process as it requires expertise in a number of disciplines (technical, legal, financial and environmental). This is particularly important for the renewable industry given its dynamics in terms of capital cost reductions, financial innovation, technological advancements in efficiency, system integration and storage, among other factors.

Such expertise is often missing in the Balkans, both on institutional and project development levels, which hinders implementation of renewable targets in terms of speed and scale. This is particularly important given the recent trend of incumbent utilities eyeing expansion in domestic renewable sector (Macedonia, BiH), which may further delay implementation (given financial limitations on public companies) and also prevent transfer of know-how from other more developed markets for renewable energy.

*“ Restricted by public budgets, state-owned incumbent utilities are unable to finance projects on their own balance sheets. ”*

#### **Cumbersome permitting processes**

The permitting process in the Balkan region is considered to be cumbersome and opaque often involving multiple authorities. Despite existing renewable legislation, secondary legislation, such as one pertaining to grid access and connection costs, is often absent and need to be addressed in order for laws to become operational. This creates an

information gap as to the necessary steps required to bring projects to a ready-to-build status. Furthermore, permitting and licensing procedures do not always distinguish between small scale and utility-size projects, subjecting small developers (such as rooftop solar developers) to the lengthy and costly administrative procedures. Permitting-related risks are especially important to equity investors who require clarity to be able to commit to developing renewable projects in any particular market. It is usually such regulatory obstacles that discourage investors from investing in the region and, conversely, to favor others in the global competition to attract capital. It is therefore important that administrative and regulatory processes are streamlined and properly communicated to stakeholders.

### Reliability and stability of regulatory support schemes

Renewable technologies continue to be dependent on support schemes to ensure long-term cash flow stability in terms of preferential pricing for renewables and guaranteed priority offtake enforced through power purchase agreements (PPAs). Support schemes should ensure a stable, efficient and balanced support for renewables (given the decreasing cost of solar panels and wind turbines) with limited impediments on public spending. Any sudden material policy change should be avoided as it can be detrimental to further industry development. Recent reverse policy actions for renewables in Romania, Bulgaria have made investors and financiers wary of such change-in-law risks, with some investors being forced to cancel uneconomic projects in the absence of such support.

Priority access and mandatory power offtake is also of significant importance as it manages volume risk. Mandatory offtake should be guaranteed for the entire project lifetime or alternatively projects should be allowed to access wholesale power markets or to enter bilateral agreements with third parties. Such obstacles are currently being faced by small-scale solar projects (less than 1 MW) in Turkey, for example, as the mandatory offtake risk post feed-in-tariff (FIT) period is not explicitly guaranteed in the regulations.

“Secondary legislation, such as one pertaining to grid access and connection costs, is often absent.”

### Limited creditworthy parties for Offtake, EPC, O&M, Fuel Supply

As previously mentioned, project finance structures require robust project agreements to allow for risks to be transferred to those parties that are best able to manage them. However, it is challenging to conclude bankable agreements with strong, creditworthy counterparties able to undertake and deliver on those agreements. Such limitations are typical in all key areas i. e. power offtake, EPC companies, O&M providers and fuel suppliers (for biomass and biogas plants). Offtake challenges, for example, have been experienced in Albania as the national power company KESH faced difficulties in meeting its obligations to renewable generators.

Limitations on the availability of creditworthy counterparties make it difficult to anticipate and guarantee long-term stability in terms of price and quality. The long-term aspect is particularly important as investors and lenders need to rely on the fact that such parties will be in the market for the life of the project.

“Permitting-related risks are especially important to equity investors who require clarity to be able to commit to developing renewable projects in any particular market.”

### Despite challenges, progress is underway

The Balkan region has made significant strides forward in incorporating renewable targets in respective national strategies and implementing a number of initial renewable projects. Despite limitations on funding sources, multilateral financing institutions (MFIs) like the European Bank for Reconstruction and Development provide lending facilities for renewable financing as well as technical assistance programs designed to assist developers in achieving bankable projects and to serve as a catalyst for private sector financing. Furthermore, the Energy Community Secretariat is making significant efforts to encourage and foster inter-regional cooperation and coordination in terms of market design and policymaking for a successful promotion of renewable projects, and policymakers appear to be increasingly oriented towards improving the local regulatory environment to attract foreign direct investment. Based on these trends, all indications are that the current challenges will be overcome, allowing the region to unlock its significant potential for renewable energy.

**Burg Capital is a corporate & project finance advisory practice focused on the energy sector with comprehensive experience across all generating technologies.**

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## Biomass in agricultural production conference announced

March 24



The Guarantee Fund of Autonomous Province of Vojvodina and the Provincial Secretariat for Energy and Mineral resources announced the international conference 'Promoting Renewable Energy Sources: Biomass in Agricultural Production' would take place on **May 12 in Novi Sad**. Farmers, representatives of relevant institutions and organizations and the general public are not sufficiently informed and aware of possibilities and opportunities of using biomass energy, the press release said. The programme includes presenting best experiences and models that could be implemented, such as energy villages, and the cooperation between Serbia and the state of Baden-Württemberg in Germany. The event is organised in partnership with the Heinrich Böll Foundation, the German Agency for International Cooperation – GIZ and Vojvodina's European Affairs Fund.

## Sustainable growth from biomass conference with guests from Finland

March 26

The most important mechanisms for opening the Serbian market for biomass are in the recently adopted Law on Energy, and further regulation is due before the year's end, covering matters such as guarantees of origin and the share of energy from renewable sources in consumption, said Mirjana Filipović, state secretary in the Ministry for Mining and Energy, at the 'Sustainable Growth from Biomass' conference in the Chamber of Commerce and Industry of Serbia.

The event was organized by the Embassy of Finland in Serbia, the United Nations Development Programme

(UNDP) and the Standing Conference of Towns and Municipalities (SKGO). A business delegation from Finland, on an official visit to the country, participated at the conference, headed by Matti Anttonen, the under-secretary of state responsible for external economic relations. He said the share of renewables in his country would soon reach 30% and that already 90% of waste is being incinerated.

Miloš Banjac, Serbian assistant energy minister responsible for efficiency and renewable sources, presented a USD 30.5 million worth project for 'Reducing Barriers to Accelerate Development of Biomass Markets in Serbia', implemented by UNDP and the Serbian ministries of energy and agriculture and environmental protection. It is also partly funded by the Global Environment Facility (GEF). Grants of USD 1.6 million shall be approved for the construction of at least six biomass or biogas powered plants.

UNDP energy portfolio manager Maja Matejić announced the start of the project's two-year component for developing an info portal on biomass, intended to grow into a commodity market for its standardised products. The transactions are planned to become regulated by the Chamber of Commerce and Industry of Serbia.

*“ Miloš Banjac, Serbian assistant energy minister responsible for efficiency and renewable sources, presented a USD 30.5 million worth project for 'Reducing Barriers to Accelerate Development of Biomass Markets in Serbia'. ”*

Miodrag Gluščević from the SKGO presented a project named 'Mapping of the Municipal Spatial, Infrastructural, Resource Related and Logistic Prerequisites for Electricity and/or Heat Generation from Biomass in the Srem District' (Sremski okrug), funded by Finland.

The final presentation of the EUR 55,000 worth project had already been held on March 17 in the town of Ruma, Regional Development Agency Srem (RDA Srem) said. The meeting, attended by representatives of all the county municipalities and of interested local institutions, was opened by **Đorđe Staničić, Secretary General SKGO, which applied for the funds with RDA Srem.**



The audience in Ruma was addressed by Pekka Orpana, Finland's ambassador to Serbia, who emphasized that this country gets 40% of its heating from biomass, and aims for further enhancing its utilization, and that therefore the funding of the project is one way of supporting the development of renewable energy sources in Serbia. He stressed the importance of the recently finished project, noting that it is one of the most important ones in this area funded by the Embassy of Finland in Serbia.

"We were glad to support this project, which is very well written. We have professionals and top companies in this field. As you know, Finland is the coldest country in Europe and energy from biomass significantly improved our energy sector... All distributing companies, whether private or state owned, are exceptionally profitable, even though heating is among the cheapest in Europe. We have a very developed forest industry and it is our main resource for biomass. On the other hand, the Syrmian region has great potential for agricultural biomass production, and production from waste is always possible," Orpana said.

The study by university professor Dejan Ivezić was presented at the event, Ruma's municipal website said. The document included all seven municipalities and the next step is **building a biomass-powered heating facility in Ruma's Tivol neighbourhood**, Milan Mirić from Srem Regional Development agency said.

## Invitation for reconstruction of small hydropower plants

March 26

European Bank for Reconstruction and Development placed an invitation for tenders, closing on July 24, for the reconstruction of small hydropower plants.

The procurement notice is for the supply and installation of electrical and mechanical equipment for the reconstruction of **seven systems in east Serbia**. EPS (Electric Power Industry of Serbia) has received a loan from the bank towards the cost of reconstruction of 15 small power plants. The company now invites sealed tenders from contractors for the following contract to be funded from part of the proceeds of the loan. Procurement also includes reconstruction or modification of auxiliary equipment such as gates, valves, transformers, cranes, penstock, governing, control system, etc.

Tendering for contracts is open to firms from all countries.

## Geothermal district-heating pilot project for Bečej

March 30



Bečej is one of five municipalities in Serbia which plan to implement a pilot project for using geothermal water for district heating, its website said. Analyses results by the Faculty of Mining and Geology from Belgrade showed Bečej is the only location with cost-effectiveness potential, local officials said at a press conference.

