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**Tenders:** (Electricity, Oil and gas, Mining)

### Conferences

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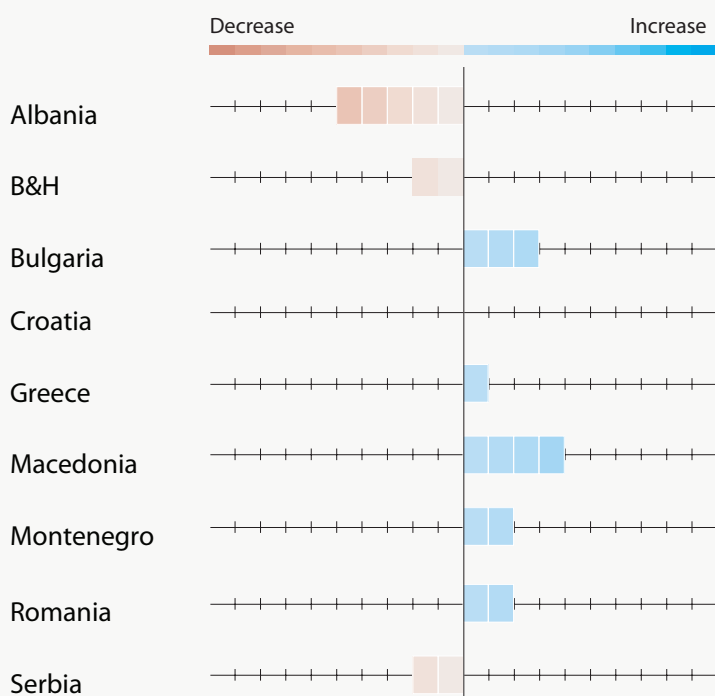
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**Forecasts:**

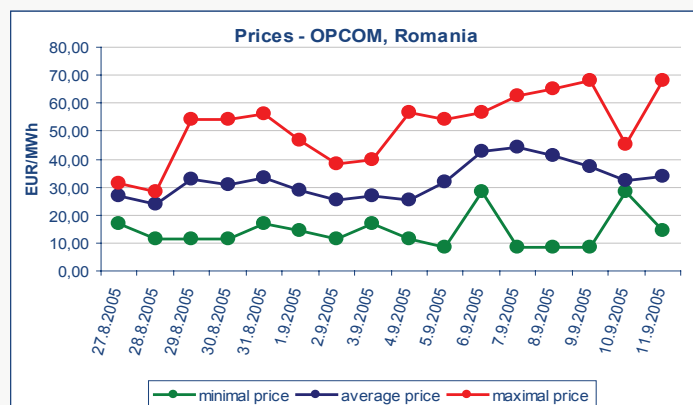
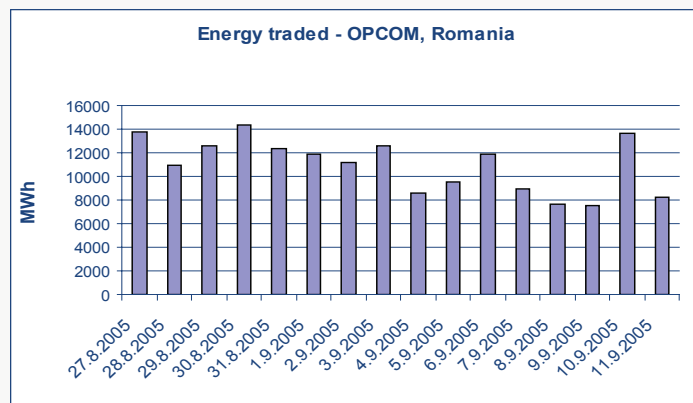
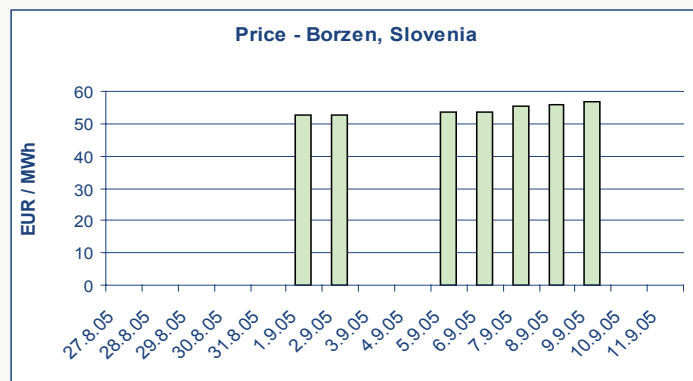
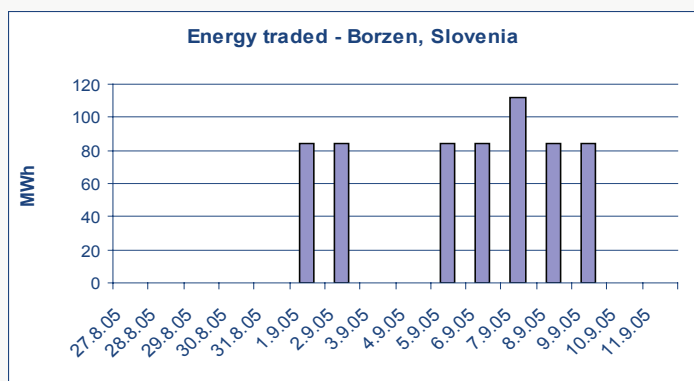
**Balkan Energy NEWS forecasts on hydrology development and general grade of hydro generation capabilities in next 15 days**



**Climatic conditions that can affect power consumption:**

Temperatures over 30 can be expected in Albania on September 11 and 12, in Greece on September 11 and 12, in Montenegro on September 11.

**Power exchanges data:**



**Analysis:**

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**Potential generation investments in SEE**

It is certain that there is a lack of new electricity generation investments Southeast Europe (SEE). Although SEE countries had very ambitious generation expansion plans, these plans are not realized mostly due to financial difficulties. Uncertainty of generation expansion plans is significant problem for SEE because this uncertainty is one of the reasons for lack of foreign investments in power sector and uncertainty of price of electric energy in SEE in future.

Lots of forecasts regarding to new generation capacities are outdated and based more on wishes than on financial capabilities of Balkan countries. For each new created forecast it is quite clear that it will not be realized according to planned schedule. Main reason for that are insufficient financial resources. New generation facilities are usually too expensive for Balkan countries so construction of new capacities is being postponed and can last more than two times longer than it has been planned in the forecast. Another problem with forecasts is lack of market based relations within electric utilities in Balkan Countries. Electricity generation forecasts and generation expansion plans are often created

with great influence of objective to satisfy forecasted demand increase. Official generation expansion plans are usually nonrealistic and represent willingness to have these generation capacities constructed. But, SEE countries are approaching to European Union and this fact can significantly change situation in power generation investments.

Anyhow, generation expansion plans contain the most attractive potential generation investments. Investors for these projects are always welcome. Potential investments in SEE countries are summarized below:

#### Albania:

In Albania there are still lots of opportunities for big and small hydro power plants because available hydro potentials are not fully utilized. Potential power generation projects are:

- HPP Skavices: **350 MW**
- HPP Bushati: **80 MW**
- HPP Bratille: **60 MW**
- HPP Banja: **60 MW**
- Gas fired plant: **200 MW**

New thermal power plants are expected to be based on imported natural gas since there are planned interregional gas pipelines through Albania. The most realistic projects are in Combined Cycle Generation and natural gas fired power plants. In any case these new capacities will be based on foreign investments and according to expectations, construction should start soon.

#### Bosnia and Herzegovina:

There are lots of potential locations for construction of big hydro power plants in Bosnia and Herzegovina: Planed potential hydro power plants with capacity over 100 MW are:

- HPP Buk Bijela: **450 MW**
- HPP Dabar: **160 MW**
- HPP Bijeli Brijeg: **274 MW**
- HPP Goražde: **144.4 MW**
- HPP Veliko Tegare: **248 MW**
- HPP Mala Dubrovica: **105 MW**
- HPP Drina I, II, III: **205 MW**

Since river Drina is a border between Bosnia and Herzegovina and Serbia and Montenegro, all installed capacity of potential HPPs on the river Drina do not belong to Bosnia and Herzegovina only.

Regarding thermal power plants, existing plans predict:

- TPP Ugljevik II: **300 MW**
- CHP plants

#### Bulgaria:

Bulgarian generation investments plans are very ambitious. They assume great increase in coal and gas fired power plants. The most important project is nuclear power plant Belene. Construction of nuclear power plant Belene started in 1980, but due to financial problems it is suspended. NPP plant Belene should be finished till 2012. Installed capacity of its first reactor will be 1000 MW. New planned power generation projects are:

- NPP Belene unit 1: **1000 MW**
- NPP Belene unit 2: **1000 MW**
- TPP Maritsa East 1: **600 MW**
- HPP Tsankov Kamak: **80 MW**
- Gas fired power plants: **600 MW**
- CHP plants: **500 MW**
- HPP Gorna Arda: **150 MW**
- HPP Sredna Vacha: **120 MW**

#### Croatia:

Majority of planned new generation capacities in Croatia are CHP gas fired. Also, replacement of an old thermal power plant is planned. Future of new gas fired power plants strongly depends on development of interregional gas transit pipelines. Potential power generation projects are:

- CHP Zagreb: **100 MWe**
- CHP Osijek: **250 MWe**
- TPP Plomin 2: **500 MW**
- HPP Lešće: **40 MW**
- HPP Podsused: **43 MW**
- HPP Drenje: **39 MW**

#### Greece:

Significant investments in generation are expected from new companies that will enter the Greek market. The majority of new plants will be gas-fired because of planned new gas pipelines from Turkey. According to plans for regional natural gas infrastructure Greece will be transit point for natural gas to Italy and SEE. In order to meet growing demand nearly 6000 MW of new capacities is necessary in next 15 years. Some planned generation capacities are:

- Two lignite fired units: **330 MW each**
- Various gas fired power plants
- Heavy oil power plants at Atherinolakkos, Lasithi and Crete.
- Wind power generation: **2000 MW**

#### Macedonia:

Planned generation capacities in Macedonia imply hydro power plants, gas fired power plants, lignite fired power plants and imported coal fired plants. Plans are very ambitious and can only be realized with foreign investments. Potential projects are:

- HPP Spilje II: **78 MW**
- HPP Boskov Most: **45 MW**
- HPP Gradec: **55 MW**
- Gas fired power plant Skopje: **174 MW**
- Gas fired power plant: **2 x 219 MW**
- Gas fired power plant: **122 MW**
- TPP Bitola unit 4: **200 MW**
- TPP using imported coal: **200 MW**

#### Montenegro:

Montenegro has significant hydro power potentials for construction of big and small hydro power plants. There are plans for construction of several new big hydro power plants with capacity between 50 MW to 600 MW each and lots of small hydro power plants, but these plans are not feasible because of insufficient funds and economical circumstances. Also one more lignite fired unit is planned in TPP Pljevlja but it is not possible to precise any certain dates about construction and completion of any new power plant. Possible projects are:

- TPP Pljevlja unit 2: **210 MW**
- HPP Kostanica: **552 MW**
- HPP Cascade: Andrijevo, Raslovići, Milunovici and Zlatica: **357 MW**
- HPP Ljutica: **224 MW**
- HPP Komarnica: **168 MW**
- HPP Podgorica: **60 MW**

#### Romania:

Romanian goal is to increase nuclear power generation. Site for future nuclear reactors is existing NPP Cernavoda. Second 800 MW reactor in NPP Cernavoda is under construction. It is planned to construct five 800 MW reactors in NPP Cernavoda. Second unit should be finished till 2010. Major generation projects in Romania include:

- NPP Cernavoda unit 2: **800 MW**
- NPP Cernavoda unit 3: **800 MW**
- NPP Cernavoda unit 4: **800 MW**
- NPP Cernavoda unit 5: **800 MW**
- CHP Bucuresti: **400 MW**
- Gas fired plants: **1000 MW**
- Small hydro power plants

#### **Serbia:**

Major investments in power generation in Serbia will be lignite fired power plants. There are very ambitious plans regarding construction of new lignite fired power plants on the Kosovo territory due to its huge lignite deposits. Possible power generation projects are:

- TPP Kolubara B: **700 MW**
- TPP Nikola Tesla B unit 3: **800 MW**
- TPP Kosovo B unit 3: **274 MW**
- TPP Kosovo B unit 4: **274 MW**
- TPP Kosovo B unit 5: **274 MW**
- TPP Kosovo B unit 6: **274 MW**
- TPP Kosovo III: **2000 MW**
- HPP Brodarevo: **51 MW**
- HPP Ribarici: **47 MW**
- HPP Lesnica: **47 MW**
- HPP Drina I, II, III: **205 MW**
- HPP Kozluk: **67.2 MW**
- HPP Veliko Tegare: **248 MW**
- HPP Mala Dubrova: **105 MW**
- Small hydro power plants

#### **News:**

#### **Indian company interested for the Nabucco Gas Project (region)**

The Indian gas company GAIL expressed its interest for the investments in the Nabucco natural gas pipeline project. According to the Financial Times, Indian company that supplies 90 % of the Indian natural gas market, is ready to invest about 5,7 billion dollars into the project. The Nabucco Co. will review the offer and it should publish the decision regarding the business proposal by the end of the year.

Nabucco Co. was recently established by the group of companies from the five participating countries including Turkey, Bulgaria, Romania, Hungary and Austria.

The main partners in the consortium are Turkey's Botas, Hatlan Ile Petrol Tasima AS, Bulgaria's "Bulgargaz", S.N.T.G.N. TRANSGAZ S.A. and MOL Natural Gas Transmission Company Ltd from Romania as well as Hungary's OMV Erdgas GmbH.

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#### **Albanian Power Corporation reannounced the international electricity purchase bid (Albania)**

Albanian Power Corporation has reannounced the International Bid for electricity purchase for the winter period. It will take place on October 12, 2005.

The quantity of energy that is required for the period of Nov. 1, 2005 - Dec.31,2005 is 395 GWh with the limit fund of 13.983.000 (thirteen million and nine hundred and eightythree thousand) euro, which is put into disposal by KESH's own fund.

The deadline for the delivery of the offers is on October 12, 2005, 12:00 o'clock. Offers which will be submitted after this deadline will be refused. They will be opened on October 12, 2005, 12:00 o'clock in KESH Headquarter.

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#### **Restructuring and privatization of KESH (Albania)**

The consulting company Lahmeyer from Germany, hired for the study of the restructuring and privatization of the Albanian energy corporation (KESH), has officially handed over the study book to the Albanian officials at the end of the August this year. The 500,000 dollars worth study was financed by the World Bank's loan.

KESH officials stated that the study's objective had been to determine the appropriate steps that KESH and Albanian government needed to carry out in order to continue the functional separation of the Production and Distribution divisions into two independent companies, and subsequently to privatize the entire electrical energy sector in Albania.

According to the actual privatization plans, Distribution Division will be privatized first and after that the Production Division. The Transmission Division of KESH will remain public property for the time being.

The study included the technical description of the Production and Distribution Divisions, functions and organizational structure of the future companies and the appropriate models of the privatization. The consulting company has also proposed the legal framework necessary for the inclusion of the future private investors in energy sector in Albania. The study presented important step forward in the privatization process, Albanian officials said. On the other hand, public debate regarding the privatization of the most significant part of Albanian economy, the energy sector, didn't start yet.

