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EUROPEAN ENERGY HANDBOOK

A SURVEY OF THE LEGAL
FRAMEWORK AND CURRENT
ISSUES IN THE EUROPEAN
ENERGY SECTOR

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Legal advice

Please note that the content of this publication does not constitute legal advice and should not be relied on as such. Specific advice should be sought about your specific circumstances. The deadline for the submission of chapters was 31 January 2019.

Foreword

Welcome to the 2019/2020 edition of the European Energy Handbook!

I am delighted to introduce the 2019/2020 edition of "The European Energy Handbook", which provides an in-depth survey of current issues in the energy sector in 42 European jurisdictions.

This year's edition focuses on recent legal and commercial developments in each jurisdiction, and covers issues such as the Energy Union, the adoption of the latest package of EU energy legislation, the 'Clean Energy for All Europeans' bundle of directives and regulations updating the EU's energy policy framework to facilitate the decarbonisation of the sector and the transition towards cleaner energy.

Climate change, the energy transition and associated challenges are strong themes in nearly all of the contributions of this edition – as each jurisdiction aims to meet its EU renewable energy obligations by 2020 and beyond. Other topics in this edition include the increasingly important role of electricity storage, new nuclear projects, the progress of privatisations, new gas and electricity interconnectors, the emergence of subsidy-free renewable energy projects in a number of jurisdictions as well as the growing role of electric vehicles, the need for charging infrastructure, and their impact on electricity grids.

At the time of writing, the exact shape of Brexit is as yet unclear. Wider political implications for the UK and the EU aside, Brexit will also have an impact on the energy sector, as it puts into question the continued coupling of the British (and, indirectly, the Irish) electricity markets to the EU energy markets, and the current electricity and gas trading arrangements between Great Britain and the EU.

As always, I am grateful to the colleagues across Europe who have contributed to this edition.

In addition to contributions for the European Union, Belgium, France, Germany, Ireland, Italy, Russia, Spain, and the United Kingdom from our own offices, this year we have contributions from Schoenherr (Austria, Bosnia and Herzegovina, Bulgaria, Croatia, Czech Republic, Hungary, Moldova, Montenegro, Romania, Serbia, the Slovak Republic and Slovenia), Loloçi & Associates (Albania), Kromann Reumert (Denmark), Ellex Raidla (Estonia), Roschier (Finland and Sweden), Kyriakides Georgopoulos (Greece), BBA//Fjeldco (Iceland), Meitar Liquornik Geva Leshem Tal Law Offices (Israel), Kinstellar (Kazakhstan), Cobalt (Latvia and Lithuania), Arendt & Medernach (Luxembourg), Zammit Pace Advocates (Malta), Houthoff (the Netherlands), Karanovic & Partners (North Macedonia), Arntzen de Besche Advokatfirma AS (Norway), WKB Wierciński, Kwieciński, Baehr (Poland), Campos Ferreira, Sá Carneiro & Associados (Portugal), Homburger (Switzerland), Kolcuoğlu Demirkan Koçaklı (Turkey), and Avellum (Ukraine).

Finally, special thanks are due to Barbara McNulty who has worked tirelessly to make this edition of the European Energy Handbook a reality and without whom this project would not have been possible.

Happy reading and best wishes,

Silke Goldberg

**Partner, Herbert Smith Freehills LLP
November 2019**



Silke Goldberg

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Overview of the legal and regulatory framework in the European Union

Silke Goldberg, partner, and Barbara McNulty, paralegal, Herbert Smith Freehills

Introduction and scope

Europe's energy transition from an economy driven by fossil fuels to a low-carbon society has progressed well in the past few years and the European Commission's ("Commission") vision¹ of an Energy Union is continuously moving closer to completion. What was once mere policy is now steadily becoming reality on the ground. New legislation has been formally adopted and non-legislative initiatives introduced to further the objectives of securing clean energy for Europe.

Energy Union

The Energy Union envisaged by the Commission is based on the European Union's ("EU") energy policy objectives of ensuring a secure, sustainable, competitive and affordable energy supply to EU consumers² that facilitates the free flow of energy across borders and a secure supply in every EU Member State.³ The Energy Union is implemented through the Energy Union Package, which is a framework strategy formulated to achieve the Energy Union.

The Energy Union Package was adopted by the Commission in 2015 and sets out the Commission's goals in five interrelated policy dimensions: energy security, the internal energy market ("IEM"), energy efficiency, decarbonisation of the economy, and research, innovation and competition. The adoption of the package created new momentum to bring about the transition to a clean energy, low-carbon, secure and competitive Energy Union. The package promised to accelerate the integration of European energy markets through delivering on the actions as set out in the framework strategy.

These actions include:⁴

- ensuring full implementation and strict enforcement of existing EU energy and related legalisation, in particular the Third Energy Package ("TEP");
- diversifying the EU's supply of gas and making it more resilient to supply disruptions;
- ensuring intergovernmental agreements ("IGAs") comply fully with EU legislation and are more transparent;
- supporting the implementation of major infrastructure projects, particularly Projects of Common Interest ("PCIs");
- proposing legislation on security of supply for electricity to create a seamless internal energy market;
- reviewing and proposing actions to reinforce the TEP legislation framework, in particular in relation to the Agency for the Cooperation of Energy Regulators ("ACER") and the European Network for Transmission System Operators ("ENTSO");
- developing guidance on, and actively engaging in, regional cooperation;
- achieving greater transparency on energy costs and prices by producing reports on energy prices and analysing the role of taxes, levies and subsidies, and taking action to protect vulnerable consumers through social policies;
- reviewing relevant energy efficiency legislation and proposing revisions;
- developing a 'Smart Financing for Smart Buildings' initiative to make buildings more energy efficient;
- proposing legislation to achieve greenhouse gas ("GHG") reduction targets, and facilitating investment in heating and cooling;
- proposing a comprehensive road transport package that promotes more efficient pricing of infrastructure;
- proposing legislation to achieve the agreed GHG reduction target both in the Emissions Trading System ("ETS") and for sectors not in the ETS;
- proposing a European energy research and innovation ("R&I") approach towards energy and climate-related technology and developing an initiative on global technology and innovation leadership to create jobs and economic growth; and
- revitalising the EU's energy and climate diplomacy to make full use of trade policy to promote access to energy sources and foreign markets, and to strengthen the EU's energy cooperation with third countries.

The Energy Union strategy as set out in the Energy Union Package began to make major strides to live up to its promise when, in 2016, the Commission presented the Clean Energy for All Europeans Package. This package proposes measures that provide a legislative framework within which the transition to clean energy can be facilitated and completed, and is a significant milestone in the road towards the creation of the Energy Union. The Clean Energy for All Europeans Package aims to enable the EU to deliver on its commitment in the Paris Agreement and, in so doing, help the EU energy sector become more stable, competitive and sustainable.

Climate action

The Paris Agreement sets out a global action plan to achieve a long-term goal of putting the world on track to limit global warming to below 2°C above pre-industrial levels and pursue efforts to limit the temperature increase to 1.5°C. Under the Paris Agreement, Governments agree to set ambitious targets to reduce emissions and build resilience to the adverse effects of climate change. The entry into force of the agreement less than a year after its adoption indicates a willingness to take action against the effects of climate change.

The EU's efforts to fight climate change and contribute to the objectives of the Paris Agreement include introducing policies, legislation and initiatives for cleaner and more environmentally friendly transport, land-use, agriculture and energy, efficient use of less polluting energy, more sustainable cities and climate-resilient communities, and reducing emissions from all sectors of the economy.

Commitment to deliver

Since the adoption of the Energy Union Package, Member States have increasingly pooled their power and infrastructure resources, working in solidarity to deliver secure energy to their citizens. The Commission has reviewed the EU's progress towards the completion of the Energy Union and has to date produced three reports. In its 2017 "Third Report on the State of the Energy Union",⁵ the Commission noted that most Member States had begun to prepare their national plans for Integrated National Energy and Climate Plans ("INECPs"). EU countries were required to submit their draft INECPs by 31 December 2018, and must be ready to submit their final plans to the Commission by 31 December 2019.

This article focuses on EU directives and regulations that form part of the overall strategy to achieving the Energy Union and their effects at EU level, and provides further detail on EU energy packages that have been formulated to achieve the Energy Union, including the Energy Union Package, the Clean Energy for All Europeans Package, the TEP, and the Climate Change and Renewable Energy Package. The article also addresses relevant EU legislative measures for financial instruments that concern the energy sector. It also looks at EU legislation that affects upstream and offshore energy operations.

For a detailed analysis of how the European legislation impacts on EU Member States and beyond, please turn to the national chapters in this edition of The European Energy Handbook.

A. Energy Union package

The Energy Union Package focuses on five mutually reinforcing and closely interrelated strategies: energy security, a fully integrated IEM, energy efficiency, climate action, and research and innovation. These strategies are designed to bring greater energy security, sustainability and competitiveness to the Energy Union, which aims to accelerate the modernisation of Europe's entire economy and make it low-carbon and efficient in energy and resources while ensuring social wealth and fairness.

Energy security

Under the Energy Union Package, the Commission pledged to work with Member States regarding security of energy supplies and develop access to alternative suppliers, including from the Southern Corridor route, the Mediterranean EU Member States and North African countries, which would decrease dependence on individual suppliers. The package also focuses on exploring the full potential of liquefied natural gas ("LNG") (including as a backup in cases of insufficient gas supplies from Europe). In February 2016, the Commission launched the Sustainable Energy Security Package, which proposed a shift from a national approach to a regional approach when designing security of supply measures, and a comprehensive strategy for LNG and its storage.

The Sustainable Energy Security Package also contains a proposal for a revision of the decision on IGAs, incorporating

obligatory ex-ante assessments of IGAs by the Commission. The Commission's oversight enables Member States to avoid difficult renegotiation processes ex-post, and facilitate the development of standard contract clauses covering EU rules, allowing for more adequate compliance with EU law. The Sustainable Energy Security Package also includes proposals for a heating and cooling strategy focused on removing barriers to decarbonisation in buildings and industry.