The project's study was financed by Icelandic-German company GTN with German development bank KfW, and now **partners need to be found to invest EUR 3.4 million**, municipality parliament head Nenad Tomašević said. He added gas usage would be cut by 60% to 70% and heating would become cheaper.

## Four offers for procurement of smart counters, EPS says

April 1

Tender for IT and measurement infrastructure, devices and integration, including procurement of smart electric counters, brought four offers from renown European companies, and **three included participation by local firms**, EPS (Electric Power Company of Serbia) said in a press release. The offered **prices were lower than expected**. The 'EPS Metering' project is financed by loans from the European Bank for Reconstruction and Development and the European Investment Bank.

## EPS sells first megawatts without agent

April 1

Elektroprivreda Srbije (EPS), Serbia's power monopoly, said its Slovenian subsidiary EPS Trgovanje started trading in electricity on Hungarian HUPX market, without a service broker for the first time in 24 years.

In the premiere deal, the firm sold 240 MWh at a current price of EUR 43.66 per MWh for the Europeak product, it said. The company founded EPS Trgovanje last year to establish itself in the EU market.

## Vinča landfill operator shall be selected by year's end

April 1

The tender for Belgrade's Vinča landfill shall be launched by July, said Goran Vesić, the city manager. The project for the facility, which handles around **1,500 tons of waste a day**, began as early as in 2007, and it was restarted last year in collaboration with the World Bank, he added, and Tanjug agency reported. By the end of the year, the company that will manage the landfill shall be selected, Vesić announced.

“*Vinca landfill will be the first major public-private partnership in Serbia, worth between EUR 250 and 300 million.*”

The endeavour, **assisted** by the International Finance Cooperation, involves construction, operation and maintenance of a municipal waste treatment facility. The plan foresees the construction of a mechanical biological treatment (MBT) plant with refuse-derived fuel (RDF) production, coupled with an **RDF-fired CHP plant**.

This will be the first major public-private partnership in Serbia, worth between EUR 250 and 300 million, Vesić said at an event marking 25 years since the founding of the city's Environment Secretariat. A recent investment conference was attended by representatives of 52 companies, he said.

## Obsolete planning data and dry land for mini hydro plants

April 5

A review by Serbia's public water management enterprise Srbijavode led to the conclusion that at least one fifth of locations the government offered to investors to build mini hydroelectric facilities was on dry land, Serbian daily Večernje novosti said. **Out of 600, only around 60 places are suitable** to build a dam on a small stream, while the rest is in national parks or owned by citizens who do not wish to sell property or ask up to EUR 10,000 for the location.

Old information is to blame, it seems, as the locations list was created from data out of a 1987 registry, the paper's portal Novosti.rs said. The state offered 856 places, out of which 600 were checked recently,

officials say, adding that in most cases a dam on a particular stream would impair drinking water supply at least.

A project is underway to make a new registry and it is being financed from IPA programme for 2013. There are currently about 50 small hydropower producers in the country.

## Two 1.5 MW biogas power plants planned near Sombor

April 3



Sombor Mayor Saša Todorović signed a cooperation protocol with owners of **two farms in city territory's villages** of Aleksa Šantić and Stanišić and with Jozef Balko, owner of Slovakian company Energotex SK s. r. o. from Dolni Kubin for a long-term power production from renewable sources, SOinfo.org portal reported. Construction of two biogas-powered plants, of 1.5 MW capacity each, should start in the second half of this year, the Slovakian-Serbian Chamber of Commerce said. **Energotex would invest more than 12 million euros** through the summer of 2016, Balko said, with a plan to produce 20 GWh of power a year from 20,000 tons of agricultural biomass from 300 hectares. He added the preparations lasted two years.

Mayor Todorović said the city authority's idea is to be the third partner, the one to guarantee the investment would be completed as soon as possible. The city, as the entity providing state agricultural land for lease, shall launch several incentives for users to give excess biomass to foreign investors, he said.

## LED street light system to be introduced in Kragujevac

April 9

City of Kragujevac and power distributor Elektrošumadija plan to replace street lights with LED lamps by the end of the year, in order to save at least 50% of energy compared to current consumption, Blic newspaper said. Local authorities may take a loan from the European Bank for Reconstruction and Development, the report said.

## Anonymous investor plans incinerator at Niš landfill

April 15

Nenad Stević, „Niš diaspora's ambassador in Malta," told Večernje novosti newspaper he had brought a German investor to the city authorities to ask a permit for setting up an incinerator at the local landfill in order to generate power and heat, and produce fertilizers, biogas and construction material. Stević said the businessman is willing to invest EUR 50 million and hire 300 workers.

## Paperwork in preparation for biomass power plant in Kruševac

April 15

Paolo Rossi, head manager for Eastern Europe in the company Building Energy, visited Kruševac, target for its first investment in the region, the city's official website said. He told the hosts about a plan to build a **EUR 26 million worth** biomass power plant in cooperation with the city's district heating company. The documents should be prepared and adopted by the local authorities, so construction can start in the autumn, the report said.

## VIP regional agency took part in Vienna finance forum

April 17



Vojvodina Investment Promotion, Serbia's autonomous province's agency, participated in Amstad Global's conference Project Finance in Renewable Energy 2015 and said it presented potentials for investment and legal framework.

Numerous companies from **Great Britain, Germany, Austria, Poland** and other countries took part in the event, as did the representatives of the European Renewable Energy Federation and the banks that finance such projects, the press release said.

## Hydro giant's anniversary during production record

April 17



Hydroelectric power station Iron Gate 2 (Đerdap 2) on the Danube started generating power 30 years ago and since then **it produced 40.1 TWh** of electricity, Ljiljana Milicanović, head of the unit, said on the anniversary gathering. She stressed significant results in maintenance and modernization of equipment, and added last year was successful despite the bad hydrological situation due to great floods. Even with big problems, **1.62 TWh was generated in 2014**, making it a record year, Serbian media reported. Daily record was also set, on April 21 last year, with 6.14 GWh. In the first quarter of 2015, production exceeded 465 GWh, she added, a new record for each of the three months.

## Project discussed for biomass usage in heating in Prijepolje

April 17

Introducing biomass for district heating in Prijepolje through a EUR 100 million credit line to Serbia was the topic of a **discussion** between Prijepolje municipality head Emir Hašimbegović with officials of Germany's KfW development bank and of climate technology initiative DKTI. On offer to Serbia is a EUR 100 million loan with a 2.25 percent interest rate while the German government is to provide grants for funding consultancy services, a tender and supervision of works, Tanjug said. Jens Hagen from DKTI program said the loan would be granted to Serbia's Ministry of Finance, which would allocate funds to the local authorities that take part in the project.

**“ On offer to Serbia is a EUR 100 million loan with a 2.25 percent interest rate while the German government is to provide grants for funding consultancy services, a tender and supervision of works. ”**



## EBRD prepares loan for EPS restructuring for autumn

April 21



### European Bank for Reconstruction and Development

The European Bank for Reconstruction and Development **plans to grant a EUR 200 million** loan in autumn to the Electric Power Industry of Serbia (EPS) for financial restructuring, the bank's country director for Serbia Matteo Patrone told Tanjug agency.

The goal is to finally sign a loan contract for EPS restructuring before the year's end, Serbian Wise Broker quoted him saying. Asked about loan details, Patrone stated it was too early to speak about it. EBRD country director for Serbia explained that the Government of Serbia will carry out EPS restructuring with help from World Bank representatives which are now working on the plan. It is part of the standby arrangement between Serbia and the International Monetary Fund, signed a few months ago, he added.

## Expertise, know-how, innovation at Renexpo trade fair

April 23



Ms. Myriam Fridman Dobrota, Project Manager of RENEXPO and Mr. Gaetano Massara, GE's CEO for SEE

The second **RENEXPO Western Balkans**, a two-day trade fair with accompanying conferences, was held in Belexpocentar in Belgrade. Gabriela Bennemann, head of the economic section in the Embassy of Germany

in Serbia, spoke at the event's opening and stressed that 60 companies participated from 12 countries. Renate Schindlbeck from the German Agency for International Cooperation GIZ told the audience this institution has funded projects worth EUR 1.6 billion in Serbia since the year 2000, together with the KfW development bank. A significant part of activity is the organization's help to establish a sustainable bioenergy market and energy efficiency projects in residential buildings, she said and added that GIZ supports the Government of Serbia in implementing the national efficiency action plan in the sector. An additional regional project is for a common monitoring system on energy savings in residential buildings, Renate Schindlbeck said. Improvement of efficiency in this area is key for the planned savings of 9% between 2008 and 2018, she stated.

**“ General Electric received recognition in the technology category for its global automation software for real-time operational intelligence. ”**

Representatives of Serbian City of Kraljevo and three municipalities spoke of the results of GIZ-assisted efficiency projects for public buildings. The organization also held a workshop at the fair for straw combustion's potential for the agricultural sector. General Electric had its own conference, with a panel about integrated solutions for wind power generation, with experiences of company's partners. GE's representatives also delivered presentations about the company's activities in municipal and industrial power generation and energy efficiency, as well as in the sector of biogas and special gasses. The company's representatives spoke about energy services programme Sense ESCO, its progress and the challenges in the Western Balkans.