The Albanian power system with installed output of 1200 MW (mostly hydro power) should have the bookkeeping worth of about 1,2 billion dollars, having in mind that average price of installed MW is 1 million dollars for the thermal power plants and 1,3 million dollars for the hydro power plants. Nevertheless, the study from 1996th has estimated the worth of KESH at 400 million dollars.

According to the Albanian press, large world companies are interested for the privatization of production units of KESH. One of the best examples of the good influence of the private investments is the future hydro power plant (HPP) Skakavica, which was given for concession to the Italian group TGT. After the construction of the plant, the HPP Fierza, which is on the same Drini River cascade, will be able to increase its production. HPP Fierza has installed output of 500 MW, but it was never used at full scale.

Privatization of distributions, is first logic step, because it is expected that private owner will have better collection rate of the unpaid bills as well will have more effective fight with illegal connections to the network. Certain groups believe that current production is rentable and that private management could not offer much.

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#### **Future of small hydro power plants in Albania (Albania)**

According to the decision of the government of Albania, the management and the ownership of the small sized hydro power plants (HPP), with installed power lower than 2 MW, will be handed over to the local authorities.

There are about 85 of small sized HPP's with output power between 0,2 and 2 MW in Albania. In the past three year, many of these plants were in the concession process and many of the plants were already sold to concessionaires.

According to the Albanian government, all concession have high rate of return, having in mind that private companies could expect return of investment in six years period. Annual income of some of the HPP's could reach about 100,000 euros. The Ministry of industry and energy was previously in charge for the concession approval, but after the latest decision, the local authorities will provide all necessary licenses.

About 20 HPP's were sold by the Albanian government in the past. According to the analyses, about 40 out of 80 plants are considered to have high performances that could be attractive to the private investors.

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### **Future development of electricity imports of KESH (Albania)**

General manager of KESH (Albanian Energy Corporation) Mr Fatmir Hoxha, held a press conference regarding the end of the revitalization works in the hydro power plant (HPP) Vau Dejes. He announced the end of the renewal works and synchronization of unit 2 in HPP on power grid by the September 3rd and unit 4 should have been in operation few days after.

General manager has analyzed the current situation in energy sector in Albania. According to him, year 2005th was the first year when KESH didn't import considerable amounts of electrical energy, mostly due to substantial rain falls in period from March to May this year.

Tender for the import of electrical energy in Albania was announced for October 12th. Previous tender procedures, four of them, ended with failures. If hydro situation didn't improve, the government would speed up the import of electrical energy, general manager announced.

Hoxha presented current investment of the World Bank in Albania. Overall worth of three current projects is the 200 million dollars. World Bank is investing in the improvement of electrical energy imports by the establishment of the special marketing division. That division should increase the efficiency of the future energy transactions.

World Bank is closely monitoring all activities in the energy sector that it finances as well as the performance of the Government, KESH, and other related institutions.

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### **Extremely low accumulation level in HPP Fierza (Albania)**

Even tough massive rains were falling in northern Albania during the beginning of September, the water level at the hydro power plant (HPP) Fierza was still critical.

The water flow rate in the Fierza Lake wasn't improved and it was about 50 cubic meters per second, which was the lowest rate in this year. Such flow rate caused dropping of the water level by 20 to 30 centimeters a day. KESH (Albanian Energy Corporation) was operating 3 of 4 generators at that moment.

The flow rate in the Fierza Lake was 100 cubic meters a month ago. The maximum capacity of the Fierza Lake is 3,2 billion cubic meters, and the minimum operational water level is 1,2 billion cubic meters.

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### **Restoring of the oil production (Albania)**

Albanian state company for the oil production and trade, ARMO has restored the production in the oil refinery in Balsh after one month of standstill. The standstill was followed by the accusations that the state company has stopped production under pressure and influence of the private oil distributors, who wanted to eliminate the most competitive player on the oil market.

During the standstill, Albanian citizens were forced to buy fuel from private traders, which was 20 % higher than the fuel produced by ARMO. On the other hand, experts from the ARMO claim that high prices of fuel on private petrol stations (120 leks per liter for imported D2 fuel), during the holidays, have forced the citizens to buy the fuel mostly at the stations that were selling the fuel from Balsh. Increased demanded has exhausted all oil reserves of ARMO, which caused the unplanned standstill.

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### **World Bank delegation in visit (Albania)**

The representatives of the World Bank visited Albania in order to evaluate the progress regarding the reforms in energy sector financed by the loans from World Bank. Minister of Industry and Energy, Viktor Doda, welcomed representatives of the World Bank. Minister express the needs of the Albanian industry and energy sector to closer cooperation with the WB in present and future. WB and Minister were discussing several important aspects of Albanian energy sector and some of them were technical performing and operation of Albanian Power Corporation - KESH, progress in restructuring and privatization of KESH, TEC from Valona, and also about several programs in energy sector. WB pointed out the necessity to keep going with the reforms of the industry and energy sectors.

The World Bank has invested about 95 million euros for the revitalization of the power network and development of Albanian energy market that should become the part of integrated electricity market of European Union.

Albania had a history of black outs and power cuts mostly due to lack of adequate management of the power facilities and over aged equipment. Albanian transmission power system is made of 220 kV and 110 kV lines, with only one 400 kV line and 95 % of produced electrical energy comes from hydro power plants, which are highly dependent from annual hydrology.

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### **Increase in oil import (Albania)**

Albanian import of oil and oil derivatives have considerably increased during the August, despite the record prices.

According to the statistic data of Albanian custom service, about 180,000 tons of oil and oil derivatives was imported in the period from January to August this year, which is 20 % higher comparing to the same period last year. In 2004th, 147,000 tons of oil was imported.

The oil import in August presented 19 % of overall import in this year. According to the data given by the importing companies, price of D2 oil was 550 dollars per ton, and D1 and euro diesel price was 600 dollars per ton. Some of the companies have paid 53 lek per liter of euro diesel. According to those figures, Albanian oil import reached 8,2 billion lek.

The biggest part of the import was realized in customs in Durrës and the rest in Lezha and Gjirokastra. The majority of oil import in Albania was transported by sea, and the most important partners are countries of the former Soviet Union and Greece.

One Albanian company has been importing oil from Croatia, but the business arrangement was terminated year ago.

Officials from Albanian Rira Oil Company said they have imported 10,000 tons of euro diesel in August this year, with overall import of 29,000 tons of oil and oil derivatives.

One of the main reasons for the high oil import was the standstill in ARMO's (Albanian state oil company) refinery in Ballsh. According to the refinery's officials, production was interrupted due to maintenance works. Second reason for high oil demand was the holiday season.

The prices of imported oil were generally much higher than prices of oil that would be delivered by ARMO. The lack of domestic, cheaper, oil derivatives mostly affected the agriculture and fishing industry in Albania.

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### **Inspection in petrol stations (Albania)**

State Inspectorate of Oil and Gas has closed two petrol stations in Tirana due to inadequate quality of fuel and unjustified prices and the owners of the stations have lost trading licenses. The Inspectorate didn't want to make public the name of the retail companies for the sake of the further investigation. In the same time, 17 others petrol stations have become the subjects of inspection.

It has been noticed that some companies sell D1 oil and D2 oil as euro diesel, the head of Inspectorate said. Even though some companies were forced to pay high fines, the quality of the fuel was very low according to the Inspectorate. It was found that percentage of sulfur in oil was 2 %, but the fines for this offense were rather benign.

Some importing companies have accused the Inspectorate of not doing his duty in proper manner by tolerating the sale of not genuine oil. They wanted that Inspectorate make public the names of those companies for the sake of the customers in Albania.

President of Rira Oil said that his company imported the biggest amount of declared euro diesel and D1 type of oil in Albania. He also accused some companies for the trading of the D2 oil for euro diesel and mixing of imported oil with oil from refinery in Ballsh, in contrary to his company, which maintains high quality of imported oil.

According to him, Albania was one of the few countries where large amounts of D2 oil were sold due to its lower price.

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### **Licensed activity of the ISO (TSO) BiH (Bosnia and Herzegovina)**

The State Electricity Regulatory Commission (SERC) made a public announcement regarding its session held on August 30, 2005 in Tuzla, informing public that the SERC issued temporary license to the "Independent System Operator in Bosnia and Herzegovina" (or TSO), Sarajevo. This is the first license issued by the SERC through direct implementation of its rules and regulations, in an open and transparent procedure, which enabled the public to participate, announced SERC. According to SERC, after establishment of the ISO and licensing its activities, no power, or any other company has jurisdictions or authorities to operate the power system in BiH. The SERC hopes that the significant progress in establishment and functioning of the Independent System Operator shall become an incentive for considerably slowed down process of formation of the single company for transmission of electric power in BiH, which is one of the preconditions for functional establishment and development of domestic electricity market as well as its integration into regional and European energy markets.

Further, Balkan Energy News is finding from its sources that international electricity traders could apply for the licenses for internal electricity market

of BiH, without needs for establishment of the legal body at the territory of BiH. For further information SERC would be best place to try.

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### **The new partner for the refinery (Bosnia and Herzegovina)**

Government of the Republic of Srpska (RS) has reached the decision on the preparation of the tender documentation for the establishment of the Joint Company, between the Oil refinery in Brod and foreign investor.

Minister of industry of RS said that proposal for the joint company would be offered to the British company Vitol. British company has delivered crude oil to the refinery for year and a half.

If Vitol wasn't interested for the cooperation, government would initiate talks with other foreign companies, minister said.

The cooperation between Vitol and refinery came in crisis, after the British have informed government of RS and the management of the refinery that they have no further interest for the cooperation. Vitol has justified the break up by the high losses during the refinement process of the crude oil, and they have requested 2 million dollars of compensation from the government. Due to disputes, refinery was out of operation for more than a month, after the Vitol has cancelled the delivery of 85,000 tons of crude oil.

On the other hand, government have claimed that contract on service refinement didn't allow refinery to make profit. The contract has predicted low prices for the refinement as well as the clause which predicted that British company had to be the exclusive supplier of the crude oil. According to the minister, the refinery suffered damage because of that clause in the contract.

Government has considered the demands of the workers after the latest development. The 1,500 employees have organized protest at the refinery's premises, demanding the payment of 12 salaries and restoring the production.

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### **Production of synthetic diesel in Livno field (Bosnia and Herzegovina)**

20 years old idea for the production of synthetic diesel from the lignite, which was announced for the beginning of the September, has got the approval from the local authorities of the Livno Municipality (Western Herzegovina).

Worth of the project is 60 to 70 million dollars, and 200 workers should process 400,000 tons of lignite per year. The concession will be given on 30 years. Livno Municipality should have 30 % of shares and Croatian company Intoo d.o.o. Zagreb should have 70 % of shares in the new formed company INTEZA, in charge for the project.

Intoo company, as a provider of technology, and INTEZA, as a user of technology, have obliged to respect all legal acts of Bosnia and Herzegovina, as well as environmental and health EU standards.

The local officials have authorized its commissioner to sign the contract which predicts that Municipality would not participate in the financing of the project and that Municipality could cancel the contract in case of any violation. Also, according to the contract, Municipality should appoint the chairman and one member of the Supervision board. Intoo company should give 21 million of deposit in case of renouncing the project. Intoo should also provide all necessary funds for the conduction of the project.

Many of local officials believed that those terms would be unacceptable to the Intoo company.

On the other hand, some local officials have said that, according to their sources, such kind of technology on the basis of lignite didn't exist in the World. According to them, synthetic diesel could be produced from industrial waste, which wouldn't be acceptable for Municipality.

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### **Energoinvest will sign the contract in Algeria (Bosnia and Herzegovina)**

In the competition amongst well known world's companies, Joint stock company Energoinvest from Sarajevo has won the right to sign the 22,8 million dollars worth contract in Algeria. Five companies from Spain, Italy India and BiH, which have fulfilled all technical requirements, took part on the international public tender. Energoinvest was invited to the tender, where the company took the first place.

The Energoinvest power line's engineering department will be in charge for the designing, delivering the equipment and the construction of the 400 kV power lines in Algeria.

The project will be realized by the Energoinvest and its subsidiary in Algeria, Energoinvest Algeria.

30 experts from the company will be involved in the project. It is expected that contract will be signed in the next period, and the deadline for the construction is 15 months.

§ § §

### **GSD Agroprodukt GMBH invests in bio-diesel refinery (Bosnia and Herzegovina)**

The German company GSD Agroprodukt GMBH plans to invest 80 % of necessary funds for the construction of the bio-diesel refinery in town Samac in Bosnia and Herzegovina. Domestic company Hit produkt should invest the rest of 20 % of funds and the refinery should be built by May 2006th.

The new company, in charge for the project, Bio-diesel BiH Ltd will be registered in Samac by September 30th this year.

2,5 million euros worth facility will have capacity for the production of 10,000 tons of fuel a year with planned extension to 30,000 tons in 2008th.

Director of Hit produkt said the German partners had its own bio-diesel production facilities and great experience in this line of business and technology. The experts from Agricultural institute in Banja Luka should organize the production of rape oil, where rape seed, plant protection means, aerial treatment of larger surfaces and artificial fertilizers will be offered to the individual producers.

According to the director of Hit produkt, all future amounts of produced rape oil had been already sold in EU until 2020th, having in mind the bio-diesel needs in EU and necessary amount of rape oil for its production. Current price for bio-diesel fuel on World markets is about 450 dollars per ton.

§ § §

### **Power plants demand increase of tariffs (Bulgaria)**

According to the Bulgaria's energy regulator, all domestic power producers have demanded increase in tariffs by 1 to 7 % starting October this year. The proposal should be considered by the responsible bodies. It is expected that regulator might allow the price increase for the power plants Varna and in Bobov Dol which are currently in the privatization procedure.

§ § §

### **30 million euro loan for energy efficiency (Bulgaria)**

EBRD has given additional 10 million euros each to the DSK Bank and Raiffeisenbank in Bulgaria and 5 million euros each to United Bulgarian Bank and Postbank for the purpose of the energy efficiency loans.

The loans will be available to the household willing to invest in the thermal refitting of their flats and houses. Bulgaria's Energy Efficiency Agency estimated the number of prefabricated apartment buildings at 19,000., while about 2,2 million Bulgarians live in those kind of buildings.

§ § §

### **New market participants at Bulgarian internal electricity market (Bulgaria)**

According to latest published list of market participants by NEK, available to Balkan Energy News, there were introduced three new market participants at the internal electricity market in August and September 2005. New market participants granted with the licenses are: "CEZ Trade Bulgaria" EAD with the license for electricity trading, "Olovno-Cink Kompleks" AD (Plumbium -Zinc Complex) and "Celopec Mining" AD with the licensees of eligible customers.

For the moment the status of the CEZ trade is "registered" but it is not yet "active", in comparison to the status of the trading company "EFT Bulgaria" which provided the license during the May 2005 and has status of "active". The EFT group is one of the most successful electricity trading companies active in the region of Southeast Europe, with the ambitious to keep the leading position, where their future position at Bulgarian internal electricity market would be of big importance in order to stay on top. Facing the competition from the side of new market participants such as CEZ trade would make the target more difficult to achieve. Hopefully, the biggest beneficiary of the existing competition at internal market would be a consumer in Bulgaria and electricity market itself.

The latest eligible consumers registered in September 2005 already got status "active".