In furtherance of the objective towards decarbonisation in buildings and industry, Directive (EU) 2018/844 of 30 May 2018 amending Directive 2010/31/EU on the energy performance of buildings and Directive 2012/27/EU on energy efficiency ("updated EPB Directive") came into force in July 2018. The updated EPB Directive includes various measures to achieve this goal of decarbonisation, which include the renovation of buildings and the use of smart technology (see below, Clean Energy for All Europeans: Energy performances in buildings – updated EPB Directive).

A fully integrated IEM

To facilitate integration and harmonisation of Europe's electricity and gas transmission systems, the Commission pledged to propose a new European electricity market design, followed by legislative proposals and reinforcement of the European regulatory framework. This materialised in the adoption of Regulation (EU) 2015/1222 of 24 July 2015 establishing a guideline on capacity allocation and congestion management ("Regulation on Market Coupling"), which made market coupling for electricity trading legally binding across the EU. This regulation works in tandem with the European Network Codes ("ENCs") designed to integrate electricity and gas systems across the EU (see below, Third Energy Package: NCs and framework guidelines).

The regulatory framework strategy recognises the importance of interconnectors allowing energy to flow freely across the EU, with the minimum interconnection for electricity set at 10% of installed electricity generation capacity of Member States by 2020. This is being addressed through the Projects of Common Interest ("PCI") scheme, which provides access to finance for the development of infrastructure projects essential to better connect energy markets (see below, Third Energy Package: Development of energy infrastructure). Access to finance is also provided by the European Investment Bank, the Connecting Europe Facility ("CEF"), the European Structural and Investment Funds, and the European Fund for Strategic Investments. The transition towards a more secure, sustainable and integrated Energy Union is estimated to require investment of approximately €200 billion annually until 2025. The Commission will explore proposals for further energy investment regimes that pool resources to finance economically viable investments.

Energy efficiency

The European Council has set a target of at least 27% energy efficiency savings in 2030. This will be reviewed in 2020 with the aim of adjusting it upwards to an EU level of 30%. As almost 50% of the EU's final energy consumption is used for heating and cooling, of which 80% is used in buildings, the Commission seeks to increase finance instruments to facilitate increased investment in energy efficiency in relation to building renovation across Europe. This includes retrofitting existing buildings to make them more energy efficient and making full use of sustainable space, heating and cooling. The EU budget for 2014

to 2020 also significantly increased the contribution to building and renovation. Additionally, in February 2016, the Commission released a proposal of a heating and cooling strategy to move towards a smarter, more efficient and sustainable heating and cooling sector.

The updated EPB Directive came into force in July 2018, which aims to help achieve the EU's heating and cooling goals, and includes measures to encourage building renovation and the use of smart technology to improve energy performance in buildings (see below, Clean Energy for All Europeans: Energy performance in buildings – updated EPB Directive).

Climate action

The EU aims to decrease domestic GHG emissions by at least 40% compared to 1990 levels by 2030 (as reiterated under the EU Intended Nationally Determined Contribution (“INDC”) pursuant to the Paris Agreement). The EU ETS plays a significant role as an EU-wide driver for low-carbon investments. The revised EU ETS Directive, which enhances cost-effective emission reductions and low-carbon investments, came into force on 8 April 2018 (see below, Climate change and renewable energy: Revised EU ETS Directive).

The political agreement reached by the EU institutions includes a binding renewable energy target for the EU for 2030 of 32% with an upwards revision clause by 2023. Prior to this agreement, the target for 2030 was set at 27%. The agreement also includes a new policy for sustainable biomass and biofuels, and leaves several opportunities for Member States to tailor certain sustainability requirements and targets when transposing the document into national legislation.

The original strategy framework of the Energy Union Package also focuses on the decarbonisation of the EU's transport sector. In furtherance of the objectives of the Directive on Alternative Fuels (Directive 2014/94/EU of 22 October 2014 on the deployment of alternative fuels infrastructure) that came into force on 9 October 2017, the Commission has, under the Energy Union Package, pledged to take action to facilitate an increase in the deployment of alternative fuels and procurement of clean vehicles (see below, Climate change and renewable energy package: Emissions Standards Regulation).

Research and innovation

To maintain European technological leadership and expand export opportunities the EU has developed a forward-looking energy and climate related R&I strategy, under which it has enhanced the Strategic Energy Technology Plan (“SET Plan”). The aim of the SET Plan is to accelerate the development and deployment of low-carbon technology.

The main instruments of the SET Plan are the European Technology and Innovation Platforms (“ETIPs”), the European Energy Research Alliance (“EERA”) and the Set Plan Information System (“SETIS”). The ETIPs support the implementation of the SET Plan and bring together Member States, industry and researchers in key areas. They also promote the market uptake of key energy technologies by pooling funding, skills and research facilities. The areas in which ETIPs were active in 2018 include wind, photovoltaic (“PV”), ocean energy, geothermal energy, renewable heating and cooling, carbon capture and storage (“CCS”), and sustainable nuclear energy.⁶

B. Clean Energy for All Europeans

The Clean Energy for All Europeans Package, first presented in 2016, is a significant step towards the goal of achieving an Energy Union. Other significant steps have included the adoption of energy packages that deal with the liberalisation of electricity and gas markets in the EU. To date, the EU has adopted three energy packages.

The First Energy Package (“FEP”) introduced the first liberalisation directives for electricity (in 1996) and gas (in 1998) in the EU; the Second Energy Package (“SEP”) was adopted in 2003. Following the adoption of the FEP and SEP directives, and their transposition by Member States into national law, EU industrial and domestic consumers could choose their own electricity and gas suppliers from a wider range of competitors. The TEP, ie the third of the energy packages, was adopted in 2009. The TEP furthered the aim of creating a single EU electricity and gas market (see below, Third Energy Package).

The Clean Energy for All Europeans Package has three main objectives, which are to put energy efficiency first, provide a fair deal for consumers and achieve global leadership in renewable energies.

In furtherance of these objectives, the Clean Energy for All Europeans Package proposed the following eight legislative measures, which are now all in force:

- **Energy performance in buildings.** Directive (EU) 2018/844 of 30 May 2018 amending Directive 2010/31/EU on the energy performance of buildings and Directive 2012/27/EU on energy efficiency (“updated EPB Directive”), which was enforced in July 2018 (see below);
- **Energy efficiency.** Directive (EU) 2018/2002 of 11 December 2018 amending Directive 2012/27/EU on energy efficiency (“updated EE Directive”);
- **Renewable energy.** Directive (EU) 2018/2001 of 11 December 2018 on the promotion of the use of energy from renewable sources (recast) repealing Directive 2009/28/EC (“recast ERS Directive”);
- **Governance.** Regulation (EU) 2018/1999 of 11 December 2018 on the Governance of the Energy Union (“Governance Regulation”);
- **Common rules for electricity.** Directive (EU) 2019/944 of 5 June 2019 on common rules for the internal market in electricity (recast) amending Directive 2009/72/EC of 13 July 2009 concerning common rules for the internal market in electricity and repealing Directive 2003/54/EC (“recast Electricity Directive”);
- **Internal market for electricity.** Regulation (EU) 2019/943 of 5 June 2019 on the internal market for electricity (recast) amending Regulation (EC) no. 714/2009 of 13 July 2009 on conditions for access to the network for cross-border exchanges in electricity and repealing Regulation (EC) no. 1228/2003 (“recast Electricity Regulation”);
- **ACER.** Regulation (EU) 2019/942 of 5 June 2019 establishing an EU Agency for the Cooperation of Energy Regulators (recast) amending Regulation (EC) no. 713/2009 of 13 July 2009 establishing an Agency for the Cooperation of Energy Regulators (“recast ACER Regulation”); and

- **Risk-preparedness.** Regulation (EU) 2019/941 of 5 June 2019 on risk-preparedness in the electricity sector and repealing Directive 2005/89/EC (the “Risk-preparedness Regulation”).

The Council formally adopted the updated EPB Directive on the energy performance of buildings on 14 May 2018, which entered into force in July 2018.

The updated EE Directive, recast ERS Directive and Governance Regulation were formally adopted on 4 December 2018 and entered into force in January 2019.

The recast Electricity Directive, recast Electricity Regulation, recast ACER Regulation and the Risk-preparedness Regulation were formally adopted on 22 May 2018 and entered into force in July 2019.

Member States must transpose the new elements of the EU Directives into national law 18 months after their entry into force; however, as EU Regulations are directly applicable as of entry into force, the Regulations will directly apply in each Member State as of the date of enforcement.

The institutions have agreed a binding energy efficiency target of 32.5% for the EU for 2030, which also includes a clause for an upwards revision by 2023. To help achieve these targets, the EU has adopted a number of measures, including:⁷

- an annual reduction of 1.5% in national energy sales;
- annual energy efficient renovations to at least 3% of buildings owned and occupied by Member States’ governments;
- mandatory energy efficiency certificates accompanying the sale and rental of buildings;
- minimum energy efficiency standards and labelling for a variety of products;
- the preparation of National Energy Efficiency Action Plans every three years by Member States;
- the planned rollout of about 200 million smart meters for electricity and 45 million for gas by 2020;
- large companies conducting energy audits at least every four years; and
- protecting the rights of consumers to receive easy and free access to data on real-time and historical energy consumption.

Non-legislative initiatives

In addition to the legislative package introduced under the Clean Energy for All Europeans Package, the Commission has commenced a number of non-legislative initiatives that aim to facilitate and ensure a fair clean energy transition. These include

- coal regions in transition;
- clean energy for EU islands initiative; and
- measures to define and better monitor energy poverty in Europe.

The platform for coal regions in transition works as an open forum in light of the declining use of coal and, among others, its impact on coal mining regions. The platform gathers all relevant parties, local, regional and national governments, businesses and trade unions, NGOs and academia.

The clean energy for EU islands initiative provides a long-term framework to assist islands in the generation of their own sustainable, low-cost energy.

The measures to define and better monitor energy poverty in Europe were introduced with the aim of supporting informed decision-making at local, regional and national level by providing a user-friendly and open-access resource. The measures promote public engagement on the issue of energy poverty, and also aim to serve as a forum to disseminate information and good practice among public and private stakeholders.