Myriam Dobrota, director of REECO, the company that organized Renexpo, awarded Renergy awards in three categories at the opening ceremony. Miloš Banjac, professor at University of Belgrade and assistant energy minister responsible for renewable energy sources and efficiency, was awarded for an outstanding personality. General Electric received recognition in the technology category for its global automation software for real-time operational intelligence. Renergy award for international performance went to Austria's Global Hydro Energy.

Renexpo included presentations about banking in the renewables industry, public-private partnership and the legal issues in its tendering procedures. Visitors were informed about available renewables projects in the region.

# KOSOVO\*

## Kostt boosts transmission grid security from EBRD loan

March 27



The electricity transmission system operator Kostt intends using the proceeds of a loan from the European Bank for Reconstruction (EBRD) for achieving full compliance with the N-1 electricity transmission grid security criteria, the bank said.

This is a key technical requirement for Kostt to join the European Network of Transmission System Operators for Electricity (Entso-E), which seeks to promote market integration and transparency in electricity transmission, the bank said.

The proposed project has a total estimated cost of about **EUR 36 million to be financed by the bank and the company**, and will require the procurement for the construction of a new 110 kV substation at Mitrovica (Mitrovica 2) and associated 110 kV overhead lines, the Drenasi 2 (SS 220/35/10 kV and 220 kV transmission lines) and new 110 kV transmission line SS Rahoveci - SS Theranda, as well as the construction of Fushe Kosova (SS & transmission lines) and Pristina 6 (SS & 110 kV underground transmission cables) and consultancy services for a project preparation and capacity building and for a project implementation consultant, the procurement notice said.

# MONTENEGRO

## Piva hydro plant produced almost 30 TWh in 39 years

March 27

Milan Radović, head of Piva hydropower plant, said **146 GWh was produced since the start of the year**, in comparison to 782 GWh planned for 2015. He added last year's investment in equipment was EUR 930,000, national energy company EPCG said on its website. The plant in the country's northwest has 102 employees. The end of March marked its 39th anniversary, during which the hydro facility generated 29.57 TWh of power. Piva plant is in the energy system of Montenegro since January 1, when the long-term contract with Serbia's power monopoly EPS expired.

## Electric power industry's profit soared last year

April 1



**CGES** (Montenegrin Electrical Transmission System – **Crnogorski elektroprenosni sistem**) said its last year's net income was EUR 12.4 million, 4.6 times more than the previous year, while the national power company **EPCG's** (Elektroprivreda Crne Gore) profit was raised to EUR 34.77 million, 38% above the **result from 2013**. Both companies filed reports to Montenegro Stock Exchange.

CGES's operating income for the year was EUR 37.14 million, compared to EUR 26.65 million from 2013, the report said. Assets rose 7.4% to EUR 225.53 million. The government owns 55% of the company, while Italy's **Terna has a 22.09% share**, Poslovnojutro.com portal said.

EPCG's operating income fell 13.8% last year to EUR 239.62 million, while assets rose 3.9% to EUR 1.19 billion. The power producer is majority state-owned, while Italian company **A2A has 41.75 percent**.

## Interim deal to keep managing EPCG with A2A

April 3

Government of Montenegro and Italian company A2A, leading shareholders of the Montenegrin electric power industry EPCG, have agreed on an **interim agreement for a period of three months**, following the expiry of the contract, Independent Balkans News Agency reported. The A2A will continue managing EPCG in the same way it was set out in the agreement that expired on April 1.

The deal aims to create a negotiations framework on the conclusion of a new EPCG agreement, as well as the provision of undisturbed further activities necessary for the completion of the block 2 of the thermal power plant Pljevlja.

## Construction works for Krnovo wind project about to launch

April 13



Early May is set for the start of the development of **first electricity generation system powered by wind** in Montenegro, the country's Economy Ministry told to Vikend novine. The paper reminded that Možur hill project near Bar is uncertain, as the investor backed out.

Akua Energy company, France's leading independent producer of renewable energy, says on its website that **Krnovo plant** shall have 30 turbines with an **overall capacity of 72 MW**. The expected yearly production is 160 GWh, the paper said.

## Bids invitation in Energy Wood II and call for PV systems

April 17

Ministry of Economy of Montenegro initiated the implementation of the program Energy Wood II, which aims to establish an attractive and sustainable financial mechanism for providing **interest free loans for households** for installation of modern biomass heating systems, and announced the invitation for bids for participation, the Directorate for Energy Efficiency said.

*“Energy Wood II program aims to establish a financial mechanism for providing interest free loans for households for installation of modern biomass heating systems.”*

A public invitation for public procurement for purchase and installation of photovoltaic systems in summer pasture lands had also been announced on April 6. In order to provide **better living and working conditions** for a large number of households residing on summer pasture lands and in order to create conditions for increasing the number of farmers in summer pasture lands, the Ministry of Economy and the Ministry of Agriculture and Rural Development have continued with the implementation of the project Solarni katuni, the directorate reported.

## Lastva substation's preparatory works commenced, CGES says

April 22

A project worth **EUR 23 million** for the substation in Lastva Grbaljska has started, CGES (Montenegrin Electrical Transmission System) told Vijesti daily paper. The transmission system is part of the undersea cable connection between Italy and Montenegro. The substation, financed by majority state-owned CGES, is expected to be connected to the grid before the end of next year, the report said. As for the line to Pljevlja, this part of the investment will be returned through the transmission fee.

The undersea line shall be **operable in 2018**, Italian company Terna's CEO Giovanni Armani said on March 28, Cdm.me portal reported. He added there were plans to lay another cable and connect Italy with France by 2019.



# CROATIA

## Funding energy upgrade for family houses made easier

March 26

„Based on the experience on family houses energy upgrade from last year, we decided to change the programme in order for it to become more fair and enable everyone from any part of Croatia to apply,” the country’s minister of environmental protection and nature Mihael Zmajlović said. Last year it turned out only 180 cities and towns out of 555 enabled their inhabitants to apply for the upgrade, which is unfair, he said after the government adopted the alteration of the programme for 2014–20, with detailed plan through 2016, Poslovni.hr portal reported.

The most important change is that from this year on, the application for the house upgrade goes directly to the Environmental Protection and Energy Efficiency Fund. So citizens shall no more depend on **action or inaction of their mayors and municipality heads**, he said. The fund has HRK 71 million (EUR 9.28 million) for the upgrade of 10,000 houses, the report said.

## HEP pushes projects for electric cars, chargers

April 8



National electricity company HEP Group presented new electric vehicles in its fleet to reporters together with the charger network ELEN. The cars were **purchased with a subsidy** from the Environmental protection and energy efficiency Fund, Croenergo.eu portal said. The system is part of the group’s strategic project eMobilnost, the report said. The operator said it works on contracts with municipal authorities to develop the infrastructure starting with pilot projects. The plan is to also install quick-charging alternative current (AC) stations on highways in the country, the website said.

## State property chief announces IPO for 25% stake in HEP

April 14



Mladen Pejnović, head of state assets management bureau Duudi

The Government of Croatia plans to organize an initial public offering (IPO) for a 25% stake in national grid operator HEP, a state official told Bloomberg News.

“*Energy Wood II program aims to establish a financial mechanism for providing interest free loans for households for installation of modern biomass heating systems.*”

**The state plans to get HRK 2 billion (EUR 260 million) to HRK 3 billion**, stated Mladen Pejnović, head of state assets management bureau Duudi, and added the proceeds would be reinvested. HEP also plans expansion in neighboring former Yugoslav republics of Slovenia, Bosnia and Herzegovina and Montenegro, he said.

## Power market and renewables laws in the pipeline

April 15

Croatian Economy Ministry **carried out public consultation** for the new Law on Renewable Energy Sources and High Efficiency Cogeneration as well as for the proposed changes in the Law on Electric Power Market. A discussion of experts and representatives of institutions and associations was organised on April 15 on the renewables bill, the ministry said on its website.

## HoSt receives EUR 20 million order for two CHP plants

April 16



Croatian electricity company HEP said it signed a deal for the construction of a combined heat and power (CHP) plant in Sisak with companies HoSt and Đuro Đaković. The contract worth EUR 18.95 million was signed **less than a week after a similar document** for a CHP system in Osijek. The contractor was selected from an international bid conducted in accordance with procedures of German development bank KfW, which provided loans for the projects, HEP said.

The BE-TO Osijek 2 deal, worth EUR 16.25 million, was signed on April 10 by Croatian energy minister Ivan Vrdoljak and the representatives of national power producer HEP, as well as of HoSt and its consortium partner company Đuro Đaković, the ministry said.

The biomass plants will supply 2 MW of electricity to the grid each. The residual heat generated will be supplied to the district heating networks in the cities of Sisak and Osijek.

The heat of 10 MW overall capacity for each facility will be utilized for district heating purposes, while the water vapour from the flue gasses shall be condensed, generating approximately 25% more heat with the same amount of wood, the company said.

HoSt, a bioenergy systems supplier headquartered in Holland, said on April 10 it received an **order of EUR 20 million from HEP** to build the two wood-fired plants.

## Petrol stock reshuffling continues with new purchase

March 26

Petrol, Slovenia's **largest energy group**, said a 7.96% stake in its capital was amassed by a unit of J&T **Private Equity Group**, Cypriot investment firm J&T Investment Opportunities Limited, making it one of the largest individual shareholders.