§ § §

### **Brikel company and NETC reach agreement regarding the Maritsa Iztok (Bulgaria)**

The National Electricity Transmission Company (NETC) and Brikel AD, the briquette factory from Galabovo, have agreed on the preliminary agreement for the purchase of the Brikel-owned replacement capacity on the site of the thermal power plant (TPP)

Maritsa Iztok 1. The preliminary sale contract would have been signed by the end of September, Brikel executive director Kancho Filipov said. The price at which NETC will buy the capacity was not published.

The aforementioned agreement was the one of the requirements of the American company AES which intends to build new 640 MW capacity at the TPP.

The project is supported by the Calyon, ING, BNP Paribas, EBRD with 850 million euros loan.

The project was at standstill for four years, and energy minister Roumen Ovcharov said that the construction works would have started next year. Two units should be delivered in 36 and 42 months respectively and it will be built by the French company Alstom, with Turkey's GAMA as subcontractor.

§ § §

**Unit 6 in Kozloduy disconnected from power grid (Bulgaria)**

Unit 6 in nuclear power plant ( NPP) Kozloduy was disconnected from power grid due to planned maintenance works on august 27th, press office of the NPP said.

The shut done was performed in the coordination with the Central Dispatch Centre.

The maintenance works will include refueling of the NPP and it supposed to be finished by the end of November. The maintenance should improve the security of the main equipment.

The units 3 and 5 were operating in accordance to the plans, and unit 4 was in the phase of putting in operation after successfully finished repair works.

§ § §

**Third delay of the sale procedure of the power plants in Varna and Rousse (Bulgaria)**

The Bulgarian Privatization Agency (PA) has reached the decision about the 30-days extension of the deadline for the sale of thermal power plants (TPP) in Varna (1260 MW) and Rousse (400 MW) to Russian state power company RAO EES due to unresolved legal problems.

This was the third delay of the deadline regarding the signing of the contract.

The Russian company has recently pulled back the request to the Bulgarian regulator regarding the increase of the rate of the return from 12 % to 18 %, which was the reason for the first delay in sale process. The Russians have also wanted to change the future obligations concerning the reserve capacity mechanism (RCM) charge that must be paid by the National Electricity Transmission Company (NETC).

The NETC was ready to pay temporarily higher RCM charge to the TPP Varna, due to possible 8 million levs of loss because of the increased coal prices. The new owner of the TPP Varna will be obliged to sign 5-year contract regarding RCM services for 3 units of the plant.

As a reminder, Commission for the Protection of Competition decided to allow to the RAO EES to purchase only one of the abovementioned plants in order to prevent possible monopoly in Bulgarian energy sector. The PA has filed the appeal to the court regarding this decision.

RAO EES has won on both tenders for sale of the both TPP's , leaving far behind the offers from CEZ, which was second ranked on both tenders.

§ § §

**EVN and CEZ achieved high sales and incomes (Bulgaria)**

Almost at the same time, two large power companies, EVN and CEZ, have published the business results for the previous periods, which were strongly related with their activities in the Bulgarian energy market.

Austrian electrical energy and gas distributor EVN AG has published the business results for the last nine-month period ending with June this year.

EVN AG achieved the high level of sales and incomes in large part because of the first -time consolidation of EVN AG's Bulgarian subsidiaries, distribution companies ERP Plovdiv and ERP Stara Zagora that occur in the beginning of this year.

Net profit increased from 139,4 million euros to 184,9 in the last nine-month period, and EBIT (Earnings before interest and tax) increased 15 %, from 161,8 million euros to 186,4 million. The EVN AG's sales increased by 30%, i.e. 1,21 billion euros comparing to the 931,2 million in the previous period.

It is expected that Czech CEZ will have reported a first-half consolidated net profit of 423,6 million dollars, according to Reuters.

It will be the company's the first report for the Bulgarian subsidiaries. CEZ, the largest power utility in Eastern Europe and Europe's second-largest power exporter, owns the power distribution companies based in the capital Sofia, the Sofia area and the North Bulgarian town of Pleven.

§ § §

**Siemens hires new suppliers (Bulgaria)**

German Siemens planed to organize the second contest for the suppliers in Bulgaria before end of this year, the chairman of the Bulgarian National Chamber of Electrical Engineering Rumen Atanasov said. He will be responsible for the coordination of the competition.

It is expected that detailed necessary conditions for the future suppliers will be published in next couple of weeks. The last competition, held in June, gathered about 80 companies from Bulgaria.

Possible suppliers will be divided into general and industry specific groups, and Siemens is looking for the partners in power generation, transmission and distribution, automation, including automotive parts, lighting equipment, transportation systems, drivers and motors and power.

The main demands from Siemens will be the ISO quality management certificate and foreign language skillful employees. The desirable, but not the decisive qualification, will be the annual turnover of at least 3-4 million euros.

§ § §

**Wind generators in Varna (Bulgaria)**

The regional environment and water administration in city of Varna and the export council of the environment ministry have given the approval to the wind generator projects, proposed by the companies Universum Energy, Inos 1 and Vertical Petkov&cie.

Universum. Energy and Inos 1 should get the authorization for the use of the public land for their projects. On the other hand, Vertical is the owner of the land sites where wind farms will be placed.

The wind farm, that should be constructed by the Universum Energy, a Bulgarian-German joint venture, will have the size of 130 ha in the Kavarna area.

§ § §

**Overgas invests in gasification of Varna (Bulgaria)**

Bulgarian gas supplier Overgas Inc., 50%-owned by Russia's Gazprom, announced the beginning of the project for gasification of city of Varna. The project will be financed by the profit earned from the sales of the carbon credits to the Netherlands. Carbon credits are certificates issued to countries that reduce their emission of GHG (greenhouse gases) which cause global warming. The concept of carbon credits was established by the Kyoto Protocol.

Overgas was the winner on the tender organized by the Dutch government for the delivery of 300,000 units (one unit equals one ton of carbon dioxide)

of reduced greenhouse gas (GHG) emissions in period from 2008th until 2012th.

The company should invest 27 million euros in the gasification project. The gas network will be enlarged from 68 km to 268 km, and 22,000 new households and 360 industrial customers will be connected to gas network. It was estimated that the project will reduce annual coal consumption in the city by 7,000 tons.

In this moment, Overgas, supplies 100 households and 10 industrial consumers in Varna.

Varnagas, local subsidiary of Overgas, expects sales of about 47 million cubic meters of gas by 2012th.

Overgas won on two previous Emission Reduction Units Public Tenders organized by the Dutch government.

The company signed the contract for the sale of 350,000 units for the gasification of the towns of Veliko Tarnovo, Gorna Oryahovitsa and Lyaskovets. Incomes from the sale of 500,000 units on another tender will be invested in the gasification of Sofia. Until now, 148 km of gas network is already constructed in Bulgarian capital city.

§ § §

### **Energy efficiency chamber established (Bulgaria)**

The 15 Bulgarian companies, officially selected as the energy efficiency appraisers, have established the chamber in order to prevent any kind of market monopoly and to avoid unfair competition in this area, officials from Energy Efficiency Agency said.

Bulgarian Efficiency law predicts that all public buildings, with base size larger than 1,000 square meters, and producers of goods or providers of services, with power consumption higher than 3,000 MWh are obliged to calculate their energy performance.

§ § §

### **Mining industry results (Bulgaria)**

Mining industry in Bulgaria will achieve 1,5 billion leva worth sales in 2005th, comparing to the 1,3 billion in 2004th, the Bulgarian Mining Chamber predicted.

600 million dollars worth of exports are estimated in 2005th, higher than 455,1 million dollars in previous year.

The chamber assembles 197 companies of Bulgarian mining industry that currently employs about 30,335 workers, which is the 10,000 workers less than four years ago.

§ § §

### **Wind generator's farm in Pleven (Bulgaria)**

Niki 3M, Spetskomfort, Politehniks and Vali, the companies from Pleven, have filed the request for the purchase of the land in the Gulyantsi municipality in order to start the construction of wind generator's farm.

The most suitable locations should be near the village of Somovit, in the Pleven region.

Aforementioned companies have established Middle Danube joint venture for the purpose of the project, with open invitation for other interested parties.

The study of the wind currents has shown the good potentials for the production of electrical energy.

§ § §

### **Overgas Inc. applied for gas distribution license (Bulgaria)**

Overgas Inc., the Bulgarian gas company, has applied for the license for the construction of gas distribution network in the city of Haskovo.

The State Energy and Water Regulatory Commission (SEWRC) has previously decided to put an hold all activities regarding the gas licenses in Trakia region, which includes Haskovo, due to lawsuit on gasification licenses.

The company Gazosnabdyavane Haskovo AD was originally granted the gasification license for Haskovo, but the license was revoked by SEWRC when the construction of gas network didn't start one year after the license issuing.

The Haskovo municipality was excluded from gasification license of Trakia region, where gasification license was granted to Italian Gruppo Societa Gas Rimini after tender procedure.

The Italians have requested that Haskovo needed to be included in Trakia region, but SEWRC doesn't approve such demand.

Overgas Inc company also appealed to court regarding the zoning of Bulgaria's gas distribution regions.

§ § §

### **HEP applies new prices of electrical energy (Croatia)**

Croatian power utility (HEP) has started to apply new prices for the electrical energy since September 1st. The average power bills for the households with the two-tariff meters will be 10 kuna higher, HEP officials have calculated.

According to the same calculations, Croatian household spends 3200 KWh in average per year.

HEP decided not to read the electrical energy meters, but to invite citizens to send their electrical energy consumption, until the end of August, along with their code number, by mail, personally or by calling the reserved phone numbers in period from September 1st until September 10th.

The reason for such decision is the expected cost between 5 and 6 million kuna for the extra meter reading. Electrical energy for the customers, who send their bills by themselves, will be charged at old prices. For the others, HEP will apply its standard system of estimation of the consumption and it will determine the monthly payment on account.

§ § §

### **HEP's employees accused the officials for the nepotism (Croatia)**

Management of the Croatian power utility (HEP) didn't have any kind of the contacts with the labor unions and all reached decisions in the company came without any consultations with the unions, union leader in HEP said to the press.

He also accused the management of hiring the close relatives and friends, in situation where business activities have been reduced.

According to the unions, the salaries increased only by 2,7 % in last 20 months, two annexes of the collective employee's agreement were rejected, while, in the same time, company achieved excellent business results.

Officials of HEP said that new price increase of electrical energy was in service of future privatization of the company, but majority of the workers are against speed in privatization. Unions have declared against partial sales of the power system to the foreign investors.

§ § §

### **Commission for the biodiesel project appointed (Croatia)**

Croatian government appointed the commission for the monitoring of the project "Introduction of biodiesel fuel in Republic of Croatia" at its latest session. The commission members came from the ministries of agriculture, forestry and water management, ministry of science, education and sports, ministry of the economy, labor and entrepreneurship, ministry of environmental protection, physical planning and Construction and from State Inspectorate and Croatian Customs Service.

§ § §

### **Controversy on privatization advisor of INA (Croatia)**

A competition for the advisor for the second phase of the privatization of Croatian Oil Industry (INA) caused a lot of comments and controversies in Croatian public opinion.

The chairman of the Transparency international (TI) claimed that tender was not free and obvious, yet some investment banks were selected in accordance to some, unexplained criteria. He believed that there were more regional and World banks suitable to be privatization advisors.

Chairman said that public opinion had to be aware of those criteria, having in mind significance and influence of the privatization advisors. Chairman suggested that all candidates for the financial advisors should present their initial strategy as well as the remuneration they would require. Croatian press media brought the information regarding the strong lobbying, which additionally implied on the ambiguous nature of the tender, chairman said. He accused the Croatian government for the lack of the clear goals, except for the growth of the state budget.

The idea for the IPO (Initial Public Offering, the first time a company offers shares of stock to the public) was generally good, but the state should make clear decisions, chairman said. He believes that it would be better to offer the INA's shares to the Croatian citizens and pension funds.

The most expensive, American model of IPO would cost the most, having in mind the remuneration that had to be paid to the advisors. In that case the majority of the profit would go to the advisors and new owners, TI's chairman said.

American model implies the advisor's fee of 6-7% of overall financial transaction as well as the free decision of the underwriter (bank that guarantees the purchase) to whom the shares would be sold.

Those terms would be acceptable to the companies that didn't have access to the biggest investments banks, while INA and MOL were respectable world companies, chairman stressed.

§ § §

### **Reduction of heat losses (Croatia)**

Croatian power utility (HEP) will invest 29 million euros for the replacement of the regional heating pipelines in cities of Zagreb and Osijek. That should provide considerable reduction in heat losses during the transportation of hot water. The majority of necessary funds will be provided by 24 million euros worth loan given by the World Bank, while the rest of the 5 millions

will be provided by HEP, the manager of HEP subsidiary in charge for the heating, HEP Toplinarstvo, said.

The Croatian authorities and World Bank have negotiated on the loan for even 5 years. In mid September, experts from the World Bank will come to Zagreb to prepare the contracts, the signing of which is expected in the beginning of 2006th. HEP Toplinarstvo will have finished the feasibility study regarding the project by September 15th, which should point out financial savings due to investments.

Officials from HEP expect that construction works will start by the end of this year. The replacement wouldn't affect regular supply of customers, officials said. The works will be carried out during the night and warmer parts of the day and hot water supply will be secured from two sides if possible. About 40 km of 30 to 40 years old regional heating pipelines (with diameter bigger than 300 mm) will be replaced. The most of the pipelines have exceeded their designed operational life time.

Similar situation is in Osijek too, where 10 km of pipelines will be replaced. Due to over aged pipelines, HEP has suffered 10% of heat losses during the transport of hot water.

The placement of new heating pipelines would reduce the heat losses to the average loss value in rest of the Europe- 6%, officials said. In the same time the quality of supply and safety will be improved. The loss reduction will result in significant financial savings, which will be used for the loan payments in the 5 to 10 years, after the grace period of 4 years. It is expected that heating price could be reduced due to aforementioned savings.

Even bigger heat losses of 16% HEP suffers at the steam pipelines, due to reduction in industrial consumption. Because of that, the capacity of the steam pipelines became too big for the current steam deliveries. The steam pipelines are not included in the project and HEP will need to find a way to resolve those losses by itself.

§ § §

### **Oil and Gas Company demanded increases in gas prices (Croatia)**

Croatian Oil and Gas Company (INA) will demand from Croatian government and the Croatian energy regulatory agency (HERA) to approve 16 to 20% increase in gas prices, paid by the distribution gas companies, from November 1st, sources from INA said.

INA announced increase in the purchase prices in the middle of the year, but it didn't get the government's and HERA's approval. If this approval was received, the household's gas prices could increase by 7 to 8%. According to the experts, purchase price represents 40 to 50% of distributors' expenses.

The main reason for the price increase is the constant growth of the gas prices in Russia. INA imports about 40% of its needs from Russia and, in the last year, price of the Russian gas increased by 20%. Also, INA was forced to carry out the emergency import of 130 million cubic meters from European markets, at 10% higher prices than in Russia. In this year, the import from Russia will be decreased by the aforementioned amount due to renewal works of the gas pipelines in Ukraine and Slovakia.

According to the reliable sources, Croatian government will either accept the price increase of only 5% or it will reject any kind of increase in order to avoid negative social impact to citizens.

§ § §

### **INA signed the gas delivery contract in Syria (Croatia)**

Croatian oil industry (INA) has signed the long term contract regarding the delivery of the gas to the Syrian national oil and gas company.

