

INFRASTRUCTURE INVESTMENTS

UPDATE

23 September 2010

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Update and more....

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PROGRESS UPDATE

NEW PROJECTS IN FOCUS - PROPOSAL

INVESTORS' ADVISORY PANEL

ELECTRICITY INTERCONNECTIONS:

- 400 kV Overhead transmission line Romania (Resita) and Serbia (Pancevo)
- 400 kV Overhead transmission line Albania (Elbasan) and Former Yugoslav Republic of Macedonia (Bitola)

POWERPLANT(S)

- Zhur Hydro power plant

GAS INTERCONNECTION PIPELINES

- Ionian Adriatic Pipeline
- Interconnection Bulgaria (Dimitrovgrad) – Serbia (Nis)

KRL LNG Terminal

● New OHL 400 kV interconnection Serbia – Romania

PROGRESS 2010

- Preparatory meeting, 20 May, ECS Vienna: Transelectrica, RO TSO, DG ENER, ECS
- Bilateral meeting, 21 June, ECS Vienna : EMS Serbia, Transelectrica Romania, EBRD, ECS, EC
- Feasibility Study in Romania, finalised, Sept. 2010

Romania: the European Regional Development Funds – Structural Funds: application in preparation

NEXT MEETING: 20 October 2010 (tbc), to discuss the results of the FS and agree on the next actions

● New OHL 400 kV interconnection Albania – Former Yugoslav Republic of Macedonia

PROGRESS 2010

- Bilateral meeting, 16 April, ECS Vienna : OST Albania, MEPSO FYR of Macedonia, EBRD, ECS, EC
- Application to the WBIF, on 7 September; Screening committee meeting on 28-29 September!

● ZHUR Hydro power plant

PROGRESS 2010

The pre-qualified investors are:

1. KI - Kelag International GmbH (Austria)
2. A consortium of Parties Insaat (Turkey) & D Energy Union System Development Corporation (UK)
3. Limak Group (Turkey)

NEXT STEPS

- Selection of the Project Implementation Unit - tender dossiers by 10 September 2010
- Selection of Transaction advisory services – deadline for dossiers: 13 September 2010

● IONIAN ADRIATIC PIPELINE

PROGRESS 2010

- Last meeting: 28 June 2010, ECS Vienna: Albania (METE), Bosnia and Herzegovina (MOFTER), Croatia (MINGORP and Plinacro), EC DGENER, ECS
- Intergovernmental Committee decision
- Nominations from Albania and Croatia

NEXT STEPS

- Bosnia and Herzegovina and Montenegro to nominate a representative, by 15 October 2010
- First Meeting of the Committee, on 4th or 16th November
- The FS and ESIA to be requested to the WBIF in 2011

● BULGARIA – SERBIA GAS INTERCONNECTION

PROGRESS 2010

- Meetings on 27 January, 20 May and 22 July 2010, Vienna
- WBIF approved Serbia's request for FS and ESIA; ToRs are under preparation
- EIB JASPERS programme prepared ToRs for the Bulgarian pipeline; Ministry of Economy, Energy and Tourism and Bulgartransgaz to approve

NEXT STEPS

- Bulgartransgaz and the Ministry of Economy, Energy and Tourism to clarify respective roles and responsibilities with respect to the project
- Clarifications between Srbijagas and Yugorosgas – role in the pipeline investment; MoME nomination in the Working Group
- Meeting of the Working Group: after the two Feasibility Studies are finalized; tentative timeline, June 2011

● KRK LNG

- Croatia set up the *LNG Hrvatska* (with *Plinacro* and *HEP* as equal shareholders) participating with 11% in the KRK LNG consortium

- **400 KV INTERCONNECTION ROMANIA (Suceava) – MOLDOVA (Balti)**
- **GAS INTERCONNECTION ROMANIA (IASI) – REPUBLIC OF MOLDOVA (UNGHENI)**
- **HYDRO POWER PLANT BOSKOV MOST - FORMER YUGOSLAV REPUBLIC OF MACEDONIA**

KEY CHALLENGES

For cross border projects

- **Incentives for TSOs to develop investments that serve mainly other markets**
- **Recognition of TSOs costs incurred beyond its territory, in tariffs of its own customers**
- **Project leader/champion**
- **Harmonisation of authorisations and licenses**
- **Synchronised and firm decisions and timely implementation in all participant countries**

RATIONALE

- Develop a more structured dialogue between the private investors and the Energy Community

TOPICS

- Legal and regulatory bottlenecks
- Competition hindrance and state aid rules,
- Transparency issues, barriers to entry on the energy market,
- Abuse of market dominant position, business practices that prohibit equal play field for all participants, and more...

MEMBERS, MEETINGS, OUTCOME

- High level representatives of the main electricity companies that are active investors in the Western Balkans, including, but not limited to: RWE (Germany), ENEL (Italy), EnBW (Germany), CEZ (Czech Republic), AES (US), A2A (Italy), PPL (Greece), Edison (Italy), Terna (Italy), EVN (Austria), Verbund (Austria), Statkraft (Norway), Eurelectric, others.
- Meeting twice a year, in spring and in autumn, in Vienna; ECS will also provide assistance with the organization of meetings
- The EIAP should be set up at the recommendation of the Energy Community Ministerial Council and it will give its recommendations to the Secretariat, which will report to the PHLG and MC, on a yearly basis.

**“NOTHING IS MORE DIFFICULT, AND THEREFORE MORE PRECIOUS,
THAN TO BE ABLE TO DECIDE”**

Napoleon Bonaparte

THANK YOU!