No other details have been revealed beyond the firm being owned by J&T Private Equity Group, which public records suggest is in turn owned by the **Czech J&T Finance Group**, Slovenia Times said.

The revelation comes amidst intense speculations about the reshuffling of Petrol stock, which has been going on for months. About 12% of Petrol was sold in autumn last year by two banks and the holding Istrabenz. The buyers were not revealed as the stock was transferred to a fiduciary account in the Czech Republic.

JTPEG has been spun off from the banking activities of the closely held Czecho-Slovak financial group J&T, Reuters said.

## Slovenia plans to build Morača hydro plant with Turkey

March 30

President of Slovenia **Borut Pahor** said possibilities for expansion of cooperation with Turkey exist, namely in constructing the Morača hydroelectric power plant in Montenegro, RTV Slovenija said.

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. He continued that the trade volume between the two countries annually totals over USD 1 billion, "by far too small an amount".

**“Morača project is a plan for four hydro power plants with a total capacity of 238 MW.”**

Both presidents attended the Turkey–Slovenia Business Forum. In his speech, Erdoğan underscored

that it is important to reciprocally increase the investments and make use of the **opportunities in third countries** in order to form a synergy among businessmen. "In this context, I hope that the hydroelectric power plant project, planned to be built on Morača River in Montenegro by Turkish, Slovenian and Montenegrin companies will be realized," he said.

**Montenegrin Economy Ministry confirmed** Turkish and Slovenian investors had expressed interest in the project. Taner Yıldız, Turkish minister of energy and natural resources, visited the country in December and said businesses from Turkey are looking into energy projects in Montenegro, the ministry told Mina-business agency.

Morača project is a plan for **four hydro power plants with a total capacity of 238 MW**. Four years ago the first bid failed because the only qualified consortium backed out. The estimated cost is EUR 500 million, Poslovni.hr portal said.

## Green energy development parallel to EU accession process

April 22



Italian foreign minister Paolo Gentiloni

Italy is interested in projects for energy cooperation, including using renewable sources, in the Western Balkans, the country's foreign minister Paolo Gentiloni said at the end of a meeting between Balkan ministers and some EU ones in Brdo Castle near Kranj.

Italy remained firmly **committed to region's nations becoming EU member states**, the minister said. „We are very much committed to progress in relations between Albania and Bosnia. We are happy about the opening of two new negotiation chapters with Montenegro... And we firmly support the need for the opening of the fourth negotiation chapter with Serbia, in part because we see good developments in the dialogue between Belgrade and Priština," he stated.

## HEP selected to supply power to Ljubljana, source says

April 22



Poslovni.hr learned that Croatian state power company HEP's offer was the best out of five offers in a bid to supply Slovenia's capital Ljubljana **with 270 GWh of electricity, for around EUR 12 million**, Seebiz.eu reported.

“HEP will supply Slovenian capital Ljubljana with 270 GWh of electricity, for around EUR 12 million.”

In February, HEP won a bid by Slovenian distribution operator SODO for a guaranteed supply of 1.1 TWh in 2016–17. With the new contract, the company has a 5% market share in Slovenia.

## State incentives for efficiency and renewables in homes

April 24



Eco Fund (Eko sklad) announced a public call for applications for awarding EUR 22 million for investments in measures for energy efficiency and use of renewables in housing objects. For most investment projects, the level of incentives is up to 25% of the cost.



# BOSNIA AND HERZEGOVINA

## Workshop held about study on industrial application

March 24



Workshop on development of quality infrastructure for sustainable energy in Bosnia and Herzegovina

Results of the Study on Industrial Application of Renewable Energy and Energy Efficiency and results of the pilot project that indicated introducing the so-called **smart meters in Banja Luka Brewery** were presented in Banja Luka at the workshop on development of quality infrastructure for sustainable energy in Bosnia and Herzegovina, the Government of Republic of Srpska said on its website. The event was organized by the entity's Ministry of Spatial Planning, Civil Engineering and Ecology of Republic of Srpska and under the sponsorship of the United Nations Industrial Development Organization (Unido).

An agreement on cooperation between Slovenia's Institute of Metals and Technology and Srpska's Institute for Materials and Structures was announced for May, with the aim of implementing projects in the field of renewable energy and energy efficiency technologies.

## Mineco gets concession for Medoš mini hydro plant

March 26

Commodity trader, miner and smelter Mineco Group said its **subsidiary Medoš One d. o. o. in the Republic of Srpska** has been awarded a fifty year concession to build and operate a first hydropower plant on the Drinjača river. Located near Zvornik, the Medoš project will be developed over the next two years with the 4 MW plant set to be launched in March 2017, the

group with offices in London, Moscow and Zug said in a press release. Mineco added it expects this to be the first of a number of its hydropower projects. The concession of **50 years for a EUR 7.5 million project** was granted by the entity's Ministry of Industry, Mining and Energy.

*“Medoš One d.o.o., a subsidiary of Mineco Group has been awarded in the Republic of Srpska a fifty year concession to build and operate a first hydropower plant on the Drinjača river.”*

In October, the group was given four location licenses in Serbia for building hydropower production facilities with a total capacity of 1.22 MW in the municipalities of Valjevo, Dimitrovgrad and Paraćin. The deadline for potential projects was set to 12 months. In both reports **Mineco Limited** was named as the investor. The group had said last year that its three mini hydro plants project for 2.2 MW at Rasina river near Brus in Serbia still waited for building permits.

In 2013, **the group denied it was involved** in the demise of several privatized companies in Serbia, after media **reports linked it to a corruption and industrial espionage** scheme both in that country and Romania.

## Sanski Most to host country's first MW-size PV plant

March 26

Mustafa Avagić, Sanski Most municipality head, told local Hronika Sana web TV programme, the largest solar power plant in the country would be built in Bosanski Milanovac. Austrian company my-PV implements the project with the capacity of over 1 MW, **20 kilometers from the municipal seat**, and the cantonal Ministry of Construction, Spatial Planning and the Environment issued its permit, other media reported. Now the **approval for construction is expected** for the system on almost 7 hectares, Avagić said, adding that one of the investors is **Sadmir Omić from Prijedor, residing in Austria**. The company is a partner in the construction of a **solar power plant in Hodovo** near Stolac, worth BAM 20 million (EUR 10.22 million).

## Environment Fund gets 10% from renewables incentives?

April 2

The Government of the Republic of Srpska, one of country's two entities, adopted the Draft Bill on Renewable Energy Sources and Efficient Cogeneration stipulating that the Environment Fund shall get 10% instead of 5% from the money levied as incentives for generating power from renewable sources. The increase wouldn't burden the consumers paying the fee, the government said. The incentives will continue to be managed by Elektroprivreda Republike Srpske, the country's second-largest power utility, as forming a new operator would be too expensive, the press release said, Srna agency reported.

## Goražde solar project expands soon, investor says

April 4



After a 670 panels unit in the village of Bujaci was finished a year ago, a five times larger solar power project is underway near Goražde, **entrepreneur Azem Bujak** told Klix.ba portal. He had said existing capacity was 200 MWh per year, enough for powering 100 local households in the underdeveloped area. "We received a construction permit and **all we need now is the energy consent**. The plan is to place 3,200 new panels. I expect that the contractors will be on the field soon, and **by the end of the year** all the panels should be in their place," Bujak added, Sarajevo Times reports.

## Transco's Q1 contracts worth EUR 15.34 million

April 7

Power transmission company Transco (Elektroprijenos/Elektroprenos BiH) said it concluded **more than 45 contracts** in the first quarter of 2015 with companies from BiH and the region, for the implementation of various projects with a total value of BAM 30 million (EUR 15.34 million). In March,

the contract was signed with "Elektroenergetika BL" consortium for the construction of substations **Laktaši 2, amounting to BAM 3.2 million**, which should be completed and put into operation in the second half of next year, portal Bosnia Today reported.

## Mayor of Ključ talked to potential investors in hydropower

April 8

Representatives of German company Max Acher visited Una-Sana Canton in March and expressed their desire to invest in that part of Bosnia and Herzegovina, particularly in the municipality of Ključ, its mayor Nedžad Zukanović told Faktor.ba portal, Sarajevo Times reported.

„They are interested in investing in the energy sector, particularly for the construction of small hydroelectric plants that we have already set out in the spatial plan of the municipality of Ključ. Specifically, we planned construction of **three hydroelectric power plants** within our municipality, which now await the procedures for completion," he said. Una-Sana Canton and the municipality must participate in making decisions related to these projects of **up to 5 MW each on Sana river**, Zukanović added. He said building one would cost BAM 15 million (EUR 7.67 million).

## Regulatory permits for mini PV and hydro projects in FBiH

April 14

Regulatory Commission for Energy in Federation of Bosnia and Herzegovina, one of the country's two entities, decided to grant **permission to DF 'Gradnja' Konjic and BEA Tešanj** to generate electric power for five and ten years, respectively. 'Gradnja' applied for 808 kW 'Duboki potok' mini hydropower plant, with a capacity of 3.58 GWh per year, and BEA for its 20 kW AC (23 kWp DC) PV unit named BE.23-1, with a planned generation of 25.1 MWh per year.