The contract was confirmed, besides the signatures of representatives of INA and Syrian company, by the signature of Syrian oil minister.

The signing of the contract had marked the start of the joint venture of the INA and Syrian Petroleum Company and Syrian Gas Company on the exploitation of gas and oil fields at Hayan concession in Syria, INA's officials said.

In the same time, a special gas station will be built 50 km northwest from Syrian town Palmyra. The station should provide the production of 3 million cubic meters of gas a day.

§ § §

### **Submission of bids for the privatization advisor of INA (Croatia)**

The bids submission for government's advisor in the second phase of the privatization of Croatian oil company (INA) has officially finished.

The large world investment banks have sent their bids for the consulting, preparation and guidance of the second phase of privatization process.

The first phase of the privatization was the finding of the strategic partner that wanted to purchase 25 % of shares and that was Hungarian MOL.

In the second phase government wants to sell 15 % of shares to all interested investors except MOL, at least in the beginning. The determination of the time schedule for the emission of shares on the stock exchange will be one of the main tasks for the advisors.

According to the tender terms, foreign banks were obliged to find domestic partners, which has been done by all the banks and they have already formed consortiums.

Six consortiums have submitted the bids.

Swiss bank UBS has formed consortium with Erste bank and Croatian post bank.

Second consortium is led by the HSBC bank, with the participation of Bank of Zagreb and Interkapital. Third offer came from Credit Suisse, along with Hypo Bank and Auctor.

The I American city Bank, together with the investment house CAIB, has submitted its bid.

The fifth consortium is formed by Raiffeisen Bank and Marill Lynch. The sixth consortium was originally established by PBZ, Deutsche Bank and Stanley Morgan.

Stanley Morgan has revoked its offer due to conflict of interests, having in mind that company represented MOL in the first phase of privatization of INA.

The Croatian government has great expectations, knowing that this kind of business transactions could gain high profits and the advisor should get 3 % to 5 % of overall amount of transaction.

MOL has paid 505 million dollars for 25 % of INA's shares, so it is expected that additional 15 % of shares will worth at least 350 million dollars, and certainly even more because it could open the prospects for the acquisition of the majority stake in INA.

According to the estimations, the advisors could earn up to 20 million dollars in this business arrangement.

§ § §

### **PPC want to cooperate with foreign companies (Greece)**

Power Public Company (PPC) considered the several plans for the cooperation with the foreign partners, chief executive officer (CEO) Mr. Maniatakis said. According to the announced strategy, PPC is looking forward to cooperation in generation, mining and distribution business.

PPC intends to exercise the 30 % shares option in Public Gas Corporation (DEPA) and also wants to reconsider the management of its real estate property.

CEO announced PPC's intention to acquire 49 % share of the distribution company in accordance to the legal framework. The DEPA representatives weren't satisfied with the option that PPC could acquire 30 % of the company.

§ § §

### **Crises in PPC should be resolved (Greece)**

Development minister Dimitris Sioufas tried to resolve the tensions between members of board of Public Power Corporation (PPC) and its president Yiannis Paliokrassas, by giving the maximum support to all of them.

The minister's statement was given day after the disagreements on the board meeting of PPC. The members of board have approved five senior appointments despite the Paliokrassas's demand for delay until the next meeting.

According to the sources, president was unhappy with the reelection of the chief financial officer Grigoris Anastasiadis, who should be appointed for five more years.

The rumors say that minister would like Paliokrassas to resign.

§ § §

### **Incentives for the renewable energy projects (Greece)**

Greek Development Ministry announced further incentives and increase of funds for the private investments on renewable energy sources.

Total funds should reach 363 million euros; 136 millions should be provided by the Greek government and private investors will participate with 15 %, instead of originally planned 30 % contribution.

Interested investors should submit their energy investments plans by October 31st this year and worth of the projects will vary between 44,000 to 44 million euros. Investors will get between 30 to 50 % of necessary funds, depending of the specific nature, significance and the technology of the projects.

Minister Dimitris Sioufas said that government wished to confirm again its commitment regarding the promotion of the usage of the natural gas and renewable energy sources in energy balance and policies for saving energy in Greece.

§ § §

### **Motor Oil Hellas' net profit dropped (Greece)**

Greek oil company Motor Oil Hellas has achieved decrease of net profit by 31,6 % despite the increase in sales by 25,8% up to 650 million euros, in the second quarter of this year.

According to the Marfin Analysis, the maintenance works in the production facility, in the first three weeks of second quarter, along with the weak euro versus the dollar in the second quarter, had affected the refining business, despite the positive business climate for the oil companies in the second quarter of this year.

Brokers consider the second quarter for the Motor Oil as a transitional and not representative. According to them, the company should gain profit after the refinery's upgrade in the second half of the year.

Motor Oil's earnings before interest, tax, depreciation and amortization (EBITDA) dropped by 29 % to 41,85 million euros, according to the balance sheet of the company published at the end of August. In the first half of the year, the net profit dropped by 8,8 % to 51.7 million euros, with EBITDA down by 5,4 % at 90,5 million euros. The sales in the same period were increased by 29.3 % to 1.3 billion euros.

§ § §

### **Privatization of the power utility continues (Macedonia)**

Macedonian power plants will stay in the state's ownership, and only distribution companies and unprofitable thermal power plant (TPP) Negotino will be sold.

The ESM was divided into Distribution division, production division called Macedonian power plants (ELEM) and joint stock company TPP Negotino.

Government has officially decided to reorganize the Power utility (ESM) and to sold two divisions. By that decision, the government has abandoned the first considered privatization model, i.e. privatization of ESM as one entity.

It was claimed before that first model was the best, having in mind the small size of Macedonian power system. After the pressure from some experts and, more important, the international advisors, the government has changed its plans.

Some sources said that TPP Bitola, the largest domestic producers, should be sold in the same package with the TPP Negotino. The large Russian company is interested for the revitalization and the modification of the TPP, i.e. altering of the engine fuel from coal to gas. The officials said that government didn't exclude this option.

Minister of economy said that government wanted to finish privatization process in most transparent way, in accordance to the previous privatization processes in Macedonia, with the benevolent recommendations and experts' opinions from domestic and foreign subjects. According to the minister, the rest of the production facilities should be privatized in the near future in accordance to the deadlines defined by the international consulting company Meinl Bank, hired by Macedonian government. Another phase of the privatization process, predicted by the law for restructuring of ESM, was finished, minister said.

Parallel to the privatization, the newly formed companies have intensified their activities regarding the determination of the new prices of electrical energy in Macedonia.

The costs for the production, transmission and the distribution of the electrical energy should be determined, the ESM officials added. ESM should submit the request for the new, increased, prices of the electrical energy to the Energy Regulatory Commission by the end of the September.

The privatization of distribution division and TPP Negotino should be finished until beginning of 2006th. The majority stock in the distribution division will be offered for sale and it was decided that TPP Negotino will be sold to the investor willing to invest funds in the gasification of the plant (currently uses fuel oil).

Minister reminded that Macedonia should sign the agreement on energy community in the South Eastern Europe.

Besides MEPSO (transmission system operator), which was formed last year as the independent company in charge for the transmission of electrical energy, government has established Joint stock company ESM in charge for the distribution of electrical energy, management of distribution system and small distribution hydro power plants.

The current relationship between three subjects implies that ELEM will sell overall production to the MEPSO in accordance to the agreements that should be approved by the Energy Regulatory Commission. MEPSO will make the balance between offers and demands for electrical energy and it will be obliged to supply industrial consumers, and the part of energy will be sold to ESM that will supply household's customers.

According to the selected model of electrical energy market, Macedonia will have hybrid model with the elements of the single-buyer model and with allowed competition in the wholesale market, but with the protection mechanism for the retail customers.

New model of the market will lead to the horizontal restructuring, i.e. the competition between ELEM and the future production companies, and the customers will be allowed to choose their power supplier. The model should provide the high quality services and the favorable price of the electrical energy.

Due to natural monopoly, government will keep the transmission system in the state ownership, but with the regulation acts that are going to provide open access to the grid to all interested subjects.

Transformation of the energy sector in Macedonia was in accordance to the same processes that were carrying out in EU, defined by the Directives from 1996th and 2003rd, ESM officials said.

Meinl Bank would soon organize a marketing campaign for the all interested investors in energy sector in Macedonia, minister of economy said. It is expected that pre-qualifying international tender, for the eligible bidders for the purchase of the distribution division, will be held before the sale tender.

Committee for the privatization of the ESM has discussed on the sale model of the distribution division. The first option is to privatize 65 % of the company, and the second option predicts privatization of the 90 % of the distribution division. Committee will send all proposals to the government.

The large energy companies from the World seems to have lost their interest for the privatization of ESM, especially after the Macedonian governments decided not to sell the company as one entity.

According to the Macedonian press, few smaller European companies are interested for the purchase of the distribution division of ESM.

Macedonian experts warned not to sell the hydro power plants, because there was large possibility that fees for the water concession rights wouldn't be paid. Minister of finance confirmed that government had no intention to sell hydro plants until the legal issues on water potential rights weren't resolved.

Opposition parties in Macedonian parliament promised, if they won the elections next year, they would vote the law that would prohibit the selling of the hydro power plants. They have quoted the similar law in Croatia.

According to the experts, Macedonian power utility didn't pay any kind or fees for the usage of natural wealth, water and coal.

The government has admitted there were real problems on collecting the concession fees and that was the main reason way the sale of hydro plants was delayed.

New energy law predicts that water concession rights can be given on period from 10 to 70, depending on the size of the hydro plant. One the other hand, experts from the World Bank have recommended to the Macedonian government that concession period mustn't be longer than 10 years at most.

According to the latest information, the sale procedure of the Distribution division of ESM and TPP Negotino should start in mid October. The Government will announce a tender invitation for the sale of 90 % of the Distribution division and 100 % of TPP Negotino.

The tender will start with prequalification procedure and initial price will not be offered for both companies. The government also intends to offer the shares of ESM to the EBRD.

§ § §

### **Court expertise on the gas pipeline started (Macedonia)**

Court' expertise of the legal dispute between Makpetrol and Macedonian state, regarding the ownership of the gas pipeline, started at the beginning of September.

Experts and the deputy of the state attorney have started to inquire legal and financial documentation regarding the pipeline at the Makpetrol's premises.

Expertise should show the amount of shares owned by Makpetrol and the state. Both sides claimed they are majority owners of the gas network. The legal dispute, the main reason for the lack of activity in the gasification of Macedonia, lasts for more than a decade.

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### **Digitalization of ESM's distribution network (Macedonia)**

WW Group didn't want to cancel the idea of digitalization of the network of Power utility of Macedonia (ESM) for the purposes of telecommunication and the internet services. Owner of the WW group announced that he would initiate the talks with Macedonian PM about the project, which would be led by the Korean Samsung. He said that digitalization of ESM's distribution network would significantly increase its worth before upcoming privatization.

The Samsung will not demand the state guarantees. The 100 million loans should be given to ESM, and the necessary equipment could be installed in 6-7 months.

Samsung representative said that the ESM gains would be remarkable.

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### **The preparation for the lawsuit of Hellenic Petroleum (Macedonia)**

Government of Macedonia has started to prepare for the lawsuit filed by the Hellenic Petroleum against Macedonian state, regarding the OKTA case, at the Paris Arbitrage court.

According to the Macedonian press, team of Swiss experts will join the government's team, which has started to analyze the case and the Macedonian position.

The details of the court strategy, as well as the information regarding the possible off-court settlement could not be found out.

According to the unofficial information, Greek side claims more than 70 million dollars of compensation from the state due to violation of the sale contract.

The agreement on OKTA oil refinery came at court after the current government has taken the exclusive rights given to the Hellenic Petroleum by the previous Macedonian government.

There were several unsuccessful attempts to resolve the dispute in order to avoid expensive court process. It is expected that court case will last for more than a year.

§ § §

### **Partial privatization of ESM (Macedonia)**

Government of Macedonia has finally decided not to sell Power utility of Macedonia (ESM) as one whole, i.e. only distribution companies will be privatized. Thermal and hydro power plants will remain the state property for the time being.

This decision came after strong pressure from the international community and the investors from World Bank.

The representatives of the World Bank as well as the Macedonian prime minister have announced that distribution division of ESM would be privatized in the first phase.

Such a decision for the Macedonian government presents the leaving of the plan for the privatization of ESM as one whole, which was brought at the beginning of this year.

According to the Macedonian press medias, citizens and the experts were shocked by the latest development, which was considered as harmful to state interest.

§ § §

### **New general manger of Macedonian power plants (Macedonia)**

Pande Lazarov, former general manger of the former vertically integrated power utility of Macedonia (ESM), became the new general manager of the production company Macedonian power plants, ELEM. New general manager of the Distribution Company will be Ilija Spirovksi, the former director of the development division of the ESM.

It is expected that new management of thermal power plant Negotino will be elected soon.

In the last year, general manger of the MEPSO, Macedonian transmission system operator, Nikola Cerepnalkovski was appointed.

§ § §

### **State president was not informed about Belene project (Macedonia)**

Macedonian president Branko Crvenkovski said that he didn't receive any official information regarding the Belene project proposal from his Bulgarian colleague Georgi Prvanov, despite the announcements of Bulgarian press media.

Bulgarian press recently reported about the intention of Bulgarian president to visit the Macedonia, Serbia and Montenegro, Greece, Romania and Turkey regarding the project for joint construction of the nuclear power plant Belene.

As a reminder, Prvanov stated that joint investment of five countries in region would provide cheaper electrical energy for those countries. The price of the produced electrical energy in NPP Belene should be about 25 euros per MWh.

According to the preliminary estimations, the construction of the NPP could cost about 2,6 billion dollars.

Macedonian experts say that Belene project must be seriously taken in consideration. If Macedonia became the partner in the project, it would have to invest about 400 to 500 billion dollars, experts estimated.

Nevertheless, this amount of funds would be certainly invested into the production of electrical energy, having in mind that Macedonian main producer, thermal power plant (TPP) Bitola, has a coal reserves for the next 15 to 20 years. TPP Bitola produces about 70 % of overall electrical energy production in Macedonia. In the same time, Macedonia imports considerable amounts of electrical energy. Because of that, Belene project could have had the great importance for the Macedonia, experts said.

The second best option for the prevention of the future energy problems in Macedonia could be the gasification of the existing thermal power plants.

Some experts even proposed the construction of NPP in Macedonia, but with much smaller capacity than it was predicted in NPP Belene, which should have two units, each 1000 MW.

§ § §

### **Macedonia puts 110 kV lines in parallel operation (Macedonia)**

In order to resolve the problem of transit of electrical energy over territory of Serbia, Macedonia will reactivate two 110 kV lines on Macedonian-Bulgarian border.

When necessary preparations and works on lines Strumica-Petric and Kriva Palanka-Kustendil have been finished, it will be possible to carry out the safe import of electrical energy from Bulgaria.

The technical project of the reactivation of two lines came as result of the high fees required from Serbian transmission operator for the transit of electrical energy from Bulgaria.

Having in mind the latest political disagreements between Macedonia and Serbia, with this project, Macedonian officials have wanted to avoid possible dependence of energy import on Serbia's influence.

§ § §

### **Lukoil obtained the work license (Macedonia)**

Regulatory energy commission approved the license for work to the company Lukoil Macedonia for the storage and trade of oil and oil derivatives.