Energy performance in buildings - updated EPB Directive⁸

The original energy performance and efficiency directives, ie Directive 2010/31/EU on the energy performance of buildings (the “EPB Directive”) and Directive 2012/27/EU on energy efficiency (the “EE Directive”), were designed to tackle climate change by reducing the amount of carbon produced by buildings. A proposal to amend these directives was put forward under the Clean Energy for All Europeans Package. The proposal was adopted and the updated EPB Directive was introduced. The updated EPB Directive aims to further improve energy efficiency in buildings, combat energy poverty, and reduce housing energy bills through the renovation of older buildings.

The updated EPB Directive, ie Directive (EU) 2018/844, entered into force on 9 July 2018.⁹ Member States must transpose the new elements of the directive into national law within 20 months of the directive’s enforcement date.

The updated EPB Directive creates a clear pathway to low and zero-emission building stocks in the EU by 2050. One of the directive’s long-term goals is to decarbonise existing EU building stock, through promoting cost-effective renovation work. Member States must establish strong long-term renovation strategies that are aimed at decarbonising national building stocks by 2050.

Another measure to help achieve decarbonisation is the use of information and communication technology (“ICT”) and smart technologies by, for example, introducing smart indicators for buildings and simplifying the inspections of heating and air conditioning systems. Member States can opt to introduce a common European scheme for rating the smart readiness of buildings. Smart technologies are further promoted, as building automation and control systems, and devices that regulate temperature at room level must be installed.

The directive also promotes electro-mobility (“e-mobility”) through the setting up of a framework for parking spaces for electric vehicles, supporting the introduction of infrastructure in all buildings to facilitate e-mobility, and the mobilisation of public and private financing and investment. Regarding national energy performance, Member States must report their requirements in a manner that allows for cross-national comparisons.

Energy efficiency - updated EE Directive¹⁰

The proposal to update Directive 2012/27/EU on energy efficiency (ie the EE Directive) was endorsed by the European Parliament’s Committee on Industry, Research, Telecoms and Energy (“ITRE Committee”) in July 2018, who voted with a favourable strong majority for the proposed update (48 in favour, eight against). The updated EE Directive was formally adopted by the Transport, Telecommunications and Energy

Council on 4 December 2018 and published in the Official Journal of the EU ("OJEU") on 21 December 2018 as Directive (EU) 2018/2002 of the European Parliament and of the Council of 11 December 2018 amending Directive 2012/27/EU on energy efficiency.

Under the updated EE Directive, the EU has a 2030 binding 30% energy efficiency target. Member States do not however have national binding targets; their indicative energy efficiency contributions for 2030 will be notified in Member States' INECs (see below). The Commission assesses Member States' indicative contributions and sets out a process under which the contributions will add up the EU's 2030 target.

The energy efficiency obligation period is extended from 2020 to 2030 under the updated EE Directive. Member States can achieve their obligations through an energy efficiency obligation scheme or alternative measures, or a combination of both. New renewable energy technologies on or in buildings may be taken into account. The proposed amendments simplify how energy savings are calculated and clarify which savings can be used in the calculations. Calculations for savings from 2021 to 2030 continue to be based on a three-year average of annual energy sales to final customers.

The updated EE Directive strengthens the current provision under the EE Directive regarding the inclusion of social requirements for households affected by energy poverty in Member States' energy efficiency obligation schemes as, under the updated EE Directive, Member States must take energy poverty into account when designing alternative measures.

The updated EE Directive also introduces a distinction between final customers and final users. This is to clarify the rules that apply in sub-metered multi-apartment and multi-purpose buildings. Other measures proposed include installing individual meters and heat cost allocators or alternative cost-efficient heat consumption measurements, and installing remotely readable devices.

Renewable energy - recast ERS Directive¹¹

The recast ERS Directive repealing Directive 2009/28/EC of 23 April 2009 on the promotion of the use of energy from renewable sources and amending and subsequently repealing Directives 2001/77/EC and 2003/30/EC ("ERS Directive") was endorsed by the ITRE Committee in July 2018, which voted strongly in favour of increasing renewable energy use in Europe (50 in favour, seven against). The recast ERS Directive was formally adopted by the Transport, Telecommunications and Energy Council on 4 December 2018 and published in the OJEU on 21 December 2018 as Directive (EU) 2018/2001 of the European Parliament and of the Council of 11 December 2018 on the promotion of the use of energy from renewable sources (recast).

The ERS Directive established a common framework for energy production from, and promotion of, renewable sources. The aim of the ERS Directive was to limit GHG emissions and to promote cleaner transport. A regulatory fitness programme ("REFIT") evaluating the RES Directive was undertaken between 2014 and 2016. The REFIT concluded that the EE Directive had been a success in increasing the share of renewable energy in EU final energy consumption. However, although the REFIT showed that the EU as a whole is on track towards its overall renewable energy targets for 2020, the

Commission has emphasised that these targets will only be secured, and ever steepening trajectories achieved, by continuing to promote the deployment of renewables.¹²

The main changes proposed in the recast ERS Directive include setting out the 2030 EU target and establishing the 2020 national targets as baselines. This means that, from 2021 onwards, Member States cannot go below their 2020 national targets. The proposed directive sets out a reference mechanism that will ensure the baseline is maintained and avoid gaps emerging in achieving targets. The 10% renewable energy in transport ("RES-T") target after 2020 is also deleted in the recast directive.

The recast ERS Directive also sets out general principles that Member States can apply, subject to State aid rules, when designing cost-effective support schemes. Under these principles, support schemes must be designed to ensure there are no unnecessary distortions in the electricity markets and ensure that generators consider supply and demand for electricity, and possible grid constraints. The recast directive ensures that revised levels and conditions of support schemes must not negatively impact supported projects. The recast ERS Directive gradually opens up cross-border participation in support schemes as Member States must ensure that at least 10% of newly supported capacity annually from 2021 to 2025 (15% annually from 2026 to 2030) is open to installations in other Member States.

The recast ERS Directive establishes an EU-level obligation on fuel suppliers to provide low-emission and renewable fuels. In addressing indirect land use change ("ILUC") emissions, the recast directive regulates how the share of energy from renewable sources is calculated. This includes that from 2021, the maximum share of biofuels and bioliquids from food or feed crops is to be decreased. Member States can also set a lower limit and can distinguish between different types of biofuels and bioliquids; for example, in considering ILUC, a lower limit may be set for biofuels produced from oil crops. Such measures are intended to stimulate decarbonisation and energy diversification, and ensure cost-effective measures for the sector in contributing to the overall target achievement. It is also proposed that Member States set up a "one-stop-shop" that deals with the permit granting process.

Modifications to the guarantees of origin ("GOs") system include that the GOs system is extended to renewable gas, GOs are issued for heating and cooling on the request of a producer, GOs are mandatory for renewable energy sources for electricity ("RES-E") and renewable gas disclosure, and that GOs for RES-E can be allocated through auctioning.

The existing EU sustainability criteria for bioenergy under the ERS Directive is reinforced in the recast ERS Directive. The criteria is extended to include biomass and biogas for heating and cooling, and generation of electricity. The criteria for agriculture biomass is simplified and a new risk-based criterion is introduced for forest biomass. The mass balance system is clarified and adapted to include biogas co-digestion and injection of biomethane in the natural gas grid. (Under the mass balance system, generators use an input equals output basis to account for their biomass fuel; however, they do not need to physically separate certified/uncertified biomass.)

In streamlining the EU sustainability criteria, the provision in the ERS Directive for entering into bilateral agreement with third parties has been deleted in the recast ERS Directive. The provision under the ERS Directive that allowed the Commission to recognise areas of protection for rare, threatened or endangered ecosystems or species is also deleted.

Under the recast ERS Directive, the Commission may decide on voluntary national or international schemes for setting standards. It is also proposed that Member States will be more involved in the governance of national schemes as, under the recast ERS Directive, Member States will be able to check certification bodies.

Following the adoption of the ERS Directive, Member States will have 18 months to bring into force the laws, regulations and administrative provisions necessary to comply.¹³

Governance of the Energy Union - Governance Regulation¹⁴

The Governance Regulation aims to streamline the planning, reporting and monitoring obligations, and establish a governance mechanism, under which Member States will regularly submit integrated plans and reports to the Commission. The Governance Regulation applies to five dimensions: energy security, the energy market, energy efficiency, decarbonisation, and R&I and competitiveness. The Governance Regulation was formally adopted by the Transport, Telecommunications and Energy Council on 4 December 2018 and published in the OJEU on 21 December 2018 as Regulation (EU) 2018/1999 of the European Parliament and of the Council of 11 December 2018 on the Governance of the Energy Union and Climate Action, amending Regulations (EC) no. 663/2009 and (EC) no. 715/2009 of the European Parliament and of the Council, Directives 94/22/EC, 98/70/EC, 2009/31/EC, 2009/73/EC, 2010/31/EU, 2012/27/EU and 2013/30/EU of the European Parliament and of the Council, Council Directives 2009/119/EC and (EU) 2015/652 and repealing Regulation (EU) no. 525/2013 of the European Parliament and of the Council.

In July 2018, a joint committee of the ITRE and the Committee on Environment, Public Health and Food Safety ("ENVI") voted by a clear majority in favour of the proposal (88 in favour, 11 against).

Under the Governance Regulation, Member States must notify the Commission by 1 January 2019 of their INECs for 2021 to 2030, and must then similarly notify the Commission every ten years thereafter. The plans will include an overview of the process used in establishing the plan, the national objectives, targets and contributions for each of the five dimensions to which the regulation applies, and the policies and measures used to meet those objectives. Plans will also include the current situation in the Member States in relation to the five dimensions, and impact assessments of the planned policies and measures.

Before the plans are finalised, the Commission and the Member States will enter into a consultative process, within which the Commission will be able to make recommendations on the objectives, targets, contributions, policies and measures. Other Member States will also be able to comment on the INECs in regional consultations. The plans will need to be updated by 1 January 2024, but targets, objectives and contributions should only be changed to reflect overall increased 2030 targets for energy and climate. In their updated plans, Member States will

make every effort to mitigate any adverse environmental impacts that become apparent.