“*Regulatory Commission for Energy in Federation of Bosnia and Herzegovina, decided to grant permission to DF 'Gradnja' Konjic and BEA Tešanj to generate electric power for five and ten years.*”

The regulator approved the draft permit for the mini solar plant SE 'Vedo 1' from Iljaš of 12.5 kW installed capacity and potential generation of 14.97 MWh per

year. The commission also recognized the application from OPES Sarajevo to be valid, as it wants to produce power in the 34 kW photovoltaic plant of 'Dragovići 1' in the municipality of Foča-Ustikolina. The unit has a planned generation of 35.33 MWh per year.

## SIDA grants EUR 2 million for Prijedor CHP plant

April 14



*Prijedor's mayor Marko Pavić with the representatives of EBRD, SIDA and a. d. Toplana Prijedor*

The contract for a donation in a biomass-powered district heating plant project in Prijedor was signed by the town's mayor Marko Pavić and the representatives of European Bank for Reconstruction and Development (EBRD), Swedish International Development Cooperation Agency (SIDA) and **a. d. Toplana Prijedor, the plant operator**. Pavić stated the EBRD approved a EUR 7 million loan, guaranteed by the City of Prijedor, and that SIDA granted EUR 2 million for boiler reconstruction, Glas Srpske portal said. The mayor added Toplana's total income is BAM 4.5 million (EUR 2.3 million) per year, while heavy fuel oil cost is BAM 5.5 million. The **selection of the contractor** and the subsequent construction is underway, Pavić said.

“The EBRD approved a EUR 7 million loan, guaranteed by the City of Prijedor, and that SIDA granted EUR 2 million for boiler reconstruction.”

The investment is aimed to **replace the existing equipment** with woodchip-fired technology, including buildings and access roads, biomass storage and preparation-inclusive external wood chipper, flue-gas stack and cleaning, flue-gas condenser, instrumentation and control, electric installations and ash handling, EBRD said. The planned capacity is **20 MW of heat and 1 MW of electricity** for district heating for over 13,000 people. The bank's country office head Ian Brown stated the decision to support the project was made because **wood isn't used enough as fuel** in Bosnia and Herzegovina despite the abundance of

the resource. „We now see Prijedor as a leader in this technology in BiH and we think this project is a good demonstration and a good example for other cities in the country,” he said.

Marie Bergström, SIDA's country office chief and Swedish embassy's representative, said the organization's total grant for the project is EUR 2.8 million. Another ambition is that the funds provided by Sweden for technical cooperation will **lead to increased transparency** regarding the district heating company's operations, the Embassy of Sweden said.

„Through specific procurement and supervision assistance the company will gain significant experience and expertise, thus ensuring the successful implementation of the project. Sweden's investment grant will be used to introduce individual heat substations and heat meters in a selected number of buildings and flats. This should enable people to control their heat consumption. It should also enable fairer billing,” the press release said.

## Elektroprivreda HZ HB earned EUR 20.43 million in Q1

April 20

The seven hydropower plants operated by Elektroprivreda HZ HB, one of three national electricity utilities, generated 758.07 GWh in the first three months of this year, **16.45% more than planned**, the company said on its website. This public enterprise said it earned BAM 39.96 million (EUR 20.43 million), citing relatively favorable hydrological situation and high level of efficiency and good maintenance.

## USAID's Energy Summit held with accent on green energy

April 17

The Energy Summit, first big event within USAID's Energy Investment Activity (EIA) project, was held in Neum on April 16 and 17, Energetika.ba portal reported. At the event it was said Bosnia and Herzegovina could **more than double its electricity generation** level, a significant part of which could come from hydropower potential, renewable energy sources and energy efficiency.

The project's **budget is USD 5.47 million** (EUR 5.03 million) and it is planned to last until 2019. Integration into Southeastern Europe's market is obstructed by legislation not harmonized with the one in the European Union and not fulfilling obligations from the Third Energy Package, participants said, Federalna.ba reported.



## BiH among world leaders in power production from renewables

April 24



According to State Electricity Regulatory Commission's data, 16,300 GWh of electric power was generated in 2013 in Bosnia and Herzegovina, of which **43.7% came from hydro systems**, Fena agency said. The rest of the production is from thermal power plants, except for the 1.47% that was generated in smaller and industrial facilities, including from other renewables, the report said.

Sarajevo's Energis – Center for Education and Raising Awareness of Energy Efficiency – said this was clear evidence the country is in the world top 10 in production of energy from renewable sources. However, the organization stressed that BiH has potential for energy from other renewables, and that several solar plants and biomass systems have been launched in the past years, as well as one wind park, while several other aeolian projects are being prepared.

## Una-Sana Canton prioritizes investment in efficiency

April 25

Tamir Nuhić, minister for construction, spatial planning and the environment of Una-Sana Canton of western Bosnia, said the authorities plan to work on energy efficiency measures on seven objects in the territory, in a BAM 1 million **(EUR 511,000 project) with municipalities** and the United Nations Development Programme, Energetika.ba reported.

„Currently we spend BAM 8.7 million a year for the heating of the rooms in objects the cantonal authorities are responsible for, and it's still a question if the end-users are pleased“, Nuhić said.

## E.ON completes EUR 8 million investment in energy supply security

March 20

‘Modernization and Scada system integration of E.ON Moldova Distribuție S. A. substations’ project was completed by E.ON Distribuție România, Germany's biggest power supplier's subsidiary based in Târgu-Mureș, Business-review.eu portal said. The project was co-financed by the European Regional Development Fund (FEDR), following a RON 35 million (EUR 8 million) investment. The project was implemented over a period of 32 months starting with July 25, 2012, in **26 substations**.

## Bogdan Balaci: Connected lighting, future of the industry

April 1



While these days modern lighting is equivalent to using LED equipment, the technology developments achieved in recent years have brought this concept a step forward: to ‘connected lighting’, the future in this industry, according to Bogdan Balaci, **Commercial Leader of Philips Lighting for SEE**, who presented the company's innovations in this area, during a media conference.

Hence, besides the energy efficiency improvements resulted from implementing LED technology, connected lighting systems have a major impact on the operational side, be it outdoor or indoor lighting, offering full control on each luminaires, which are uniquely identified and integrated into the IT network in a building or city, and share information about their status and operations. LED systems combined with this new technology, which is yet to be used widespread, can increase energy savings to up to 50-70 percent.

## Hidroelectrica buys EUR 1.7 million IT system

April 6

Hidroelectrica bought an IT system at a record price of EUR 1.7 million, value-added tax excluded. On March 31, the consortium consisting of Information Business Consulting, Electrica Soluziona and Indra won the auction for an **integrated enterprise resource-planning** IT system with business-intelligence management analysis instruments, Business-review.eu portal reported. There will be implemented multiple forms of labor-division organization, individualization of responsibilities and effort of each cost center, leading to the establishment of an economic-financial discipline and to the unitary treatment of the phenomena, said Remus Borza, Hidroelectrica legal manager's representative.

## Hidroelectrica targets EUR 300 million profit for 2015

April 20



Gross profit of RON 405 million (EUR 91.8 million) was recorded by Hidroelectrica, Romania's largest electricity producer, in Q1, **more than twice the sum from the company's best year** – 2014, when it reported RON 178 million in the first three months, Business-review.eu portal said. The results were due mainly to the high generation, where it produced and delivered 4,711 GWh, up 37 percent compared to the 3,443 GWh in the same period last year.

**“The state-owned company, currently in bankruptcy, sold three micro hydropower plants at the end of March, from a total of 33 units auctioned for EUR 1.1 million.”**

„We have created the premises of an exceptional year for Hidroelectrica in 2015, and if the hydrological regime will be similar to the one registered last year, we estimate a production of at least 18 TWh and a profit of over EUR 300 million,” said attorney Remus Borza, the representative of Hidroelectrica's judicial administrator Euro Insol.

The state-owned company, currently in bankruptcy, **sold three micro hydropower plants** at the end of March, from a total of 33 units auctioned for RON 5 million (EUR 1.1 million), the portal reported. One of the hydropower plants was bought by Three Pharm in Târgu Mureș for RON 1.4 million, while the other two units were purchased by the Italian company Geo Service Italia for RON 3.6 million, according to Mediafax.

## Market mechanism ensures reliable consumption coverage

April 24



The electricity market mechanism implemented in Romania contributes to the **safe operation** of the national electricity system, enabling it to dependably cover consumption needs „from both the domestic output and from imports”, Marian Cernat, director of the National Energy Regulatory Authority (ANRE), told the Forum of Electricity Network Operators and Power Suppliers.

**“Romania's net electricity exports totaled 7.1 TWh last year, 3.5 times more than in 2013.”**

Measures adopted between 2010 and 2014 resulted in energy savings estimated at some 918,000 tonnes of oil equivalent (toe), according to ANRE.

During that period, 886 companies carried out energy audits, following which energy **investments amounted to almost EUR 1 billion**, Energy World magazine's portal reported.

Romania's net electricity exports totaled 7.1 TWh last year, **3.5 times more than in 2013**, according to the audited results presented by Transelectrica, the domestic system and transmission operator, Govnet.ro business news gate reported. Total exports came to 8.5 TWh, 45 percent above the 2013 level, while imports nearly halved to 1.4 TWh from 2.7 TWh. The export volume recorded last year was the highest since 2004, when Transelectrica started to register electricity exports and imports separately, explained Ion Toni Teau, the company's CEO, during a press conference.