Commission officials said that the license was issued on the basis of the request filed to the Macedonian parliament and according to the regular issuing procedure, Energy law and Regulations for the conditions and the procedures for the granting, changing and denying the work licenses.

This was the first issued license by the regulatory energy commission regarding energy business activities. Several requests for the licenses from other companies, which are obliged to obtain licenses according to the energy law, are currently in progress.

§ § §

### **Renewal and the modernization of the HPP Perucica (Montenegro)**

Beside the regular annual maintenance works, the large scale reconstruction and modernization works have been finished in the hydro power plant (HPP) Perucica for the first time after four and half decades. The performed actions will improve the efficiency of the HPP and it will decrease the operational risks in the exploitation and maintenance of the plant's equipment. The first generator in the HPP was put in operation on May 12th 1960th, and HPP has produced about 38 billion KWh of cheapest energy since then. According to the director of the Production Division of the Power utility of Montenegro (EPCG), profitable operation of HPP Perucica has financed the construction of HPP Piva and thermal power (TPP) Pljevlja, the other two large power plants in Montenegro.

The maintenance works have even been stopped in the period of heavy rains, which have been used for the production of necessary electrical energy.

The reconstruction or replacement of several installment facilities, financed by the loans of European investment Bank, have been or will be finished soon.

The protection grid, 120 square meters large, was replaced by the Austrian company Kinc, which has hired the local company Radvent for the manufacturing and installation of the iron grid that protects the generators from the waste in the lake.

The experts from the plants have given considerable contribution to the works by disengagement and installation of turbine governor of the unit 6 of the plant in accordance to the instructions of the Slovenian manufacturer Andin. It is expected that Slovenian company Listostroj will deliver

new turbine circuits for the units 6 and 7, which were damaged during the long-term exploitation.

For more than a decade and half, the majority of the installation works have been performed by the experts from the HPP. Only in the in the beginning, the installation works were performed under supervision of the producers and suppliers of the equipment.

It is expected that reconstruction and modernization works of the remaining four units will be finished in the next 2 years. Officials from the EPCG believe that HPP Perucica will become the one of the most advanced power plants in the region.

§ § §

### **The report of the power plant's production (Montenegro)**

After the functional restructuring of the Power utility of Montenegro (EPCG) in January this year, power plants have become the part of the Production Division, whose independent operation is expected by the end of the year. Three large and seven small sized power plants have produced 1,777 billion KWh of electrical energy or 2,8 % below the plan in the first 8 months of this year, director of Production Division said.

Overall production result was decreased due to inadequate operation of thermal power plant (TPP) Pljevlja, which has produced 25 % of energy below production plan due to lack of coal.

On the other hand, hydro power plant (HPP) Piva has produced 547 million KWh (6 % above plan) and HPP Perucica has produced 704 million KWh (17 % above plan).

Even though the water level in accumulation lakes is lower than it was planned, it is expected that HPP's would achieve production above the annual plan due to forecasted favorable hydrology.

§ § §

### **Ecological projects in Pljevlja (Montenegro)**

Construction of the central heating system in Pljevlja was the most important ecological project which should be achieved in the nearest future, it was concluded at the meeting held in thermal power plant (TPP) Pljevlja. Participants of the meeting were the representatives of the EBRD's team, industrials from Pljevlja, local authorities and the nongovernmental organizations.

The guests from Japan have presented ecological protection systems in Japanese industrial centers. According to the Japanese experiences, the most important step is to establish the quality measuring system which will determine the precise amount of harmful particles and the main cause of the pollution.

After the presentation from Japan, project of the future central heating system of city of Pljevlja was presented for the first time by the technical director of the TPP. According to him, the main reason of the pollution in Pljevlja is the usage of the coal in about 5,000 households, without any kind of the protection, during the seven months of the heating season. Medical experts believe that central heating system would also significantly improve health situation in the city.

The general manager of the TPP said that it would be necessary either to provide the support from foreign investors or to acquire the favorable loans from the commercial banks.

§ § §

### **Rompetrol started its development program (Romania)**

Rompetrol Group, the second largest company in Romanian oil market (Petrom is the leading company), has opened the petrol station in Timisoara, the first of 36 petrol stations that should be opened in Romania in

2005th. This project is the part of 40 million dollars worth development program that will be carried out in next 18 months.

The new Rompetrol's stations will be accompanied by shops, restaurants and internet cafes. Rompetrol group, led by the businessman Dinu Patriciu, has achieved the 1 billion dollars of turnover in the first quarter of 2005th, which was 67 % higher then in the same period last year. The net profit was 81 million dollars comparing to the 12 million in the same period last year.

§ § §

### **Lukoil expands its network (Romania)**

According to the Romanian newspapers, distribution network of Lukoil will be expanded by 60 to 70 new petrol stations in Romania by the end of the next year. According to the regional strategy of Lukoil, the company wants to improve fuel supply from Romania to the other countries in the region. Lukoil started its business activities in Romania in 2001st, through the network of 19 petrol stations. Worth of Lukoil's sales is about 90 million dollars a month in this moment, and it was expected that monthly average sales would reach 130 million dollars in the next year.

Lukoil currently operates 9 large warehouses and 300 petrol stations in Romania. Lukoil's officials have announced renewal works at the Petrotel Refinery bought in 1998th, in accordance to the Euro 3 and Euro 4 specifications, and for the Euro 5 production.

§ § §

### **Gas pipelines with Ukraine and Hungary (Romania)**

Romanian Minister of Economy and Trade Codrut Seres announced the construction of the gas pipelines with Hungary and Ukraine. Romania wanted to spread its gas supply, minister said.

The idea will be first discussed during the joint Romanian- Hungarian governmental meeting that will take place in October. It is expected that gas pipeline, in the Western part of the country, will be constructed in cooperation with MOL.

In the same time, the similar parallel project was started in cooperation with Ukraine. Romania currently depends on the gas that comes from Russia, and Russian company Gazpetrom is the important player in Romanian gas market. About 63 % of Romanian gas consumption was covered by domestic production, and 37 % of gas was imported in 2004th.

Due to increased Romanian gas consumption, the increase in gas import is expected.

Official statistics showed that consumption in 2004th was about 180 trillion cubic meters and it will be doubled by 2030th according to the predictions.

§ § §

### **No increase of electrical energy and the gas prices (Romania)**

According to the Romanian economy and trade minister loan Codrut Seres, the retail price of natural gas and electricity wouldn't increase until the end of the year. It was said on the conference "The European route of Romanian gas." The decision was agreed with the Romanian Natural Gas Regulatory Authority (ANRGN) and Romanian Electricity and Heat Regulatory Authority (ANRE), minister said. He even announced possible decrease in natural gas prices by 1-2 % from the October this year.

The minister stressed the importance of the introduction of some kind social protection program regarding natural gas prices, in same way as it has been done in electrical energy sector.

§ § §

### **Investment plans of Transelectrica will exceed 900 million euros (Romania)**

The Romanian transmission system operator, Transelectrica, should invest 900 million dollars in the period between 2002nd until 2013th, Transelectrica's manager Razvan Purdila said to the Romanian newspapers.

The funds will be mostly provided by the European Bank for Reconstruction and Development (BERD), the European Investment Bank (BEI) and other international finance institutions. The company will also invest considerable funds from its own sources.

The funds will be invested in the revitalization and building of the transmission network, development of the electricity market and in the modernization of interconnection lines.

In the period from 2001st until 2004th, Transelectrica invested 320 million euros, and in the same time 420 million euros worth business contracts were signed. The financial plan for this year is about 150 million dollars, and in the next two years, 2006th and 2007th, 350 million euros should be invested.

It is expected that significant level of investments will be maintained even after the Romania's integration in European Union.

§ § §

### **E.ON interested for the purchase of the Termica Suceava (Romania)**

German group E.ON has sent the first official letter of intent regarding the privatization of the local heating company Termica Suceava, Suceava' mayor said.

The mayor said that the Suceava County Council has granted 10,8 million dollars for the revitalization of the public heating system.

The privatization process should be conducted by the specialized and experienced advisor company, the mayor said, According to him, the privatization of the company would be the only solution for the for the city's public heating system.

Termica was put in operation in 1980s and it has recently invested 15 million euros loan for the modernization, i.e. fuel adaptation from lignite to pit coal.

E.ON is also interested for the 235 million euros worth project regarding the introduction of the EU standards to the Suceava-Utilities and Environment.

§ § §

### **200 million dollars for the mine closing (Romania)**

It is estimated that about 200 million dollars will be invested in financial restructuring and introduction of the ecological standards in Romanian mines. The process started 6 years ago and first activities were financed from the state budget in 1999th. In the following years, the activities were continued with the support of the World Bank.

The one of the previous projects called, "Closing the mines and reducing the social impact" was conducted by the Ministry of Economy and Trade (MEC) and it resulted in making of 31 mines in accordance to the ecological

standards. The Romanian government invested 12,75 million dollars, and World Bank allocated 44 millions.

World Bank also supports current project called, "Closing the mines, restoring the environment and providing social and economic regeneration" aimed to set up ecological standards in 34 mines that were decommissioned in 2004th. 120 million dollars loan will be used for the closing of the remaining mines and for the social programs in affected regions.

MEC has developed special programs regarding the financial help to the different companies that employed the mine workers that lost their jobs.

§ § §

### **Petrom will close 50 petrol stations (Romania)**

Leading oil company in Romania, Petrom, plans to close about 50 unprofitable petrol stations. Most of those stations are unfitted and located on remote places.

Petrom's officials said that about 60 million euros would be invested in the decommissioning process, which includes the dismissal wages for the employees. In the next two years, company intends to offer about 600 remaining petrol stations to the foreign investors, through the franchise system or in a Full agency program.

§ § §

### **Petrom achieved over 160 million euros of profit (Romania)**

Romanian Oil company Petrom has achieved the net profit of about 164 million euros in the first half of 2005th, which presented the almost six times higher value than the last year.

Company's financial manager Reinchart Pichler said at the news conference that calculations had been performed by the auditors from Deloitte&Touche in accordance to the Romanian accounting standards. The audit has shown that the increase in the pre-tax incomes was boosted by the favorable foreign environment.

The earnings before interest and tax (EBIT) reached 235 million euros at the end of the June comparing to the about 70 million euros in the same period of 2004.

Petrom's overall turnover reached 1.26 billion euros, up from 1.1 billion euros in 2004.

The excellent business achievements were the result of the high prices for crude as well as the increased efficiency and cost control, company's officials said.

§ § §

### **Labor Union of EPS demanded changes in Energy law (Serbia)**

Labor union of Power utility of Serbia (EPS) submitted the proposal to the parliament, for the addendum of the Energy law, which suggested that majority stock of the company should remain in the state hands.

According to the Union, such option will be the best solution for the citizens, state and the employees in EPS. Union's stance is that the EPS is the national wealth and important economy resource which shouldn't be given to the multinational companies. Spokesman of the Union said that only 49 % of the EPS had to be privatized, quoting the example from the Greece where state owns 51 % of shares in the power company.

In case that addendum to the Energy law wasn't adopted, the situation, similar as in Bulgaria, could happen. Bulgarian state has sold the majority

stock in several power companies, which led to the considerable price increases and large scale dismissals, Union's spokesman said.

The proposal is addressed to the Prime Minister and Minister for energy and mining.

§ § §

### **30 million euros for the revitalization of the HPP Bajina Basta (Serbia)**

German KfW bank has granted 30 million euro loan to the Power utility of Serbia (EPS) for the purpose of the modernization of the hydro power plant (HPP) Bajina Basta.

HPP Bajina Basta, placed on Drina River, is one of the most important facilities in EPS. HPP is consisted from classic hydro plant with 4 generators and overall power of 360 MW and generator –pump storage hydro power plant with 2 fast starting generators-pumps with overall power of 600 MW. The HPP covers peak and off-peak regimes as well as the tripping of the largest thermal units in EPS.

The loan payment period is 15 years, with grace period of 5 year, the interest rate is 0,25 % and expenses for the loan services of 0,75 %. The loan contract was signed by the director of KfW for Asia and Europe, Norbert Klopenburg, and general manager of EPS, Vladimir Djordjevic.

EPS will be obliged to pay 2,5 % of unpaid loan a year in the state budget, and those funds will be used for the financing of the primary ecological projects and increase of the energy efficiency.

Minister of energy and mining of Serbia said after the signing ceremony that that was the third loan for EPS granted by the KfW bank. According to minister, this loan will be great help for the successful come back of EPS at the energy scene of the region.

Thanks to all previous loans and donations received by the energy sector in Serbia, EPS had increased annual production in thermal power plants by 1 billion kWh, and in the first half of the year, EPS achieved the highest production in the last 15 years, minister said. Minister added that the production in thermal power plants in the first six month of this year was 10 % higher than in 1990th. He expressed his hopes that Serbia would become the full member of the Pan European energy market by the end of this year.

German ambassador in Serbia and Montenegro, Andreas Cobel, said on the occasion that Germany has invested about 400 million euros, through loans and donations, in Serbia.

Germany directed its help for the development of infrastructure, electrical energy sector, water industry and central heating projects.

General manager of EPS Vladimir Djordjevic said once again that with current price of electrical energy of 3,4 eurocents per kWh in Serbia, the lowest price on the region, EPS could not achieve the profits sufficient for the necessary investments. Because of that, EPS could only rely on loans guaranteed by the Serbian state, Djordjevic said.

Overall funds for the modernization and revitalization of the HPP Bajina Basta will reach 46 million euros; the rest the funds are going to be provided by EPS from the profit of electrical energy sales.

Officials from the HPP said the main purpose of the modernization was the providing the security in energy production in the next 30 years, increase of the plant's power output by 6 % and overall annual production by 2,5 %.

Tender for the interested companies that will carry out modernization works will be published in the beginning of the 2006th, while the four years works could not start until the first half of 2008th.

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### **Maintenance works at hydro power plants (Serbia)**

After almost two months, maintenance works have finished in hydro power plant (HPP) Bistrica, the largest power plant (100 MW) in the system of four plants of Lim's power plants, the one of the production division of the Power utility of Serbia (EPS). The maintenance works have finished in HPP Kokin brod (25 MW), and the works have started in HPP's Uvac (36 MW) and Potpec (50 MW).

Thanks to the donation of Swiss government all necessary equipment was purchased and the replacement works have successfully finished, technical manager of Lim's HPPs said.

The water flow measuring devices are installed in each HPP as well as devices for the measuring of the water level in accumulation lakes. Thanks to those devices, dispatching center of EPS will have precise information regarding the water consumption in the HPP's, the information necessary for the correct and technically justified production in HPPs.

Four plants have produced about 600 GWh of electrical energy since the January this year, which was almost equal to the predicted annual production plan.

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### **Loan contract for the EPS (Serbia)**

Minister of International Economic Relations of Serbia and Montenegro (S&M) Predrag Ivanovic and the director of the World Bank's office in Serbia and Montenegro Karolin Jungr have signed the loan agreements for the development projects in Power Utility of Serbia (EPS) and irrigation systems in S&M.

21 million dollars of loan will be assigned to EPS, and 25 million will be invested in development of the irrigation systems.