Member States must also prepare and report to the Commission by 1 January 2020 on their long-term low emission strategies, with a 50 years perspective. The strategies will include emission reductions and enhancement in removals for individual sectors, including electricity. Member States will make their long-term low emission strategies and updates available to the public. These strategies are key in contributing to economic transformation, jobs, growth and achieving broader sustainable development goals. They are also key to moving towards the long-term goal of the Paris Agreement in a fair and cost-efficient manner.

By 15 March 2021, and every two years thereafter, Member States will report to the Commission on the progress of the implementation of their INECs, and also report on the progress of their GHG policies and measures. In their progress reports, Member States will include information on the implementation of their national trajectories towards the overall share of renewable energy in gross final energy consumption, and sectorial share of renewable energy in final energy consumption, from 2021 to 2030. Information on renewable energy technology used to achieve the overall and sectorial trajectories, and the implementation of trajectories on bioenergy demand and biomass supply, will also be included in the progress reports.

As in the case of all EU Regulations, the Governance Regulation was directly applicable as of its entry into force.

Common rules for the internal market for electricity - recast Electricity Directive¹⁵

The recast Electricity Directive will amend Directive 2009/72/EC of 13 July 2009 concerning common rules for the internal market in electricity and repealing Directive 2003/54/EC ("Third Electricity Directive"). The recast Electricity Directive was formally adopted by the Council of ministers of the EU on 22 May 2019 and published in the OJEU on 14 June 2019 as Directive (EU) 2019/944 of the European Parliament and of the Council of 5 June 2019 on common rules for the internal market for electricity and amending Directive 2012/27/EU (recast).

The Third Electricity Directive was introduced under the TEP, the aim of which was to create a single EU electricity and gas market to keep prices low for consumers, provide increased standards of service and ensure security of supply (see below, Third Energy Package).

The recast Electricity Directive proposed under the Clean Energy for All Europeans Package introduces a new principle under which Member States have to ensure that the EU electricity market is competitive, consumer-centred, flexible and non-discriminatory. The recast Electricity Directive focuses on consumers and the importance of the internal market. Consumer empowerment and protection is addressed, and rules are set out on clearer billing information and certified comparison tools.

The recast Electricity Directive also expands on the rights for energy consumers (eg, choice of energy supplier, dynamic price contracts, smart meters and data sharing). Energy poverty is addressed and a framework for local energy communities is

provided. It also clarifies certain already established tasks and roles of DSOs and Transmission System Operators (“TSOs”). The recast Electricity Directive does not change the rules on unbundling (see below, Third Energy Package); however, it explicitly reminds national regulators of their obligation to cooperate with neighbouring regulators and ACER.

Internal market for electricity - recast Electricity Regulation¹⁶

The recast Electricity Regulation amends Regulation (EC) no. 714/2009 of 13 July 2009 on conditions for access to the network for cross-border exchanges in electricity and repealing Regulation (EC) no. 1228/2003 (“New Electricity Regulation”). The recast Electricity Directive was formally adopted by the Council of ministers of the EU on 22 May 2019 and published in the OJEU on 14 June 2019 as Regulation (EU) 2019/943 of the European Parliament and of the Council of 5 June 2019 on the internal market for electricity (recast).

The New Electricity Regulation was introduced under the TEP and considered capacity allocation, network charges and congestion income (see below, Third Energy Package), which are also considered under the recast Electricity Regulation.

The recast Electricity Regulation focuses on, and aims to align, the functioning of the EU electricity market with the objectives of the Energy Union and the climate and energy framework for 2030. Under the recast Electricity Regulation, decarbonisation and energy efficiency are emphasised and the key principles that must be respected by national energy legislation and electricity trading rules are set out. The recast Electricity Regulation provides clarifications regarding procedures for network access and congestion management, and includes rules that will ensure Member States do not restrict electricity imports and exports for economic reasons.

New general principles are outlined that address Member States’ resource adequacy concerns. The roles of ENTSO for electricity (“ENTSO-E”) and ACER in relation to resource adequacy are set out. Their tasks and duties however have not changed; the recast Electricity Regulation simply provides a clear overview.

The recast Electricity Regulation also introduces a new entity, the European Entity for Distribution System Operators (“EU DSO entity”), to the list of European entities. The purpose of the EU DSO is to ensure the cooperation of DSOs at EU level; however, membership of the entity is voluntary. The recast Electricity Regulation also simplifies and sets out rules, guidelines and procedures relevant to network codes (“NCs”).

Strengthening the position of ACER - recast ACER Regulation¹⁷

ACER was created under Regulation (EC) no. 713/2009 of 13 July 2009 establishing an Agency for the Cooperation of Energy Regulators (“ACER Regulation”) of the TEP. ACER is an independent European structure that was established to further progress the completion of the electricity and gas IEM. The recast ACER Regulation was formally adopted by the Council of ministers of the EU on 22 May 2019 and published in the OJEU on 14 June 2019 as Regulation (EU) 2019/942 of the European Parliament and of the Council of 5 June 2019 establishing a European Union Agency for the Cooperation of Energy Regulators (recast).

Under the ACER Regulation, ACER reinforces the National Regulatory Authorities (“NRAs”) position at EU level and ensures continued cooperation by, among other things, coordinating regional and cross-regional initiatives favouring market integration, and monitoring the work and development plans of ENTSOs. ACER’s tasks include issuing opinions and making recommendations to the Commission, NRAs and TSOs (see below, Third Energy Package).

The recast ACER Regulation gives ACER further tasks and responsibilities, which include the supervision of the wholesale market and cross-border infrastructure, which had been attributed to ACER following the adoption of the ACER Regulation. The recast ACER Regulation also gives ACER new tasks, such as in relation to the coordination of certain functions of the Regional Operational Centres with ACER guaranteeing regulatory oversight of the regional centres where necessary, the supervision of nominated Electricity Market Operators, and approval of methods and proposals on risk preparedness and generation adequacy.

Regarding the adoption of NCs, under the recast ACER Regulation, ACER is competent to decide on terms, methodologies and algorithms regarding the implementation of electricity NCs and guidelines, with ENTSO-E maintaining the role of technical expert. Formal representation at EU level is given to DSOs in, for example, the development of network code proposals.

The organisational rules in the recast ACER Regulation adapt individual provisions to the common approach on EU decentralised agencies, which was agreed in July 2012, and aims to achieve more balanced governance, improve efficiency and accountability, and provide a greater coherent and efficient framework for the functioning of agencies. However, the recast ACER Regulation deviates somewhat from the common approach in that the main features of ACER’s existing governance structure remain unchanged.

The non-alignment of ACER’s organisational rules to the common approach is considered justified by the fact that the energy markets continue to be largely regulated at national level by NRAs, which hold a key role in energy markets, and ACER’s role in this area is mainly one of coordination. The current structure and distribution of these roles is considered to maintain a balance of powers that facilitates the continuing integration of the IEM; changes in this balance could run the risk of jeopardising the implementation of policy and could create obstacles to further integration. The Commission will however monitor this area and evaluate whether these deviations from the common approach continue to be justified.

Risk-preparedness in the electricity sector - Risk-preparedness Regulation¹⁸

The Risk-preparedness Regulation aims to ensure that Member States have appropriate tools in place for the prevention, preparation and management of electricity crisis situations. Many circumstances may give rise to the risk of an electricity crisis, such as fuel shortages, cyber-attacks and extreme weather conditions. Additionally, due to the cross-border nature of the EU’s integrated electricity systems, electricity crisis situations may often affect more than one Member State. The Risk-preparedness Regulation was formally adopted by the Council of ministers of the EU on 22 May 2019 and published in the OJEU no. 14 June 2019 as Regulation (EU)

2019/941 of the European Parliament and of the Council of 5 June 2019 on risk-preparedness in the electricity sector and repealing Directive 2005/89/EC.

Under the Risk-preparedness Regulation, each Member State must consult with stakeholders and, following such consultations, draw up risk-preparedness plans to ensure the Member State is prepared for electricity crisis situations and can effectively manage crisis situations should they occur. Plans should be based on scenarios as identified by ENTSO-E and Member States and set out measures to prevent and mitigate these scenarios. Both national measures and measures coordinated between Member States should be included in a transparent, non-discriminatory and verifiable manner, taking the specific characteristics of each Member State into account. Plans must ensure that the security of supply for Member States and the EU as a whole is not endangered by any of the planned measures.

The Risk-preparedness Regulation sets out various reporting requirements, for example, Member States must, without delay, inform neighbouring states and the Commission of a crisis situation. Member States must also inform the Commission and the Electricity Coordination Group of specific, serious and reliable information on events that could result in a significant deterioration of electricity supply. It is also proposed that ENTSO-E develop an assessment methodology for seasonal and week-ahead to intraday (ie short-term) generation adequacy forecasts, which, once approved by ACER, should be used by Member States and ENTSO-E in their short-term assessments. Evaluation and monitoring requirements are also proposed, such as that following an electricity crisis Member States should perform ex-post evaluations of the crisis and its impacts, and that the Electricity Coordination Group should systematically monitor the security of supply in the EU.

C. Third energy package

The third of the energy packages, the TEP, was introduced with the aim of making the EU energy market fully effective and creating a single EU electricity and gas market. The goal of the TEP was to help keep prices as low as possible for consumers, increase standards of service and ensure security of supply.

Adopting the TEP

The TEP was adopted following a sector inquiry (the "Sector Inquiry") by the Commission into competition in the electricity and gas markets, which was undertaken in 2005. The sector inquiry, as provided under Article 17 of Regulation 1/2003 on the implementation of the EC Treaty rules on competition ("Competition Regulation"), aimed at assessing the prevailing competitive conditions and establishing the causes of the perceived market malfunctioning.

Following the Sector Inquiry, the Commission published a proposal for the TEP, which was finally adopted on 13 July 2009 and entered into force on 4 September 2009. Member States had until March 2011 to transpose the majority of the provisions in the Third Electricity and Gas Directives into national law, the exception being the "third country clause", which needed to be transposed by March 2013 (see below).