# BULGARIA

## Two thirds of EU may face sanctions for ignoring directive

March 27

Nineteen EU member states have missed the deadline to translate the Energy Efficiency Directive (2012/27/EU) into national law by more than nine months, despite the rigorous enforcement of existing efficiency laws being part of the flagship Energy Union project, Publics.bg portal said.

“Nineteen EU member states have missed the deadline to translate the Energy Efficiency Directive (2012/27/EU) into national law by more than nine months.”

Proceedings against Greece, Portugal and Slovenia for failure to fully implement the directive have begun in February. In November, Bulgaria and Hungary were asked to **fully transpose the rules**. Bulgaria's parliamentary commission, perhaps pushed by eagerness to avoid scrutiny and sanctions, finally adopted the last parts of the regulation into the Energy Efficiency Act on March 26.

## Bulgaria's Solarpro Holding turns to net loss in 2014

April 1, 2015



Bulgarian provider of products and services for the solar industry Solarpro Holding said it **turned to net loss of BGN 993,000** (EUR 507,700) in 2014 from net profit of BGN 57,000 a year earlier, reported **SeeNews** portal.

The company's revenues grew to BGN 3.9 million in 2014 from BGN 2.6 million in 2013, it said in a financial

report filed with the Bulgarian stock exchange. Expenditures grew to BGN 7.7 million in 2014 from BGN 5.0 in 2013.

## Gabrovo opens energy efficiency projects tender

April 7

The Municipality of Gabrovo has opened a tender for design of work projects, part of an energy efficiency programme, with an **estimated value of BGN 2 million** (EUR 1.02 million), a notice published in the EU's procurement journal indicated, **SeeNews** reported.

The value of the contract does not include value-added tax. Works should be completed within a 36-month period, the notice posted in the Tenders Electronic Daily (TED) showed. Bids should be sent by May 11.

## Significant rise in number of electric vehicles, hybrids

April 15

The number of electric vehicles in Bulgaria has grown 36%, to a total of 497 between 2012 and 2014, a report on the progress of Bulgaria's **national plan for eco-friendly mobility** found. Meanwhile, hybrid vehicles were even more popular, as their number increased with 61%, to 1,031 in total. The report attributes growth to tax exemptions granted to owners of electric cars. The improved tax environment has also led to a significant spur of foreign investors' interest in developing production of car components in Bulgaria.

## Energy efficiency overhaul in kindergartens in Plovdiv

April 20

The Municipality of Plovdiv intends to use the proceeds of the grant funds provided by the Kozloduy International Decommissioning Support Fund (KIDSF), administered by the **European Bank for Reconstruction and Development** and its own financing, to implement energy efficiency measures (supply and installation of equipment and materials) in four kindergartens, within the Project for Energy Efficiency in Public Buildings in Plovdiv, EBRD said. The overall budget of the Project is EUR 560,000.



## Regulator announces uncorrupted energy exchange operator

April 22

In a matter of days, Bulgaria may contract a large foreign operator to organize its energy exchange, the chairman of the Energy and Water Regulatory Commission (EWRC) Ivan Ivanov said in a BTA interview. The choice of such a contractor will make sure the energy exchange will **function with the EU rules**, Ivanov commented. He added that the contractor is based in a country which has the lowest rate of corruption in the EU and the world.

Electricity consumers should have access to the electricity exchange late this year or early next year, and this is unlikely to bring about an increase in electricity prices – at least not a dramatic one, Ivanov said. He explained that household users will not be able to choose a producer – electricity producers are not expected to sell directly to household users – but they will have the right to pick their electricity trader. Such traders will know the consumption patterns and will be able to ensure a pool of users where consumption will be balanced and sustained during a 24-hour period. At a later stage, smart networks will be set in place to further optimize consumption.

Ivan Ivanov, the single candidate to become EWRC chair, has been picked by parliament on April 2 to take over the body. He was **backed by an overwhelming majority**.

One of the most urgent tasks of the new commission board is creating new power trading rules to **allow district heating utilities to sell electricity** on the liberalized market, Publics.bg portal said.

EWRC has been in the spotlight over the past years, facing constant accusations of being subject to political control and steering the price of electricity (the EU's lowest) under the government's guidance to avoid social unrest, Novinite agency said. The body's decision to push prices up in 2013 led to the resignation of Boyko Borisov as prime minister during his first tenure.

The EWRC has determined new, lower prices of heating and hot water as of April 1, BTA agency reports. The biggest reductions are **up to 8.4%** and they differ throughout the country, but are smaller than the preliminary announced price cuts.

## ELEM activates Slovenia's Riko EUR 5.6 million guarantees

April 14



The bank guarantees provided by Slovenia's Riko worth EUR 5.6 million were activated, state-owned power producer ELEM said on April 9. The foreign company failed to meet obligations in the former Yugoslav republic on the construction of a 36.4 MW hydro power plant, said ELEM, operator of the facility.

St. Petka HPP was officially delivered on a turnkey basis on February 5, 2013, but some of the works which were specified in the tender documentation were **not completed within the prescribed period** and their quality did not meet the contractor's requirements, ELEM said in a statement emailed to SeeNews.

**“Slovenia's Riko failed to meet obligations on the construction of ELEM's 36.4 MW St. Petka HPP.”**

Furthermore, Riko failed to remove some of the faults in the HPP's operation which were identified during the trial period, Energija.gr portal reported. ELEM also said that St. Petka was delivered 270 days later than agreed, which entails penalties in amount of 10% of the contract value. The construction of the plant was due to be completed by April 2009.

Hydro plant St. Petka's annual production is 66 GWh of electricity. The project was worth 75 million euro, Macedonian government said earlier. ELEM operates two thermal power plants and eight hydro power plants.

## Macedonia building action plan for sustainable development

April 24



USAID Macedonia said its Clean Energy Investment (CEI) project currently develops an action plan for sustainable development (APSD) in collaboration with United Nations Development Programme and the cabinet of deputy prime minister for economic affairs.

The organization is working towards improving the knowledge and building the capacities of the institutions of the Government of Macedonia for low emissions development and sustainable development.

APSD is intended to frame all measures and activities that need to be implemented with respect to sustainable development (SD) over the next 3 years and improve planning of the national resources in sustainable manner, USAID said. A set of workshops was organised in December and April for relevant institutions, academia, NGOs and members of the technical working group of the National Council for Sustainable Development (NCSD) to contribute their input, comments and suggestions. It is expected the draft APSD to be finalized, presented to the NCSD, and subsequently adopted by the government by September, the statement said.

## Pramoritsa hydropower plant commenced trial run phase

April 17

D. Y. Pra. AE, operator of small hydropower system Pramoritsa in western Greece, started the test operation of the 1.035 MW plant, Energypress.gr portal said. The facility's biggest contribution may be lowering the cost for the operation of the water purification plant at the dam, which supplies the Voio municipality, the operator said, adding that the benefit for the local community from the **yearly production of up to 4.5 GWh** may be equivalent to EUR 400,000 a year.

## Legal battle won for 33 wind parks plan of 1.08 GW in Crete

April 17



Council of State, the supreme administrative court, gave the temporary go-ahead and opened the way for the planned construction of 33 wind parks throughout Crete, Econews.gr portal reported.

“Council of State gave the temporary go-ahead and opened the way for the planned construction of 33 wind parks throughout Crete.”

Yet **another decision is needed** to materialize the controversial projects with the overall capacity of 1.08 GW in four prefectures. The institution rejected the petition submitted by inhabitants of Crete and their claims, adding that the frame of the entrepreneurial activity does not endanger the environment and does not collide with the spatial regulation.

# CYPRUS

## Generation from renewable sources sets daily record

March 28

Strong wind and favorable sunshine on March 22 brought the daily share of power generation from renewable sources to a record 47%, Phileleftheros newspaper's portal said. Another point is that the transmission system operator handled the extreme situation with ease. At 10 a. m. the active production capacity was 408 MW, out of which **138 MW or 34% was in wind parks**, while 49 MW was generated by photovoltaic units and 4 MW by biomass-powered facilities.

## North Cyprus needs cable from Turkey, minister says

April 3



Hakan Dinçyürek, North Cypriot minister for environment and natural resources

North Cypriot minister for environment and natural resources Hakan Dinçyürek pointed to the lack of variety in energy sources in the Turkish Republic of Northern Cyprus, a self-declared state officially recognized only by Turkey. Addressing the Intercontinental Wind Power Congress organized by the Turkish Wind Energy Association and the European Wind Energy Association in Istanbul, he spoke about the measures taken to curb emissions emitted from the two diesel-powered electricity generators, LGC News reported.

He also pointed out that a series of steps are needed to be taken to bring Northern Cyprus up to required levels in the field of renewable energy. **"The current infrastructure does not allow us to produce the energy we want** through wind or solar power. We need to develop our infrastructure first, we need to bring power to the island from Turkey via a cable," he added.

Dinçyürek explained that although there are incentives for investments in renewable energy in Northern Cyprus, only a handful of individuals have invested in renewable energy technologies, mainly for personal use. He said switching to renewable energy sources has become inevitable in view of the fact that fossil fuels are slowly running out.

## University of Cyprus aims energy autonomy

April 16

The construction of research park Apollo is going to start soon, and the project shall make the University of Cyprus autonomous in terms of energy, Famagusta Gazette said. One of the greatest successes for the institution is the operation of the **photovoltaic park Phaethon**, of 395 kW total power, which is estimated to contribute 632,000 kWh of green energy per year. It was constructed with funding from the European Union.