The loan assigned to EPS will be invested in the development of the electrical energy market. Special attention will be paid to the open access concept of the electricity market for the consumers and the suppliers through the increases of the quality, reliability, security and efficiency of the entire transmission system. The certain amount of funds will be allocated to the institutions that will participate in the regional electricity market. The 14 million dollars part of the loan presents the special regional funds, which are not the part of the 3-year CAS arrangement.

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### **Tariff customers under state protection (Serbia)**

Vice president of Serbian government Miroljub Labus said that electrical energy sector would hang on to the policy of the protection for the tariff customers in the households, even after the restructuring of the power utilities. According to vice PM, Serbia's accession to the European energy community is going on in accordance to the agreed timetable.

At the meeting of the Board for European integrations, vice PM said that process of the separation of the production and distribution of electrical energy from the transmission and the trade will be continued.

He added that public company EMS (Serbian transmission system operator) would be responsible for the transmission and the trade of electricity.

The EMS will deliver electrical energy to the households and public companies, the government will set the profit rates, and newly formed Energy regulatory agency will determine household's tariffs on the basis of those profit rates.

According to the vice PM, the selected restructuring model of the energy sector would allow all customers, households, industrial or foreign, to step into the free market where price of energy is the result of offers and demands.

Energy regulatory agency would also have a task to promote the rational usage of the electrical energy in Serbia, vice PM said.

§ § §

### **Malfunction in TPP Kosovo B caused power cuts in Kosovo (Serbia)**

Unit 2 in thermal power plant (TPP) Kosovo B tripped at end of the August, which caused problems in power supply, Kosovo energy corporation (KEK) confirmed.

After the unit malfunction, the import of 220 MW of electrical energy was realized.

Import of electrical energy was continued until unit was synchronized on the power grid.

On the other hand, unit 2 in TPP has been out of operation due to maintenance works for some time. Both units can produce about 300 MWh per hour each, and outage of both units always causes great problems in power supply in Kosovo.

For some time, customers in province have had 5 hours of interrupted supply and 1 hour of reduction in power supply, periodically.

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### **Djerdap II produced 135 GWh in August (Serbia)**

Hydro power plant (HPP) Djerdap II (270 MW power output) has produced about 135 GWh during the August, which was 12 % higher than production plan.

Annual production plan was not fulfilled in the first 8 months, having in mind that only 790 GWh of electrical energy was produced instead of the predicted 1,000 GWh.

The production was lower due to unfavorable hydrology during the spring, in contrary to the hydrology in the beginning of September, where average water flow was 7,500 cubic meters per second.

The unfavorable hydrology didn't affect the ship transport on the Danube River. 10 % increase in ship transport was achieved during the first 8 months through the chamber lock of the HPP Djerdap II, i.e. 6,5 million tons of the cargo and 9,400 vessels. In the same period, 400 luxury tourist' boats have pass through the Danube Dam, which is 98 more boats than the last year.

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### **Power utility asks for price increase (Serbia)**

Officials from Power utility of Serbia (EPS) said that new price increase of electrical energy, from October 1st, would be necessary to cover deficit and to provide the funds for the reduced investments of the company.

If Serbian government doesn't accept this demand, EPS will be forced to suspend all discounts for its customers, which could affect about 165,000 of the most vulnerable households in Serbia.

Even if this happened, EPS would be short of about 500 million dinars and it would be forced to reschedule its investments or to take the expensive loans. In the same time, EPS must provide the funds for the necessary import of electrical energy.

It is estimated that about 24 billion dinars will be missing in the second half of the year due to inadequate price increase of electrical energy. EPS officials have warned the public that security of power supply would be decreased, network losses and expenses due to higher import of electrical energy would be increased and there would be high possibility for the reduction in supply.

Due to increased industrial production in Serbia, EPS plans to import additional quantities of electrical energy on higher prices. EPS consider the imposing of the higher prices for the domestic costumers who will spend this additionally imported electrical energy.

The similar mechanism existed in Montenegro, the representatives of EPS said.

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### **Majority ownership of the Oil Company to remain in state hands. (Serbia)**

Minister of energy and mining of Serbia, R. Naumov stated that his ministry would pledge that Oil Industry of Serbia (NIS) remained the state property, but the structure of the company should be based on consortium model.

The consortium concept would prevent one, state, monopoly to be replaced by another one by the strategic investor, minister said to the daily newspapers in Serbia.

He believed that it would be better to start the restructuring of NIS, instead of constant political speculations on this issue, especially because the privatization would certainly happen under this or some future government.

The experience and the market approach of foreign companies that want to become NIS owners, would be the best recommendations for the stable future of the national oil company, minister said.

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### **The delay of the tender procedure for NIS (Serbia)**

The tender for the privatization advisor of Oil Industry of Serbia (NIS) still wasn't announced, although Serbian government has accepted the tender documentation prepared by the ministry of energy and mining and ministry of industry. According to the Serbian government, IMF (International monetary fund) and World Bank have given their approval for the tender proposal. Privatization agency confirmed that fulfillment of one the main conditions of IMF to the Serbian government was prolonged.

Officials of IMF have warned the Serbian government several times about the obligations the government promised to perform by accepting the Memorandum of economic policy. The privatization of NIS was, beside the reforms of the pension system, the most important topic.

The Memorandum predicts that government must to announce the tender for the privatization advisor by the end of the July. IMF has also recommended that government should sell majority stock in oil refiners in the beginning of 2006th.

The preparations regarding the tender documentation are almost finished, but reliable sources say that IMF is not satisfied with the tender proposal. The ministry of energy and mining has earlier rejected the recommendations proposed by the IMF officials. The standpoint of the Ministry of energy is that advisor will be obliged to determine the privatization model in order to transform NIS into the successful company that will supply its customers and become the engine of the Serbian economic development. The reason for the IMF's discontent could be the fact that sale of the refinery wasn't mentioned in the tender documentation. IMF insists on the sales of the refiners, while the Serbian government has named almost 10 reasons why the sale wouldn't be good enough. The Serbian officials had believed that IMF accepted their point of view.

In the same time, Serbian vice Prime Minister, Miroljub Labus announced that sixth revision of the financial arrangement with IMF would be successfully finished and that some open issues would be resolved in a month. He said that still wasn't decided whether the majority stock in the refineries would be sold to the strategic partner or according to the different proposal of the privatization advisor.

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### **The oil export causes business loss for the importers (Serbia)**

Even though the private oil distributors in Serbia have welcomed the decision of the government to allow free import of euro diesel, they said they wouldn't be interested for the import until retail price was increased.

The chairman of the managing board of the private oil distributor Nafta said that current price of euro diesel in Europe was 685 dollar per ton, while retail price in Serbia is 700 dollars per ton. If the costs of transport and taxes were incorporate into purchase price it was pretty clear that oil distributors would suffer the business losses.

According to the chairman, the decision regarding oil import would have sense if the retail price was increased and if the Ministry of energy and mining Oil industry of Serbia (NIS) allowed the storing of the euro diesel in the warehouses of the power industry of Serbia (NIS).

There was possibility to transport the fuel directly to the petrol stations by the cisterns, but in that case there would be possible to import euro diesel of uncertified quality, having in mind that authorities check only the fuel that comes through water roads.

The representative of the Petrobart AVIA oil company has similar opinion, and it has emphasized that private distributors would import the euro diesel only in case of economical retail prices in Serbia. Due to misconduct of the Regulation act regarding oil prices, distributors constantly had loses, he said.

According to the unofficial sources, NIS was also unsatisfied with the current price of euro diesel, as well as other oil derivatives, which lead to unprofitable operation of fuel distributors.

As a reminder, Serbian government has reached decision on the liberalization of import of euro diesel and diesel of certain quality. In order to provide sufficient supply of the oil market, government has approved import of 80,000 tons of diesel D2 and 10,000 tons of euro diesel.

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### **Announcement of the partnership of Petrol and NIS (Serbia)**

Chairman of the management of the Slovenian oil company Petrol, Janez Lotric, stated that his company was interested for the strategic partnership with the Oil Industry of Serbia (NIS).

According to the chairman, Petrol is ready to participate, along with other companies perhaps, in modernization process of one of two existing oil refineries in Serbia on the basis of the long-term loans. The loans could be returned by the produced oil derivatives from the modernized facilities, Lotric said.

Also, Petrol considers second option for the cooperation with NIS, and that is the joint venture of the capital and the knowledge for the purpose of the modernization of the petrol stations in NIS. Lotric said that Petrol would reach the final decision regarding the investment's proposals after defining the privatization model of NIS by the privatization advisor. Petrol's chairman reminded that NIS and Petrol had signed the Cooperation protocol a year and a half before, which has defined basic guidelines for the future cooperation. Lotric said that after the cancellation of old Law of

NIS and restructuring of NIS, necessary conditions for the cooperation have been fulfilled.

Petrol is Slovenian national oil company that covers about 65 % of Slovenian oil market.

Petrol sells about 2 million tons of oil derivatives a year and it has annual turnover of 1,5 billion euros. Company owns 300 petrol stations in Slovenia, 20 in Croatia and 30 petrol stations in Bosnia and Herzegovina. Also, Petrol has acquired 21 concession rights for the gasification of the Slovenian cities.

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### **Gas price increase (Serbia)**

General manager of NIS Energogas, gas division of Oil Industry of Serbia (NIS), announced increase in gas prices soon. The new price of natural gas in Serbia should be 15 dinar per cubic meter.

General manager stated that sufficient amount of fuel oil was purchased in case of sudden disturbances in gas supplies.

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### **Tender for the purchase of crude oil finished (Serbia)**

According to the point rating, tender commission of Oil Industry of Serbia (NIS) for the purchase of 1,000 tons of crude oil has suggested to the general manager to sign the contract with the Moil Coal Trading Ltd. Company from Cyprus has submitted the best offer, officials from NIS said. Delivery of the crude oil should start in October this year and it will last until the February next year.

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### **Presentation on renewable energy sources (Serbia)**

One of the key problems in Serbia and Montenegro was acute lack of electrical energy, Deputy Head of the OSCE Mission to Serbia and Montenegro, Douglas Wake, said.

According to him, that was the reason the international financial institution have focused on energy sector in Serbia and Montenegro.

This was said during the presentation "Renewable energy sources and energy efficiency in terms of security in energy sector", which was organized by the Alliance of the economists and OSCE.

Wake said that that political stability of a state was preconditioned by its sustainable development. He added that usage of the renewable energy sources would provide investment of energy sector which would increase competition in overall industry environment. The producers of energy from renewable energy sources were classified as small and medium companies, which should have additional business viability and dynamics.

Deputy Minister for the science and environmental protection of Serbia warned on possible lack in energy resources in case of further increase of the electrical energy consumption. Overall consumption was increasing even in the most developed countries in the world, while in developing countries that percentage was even higher, deputy said.

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### **Ministry of energy and mining addressed on remuneration for usage of natural wealth (Serbia)**

Law about payments and managing the fees for the usage of natural public goods in the production of electrical energy, oil and gas was still in power, and fees were determined on annual basis, the ministry of energy and mining of Serbia confirmed.

According to the ministry, all coal mines and producers of oil and gas are paying their liabilities determined by Law on time, but the particular funds are qualified as classified business information, as well as the collected taxes. The collecting of funds should be overseen by the ministry of finance.

Officials from the ministry of energy and mining said that fees were paid by the companies that were involved in water exploitation also. The prescribed fees are paid by the Cement factories in Serbia according to the agreement signed with Serbian government.

In most of the countries in the world, such kind of fees were not paid, but the liabilities of the companies toward state were determined by the fiscal politics, so the special fees were not necessary, officials from the ministry explained.

In this moment, necessary changes and amendments and sub-legal acts of the current Mining law are underway, with the assistance of the experts from World Bank. In order to establish the new fee system for the usage of the natural goods, 2 million dollars will be spent for the resolving of the technical problems.

The law from 2002nd is not technically applicable and the Mining law from 1995th is written in a manner inexplicable to the economists.

That is way the ministry of energy and mining had ungrateful and difficult task to correct the mistakes from the past, ministry said.

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### **Parliament canceled the old law regarding oil industry (Serbia)**

Members of Serbian parliament have adopted the Law about termination of law of Oil industry of Serbia (NIS) with a tight majority on August 22nd.

The cancellation of the old law is the first step for the announced restructuring of NIS and the privatization of certain parts of the company, which was the main demand of International monetary fund (IMF). National Oil Company will have transformed into two public and one joint stock company by October 1st.

The law was voted after second attempt, due to lack of quorum. The members of the opposition parties weren't present in the parliament during the vote.

The discussion about law started on July 21st, but after two days it was ended.

Serbian minister for energy and mining said, while he was answering the accusations of opposition MPs, that government had chosen the best privatization model, that wouldn't ignore national and state interests. He added that privatization in energy sector was inevitable, which would be done in accordance to the proposal of the privatization advisor.

The Serbian minister of industry said that one of the main conclusions of Serbian government was related to the transfer of workers' rights and capital in public companies without any compensation. It was predicted that employees in public companies, with high public interest and majority state capital, will get 15 % of capital that is going to be privatized for free. Also, employees in the state public companies that have lower public interest will be able to get up to 30 % of capital without any compensation.

Serbian government has adopted the proposal of the tender for the privatization advisor of the NIS at its last session on August 18th. Minister announced that Privatization agency was authorized to conduct the tender procedure, and the deadline for the selection of privatization advisor will be 90 days.

The advisor will be obliged to prepare the solution for the best phases, forms and dynamics of the privatization of NIS four months after its appointment. It is expected that advisor will present economical justification for the sale of the oil refineries in the first phase of privatization, and to provide consulting services during the privatization process.

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### OMV interested for NIS (Serbia)

General manager of Serbia and Montenegro's office of OMV said at the interview that OMV considering every possibility for the expansion and investment in Serbia could present important step in that process. OMV is especially interested for the Oil industry of Serbia (NIS).

Serbia had favorable geographical position, which is its great advantage, but it had the problems regarding the issuing of the necessary licenses for the constructing of the petrol stations, which was the great flaw and burden for the investors, general manager said. OMV has 22 petrol stations in Serbia in this moment.

According to the director, OMV was very satisfied with its current position in the regions of South Eastern and Central Europe. After the purchase of the majority stake in Romanian oil company Petrom, OMV had become the largest oil and gas group in the region, general manager said.

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## Tenders:

### Electricity

Company / organization:	<b>KESH – Albania</b>
Electricity purchase, for the period 1st November - 31st December 2005. Purchase is limited on 395 GWh and 13,983 million EUR	
Deadline:	October 12th 2005, 12:00h
Contact:	KESH

Company / organization:	<b>EPBiH – Bosnia and Herzegovina</b>
Improvement of business operations for JP Elektroprivreda BiH d.d. – Sarajevo; study & analyses	
Deadline:	21.09.2005, until 10:00h local time
Contact:	Ms. Ramiza Kukic for commercial issues, tel: + 387 33 751 776, email: r.kukic@elektroprivreda.ba, and Mr Amir Pilakovic for technical issues, tel: +387 33 751 305, email: a.pilakovic@elektroprivreda.ba

Company / organization:	<b>EPCG – Montenegro</b>
Works conduction related technical supervision of the HPP Piva's dam.	
Deadline:	22.9.2005. untill 11:30h local Podgorica time.
Contact:	Mr. Nikola Kuljic, tel. +381 83 271 250, mobile: +381 69 319 107), Mr. Mirko Kilibarda tel. +381 83 204 143; EPCG Economics and Commercial Sectors, Vuka karadzica 2, Podgorica, Montenegro

Company / organization:	<b>EPCG – TE and Coal Mine Pljevlja, Montenegro</b>
Prolongation for the offers for the privatization of TE and the Coal Mine Pljevlja, possible to offer the bid until 30.09.2005, until 17.00h local Podgorica's time.	
Deadline:	Septembre 30th 2005, untill 17.00h local Podgorica's time.