The TEP contains two directives and three regulations:

- Directive 2009/72/EC of 13 July 2009 concerning common rules for the internal market in electricity and repealing Directive 2003/54/EC ("Third Electricity Directive");¹⁹
- Directive 2009/73/EC of 13 July 2009 concerning common rules for the internal market in natural gas and repealing Directive 2003/55/EC Gas Directive amending and completing the existing Gas Directive 2003/55 ("Third Gas Directive");²⁰
- Regulation (EC) no. 714/2009 of 13 July 2009 on conditions for access to the network for cross-border exchanges in electricity and repealing Regulation (EC) no. 1228/2003 ("New Electricity Regulation");²¹ and
- Regulation (EC) no. 715/2009 of 13 July 2009 on conditions for access to the natural gas transmission networks and repealing Regulation (EC) no. 1775/2005 1775/05 ("New Gas Regulation");²²
- Regulation (EC) no. 713/2009 of 13 July 2009 establishing an Agency for the Cooperation of Energy Regulators ("ACER Regulation").²³

The TEP introduced various measures, including an unbundling regime for the electricity and gas markets, additional requirements for NRAs, the creation of ACER, tasking ACER with elaborating framework guidelines for the ENCs, setting out record keeping obligations for generators, operators and supply undertakings, and the development of an energy infrastructure.

For an analysis of how individual aspects of the TEP impacted the regulatory regime of Member States, please turn to the national chapters in this edition of The European Energy Handbook.

Unbundling regime²⁴

The TEP was adopted in 2009 and continues to play a significant role in the drive to achieving an Energy Union; this is primarily due to the unbundling regime of the Third Electricity and Gas Directives. In the context of the TEP, unbundling means the separation of the operation of gas pipelines and electricity networks at transmission level from the business of producing or supplying either electricity or gas.²⁵

There are three unbundling models under the TEP, one of which, under certain circumstances, Member States may select. The three models are:

- full ownership unbundling (FOU);
- independent system operator (ISO); and
- independent transmission operator (ITO).

Article 9(9) of both the Third Electricity and Gas Directives contains details of a further unbundling model that is not entirely congruent with the above models but is however deemed to be as efficient. Scotland currently operates under this additional model. In Scotland, the transmission networks are owned by the two Scottish transmission companies, ie Scottish Power Transmission Limited ("SPTL") for southern Scotland and Scottish Hydro-Electric Transmission Limited ("SHETL") for northern Scotland; however, they are operated by National Grid (the British gas and utility company). The current model in place in Scotland does not comply with the full requirements of the ISO model but is considered to be sufficient to ensure the independence of the TSO.²⁶

The FOU model requires the full separation of the operation of electricity and gas transportation/transmission networks and those activities related to production, generation and supply. The model also puts in place new restrictions in respect of

ownership. The operators of electricity and gas transmission networks are no longer permitted to be part of (or affiliated to) a corporate group that is also active in supply or generation. The operator of the network will also be obliged to own and control the entire network.

The FOU model does not however prevent, in certain circumstances, a person or a company from holding shares in both a network operator and an entity involved in generation/supply activities provided that the shares constitute a non-controlling minority interest. Such interest must not have any voting rights or other rights of veto in the entities concerned and must not have rights to appoint members of either of the entities' boards of directors. In particular, no person may be a member of the board of directors of the network operator and of a supply/generation undertaking; this may be particularly relevant to non-sector investors (eg pension funds).

On 8 May 2013, the Commission released a working document setting out the Commission's practice in assessing the presence of a conflict of interest for FOU including in the case of financial investors in the context of the certification procedure for TSOs.²⁷ This working document is not legally binding, however, it makes clear that in the context of TSO certification, a complete file will need to be provided and a case-by-case assessment made.

Relevant elements will include the following:

- geographic location of the transmission activities and the generation, production and supply activities concerned;
- the value and nature of the participations in these activities;
- the size and market share of the generation, production and/or supply activities;
- whether the wholesale price evolution of the commodity would have consequences for the emergence of a conflict of interest; and
- access to confidential information.

Under the ISO model,²⁸ the network must be managed by an identified ISO (which must perform all the functions of a network operator) although it is permitted for vertically integrated undertakings ("VIUs") to maintain ownership of their network assets.²⁹ The ISO model requires the ISO to comply with the same unbundling requirements as other network operators and for it to be a completely separate undertaking from the VIU.³⁰ On this basis, the ISO cannot have a shareholding in any supply or generation entities.

The TEP also sets out several regulatory provisions to reinforce the ISO model. A network owner active in supply or supply and generation is required to legally and functionally unbundle³¹ the part of the company with ownership of the network and will be required to finance³² any investment decisions made by the ISO. The Commission (with assistance from ACER) will approve³³ the identity of the ISO and, once the ISO has been appointed, it must commit to a ten-year network investment plan³⁴ arranged by the regulatory authority.

The third model, the ITO, was introduced as a compromise after eight Member States noted that the FOU and ISO models were incompatible with their national regulatory regimes. The ITO model can be best described as a '*status-quo-plus*' model as it permits some Member States such as France, Austria and

Germany to keep in place their current structures where the TSOs belong to a VIU.

Under the ITO model, such undertakings must comply with additional regulations to ensure the independence of each such activity, which include:

- preventing the TSO's management from having particular positions of responsibility,³⁵ interests or business relationships, directly or indirectly, with the relevant VIU. This rule should be applicable to the majority of the TSO management for three years prior to their appointment;
- placing a minimum period of six months³⁶ prior to the appointment of a person to the remainder of the management team of the TSO during which that person may not hold any management position or exercise any other relevant activity in the VIU. The rules are intended to encourage the relevant national regulator to vet the executive management;
- examining network development and investment decisions³⁷ taken by an ITO to ensure they are consistent with relevant Community wide plans;
- working against discriminatory behaviour³⁸ by the ITO (and on the influence exerted by the relevant VIU), and restricting the ITO's access to the capital market, to be overseen by a supervisory body; and
- enforcing compliance with the ITO provisions.³⁹ Penalties, depending on the breach, are defined in respect of the turnover of the ITO or of its relevant parent company. The ultimate penalty for a persistently non-compliant ITO model is the mandatory introduction and designation of an ISO.

Since the adoption of the TEP, the Commission has undertaken two reviews of the provisions in place in Member States. The review used as a benchmark effective and efficient unbundling. The Commission's first review was published in October 2014⁴⁰ and the second was published in November 2016; the 2014 figures remained unchanged in the second report.⁴¹ The review found that there were 26 certified ITOs in ten Member States (Austria, Czech Republic, France, Germany, Greece, Hungary, Ireland, Italy, Slovakia and Slovenia), the majority of which were operating in the gas sector (21) with only five ITOs active in the electricity sector. The review also found that certification of one TSO under the ITO model was rejected in 2013, while another TSO decided to withdraw its application for ITO certification. At that time, there was also a limited number of TSOs that were likely to be certified as ITOs but for which a certification process at European level had not yet begun. The Commission's 2014 findings were of a preliminary nature given that the implementation of the ITO-model was in its early days as ITOs, like other TSOs, have been certified only since 2012.

To date, the ITO model appears to function well in practice; however, the Commission has suggested that it may be further improved. Examples of such improvements include strengthening the independence of the Supervisory Board, specifying the scope of the Compliance Programmes and developing common guidance and a network of cooperation for Compliance Officers, as well as harmonising the time frame for network development plans at national and European level. The Commission will therefore continue to monitor the implementation and effectiveness of the unbundling requirements under the TEP and continue to ensure that ITOs and VIUs comply with EU competition rules.

The ITO model only applies⁴² in the Member States where TSOs continue to be part of a VIU. Member States that already implemented the ISO or FOU model are not permitted to revert to an ITO model. As a result, the ITO model continues to be the minimum level that will be required to constitute effective network unbundling across the EU.

Third country clause

The TEP provides that NRAs need to certify a TSO as compliant with the unbundling regime before the relevant TSO can take up its function as a TSO.⁴³ In addition, under the third country clause,⁴⁴ NRAs are required to refuse certification of a TSO if the relevant company does not comply with the unbundling requirements, and its market entry would jeopardise the Member State's or the EU's security of supply.

NRAs must also notify the Commission if:

- a transmission system owner or operator that is controlled by a party from a non-EU country applies for certification; or
- any circumstances arise that would result in a party from a non-EU country obtaining control of a transmission system owner or operator.⁴⁵

TSOs (rather than the transmission system owners) must notify the relevant NRA if any circumstances⁴⁶ arise that would result in an entity from a non-EU country acquiring control of the transmission system or its operator. The relevant NRA must also seek the view of the Commission⁴⁷ as to whether the foreign entity passes the unbundling and energy security tests and take "utmost account" of the Commission's view.

Regulatory oversight

Under the SEP,⁴⁸ Member States were required to establish NRAs; however, the NRAs that were established across the EU under this requirement had different powers and levels of independence in each Member State.

Under the TEP, NRAs are required to be legally distinct and functionally independent from any other public or private entity.⁴⁹ The staff of the NRA and any member of its decision-making body are not permitted to seek or take instructions from any government or other public or private entity and must act independently of any market interest. For that purpose, NRAs will have to have an independent legal personality, autonomy over their budget, sufficient human resources and independent management.

The Third Electricity and Gas Directives strengthen the NRAs' powers of market regulation and set out additional tasks for the NRAs, including:⁵⁰

- ensuring the compliance of transmission and distribution system operators with any third party access regime, unbundling obligations, balancing mechanisms, congestion and interconnection management;
- reviewing TSOs' investment plans, and providing in its annual report an assessment of how far the TSOs' investment plans are consistent with the European-wide ten-year network development plan;
- monitoring network security and reliability and reviewing network security and reliability rules;
- monitoring transparency obligations;

- monitoring the level of market opening and competition and promoting effective competition in cooperation with competition authorities; and
- ensuring effective consumer protection measures.