**“Apollo includes the construction of photovoltaic panels which will generate 10 MW of energy.”**

Constantinos Christofides, rector of University of Cyprus and head of Green University Committee, told the Cyprus News Agency (CNA) that the environmental policy's main pillars is to have a **balance between economic, social and environmental parameters**. He said that the vision is to reduce the effects of the university's operation on the environment, main goals being the reduction of the use of energy and water, the implementation of the policy for green public procurement, the management of fluid and solid waste and the reduction of carbon emission.

Apollo includes the construction of photovoltaic panels which will generate energy of 10 MW. The rector told CNA that the energy will be able to cover the needs of the current buildings and premises of the university and when this is fully developed to include 10.000 students, the needs are going to be met with the use of other renewable sources.

The university is very close to fulfilling its goal for zero garbage, since a large quantity of its waste is already being recycled.



## Gjiknuri-Pagano: Reform in energy sector on right track

March 27

After getting acquainted with the measures and steps taken in electricity sector reform, World Bank directors declared that the challenge of Albanian government is very important and the work is on the right track, AlbReporter portal said.

Minister of Energy and Industry Damian Gjiknuri received Patrizio Pagano, executive director at WB in Washington, who was accompanied by WB Albania country manager Tahseen Sayed. Gjiknuri provided an overview of the steps which led to liquidity increase in the sector, improvement of financial performance and crisis management. He added that reforms in energy take time to yield results and the Albanian government is highly committed.

Pagano appreciated the measures as highly important for financial stability of the sector, increase in revenue collection and reduction of losses in the distribution network.

Thanking WB for its support in implementation of these reforms, Gjiknuri said that **WB project for energy sector recovery as well as the funds of companies KESH, OST and OSHEE** will enable implementation of investments in the field which will significantly improve power supply for the citizens.

## Campania's firms at EnergyMed eye Albania investment

April 10



EnergyMed fair in Naples hosted dozens of operators from Mediterranean countries and China to help the introduction of Italian technology overseas. „We

have worked on relations with several firms from Campania,” Erlet Shaqe, president of the Albanian energy association, told ANSAmед.info. The most interesting projects that could be developed include the system of **conversion of biomasses for farming uses into electricity**, developed by the university Federico II in Naples, which provides for a system to produce water for irrigation, he said.

## Interconnection underway between Macedonia and Albania

April 17

The construction of a **400 kV Bitola-Elbasan** interconnection transmission line tops the list of priority projects within the Energy Community involving energy infrastructure, said Macedonian economy minister Bekim Neziri and Albania's parliament speaker Ilir Meta at a meeting in Tirana, English language Independent.mk agency said.

Both men pointed that this is the first interconnection between the two systems and that it will be beneficial for both the Albanian and Macedonian electric power transmission systems.

“The construction of this transmission line will **complete Corridor 8** and improve voltage conditions in southwestern Macedonia, transmission line overload will be prevented and power flow is expected to be increased thus contributing to the development of a regional electricity market,” Neziri stated.

This project is one of three in Southeast Europe which was interesting for the community of donors/financiers of energy projects by the European Commission – ones who finance the IPF Multi program with a new development instrument – the **Western Balkans Investment Framework (WBIF)**. Donors/financiers are the European Bank for Reconstruction and Development and KfW development bank.

## Government cancels contracts for 30 hydro plants

April 24

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

# TURKEY

Parliament called on it to reconsider the plans. Prime minister Edi Rama's cabinet earlier cancelled several power plants which were approved in the last meetings of Sali Berisha's government, Independent Balkan News Agency said in a report.

In a draft resolution on Albania's progress towards the EU on April 15, the European Parliament has called on the country's government to reconsider plans for the construction of **hydropower plants in the country's protected areas**, including the current building of a plant on the Lengarica river in the south, citing environmental concerns, Balkan Insight news site reported. The Tirana prosecutor's office had earlier **launched an investigation**.

“**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“.**”

The European Parliament urged the Albanian authorities to develop comprehensive management plans for existing national parks with respect to the IUCN (International Union for Conservation of Nature) World Commission of Protected Areas' quality and management guidelines for protected area category II, says an amendment to the draft resolution from MEP Tamás Meszerics from The Greens–European Free Alliance.

“It urges the authorities to abandon any development plans devaluating the country's protected area network and calls for the abandonment of small and large-scale hydropower construction plans inside all national parks in particular; demands to especially re-think the plans to build hydropower plants along the Vjosa river and its tributaries, since these projects would harm one of Europe's last extensive, intact and near natural river ecosystems,” the amendment adds.

Meszerics' colleague from the Greens group, Igor Šoltes, who presented the amendment during the European Parliament foreign affairs commission's hearing on Albania's resolution, underlined that the Lengarica project was the only one of the 43 projected hydro projects on Vjosa under construction.

The hydro plant poses a serious **environmental risk to the Lengarica canyon**, Balkan Investigative Reporting Network (BIRN) claimed in November. The plant is being financed by the International Finance Corporation (IFC), the commercial arm of the World Bank, and is being built by Enso Hydro of Austria through a local subsidiary - Lengarica & Energy.

## Conergy launches solar joint venture March 31



Hamburg-based downstream solar specialist Conergy announced the establishment of a company called RKT Conergy, **co-owned with the CO Group from Turkey**, aimed at expanding in that country's market.

**The joint venture** will be led by Heinz-Peter Tienken, Conergy's Vice President responsible for global engineering and service, and Utku Korkmaz, managing director of RKT, CO's project development enterprise, co-owned by Cengiz Güldamlaşı. He is also head and owner of the whole group, the press release said.

In addition to developing and acquiring projects in Turkey's unlicensed segment, a Conergy spokeswoman said the joint venture would also participate as a turnkey engineering, procurement and construction (EPC) as well as operations and maintenance (O&M) services provider in projects in the licensed segment, for which various government bidding rounds have been held in recent months, Pv-tech.org portal said. Germany's utility RWE **acquired a minority share in Conergy in March**.

## IFC leads Akuo's loan project to finance 77.5 MW wind farm April 1

French green power producer Akuo Energy said it signed a mandate letter with International Finance Corporation (IFC) to finance the erection of the 77.5 MW **Bağlar wind farm near Konya**. The mandate letter provides for IFC to lead and arrange a syndicate of other multilateral agencies or commercial banks to provide **up to EUR 100 million project finance debt**, the company stated on its website. The Bağlar RES wind farm will be composed of 24 wind turbines of 3.2 MW, provided by General Electric International

Inc., and offers a capacity of 77.5 MW. Construction will start in July and commissioning is expected in January 2017.

**“Akuo Energy's Bağlar wind farm will be composed of 24 wind turbines of 3.2 MW, provided by General Electric International Inc., and offers a capacity of 77.5 MW.”**

Eric Scotto, co-founder and president of Akuo Energy, stated that on top of Bağlar, the company has a backlog of 225 MW of wind projects in Turkey, with a mid-term target of 350 MW installed capacity. As of December 2014, Akuo Energy had invested USD 2 billion for a total capacity of 863 MW in operation, under construction or with financing underway, the press release said.

The company has two other wind projects in construction in the Balkan region: **Krnovo in Montenegro** and **Ogorje in Croatia**, according to information on Akuo's website.

## **İşbank joins EBRD's home energy efficiency programme**

**April 1**

The USD 350 million financing facility launched by the European Bank for Reconstruction and Development (EBRD) and the Clean Technology Fund (CTF) was joined by İş Bankası AŞ (İşbank), headquartered in Levent, Istanbul. The purpose of the programme is to boost investment in **energy efficiency improvements for homes**, EBRD said. The Turkey Residential Energy Efficiency Financing Facility (TuReeff) includes USD 282.5 million from the EBRD and USD 67.5 million from the CTF. The advisory services are financed by a USD 10 million grant from the European Union and the CTF.

## **Yıldız: 4 GW to be added in 2015, mostly from renewables**

**April 5**

Turkey will add 4 GW to electricity production capacity in 2015, energy minister Taner Yıldız said, adding 95 percent will be provided through local and renewable resources, Hurriyet daily reported.

The statement came after a massive power outage affected more than 76 million people in 80 out of 81 Turkish provinces for up to nine hours on March 31.

Turkey's installed capacity was 69.52 GW last year and the aim is to increase the share of **local and renewable resources to 30 percent by 2023**, Yıldız said.

## **Juwi establishes its first photovoltaic project in Turkey**

**April 16**

The German Juwi Group said **construction is underway** in the company's first project in Turkey. In the municipality of Denizli, about 200 kilometers northwest of Antalya, seven individual PV power plants have a combined capacity of 7.4 MW and are scheduled to be connected to the grid early this summer, the press release said. The engineering, procurement and construction (EPS) project was commissioned by Karine Enerji.

## **Electricity to be produced from olive waste**

**April 19**



Turkey's oil producer and marketer Marmarabirlik is set to produce 2 million kWh of electricity from 4,000 tons of olive waste every year, Daily Sabah reported. Hidamet Asa, the company chairman, says that the two-year project, funded by the Scientific and Technological Research Council of Turkey (Tübitak), is completed. According to him, treatment and energy production facilities, which have a **budget of TRY 3 million (USD 1.1 million)**, are built on a 2.5 acre area in the Marmarabirlik integrated plant. Asa also said that the plant is scheduled to be inaugurated in September.