Contact:	Branko Vujovic, director of the Agency for Industry Restructuring and Foreign Investments of Montenegro, JovanaTomasevica bb 81000 Podgorica, Crna Gora, tel: + 381 81 242 640, fax: + 381 81 242 756; email: t.borozan@mn.yu
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Company / organization:	<b>EPS – DJERDAP, Serbia</b>
Works for recording horizontal river's profile for Danube river, from Nera river untill Novi Sad	
Deadline:	Deadline (approx. middle September)
Contact:	Ms. Zorana Drazica, tel: +381 11 3809 780 or mobile +381 64 8362 388.

Company / organization:	<b>EPS – ED (Electricity Distribution Company) Uzice, Serbia</b>
Public call for contract related building and commissioning 35kV and 10kV substations in TC 110/35/10kV	
Deadline:	September 25th 2005 (approximately; accurate is 30 days after the official announcement in the gazette SG of RS)
Contact:	Department for Investments Realization tel: +381 31 514 445, +381 31 512 344, fax: +381 31 514 445

Company / organization:	<b>EPBiH – Bosnia and Herzegovina</b>
Electromechanical services at the unit 5 of the TPP Tuzla	
Deadline:	19.09.2005., until 09:00h local time
Contact:	Mr. Amir Nukic, tel: +387 35 305131, fax: +387 35 305 009, email: a.nukic@elektroprivreda.ba, address: Vjekoslava Tunjica 1 , 75203 Bukinje, Tuzla, JP Elektroprivreda BiH d.d. Sarajevo, TPP "Tuzla", Tuzla

Company / organization:	<b>EAR, related EPS - Serbia</b>
Supply of test field equipment for Kolubara coal mine	
Content:	Lot 1: Devices Lot 2: Test Field Equipment Lot 3: PD Devices Lot 4: Instruments
Deadline:	07 October 2005 at 12:00 noon (GMT+1)
Contact:	The tender dossier in English language is available from the date of publication, with reference " Test Field Equipment for Kolubara Coal Mine", from the European Agency for Reconstruction, Vasina 2-4, 11000 Belgrade, Serbia and Montenegro. To receive the tender dossier, please send the request in writing by fax: +381 11 30 23 466 for the attention of the Contract and Procurement Officer. Along with the request, please provide an e-mail address where you want the Tender Dossier to be sent.

Company / organization:	<b>EAR, related Albania</b>
Pollution Remediation at Ballshi Oil Refinery	
Content:	The subject of the contract is: a) the manufacture, delivery, installation, commissioning, maintenance and training by the Contractor of the following goods: A new Desalter Unit as specified in the tender dossier, Annex II "Technical Specifications"; Equipment for the upgrade of Waste Water Treatment Plant (WWTP) as specified in the tender dossier, Annex II "Technical Specifications"; b) the construction of the Controlled Waste Storage Area (CWSA). At/to Ballshi oil refinery, Ballshi, Albania where supplies are to be delivered, DDP (delivered duty paid, ICC Incoterms 2000), excluding the payment of VAT and all customs duties and taxes. The time limit for completion for the manufacture, delivery, installation, commissioning, maintenance of the supplies and the construction and commission of the works including the trial operation is 16 months from the signature of the contract by the latest party.
Deadline:	07 October 2005 before 15h00 local time.

Info:	<a href="http://europa.eu.int/comm/europeaid/cgi/frame12.pl">http://europa.eu.int/comm/europeaid/cgi/frame12.pl</a>
Company / organization:	<b>EAR, related Serbia</b>
<b>Supply of IT Equipment for Energy Regulatory Agency and for Department for Development and Investments of EPS Republic of Serbia</b>	
Deadline:	06.10.2005, until 12:00h local Belgrade time
Contact:	Senior Secretary Procurement Unit, tel: +381 11 30 23 430, fax: +381 1130 23 466, The European Agency for Reconstruction, The Procurement Officer, Vasina 2-4, 11000 Belgrade
Company / organization:	<b>JP Elektrovojvodina - EPS, Serbia</b>
<b>Purchasing systems for long distance reading power measurement devices for the substations</b>	
Deadline:	October, 2005.
Contact:	Mr. Nikola Novakovic, tel: + 381 21 521 566, Mr. Vladan Nikolic, tel.: +381 21 524 727
Company / organization:	<b>Nuclearelectrica - Romania</b>
<b>Supply for the characterisation of the radioactive waste at Cernavoda NPP, Romania, EAR relatd Romania</b>	
Content:	The project will comprise the procurement and the delivery (of equipment/software), the installation (including all connections) and the commissioning (including all the activities related to the upgrading, interfacing, integration, checking, testing, supervision, experimental operation) of an Waste Characterisation Assay System (WACS), both for the characterisation of radioactive waste and release, as well as the provision of the instructions and specialised training for its use.
Deadline:	31st of October 2005, 10.00 hrs local time
Contact:	<a href="http://europa.eu.int/comm/europeaid/cgi/frame12.pl">http://europa.eu.int/comm/europeaid/cgi/frame12.pl</a> Mădălin Pascu, Project Officer, E-mail: madalinpascu@cfcu.ro, Central Finance and Contracts Unit within the Ministry of Public Finance, Mircea Voda Avenue, no.44, B entrance district 3, Bucharest, Romania, Tel: 0040 21 326 55 55, Fax: 0040 21 326 87 30
Company / organization:	<b>EAR, related EPS - Serbia</b>
<b>Improvement Of Maintenance In Coal Mining And Electricity Generation</b>	
Content:	The general objective of the project is to improve EPS's maintenance and operational performance in three divisions of EPS: in Kolubara coal mining; in Nikola Tesla power plants; and in Kostolac power plants with the associated lignite mine. The project will involve a detailed review and analysis of the existing maintenance systems and procedures in each of these three entities; based on this review the consultants should propose modern 'best practice' maintenance procedures, including the preparation of transition plans from the existing to the new system. Building upon this task the consultants should also identify the hardware, software and training needs for any new CMMS.
Deadline:	17.00 hours C.E.T. on 10/10/2005
Info:	<a href="http://europa.eu.int/comm/europeaid/cgi/frame12.pl">http://europa.eu.int/comm/europeaid/cgi/frame12.pl</a>
Company / organization:	<b>EAR – European Agency for Reconstruction, related Serbia</b>
<b>Ash Disposal System – Nikola Tesla B Thermal Power Plant Serbia and Montenegro</b>	
Download:	<a href="http://europa.eu.int/comm/europeaid/cgi/frame12.pl">http://europa.eu.int/comm/europeaid/cgi/frame12.pl</a>

Content:	EAR is seeking a new ash disposal system for the Electric Power Serbia (EPS – Contracting Authority) owned Nikola Tesla B Power Station, a 2 x 620MW lignite fired power station located in the town of Obrenovac, Serbia. Obrenovac is located alongside the River Sava, some 50km upstream from Belgrade...
Deadline:	16:00 Central European Time on 17/10/2005.
Contact:	The European Agency for Reconstruction (EAR), Procurement Officer, Vasina 2-4, 11000 Belgrade, Serbia and Montenegro, Fax: +381 11 30 23 466, and Mr. Jovan Nozinic, Head of Department for coal and ash TENT-B copy to European Agency for Reconstruction, Energy sector, fax number: +381 11 3023 454. The Tenderer shall be notified in due time about the schedule of the Site Visits.
Company / organization:	<b>EBRD – European Bank for Reconstruction and Development, related Serbia</b>
<b>Emergency Power Sector Reconstruction</b>	
Download:	<a href="http://www.ebrd.com/oppo/procure/oppo/">http://www.ebrd.com/oppo/procure/oppo/</a>
Content:	Elektroprivreda Srbije (EPS) intends using the proceeds of a loan from the European Bank for Reconstruction and Development (the Bank) towards the finance of a project to meet the urgent rehabilitation requirements of the power sector. EPS has selected a number of investments based on priority for the system to increase power production by rehabilitating generation capacity, improving reliability and reducing losses. The investments include the following: ash handling in TPP KOSTOLAC B and Purchasing of electrical meters for electro distribution companies in EPS. The estimated cost of the proposed Projects amounts to €38 million and will require the procurement of the following goods, works and services: B-2: TPP Kostalac B: Contract to reconstruct of ash handling and disposal system in TPP Kostolac B., Purchase of devices for electrical energy measuring for electro distribution companies in EPS...
Deadline:	18 Oct 2005 at 24:00, Belgrade time
Contact:	Mr. Nikola Rakić Tel: + 381 11 36 11 251 Fax: + 381 11 68 88 35 Email: nikola.rakic@dpsdp.eps.co.yu, Balkanska 13-15 Belgrade, Serbia and Montenegro Electric Power Industry of Serbia
Company / organization:	<b>EBRD – European Bank for Reconstruction and Development, related Serbia</b>
<b>Electric Power Industry of Serbia - Supply and Installation of plant and Equipment</b>	
Download:	<a href="http://www.ebrd.com/oppo/procure/oppo/">http://www.ebrd.com/oppo/procure/oppo/</a>
Content:	EPS has applied for an EBRD loan for the realization of the following parts of the new lignite mining system: New Bucket Wheel Excavator, New Belt Conveyor system (co-financed by KfW), New shifting devices. EPS has further applied for KfW loans for the following parts of the new system: Parts of the new belt conveyor system, New power supply system, Spreader integrating new and available parts. Tendering and contract realization for the above goods and services will be carried out during the period from the first quarter of 2005 until the end of 2007.
Deadline:	23 Mar 2006 at 23:00, Belgrade time
Contact:	Mr. Slobodan Mitrović or Mr. Aleksandar Gajić, ELEKTRO-PRIVREDA SRBIJE, Vojvode Stepe 412, 11000 Beograd, Serbia and Montenegro, Tel.. + 381-11-397-1926, Fax: + 391-11-397-1923, e-mail: slobodan.mitrovic@dpu.eps.co.yu or aleksandar.gajic@dpu.eps.co.yu
Company / organization:	<b>EAR, related EPS - Serbia</b>
<b>Ash disposal system – Thermal Power Plant Nikola Tesla B</b>	

**Deadline:** CORRIGENDUM - The Tender Dossier will be available from 29/07/2005. 13. Information meeting and/or Site Visits is changed to read as follows: A Mandatory site visits will be held prior to Tender submission from 15 August 2005 - 03 September 2005. Deadline for requesting participation in the Site Visit shall be 12 August 2005. 19. Deadline for submission of tenders is changed to read as follows: 15:00 Central European Time on 31/10/2005. 20. Tender opening session is changed to read as follows: 16:00 Central European Time on 31/10/2005. All other parts that have not been hereby modified remain unchanged.

**Company / organization:** **EAR, related KEK - Kosovo**

**Supply of equipment for environmental improvements in the coal mines - Location – KEK / Coal Production Division - Kosovo Coal Mines**

**Content:** The supply by this project consists of two lots: Lot 1: Equipment for coal fire investigation and Lot 2: Equipment for drilling and coal fire fighting. Both lots will include appropriate training by suitable qualified and experienced staff for the monitoring and mapping of the fires and associated coal fire fighting techniques and technology. After the training activities the Contractor shall prepare handbooks for coal fire investigation and for fire fighting considering the special local and geological conditions in the Kosova coal mines

**Deadline:** 04 October 2005, 16:00 hrs CET

**Contact:** Ms. Ljubisa Lopez, luisa.lopez@ear.eu.int, Ms. Majilinda Statovci, majilinda.statovci@ear.eu.int, European Agency for Reconstruction, 1, Kosovo Street, (in front of Pro-Credit Bank), Pristina, Kosovo, Attn.: Procurement Officer, Fax: +381 38 51 31 308

**Company / organization:** EBRD – European Bank for Reconstruction and Development, related **Serbia**

**Telecommunications Network Electric Power Industry of Serbia**

**Download:** <http://www.ebrd.com/oppo/procure/opps/>

**Content:** Electric Power industry of Serbia (EPS) is planning to construct a reliable telecommunications network from EIB/EBRD loan, concurrent with the installation of the EMS/SCADA and SRAAMD, as a grant provided by the State Secretariat of Economic Affairs (SECO) of Switzerland. Realization of optical backbone network based on OPGW cables has already started...

**Deadline:** 31 Mar 2006 at 23:00, Belgrade time

**Contact:** Slavoljub Lukic or Ljiljana Capalija, Elektroprivreda Srbije, Carice Milice 2, 11000 Belgrade, Serbia and Montenegro, Tel +381 11 2628 627 or +381 11 2633 424, Fax +381 11 2628 992, E-mail: slavoljub.lukic@dtk.eps.co.yu, or ljiljana.capalija@dtk.eps.co.yu

**Company / organization:** EBRD – European Bank for Reconstruction and Development, related **Bulgaria**

**Maritsa East II Supply and Installation of Plant and Equipment**

**Download:** <http://www.ebrd.com/oppo/procure/opps/>

**Content:** The contract to be funded will comprise the delivery, installation, testing and commissioning of Flue Gas Desulphurisation (FGD) plants for Units 5 & 6 at Maritsa East 2 TPP. The FGD plants are intended to be based on wet limestone technology and to include: absorber plant(s), flue gas system(s), including discharge to atmosphere, limestone supply and processing, gypsum management and processing, process water supply, waste water discharge, electrical, instrumentation and control, civil works, buildings and infrastructure...

**Deadline:** 3 Mar 2006 at 24:00, Kovachevo time

**Contact:** Mr. Atanas Dimitrov, Executive Director, Maritsa East 2 TPP-EAD, 6265 Kovachevo, Stara Zagora distr. Bulgaria Fax : + 359 42 662 000 Email: tec2@tpp2.com, ISPA and the Government of Bulgaria have published a Works Contract Forecast for this Project.

**Company / organization:** EBRD – European Bank for Reconstruction and Development, related **Croatia**

**INA Environmental Rehabilitation Project**

**Download:** <http://www.ebrd.com/oppo/procure/opps/>

**Content:** INA - Industrija nafte d.d., Zagreb, (INA) has applied for a loan from the European Bank for Reconstruction and Development for environmental improvements in INA's units with the aim to eliminate sources of soil, ground water and air contamination. The proposed project, which has a total estimated cost of Euro 36 million will require the procurement of the following goods, works and services: Repair of the sewer system including reconstruction work involving line testing for damage and the design of a reparation system (Refinery Rijeka); Oily waste treatment plant, including civil, electrical and instrumentation works, and supply of centrifuges, separators, pumps, vessels, containers, piping material, (Refinery Rijeka); Revamp of hydrodesulphurisation plant, (Refinery Rijeka); Design and engineering supervision for the above components...

**Deadline:** 2 Feb 2006 at 23:00, Rijeka time

**Contact:** Mr. Vlado Bilusic C/o Project Implementation Unit Lovinciceva b.b. Tel: 00 385 1 2381 357 Fax: 00 385 1 2381 370 INA - Industrija nafte d.d., V. Holjevca 10, 10000 Zagreb, Republic of Croatia.