The TEP, for the first time in European energy legislation, sets objectives for the NRAs with a notable European dimension. The Third Gas and Third Electricity Directives state that the NRAs' objective is to "promot[e], in close cooperation with the Agency, regulatory authorities of other Member States and the Commission, a competitive, secure and environmentally sustainable internal market in natural gas within the Community, and effective market opening for all customers and suppliers in the Community, and ensuring appropriate conditions for the effective and reliable operation of gas networks, taking into account long-term objectives".⁵¹

As the Commission's sector inquiry had demonstrated, the European energy market still required much improvement before it could function fully as an effective competitive market, ie, a market capable of better allocating sometimes scarce resources (on time), and improving any investment decisions that are made on infrastructure assets, in particular in relation to the generation of electricity.

Creation of ACER

To reinforce the position of regulators at EU level and ensure continued cooperation, ACER was created under the ACER Regulation. ACER is governed by the standard rules and practices that apply to Community regulatory agencies. Uniquely, ACER also has a separate board of regulators to safeguard the necessary independence of regulators at the EU level ("Regulatory Board"). Within ACER, this special board is solely responsible for all regulatory matters and decisions.

ACER functions alongside an administrative board responsible for administrative and budgetary matters ("Administrative Board"). The Commission provides a shortlist from which the director of ACER is chosen, who is then appointed by the Administrative Board in consultation with the Regulatory Board. The director is responsible for representing ACER and managing ACER on a day-to-day basis.

ACER is competent to issue opinions addressed to TSOs and to regulatory authorities, issue opinions and recommendations addressed to the Commission, and to take individual decisions on technical issues.⁵² ACER is also competent, upon a request from the Commission or on its own initiative, to provide the Commission with an opinion on all issues that are relevant and relate to the reason why ACER was established.⁵³ The agency is also required to provide the Commission with its opinion on the following:⁵⁴

- draft statutes, lists of board members and draft rules of procedure; and
- the technical or market codes on the draft annual work programme and the draft ten-year investment plan of the European Networks of TSOs for Electricity and Gas, respectively.

ACER is permitted to provide recommendations designed to assist regulatory authorities and players in the market and to promote the sharing of information relating to good practice as well as fostering cooperation between NRAs and between

regulatory authorities at regional level. Such guidelines can be part of ACER's own work programme or at the request of the Commission.⁵⁵

Decisions taken by a regulatory authority must comply with any guidelines contained in the Third Electricity and Gas Directives, and the New Electricity and Gas Regulations. Upon the Commission's or any regulatory body's request, ACER will issue an opinion on whether or not a regulatory body's decision complies with the required guidelines. An NRA may also ask ACER to issue an opinion where the application of the guidelines referred to in the Third Electricity and Gas Directives, and the New Electricity and Gas Regulations is unclear.⁵⁶

It is also possible for ACER to stand as the competent authority to select the relevant regulatory regime for infrastructure that links at least two Member States. Additionally, ACER has the power to grant exemptions from the third party access regime in cases where the infrastructure concerned is located in more than one Member State.⁵⁷ The structure of ACER also includes a Board of Appeal competent to handle appeals against any decisions adopted by ACER.

Since the original version of the ACER Regulation proposed by the Commission, ACER has been given a range of additional tasks, which have widened ACER's scope considerably. ACER's tasks now include:

- participation in the development of ENC's;⁵⁸
- monitoring the development of the energy markets, in particular in relation to retail electricity and gas prices;⁵⁹
- monitoring the implementation of TSOs' ten-year infrastructure investment plans;⁶⁰ and
- establishing non-binding framework guidelines on conditions for access to the network for cross-border electricity and gas exchanges (see below).⁶¹

For the most part, ACER's competencies are considered to be advisory in their nature; however, the ACER Regulation does grant decision-making powers in specific areas, particularly with respect to cross-border projects and cooperation.⁶² ACER also fulfils the position of a 'Regulator of last resort' where the national regulator of a Member State using an ISO model has failed to appoint an ISO in the required time frame.⁶³

NCs and framework guidelines

The EU is taking strides towards a functional IEM through the creation of binding NCs that provide harmonised rules for the operation of the electricity and gas sector in Europe. Pursuant to the TEP, these rules effectively govern cross-border electricity and gas market transactions, allowing for better management of energy flows given the increase in interconnections and trade between countries in the IEM.⁶⁴ In effect, NCs have been drafted to align wholesale market and network access arrangements in Member States, facilitating the emergence of a competitive European market in electricity and gas.

The Commission is responsible for defining an annual priority list for the development of ENC's through a consultation process set on in Article 6(1) of the New Electricity and Gas Regulations (see above, Third energy package: Adopting the TEP). When the priority list is defined, ACER develops non-binding framework guidelines that set principles for developing specific NCs under Article 6 of both the New Electricity and New Gas Regulations.⁶⁵

The ENTSOs are tasked with preparing the ENC's under Article 8 of the New Electricity and Gas Regulations. The EU ENTSOs (ie, ENTSO-E (electricity) and ENTSO-G (gas)) draft the codes based on ACER's framework guidelines. If ACER finds that the produced codes meet the framework guidelines and the EU's internal market objectives, the Commission is recommended to undergo the process of comitology (ie a set of procedures through which EU countries control how the Commission implements EU law). A Cross-Border Committee (consisting of specialists from national energy ministries of Member States) considers the draft codes. When accepted by the committee, the codes are adopted with the approval of the Council of the EU and the European Parliament.

The framework guidelines and NCs are highly detailed and technical. The benefits of such coherent European codes are generally to be found in the intended elimination of inconsistencies at national level regarding, eg, tariff structures, capacity allocation rules, balancing arrangements and trading timetables, and security of supply measures.

Currently, such differences in market design lead to market segmentation, with some national markets remaining split into different local tariff or balancing areas. However, at the same time, the development of the ENC's will necessarily cause some friction to the existing, national approaches and is likely to be a long-term project the results of which will be cumulative and not available for some time.

Code enactment

The NCs have been enacted in the form of regulations, making them directly applicable and binding in their entirety on Member States. Accordingly, they take precedence over national provisions. However, if national legislation, standards and regulations are compatible with the provisions of the ENC's, they will retain their applicability provided that they consist of more stringent requirements and standards than the ENC's. The Commission may adopt new rules in the form of guidelines rather than codes, which are adopted under a different provision of the Electricity Regulation; however, the adopted guidelines have the same status as the codes and are legally binding regulations.

In the electricity sector the NCs fall into three key interrelated areas, ie, market codes, grid connection codes and operational codes, and include the following:

- **Capacity allocation and congestion management ("NC CACM").** The NC CACM was established under Regulation (EU) 2015/1222 ("Regulation on Market Coupling"), which made market coupling legally binding across the EU. The NC CACM effectively puts in place the legislative framework necessary for the market coupling process across the EU, and establishes the process by which bids and offers from national power exchanges for cross-border trading are brought together and matched in an optimal manner across borders. In January 2017, the NRAs agreed to a proposal by all TSOs to amend the Common Grid Model Methodology, and the Generation and Load Data Provision Methodology, which set out the information and processes necessary to create a Common Grid Model representing the European interconnected system for the purposes of single day-ahead and intraday coupling methodologies under the NC CACM. In June 2017, all TSOs submitted a proposal to amend the NC CACM to include a new bidding zone to one of the existing

Capacity Calculation Regions (“CCR”) under the code. All NRAs reached the agreement in January 2018 that the CCR Amendment Proposal meets the requirements of the Regulation on Market Coupling and as such it will be adopted and published.⁶⁶

- **Forward capacity allocation (“NC FCA”).** The NC FCA establishes common rules for forward capacity allocation over a long-term time frame, including the establishment of a common methodology for determining the volumes of capacity simultaneously available between bidding zones. The principle objective of the NC FCA is to facilitate the development of liquid and competitive forward markets in a coordinated manner across Europe. Putting in place harmonised cross-border forward markets will enable parties to secure capacity and hedge positions ahead of the day-ahead time frame more efficiently in the IEM. The code was adopted and published in September 2016 and entered into force on 17 October 2016.
- **Electricity balancing (“NC EB”).** The NC EB is intended to harmonise balancing markets, ensuring a clear time separation between intraday trading and balancing by TSOs, and the standardisation of balancing products across Europe. This includes rules for balancing energy pricing and imbalance pricing. Together, these rules aim to increase opportunities for cross-border trading, in turn facilitating the efficiency of balancing markets. On 22 July 2015, ACER published its recommended draft of the NC EB for adoption, and the code was validated by Member States on 16 March 2017. The code entered into force on 23 November 2017.
- **Grid connection applicable to all generators (“NC RfG”).** The NC RfG seeks to set common requirements for generators across the EU, detailing rules for grid connection of power-generating facilities, principally on new power-generating installations to national electricity networks. With more power being generated from embedded renewable technologies there is a need for network operators at transmission and distribution system levels to introduce this network code to ensure security of a stable supply. In addition to general requirements, the NC RfG details specific requirements for Synchronous Power-Generating Modules, Power Park Modules and AC connected Offshore Power Park Modules to the interconnected system. The code was adopted on 14 April 2016 and entered into force on 17 May 2016.
- **Demand connection code (“NC DCC”).** The NC DCC establishes requirements for new demand users and distribution connections to the network. In doing so, it sets out rules for grid connection for four categories of entities including transmission-connected demand facilities, transmission-connected distribution facilities, distribution systems (including closed distribution systems) and demand units that provide demand response services to relevant operators and TSOs. It aims to facilitate increased competition in the internal electricity market, and increase security and the integration of renewable electricity. The key objective is to ensure system operators use demand facilities and distribution systems capabilities in a transparent, non-discriminatory manner so as to provide a level playing field throughout the Energy Union. The NC DCC mainly focuses on the connection of industrial loads and distribution networks. The code was published on 18 August 2016 and entered into force on 7 September 2016.
- **High-voltage-direct-current connections (“NC HVDC”).** The NC HVDC specifies requirements for long distance direct

current connections and links between different synchronous areas and DC-connected Power Park Modules, such as offshore wind farms, which are becoming increasingly prominent in the European electricity system. The code entered into force on 28 September 2016.