## Investment in renewables in EU all but ceased last year

March 31

Southern Europe is still almost a no-go area for investors in energy from renewable sources because of retroactive policy changes, most recently those affecting solar farms in Italy, said a press release before the launch of the ninth annual report by United Nations Environment Programme. The document entitled **'Global Trends in Renewable Energy Investment 2015'** was prepared by Frankfurt School – UNEP Collaborating Centre for Climate & Sustainable Energy Finance, in cooperation with **Bloomberg New Energy Finance**. Renewable energy investment across the European Union almost ground to a standstill in 2014, with **less than 1% growth**, despite a strong global rebound.

“The document entitled *'Global Trends in Renewable Energy Investment 2015'* was prepared by Frankfurt School - UNEP Collaborating Centre for Climate & Sustainable Energy Finance, in cooperation with Bloomberg New Energy Finance.”

In other news, rich nations provided around five times as much in export subsidies for fossil-fuel technology as for renewable energy over a decade, according to **OECD data seen by Reuters**, EurActiv.com reported.

## Development banks adopt climate mitigation finance tracking

March 31

Several national and international development banks adopted **common norms** for tracking projects for the mitigation of climate change effects. Similar principles for tracking adaptation finance and leverage are being developed. The document was published on the Paris Climate Finance Forum. These institutions have been tracking climate finance for only a few years, and their **methods have varied**, making global public finance numbers difficult to compare. Some methods left out segments; others led to double counting of resources, the World Bank said. The principles were developed by the joint group of multilateral development banks (MDBs), including European Bank for Reconstruction and Development, European Investment Bank,

International Finance Corporation and the World Bank, and the International Development Finance Club (**IDFC**), including KfW Bankengruppe, Croatian Bank for Reconstruction and Development, Industrial Development Bank of Turkey and the Black Sea Trade and Development Bank.

## Smart grids could be Europe's shale gas

April 2

Infrastructure for balancing intermittent solar and wind energy with flexible power demand could do for Europe what shale gas has done for the United States, European Commission Vice President Maroš Šefčovič said on April 2, EurActiv.com and Reuters reported. Smart grids are crucial for EU single energy market plans as they could integrate more renewables into electricity networks, boost security of supply and help lower prices for consumers, **he told a conference of Brussels-based European grid organisations Entso-E and EDSO**. Earlier, EU climate and energy commissioner Miguel Arias Cañete said smart grids were central to the European Commission's vision of making the EU the world's number one in renewable energy and reforming European power markets.

## EBRD: Outages, inefficiency rank high in business challenges

April 4



Ebrd-beeps.com

Though some improvements have taken place, electricity issues remained the most severe obstacle for firms in Albania, the European Bank for Reconstruction and Development and the World Bank Group said in the summary of fifth Business Environment and Enterprise Performance Survey (Beeps). The report covers **countries in the transition region** of Central, Eastern and Southeastern Europe (with Turkey) and Central Asia.

The number of power outages in Albania in a typical month decreased from 32.8 in 2007 to 7.8, partly owing to increased precipitation. However, this still exceeded the Southeastern Europe average of 5.4. The percentage of annual revenue lost due to power outages decreased from 15% in 2007 to 7.7% in the latest survey, conducted in 2013.

“Electricity issues remained the most severe obstacle for firms in Albania, the European Bank for Reconstruction and Development and the World Bank Group said in the summary of fifth Business Environment and Enterprise Performance Survey (Beeps).”

Problems in the electricity sector are in the second place out of 15 categories in Kosovo, while in Macedonia, Montenegro and Turkey they are the third-biggest challenge for businesses, it was said in Beeps V. In Kosovo, small and medium enterprises placed corruption ahead of electricity issues, while electricity issues, access to finance, and crime, theft and disorder topped the list for large firms. Electricity issues were much worse in Kosovo than in most other transition countries and posed a huge problem in day-to-day business, the report said. Most of firms suffered from frequent power outages. In Beeps V, 81% – the highest share among the countries covered – experienced on average 13.6 power outages per month. Despite significant improvement, both indicators were the worst in Southeastern Europe. Firms also bore the highest losses from power outages in SEE – 11.3% of total annual revenue.

In Macedonia, electricity issues, transport and competitors' practices in the informal sector were most problematic for large firms, while young firms also complained about tax administration. Electricity issues were more pressing than access to finance for old firms, manufacturing companies and firms in the service sector, EBRD said. Analysis by the International Monetary Fund points to the inefficiency of electricity use, limited options for electricity supply and ageing generation facilities as the main challenges for the country's electricity sector. The share of revenue lost due to power cuts decreased from 11.8% to 7.5%.

Manufacturing firms in Montenegro found electricity issues to be a more binding constraint than access to finance, ranked second in general. There was a sharp increase in the percentage of firms reporting that an informal payment was expected or requested to obtain an electrical connection: from 2.7% in Beeps IV (conducted 2008–09) to 19.3% in Beeps V.

Problems in the electricity category in Turkey probably ranked high due to the 9.8% rise in electricity prices in early October 2012, in line with the by-then rising global energy costs, with the aim to help support public finances, the report said.

## Entso-E's Continental Europe grid extended to Turkey

April 16



(L to R) İbrahim Balanuye, Pierre Bornard, Metin Kilci, Juraj Nociar from the European Commission, Konstantin Staschus, Janez Kopac

The European Network of Transmission System Operators for Electricity (Entso-E) said its Continental Europe grid, one of the largest AC synchronous grids in the world, extended to Turkey and its 75 million consumers. „Electricity interconnection brings social welfare. This agreement means more electricity trade, more sharing of power reserves, more security and mutual help in emergency situations. All of this benefits the consumer,” Pierre Bornard, the organisation's chairman and deputy CEO of RTE (the French transmission system operator), said in Entso-E's headquarters in Brussels. There the final copy of the long-term agreement on synchronisation was signed with İbrahim Balanuye and Metin Kilci, representatives of Turkish transmission system operator TEİAŞ.

“The European Network of Transmission System Operators for Electricity (Entso-E) said its Continental Europe grid, one of the largest AC synchronous grids in the world, extended to Turkey and its 75 million consumers”

„Energy Union should not be a union of 28 but a union of at least 36, including our neighbours in the Energy Community,” added Jerzy Buzek, member of the European Parliament and chairman of Industry, Research and Energy (ITRE) Committee. Never before has there been such a legally binding contract on energy between a European organisation and Turkey,



stated Janez Kopač, Energy Community Secretariat director, the report said.

„If there is no interconnection, nothing can be done on integration from the political side of things or the markets. **Electricity interconnection is the foundation for integration**,“ added Konstantin Staschus, Entso-E's secretary general.

Through interconnection with Greece and Bulgaria, Turkey can import 550 MW of electricity and export 400 MW, Entso-E's website said.

## Western Balkans plans: where will all that power go?

April 22



Will there be a demand for all the available electricity if all countries in the region become an energy hub?

“The region shall have to start importing power between 2018 and 2023”

Bankwatch.org published an analysis on its website, saying the **answer had seemed to lay in Italy**, which looked like it would have difficulty in reaching its obligatory 2020 renewable energy target, but that the situation has changed.

According to available construction plans, the region shall **have to start importing power** between 2018 and 2023, the study said.

**DOWNLOAD THE STUDY**

## EU Sustainable Energy Week Policy Conference announcement

April 21



European Commission's initiative EU Sustainable Energy Week (Eusew), which **first took place in 2006**, announced its 2015 Policy Conference will be held from 15 to 19 June in Brussels. The conference attracts energy experts, policy makers, representatives of the civil society and the media, and will focus on four main events, the organizers said.

The European Commission will hold several policy sessions on topics related to secure, clean and efficient energy. Energy stakeholders have also been invited to contribute. The Sustainable Energy Awards ceremony will reward three projects in three categories: renewable energy; energy efficiency; and cities, communities and regions. Finally, an interactive exhibition and networking village will support the three-day event. A series of side events also take place around the city, from June 15 to 19.

“The European Commission will hold several policy sessions on topics related to secure, clean and efficient energy.”

Energy Days are not-for-profit events that promote secure, clean and efficient energy. They can be any kind of activity — presentations, workshops, talks shows, exhibitions, concerts, games, quizzes or displays, the organizers say. The events must take place in a country of the European Union or in an associated country. They can be organized by private companies, public authorities, energy agencies, NGOs, cooperatives, chambers of commerce, industry and consumers associations, media, educational institutions, research and technological centers or other relevant actors playing a role in the promotion of secure, clean and efficient energy, Eusew's website said.

# UPCOMING EVENTS

**May 6-8, 2015**

**RoEnergy, Renewable energy and energy efficiency conference**

Bucharest, Romania

**May 12, 2015**

**Promotion of renewable energy sources: biomass in agriculture**

Novi Sad, Serbia

**May 22-23, 2015**

**Days of geothermal energy in Vojvodina 2015**

Novi Sad, Serbia

**October 14-15, 2015**

**All energy Turkey**

Istanbul, Turkey

**November 4-5, 2015**

**RENEXPO BIH**

Sarajevo, Bosnia and Herzegovina

**November 18-20, 2015**

**RENEXPO SOUTH-EAST EUROPE**

Bucharest, Romania

**December 1-3, 2015**

**GeoPower Global Congress**

Istanbul, Turkey

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