**Company / organization:** EBRD – European Bank for Reconstruction and Development, related **Bulgaria**

**Kozloduy International Decommissioning Support Fund: Energy Efficiency and Conventional Energy Projects**

**Download:** <http://www.ebrd.com/oppo/procure/opps/>

**Content:** The project is co-financed by International Bank for Reconstruction and Development (IBRD). The estimated project cost is EUR 4 350 000, which is anticipated to be funded by KIDSF administered by the EBRD. The purpose of the project is improvement of the energy efficiency, reducing energy losses and energy consumption by rehabilitation of the existing heating installations: (i) reducing heat losses in the heat distribution network; (ii) reducing particulate emissions from the coal-fired steam generator 5; and (iii) increasing the efficiency of heat production in the CHP plant. The projected scope includes: 1. Installation works of pipelines – 9000 m pipeline, 2. Installation work of electrostatic precipitator – 1 pcs, 3. Rehabilitation of the boiler/steam generator with capacity 220 t/h (supply of goods, installation works and associated services)...

**Deadline:** 9 Nov 2005 at 24:00, Kozloduy time

**Contact:** Ms. Gergana Koleva, Head of international Projects department, Pernik District heating company, Tel/Fax: + 359 076 670 675, e-mail: koleva\_gergana@abv.bg

**Company / organization:** EBRD – European Bank for Reconstruction and Development, related **Bosnia & Herzegovina**

**Bosnia and Herzegovina - Electricity Power Reconstruction Project**

**Download:** <http://www.ebrd.com/oppo/procure/opps/>

**Content:** The State of Bosnia and Herzegovina (BiH) has applied for a loan from the European Bank for Reconstruction and Development [the Bank] for a Project to (a) enhance the power transmission control and communications systems reliability and provide metering facilities to support the development of a competitive power market; and (b) reduce flue gas emissions and improving ash handling facilities at various thermal plants. The project has a total estimated cost of Euro 70 million, proposed to be financed by the EBRD, and will require the procurement of the following goods, works and services for: (a) Enhancing Power transmission and control facilities (loan allocation Euro 50 million). The installation of a SCADA/EMS co-ordination centre and regional control centres together with Remote Terminal Unit metering and control facilities. Rehabilitation and upgrading of telecommunications equipment including supply and installation of communications links, PABX and ancillary equipment, and Fittings works for the SCADA/EMS co-ordination centre premises. (b) Enhancing thermal power station (TPP) facilities (loan allocation Euro 20 million): (b1) Thermal power stations owned by Elektroprivreda BiH (EPBiH)

**Deadline:** 4 Oct 2005 at 24:00, Sarajevo time

**Contact:** For SCADA / EMS (a): Mr. Omer Hadzic, ZEK Project Management Team, Hamdije Cemerlica 2/V, 71000 Sarajevo, Bosnia and Herzegovina, Telephone: +387 33 276 540, Telefax: +387 33 276 541, For TPPs EPPBiH (b1): Ms Sabaheta Sadikovic, EPBiH PIU Director, Vilsonovo Setaliste 20, 71000 Sarajevo, Bosnia and Herzegovina, Telephone: +387 33 751 041, Telefax: +387 33 751 033, Email: ssadikov@elektroprivreda.ba, For TPPs EPRS (b2):, Mr. Milan Bejat, EPRS PIU Director Luke Vukalovica 3 89001 Trebinje Bosnia and Herzegovina, Telephone: +387 59 225 716 Telefax: +387 59 223 525 Email: erspiu@inecco.net

**Company / organization:** **EAR, related KEK Kosovo**

**Kosovo B1 Electrostatic Precipitator Refurbishment Location – Kosovo B Power Plant, Obiliq, Kosovo-UNMIK**

**Content:** The contract is a Design-Built Contract, governed by the FIDIC "Conditions of Contract for Plant and Design-Build" First Edition 1999 (Yellow Book), and concerns the refurbishment of the Kosovo B1 Electrostatic Precipitator. The contract aims at improving the reliability and efficiency of the precipitator for dust removal above thresholds set in the Employer's Requirements. In order to exceed those thresholds, the activities under the contract will include, but not be limited to, the replacing of all discharge and collecting electrodes including the rapping system; sealing and repairing of the gas duct sections; replacement of all electrical and C&I cubicles; and calibration of the existing dust measurement system. The main outside dimensions of Precipitator will not be extended.

**Deadline:** 3 October 2005 before 17.00 CET

**Contact:** further contact at European Agency for Reconstruction Operational Centre Pristina, Pristina, Kosovo-UNMIK, e-mail: mimoza.selimi@ear.eu.int, cc: martin.dischendorfer@ear.eu.int, Fax +381 38 51 31 308

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

**Romania - CFR Traction Energy Network Management Project**

**Content:** CFR SA and its subsidiary CFR Electrificare have applied for a loan from the European Bank for Reconstruction and Development and intends to use its proceeds towards the cost of a project to continue modernisation and introduce cost-savings measures in management of its traction energy network. The proposed project, which has a total estimated cost of EUR 27 million equivalent (EUR 22.5 m from the Bank and EUR 4.5m in VAT and other taxes), will require the procurement of the following goods, works and services; Supply and installation of equipment sets consisting of traction substations, switching equipment, railway station distance control equipment, and central dispatching equipment and communication facilities; Supply of catenary maintenance vehicles; and Consultancy services for contract supervision. Tendering for the above contracts is expected to begin in the first quarter of 2006. Contracts to be financed with the proceeds of a loan from the Bank will be subject to the Bank's Procurement Policies and Rules and will be open to firms from any country. The proceeds of the Bank's loan will not be used for the purpose of any payment to persons or entities, or for any import of goods, if such payment or import is prohibited by a decision of the United Nations Security Council taken under Chapter VII of the Charter of the United Nations or under a law of official regulation of the Purchaser's country.

**Deadline:** 22 Jul 2006

**Contact:** Mr. Tiberiu Angelescu, Director of Foreign Financing Directorate, Compania Nationala de Cai Ferate CFR – SA, 38, Dinicu Golescu Blvd., 3rd floor, room no. 26, 010873 Bucharest 1, Romania, Tel.: +40 21 224 84 06, Fax: +40 21 222 14 45

**Company / organization:** **EBRD, related Kozloduy Nuclear Power Plant Bulgaria**

**Content:** This project is to support the policy of Supply Division of KEK (the Kosovo Power Utility) aiming at improving the revenue collection. The scope of the project consists of four Lots and includes the following: supply and installation of hand held units and docking stations as well as the software; supply of IT infrastructure for hand-held units (computers, printers, servers, and plotters); supply and installation of the Geographic Information System platform; supply of vehicles, and training for KEK staff. The equipment and services in this project will be used to plan commercial activities and improve payment control in the Sales Department/Supply Division of KEK.

**Deadline:** 1 Aug 2006 at 24:00, Kozloduy time

**Contact:** Mr. Michel Levy, KPMU Commercial Manager Kozloduy Nuclear Power Plant Kozloduy Bulgaria Fax. + 359 973 74508 e-mail: kpmu@npp.cit.bg With a copy to: Mr. Georgi Kirkov Head of Trade Division Kozloduy Nuclear Power Plant Kozloduy Bulgaria Fax. + 359 973 76008 e-mail: KIRKOV@npp.cit.bg

**Company / organization:** **EAR, related KEK Kosovo**

**Supply of Electrical and Laboratory Spares Parts and Equipment as well as Supply and Installation of a boiler feed water pump motor for Kosovo B units Location – UN-administered Kosovo**

**Content:** The subject of the contract is the design, manufacture, delivery, installation, commissioning and warranty support by the Supplier of Electrical and Laboratory Spare Parts and Equipment as well as a boiler feed water pump motor for Kosovo B Power Generation Units.

**Deadline:** 24th October 2005, 16:00 hrs CET

**Contact:** For further contact at European Agency for Reconstruction Operational Centre Pristina, Pristina, Kosovo-UNMIK, e-mail: mimoza.selimi@ear.eu.int, cc: martin.dischendorfer@ear.eu.int, Fax +381 38 51 31 308

**Company / organization:** **EAR, related KEK Kosovo**

**Revenue protection equipment for the Supply Division of KEK Location – Pristina, Kosovo UNMIK**

**Content:** This project is to support the policy of Supply Division of KEK (the Kosovo Power Utility) aiming at improving the revenue collection. The scope of the project consists of four Lots and includes the following: supply and installation of hand held units and docking stations as well as the software; supply of IT infrastructure for hand-held units (computers, printers, servers, and plotters); supply and installation of the Geographic Information System platform; supply of vehicles, and training for KEK staff. The equipment and services in this project will be used to plan commercial activities and improve payment control in the Sales Department/Supply Division of KEK.

**Deadline:** 17th October 2005; 16hrs00 (CET).

**Contact:** For further contact at European Agency for Reconstruction Operational Centre Pristina, Pristina, Kosovo-UNMIK, e-mail: mimoza.selimi@ear.eu.int, cc: martin.dischendorfer@ear.eu.int, Fax +381 38 51 31 308

**Company / organization:** **KEK Kosovo**

**Public Enterprise Kosovo Electro-energetic Corporation (KEK), Prishtina, launches Tender for sealed bids from professional Economic Operators for the: LOT 1:- Turbine supervision instrumentation LOT 2:- Transformer & Generator Protection Relays LOT 3:- Turbine Valve Control LOT 4:- Boiler Control LOT 5:- BOP Field Equipmant LOT 6:- Operator station-Centralog LOT 7:- Contrograd Maintenance tools LOT 8:- DCS P320 LOT 9:- AVR-Automatic Voltage egulator\_Cubicle LOT 10:- TGC-Turbine Governer and Control Cubicle LOT 11:- Boiler field equipment , according to requirements described in Tender Documentations.**

**Deadline:** September 6th 2005.

**Contact:** Name of CA KEK- Procurement Dep[artament Prishtina "Nena Tereze"square no.36 Contact Person e-mail fax For withdrawal of documents –Bujar Ibishi Bujar.ibishi@kek-energy.com For giving of additional information –Bashkim Zuna Bashkim.zuna@kek-energy.com +381 (0)38 222 604

Company / organization:	PPC, Greece
<b>150kV current transformers &amp; 150kV inductive outdoor voltage transformers</b>	
Download:	<a href="http://trans.dei.gr/dypm/407504/">http://trans.dei.gr/dypm/407504/</a>
Deadline:	27.09.2005 09:30h
Contact:	Mr. Georgiou Konstantinos, (tel. +30 210 5192330), Manager of Purchasing Section, Mr. Bousdekis Dimitrios, (tel +30 210 5192802), Director of Transmission Materials and Purchasing Department, Mr. A. Zavitsanou, Dyrrachiou 89, & Kifissou Str., 104 43 Athens, First Floor Office 101 Tel. 210 5192628

Company / organization:	PPC, Greece
<b>Digital automation substation control &amp; protection system</b>	
Download:	<a href="http://trans.dei.gr/dypm/406508/">http://trans.dei.gr/dypm/406508/</a>
Deadline:	13.09.2005 09:30h
Contact:	Mr. Georgiou Konstantinos, (tel. +30 210 5192330), Manager of Purchasing Section, Mr. Bousdekis Dimitrios, (tel +30 210 5192802), Director of Transmission Materials and Purchasing Department, Mr. A. Zavitsanou, Dyrrachiou 89, & Kifissou Str., 104 43 Athens, First Floor Office 101 Tel. 210 5192628, Mr. P. Ppapageorgopoulos, Dyrrachiou 89 & Kifissou Str., 104 43 Athens First Floor Office 117, Tel. 210 5192379

<b>EPS, Serbia (Electric Power Company of Serbia, Belgrade) - Tender for relay protection, control and supervision and measuring and telecommunications</b>	
Documentation:	Price: EUR 1.500,00 For payment and documentation delivery details please use the contact below.
Dates:	Call: 21.06.2005. Opening: 12.09.2005., 12:00h
Contact:	Mr. Veselin Koprivica  JP ELEKTROISTOK Kneza Milosa 11 11000 Belgrade, SCG Phone: ++381.11.32 38 536 Fax: ++381.11.32 42 414

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## Oil and Gas

Company / organization:	NIS RNS, Serbia
<b>Purchasing of device for automatic detection of the refraction index and density in the »open process</b>	
Deadline:	3. October 2005, until 9:00h local time
Contact:	Mr. Nenad Sikoparija, tel. +381 21 616 845; 613-214, e-mail: nenad.sikoparija@rns-nis.co.yu, Mr. Mihajlo Nikolic, tel. +381 21 616 845; 613-214

Company / organization:	INA, Croatia
<b>Delivery and installation of 2 set PORTABLE METER SKID SN-2360/05-VB</b>	
Deadline:	05.10.2005, until 11:00h local Zagreb time
Contact:	Ms. Vlatka Bigac, tel: +385 1 64 51 050, fax: +385 1 64 52 048, e-mail vlatka.bigac@ina.hr


Company / organization:	INA, Croatia
<b>Gas compensation package equipped with blowcase 1 set SN-2405/05-VB</b>	
Deadline:	20.10.2005, until 11:00h local Zagreb time
Contact:	Ms. Vlatka Bigac, tel: +385 1 64 51 050, fax: +385 1 64 52 048, e-mail vlatka.bigac@ina.hr

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## Mining

Company / organization:	EAR, related KEK Kosovo
<b>Supply of equipment for environmental improvements in the coal mines, Location – KEK / Coal Production Division – Kosovo Coal Mines</b>	
Content:	The supply by this project consists of two lots: Lot 1: Equipment for coal fire investigation and Lot 2: Equipment for drilling and coal fire fighting. Both lots will include appropriate training by suitable qualified and experienced staff for the monitoring and mapping of the fires and associated coal fire fighting techniques and technology. After the training activities the contractor shall prepare handbooks for coal fire investigation and for fire fighting considering the special local and geological conditions in the Kosova coal mines.
Deadline:	04 October 2005, 16:00 hrs CET
Contact:	European Agency for Reconstruction, 1, Kosovo Street (in front of Pro-Credit Bank) Pristina, Kosovo, Attn.: Procurement Officer, e-mail: luisa.lopez@ear.eu.int copy to: majlinda.statovci@ear.eu.int Fax: +381 38 51 31 308

## Conferences:

<b>5th Balkan Power Conference</b>	
	Bulgaria, Sofia Princess Hotel 14-16 September 2005  <a href="http://www.balkanpower.org/">http://www.balkanpower.org/</a>

<b>7th Annual Renewable Energy Finance Forum London 2005</b>	
	UK, London Royal Garden Hotel 22-23 September 2005  <a href="http://www.euromoneyenergy.com/">http://www.euromoneyenergy.com/</a>

<b>EastEuro Link - 3<sup>rd</sup> annual energy conference</b>	
	Bulgaria, Sheraton Hotel 14. - 15.09.2005  <a href="http://www.energy.easteurolink.co.uk/">http://www.energy.easteurolink.co.uk/</a>

<b>Emerging Europe Energy Summit</b>	
	Austria, Vienna Marriott Hotel 3-4 November 2005  <a href="http://www.doingbusiness.ro/summit/index.htm">http://www.doingbusiness.ro/summit/index.htm</a>

<b>IBEF® International Business Exchange Forum</b>	
	Germany, Fairground Augsburg 22. - 25.09.2005  <a href="http://www.renewable-forum.com/">http://www.renewable-forum.com/</a>