- **System operation (“NC SO”).** The NC SO sets out common requirements for the maintenance of the secure operation of the interconnected transmission system in real time. In doing so, it establishes harmonised rules for ensuring the operational security of the IEM and sets requirements, ranging from the year-ahead time frame to real time, for assessing the adequacy of the interconnected power system. The NC SO details rules for planning outages required by TSOs when they have cross-border impacts on power flows. The code entered into force on 2 August 2017.
- **Emergency and restoration (“NC ER”).** The NC ER provides a set of common minimum requirements including remedial procedures and principles to coordinate system operation across Europe in emergency, blackout and restoration states. The principle objective of the code is to avoid widespread disturbances and prevent the deterioration of an incident, ensuring efficient restoration from states of emergency and blackouts. It therefore involves advanced plans for system restoration, re-synchronisation, and information exchange, as well as the ad-hoc analysis of the incidents. On 24 June 2015, ACER delivered a positive opinion and recommended the code for adoption along with a number of proposals for changes. The code entered into force on 24 November 2017.

In the gas sector, the NCs include the following:

- **Capacity allocation mechanisms in gas transmission systems (“NC CAM”).** The NC CAM was the first ENC to be developed and was revised in 2017. It aims to ensure more efficient allocation of capacity on the interconnection points between two or more Member States or within the same Member State and to support the creation of efficient wholesale gas markets in the EU. The code requires gas grid operators to use harmonised auctions when selling access to pipelines. These auctions sell the same product at the same time and according to the same rules across the EU.⁶⁷ The 2017 revised NC CAM sets out how adjacent TSOs should cooperate to facilitate capacity sales, having regard to the general commercial and technical rules related to capacity allocation mechanisms. The revised code has a wider scope in relation to the rules for the offer of incremental capacity. The NC CAM entered into force on 3 November 2013 and applied from 1 November 2015; the revised NC CAM set up capacity allocation mechanisms in gas transmission systems for existing and incremental capacity and came into force in April 2017.
- **Interoperability and data exchange rules (“NC IDER”).** The NC IDER aims to facilitate EU-wide cross-border gas transports by introducing common rules and harmonised principles on the establishment and amendment of interconnection agreements for interconnection points. In this way, the NC IDER aims to remove perceived barriers to cross-border gas flows and facilitate EU-wide market integration. The code outlines a common set of units that must be used by TSOs for any data exchange and publication. It also aims to regulate the monitoring and management of gas quality that may give rise to trade restrictions. Other key areas covered by the code include odourisation, common data exchange solutions and rules for dispute settlement mechanisms in interconnection agreements. The code was

published in the OJEU on 30 April 2015 and entered into force on 1 May 2016.

- **Gas balancing of transmission networks (“NC GBTN”).** The NC GBTN introduces a market-based and harmonised daily balancing regime for Europe’s transmission networks, facilitating gas trade across balancing zones. The NC GBTN contributes towards the development of market liquidity, supporting the development of Europe’s competitive short-term wholesale gas market with gas flexibility that enables network users to efficiently balance their balance portfolios. ACER, in its November 2017 report, highlighted issues with the implementation of the NC GBTN, particularly in relation to inconsistent implementation and non-compliance in some Member States. ACER also found that some legal interpretations of the code did not take into account its intent and main objectives, and that greater effort was required to ensure full implementation of the code. In its report, ACER also invited the Commission and ENTSO-G to join efforts to assist laggard countries to develop realistic implementation plans. The agency suggested this as a preliminary step before the Commission takes enforcement action on the non-delivery of the code. The code entered into force on 1 October 2015.
- **Harmonised transmission tariff structures for gas (“NC TAR”).** The NC TAR applies at all entry and exit points of gas transmission networks, and establishes rules on the application of a reference price methodology, the associated consultation and publication requirements as well as the calculation of reserve prices for standard capacity products. The code entered into force on 6 April 2017 and applies in stages from 6 April 2017, 1 October 2017 (in relation to clearing prices and payable prices, and publication requirements) and 31 May 2019 (in relation to reserve prices and the reconciliation of revenue).

Congestion management procedures

The Commission’s rules on Congestion Management Procedures (“CMPs”) aim to reduce congestion in gas pipelines by requiring TSOs to make use of their reserved capacity or risk losing it. As such, NRAs require TSOs to partially or fully withdraw systematically underutilised contracted capacity on an interconnection point (“IP”) where the network user has not sold or offered under reasonable conditions its unused capacity and where other network users request firm capacity. The CMPs were adopted on 24 August 2012 and came into force on 1 October 2013.

In May 2018, ACER published its fifth report on contractual congestion at IPs. Contractual congestion, ie when the demand for firm entry or exit capacity services exceeds the offered capacity, was identified at 17 IP sides, out of which nine had already been found congested in 2016 (in 2015 and 2014 they were ten and six respectively). Included in its recommendation to NRAs, ENTSO-G and TSOs, ACER recommends that CMP data availability needs to be further improved by ENTSO-G/TSOs, by ensuring that auction results with premia and data on all non-available capacity products are uploaded as required by the CMP Guidelines.

ACER’s recommendations to the Commission included revising the CMP Guidelines to enhance the effectiveness of the measures, reviewing certain criterion of the CMP Guidelines to align it with other congestion criteria, and establishing a date after which ACER no longer has to produce a congestion report.

Cooperation between TSOs

The increasing energy demand and simultaneous import dependency of the EU will require improved transmission networks that can cope with the energy traffic created by the export and import of electricity and gas in peak demand conditions.

Cooperation in grid operation is therefore indispensable, especially in the electricity sector, where cooperation between TSOs make an important contribution to network reliability particularly in heavily interconnected areas. Greater transparency and visibility of network development issues allows investments to be made where they are most effective and improve network reliability through coordinated investments.

The New Electricity and Gas Regulations formalise cooperation between transmission network operators, which are channelled through platforms such as Gas Transmission Europe (“GTE”) and the European Technical Standard Order (“ETSO”), through ENTSO-E and ENTSO-G.

The ENTSOs’ responsibilities include the following core areas:

- development of coherent market and technical codes needed for the integration of the electricity and gas markets, which the ENTSOs are tasked to develop in cooperation with ACER and the Commission on the basis of the framework guidelines developed by ACER (see above);
- development of common network operation tools to ensure coordination of network operation in normal and emergency conditions, including a common incident classification scale, and research plans;
- finance and management of cooperative research and innovation activities focused on the technical development of European electricity and gas networks in relation to energy security, efficiency and low carbon technologies;
- coordination of grid operation, ie, to exchange network operational information and the coordinated publication of information on network access; and
- coordination of the planning of network investments and monitoring the development of the transmission network capacities. The two ENTSOs must publish a European-wide and ten-year forward-looking investment plan every two years.

The overall effect of the increased cooperation of TSOs in the framework of the strengthened ENTSOs is undoubtedly a greater degree of market harmonisation, which in turn may result in better network and operational reliability and, as such, in better security of supply.

Transparency and record keeping obligations

The Third Electricity and Third Gas Directives set out a number of record keeping obligations on electricity generators, gas network operators, and supply undertakings that are required to keep a record of all data relating to operational decisions and trades.⁶⁸

The Commission hopes that these obligations enable regulators to effectively assess allegations of market abuse and study past behaviour of market participants. In particular, the Commission believes that a review of the relevant records enables regulators to investigate whether operational decisions are based on sound economic reasoning rather than attempts to manipulate the market. The Commission has stated that these record keeping

obligations are, in the case of some types of traders (eg, banks), not in addition to relevant record keeping obligations of such traders under the Financial Services Legislation (see below, Emissions trading – financial services legislation).

Access to storage and LNG facilities

The Guidelines for Good Third Party Access Practice for Storage System Operators (“GGPSSO”) of the Madrid Forum are voluntary guidelines that were found not to have been widely implemented. The New Gas Regulation seeks to make the GGPSSO binding on relevant market participants.

The Third Gas Directive establishes legal and functional unbundling rules for storage system operators that are part of supply undertakings⁶⁹ and enhances the NRAs’ powers to manage any access to gas storage.⁷⁰

The Third Gas Directive and the New Electricity Regulation changed and updated the former legislation that dealt with exemptions from regulated third party access for major new infrastructure.⁷¹ The European legislators aimed to set out a streamlined procedure with respect to exemptions for the overall benefit of the market. Article 36 of the Third Gas Directive sets out a list of applicable conditions and detailed procedural provisions and is therefore much more comprehensive than previously, ie, under Article 22 of the Second Gas Directive. However, the procedural requirements are more complex than previously with the inclusion of ACER as part of the decision-making process in cases where the infrastructure crosses the borders of two or more Member States.

Development of energy infrastructure

Regulation (EU) no. 347/2013 on guidelines for trans-European energy infrastructure⁷² (“New TEN-E Regulation”) was adopted on 17 April 2013 and entered into force on 15 May 2013. The regulation sets out guidelines for the development and interoperability of priority corridors and energy infrastructure at European level.⁷³ It establishes 12 strategic regional groups, based on a priority corridor and a geographic area, for energy infrastructure with a trans-European/cross-border dimension.⁷⁴ The New TEN-E Regulation sets out a process to establish on a two-yearly basis Union-wide lists of PCIs, which will contribute to the development of energy infrastructure networks in each of the 12 corridors.⁷⁵ The PCIs are adopted by the decision-making body of each regional group consisting of the Commission and Member States.⁷⁶ Article 4 of the New TEN-E Regulation provides detailed criteria that PCIs must meet.

Under the New TEN-E Regulation, PCIs are subject to different, improved, regulatory treatment as well as faster and more efficient permitting procedures. They may receive funding under the CEF⁷⁷ and the EU financial assistance.⁷⁸ The regulation also puts in place process requirements for granting PCI permits, which include:

- giving priority status to PCIs;⁷⁹
- time limits for the permit process;⁸⁰
- a ‘one-stop-shop’ permit;⁸¹
- a single coordinating authority;⁸² and
- a requirement that Member States assess the potential for streamlining permitting procedures.⁸³

The Commission published guidelines on streamlining environmental assessment procedures for energy infrastructure PCIs as required under Article 7(4) of the New TEN-E Regulation.⁸⁴ The guidance aims to support Member States in defining adequate legislative and non-legislative measures to streamline the environmental assessment procedure and to ensure coherent application of the environmental procedure for PCIs.

The PCI list is updated every two years to integrate newly needed projects and remove obsolete ones; the current list is expected to be updated in 2019. The current PCI list (2017) includes 173 energy infrastructure projects⁸⁵ that are essential for the completion of the IEM and for reaching the EU’s energy policy objectives of secure, sustainable and affordable energy. These PCIs are intended to help deliver the EU’s climate objectives, furthering EU-wide integration by diversifying energy sources and transport routes.

D. Climate change and renewable energy

The Climate Change and Renewable Energy Package contains the following legislative measures:

- Directive (EU) 2018/410 of 14 March 2018 amending Directive 2003/87/EC to enhance cost-effective emission reductions and low-carbon investments, and Decision (EU) 2015/1814 (“revised EU ETS Directive”), which came into force on 8 April 2018;
- Directive 2009/29/EC of 23 April 2009 amending Directive 2003/87/EC so as to improve and extend the greenhouse gas emission allowance trading scheme of the Community (“New EU ETS Directive”);
- Decision no. 406/2009/EC of 23 April 2009 on the effort of Member States to reduce their greenhouse gas emissions to meet the Community’s greenhouse gas emission reduction commitments up to 2020 as amended by Protocol [12012JN03/08] (“GHG Reduction Decision”);
- Directive 2009/28/EC of 23 April 2009 on the promotion of the use of energy from renewable sources and amending and subsequently repealing Directive 2001/77/EC and 2003/30/EC as amended by Directive 2013/18 (“Renewable Energy Directive”);
- Directive 2009/31/EC of 23 April 2009 on the geological storage of carbon dioxide and amending Directive 85/337/EEC, Directives 2000/60/EC, 2001/80/EC, 2006/12/EC, 2008/1/EC and Regulation (EC) no. 1013/2006 as amended by Directive 2011/92 (“CCS Directive”);
- Directive 2009/30/EC of 23 April 2009 (“Biofuel Directive”) amending Directive 2003/17/EC of 3 March 2003 amending Directive 98/70/EC as regards the specification of petrol, diesel, and gasoil and introducing a mechanism to monitor and reduce greenhouse gas emissions (“Fuel Quality Directive”) and amending Directive 1999/32/EC as regards the specification of fuel used by inland waterway vessels and repealing Directive 93/12/EEC (“Inland Waterway Vessels Directive”); and
- Regulation (EC) no. 443/2009 of 23 April 2009 setting emission performance standards for new passenger cars as part of the Community’s integrated approach to reduce CO₂ emissions from light-duty vehicles as amended by Regulation no. 397/2013, Regulation no. 63/2011 (“Emissions Standards Regulation”).

Revised EU ETS directive

The EU ETS is the main instrument to achieve the EU's collective GHG reduction target of 40% from 1990 levels by 2030. In 2015, the Commission proposed a revision of EU ETS Directive (ie Directive 2003/87/EC to enhance cost-effective emission reductions and low-carbon investments, and Decision (EU) 2015/1814) aiming to increase the cap reduction to meet the 2030 GHG reduction target. The European Parliament and the Council formally supported the revision in February 2018 and the revised EU ETS Directive entered into force on 8 April 2018. The sectors covered by the EU ETS must reduce their emissions by 43% compared to 2005 levels. The revised EU ETS Directive applies for the 2021 to 2010 period (Phase IV).

The measures set out in the revised EU ETS Directive include strengthening the EU ETS as a driver of investment, which is achieved by increasing the pace of annual reductions in emission allowances to 2.2% as of 2021, compared to 1.74% currently (2018). The directive also reinforces the Market Stability Reserve ("MSR"), which is a mechanism that reduces surplus emission allowances in the carbon market and makes the EU ETS more resilient to future shocks. Between 2019 and 2023 the amount of allowances in the reserve will double to 24% of the allowances in circulation and the regular feeding rate will be restored to 12% as of 2024. Additionally, from 2023 onwards the number of allowances will be limited to the volume of the previous year's auction, unless otherwise agreed at the first review of the MSR, which is due to take place in 2021.

The free allocation system is extended for a further ten years and over six billion free allowances are expected to be allocated to industry during Phase IV. Sectors that are considered to be at the highest risk of relocating production to outside the EU will receive 100% of their allocation for free. Free allowances are also to be set aside for new and growing installations, which includes 200 million allowances from the MSR and allowances that were not allocated from the total amount of free allowances available by the end of Phase III (2020). Free allocation for other sectors will be phased out from 30% to zero after 2026 to the end of Phase IV (2030). New rules are set out that aim to better align free allocation with actual production levels. For example, individual installation allocations can be annually adjusted to reflect production. The threshold for adjustments is 15% and will be assessed on a rolling average basis every two years. In the interest of preventing manipulation and abuse of the system, the Commission can adopt implementing acts defining the adjustment arrangements.

The revised directive sets out further measures, which include new mechanisms for low-carbon funding that will be set up to assist energy intensive industrial sectors and the power sector in their transition to a low-carbon economy. These mechanisms include two new funds, the Innovation Fund, which will support innovative technologies in the industry, and the Modernisation Fund, which will support investment in modernising energy systems and the power sector, and facilitate the low-carbon transition in carbon-dependent regions.

New EU ETS directive

The New EU ETS Directive introduced a number of important changes to the EU ETS that take effect during Phase III (2013 to 2020) of the scheme and provided a clearer sense of the scheme's future. It introduced a declining emissions cap, increased auctioning of allowances and longer trading phases.

In addition, the New EU ETS Directive expanded the EU ETS to cover new activities and gases, including:

- CO₂ emissions from the petrochemicals, ammonia and aluminium sectors;
- nitrous oxide emissions from the production of nitric, adipic and glycolic acid; and
- perfluorocarbon emissions from the aluminium sector.

The increased harmonisation and centralisation of the operation of the EU ETS was a central element of the New EU ETS Directive.⁸⁶ As part of this move towards a more centralised approach, the allocation of allowances has, since 2013, been made on the basis of centrally approved allocation plans rather than by Member States alone.⁸⁷ This represents a change from the previous practice, which EU ETS participants claimed led to competitive distortions within sectors due to different allocation rules being adopted by Member States. Similarly, the administration of the new entrant reserve (equivalent to 5% of total annual allowances) is now centralised;⁸⁸ and records relating to trading in allowances are held in a central register. The proceeds from auctioning 300 million allowances reserved for new entrants to the EU ETS are used to support renewable energy projects and up to 12 CCS demonstration projects.⁸⁹

Overall, the New EU ETS Directive decreases the previous EU-wide allowance cap. From 2013, the cap decreases year-on-year by 1.74% of the Phase II cap from the total amount of 1.974 billion allowances in 2013 to 1.720 billion in 2020 (equivalent to an overall reduction of 21% in allowances available by 2020 compared to 2005). After 2020, the cap will have to be lowered by 2.2% to meet the 2030 targets. Allowances issued from 2013 onwards can be banked for use in any subsequent phase of the scheme.⁹⁰

GHG reduction decision

The GHG Reduction Decision provides for binding GHG emission targets for individual Member States for sectors of the economy not covered by the EU ETS. It also provides an indication of the extent to which Member States will be required to address and reduce emissions from non-EU ETS sectors (such as surface transport, construction, and agriculture) over the next decade.

The targets for individual Member States amount to an average total reduction of 10%.⁹¹ This reduction, combined with the agreed 21% reduction for EU ETS sector emissions, is designed to ensure that the EU meets its current overall target of a 20% reduction in emissions by 2020 and 30% by 2030, compared with 2005 levels.

To set a trajectory to meet the target of a 20% reduction in emissions by 2020, the GHG Reduction Decision also sets annual binding emissions limits for each Member State. Several flexibility measures are provided, allowing Member States to bank and borrow up to 5% of limits between years; transfer overachieved emissions reductions between Member States; and use, without limit, credits generated by emissions reduction projects within the EU.⁹²

Pursuant to the GHG Reduction Decision, Member States that are required to reduce their emissions, or are allowed to increase them by up to 5%, may use an additional amount of Certified Emission Reduction ("CERs") equal to 1% of 2005 emissions,

subject to the relevant CERs stemming from Clean Development Mechanism (“CDM”) projects in less developed countries.⁹³ *De facto*, the only Member States likely to benefit from this measure are Austria, Finland, Denmark, Italy, Spain, Belgium, Luxembourg, Portugal, Ireland, Slovenia, Cyprus and Sweden.⁹⁴

Member States already monitor and report GHG emissions annually. The GHG Reduction Decision provides that, if a report indicates non-compliance with a limit for a given year (taking into account any use of the flexible measures or CDM/Joint Implementation (“JI”) credits), the Member State will have to submit a corrective action plan to the Commission detailing the measures they intend to take to rectify the situation.⁹⁵ Further measures to deter Member States from exceeding their limits include a deduction from a Member State’s emission allocation for the following year and the temporary suspension of the eligibility to transfer part of the Member State’s emission allocation and CDM/JI rights to another Member State until corrective action has been taken.⁹⁶ The GHG Reduction Decision does not, however, include the enforcement mechanism requested by the European Parliament which would have required a Member State that fails to meet its target to pay an “excess emissions penalty” equivalent to the fines payable under the EU ETS ie, €100 per tonne of CO₂ emitted.

On 23 October 2014, the European Council endorsed a further target of 40% reduction on GHG from 1990 levels by 2030.⁹⁷ This is a collective target for the Member States that was subsequently pledged by the EU under the Paris Climate Change Agreement.

Renewable energy directive

The Renewable Energy Directive promotes the use of renewable sources for electricity generation and sets a target for energy from renewables of 20% of total energy consumption across the EU by 2020, including a further target of 10% for energy from renewable sources for each Member State’s transport energy consumption.

To achieve the overall targets, the Renewable Energy Directive sets a mandatory national target for each Member State stating the overall share of gross energy consumption that must come from renewable energy sources, taking the differing levels of progress achieved by Member States to date into account.⁹⁸ The mandatory national targets provide certainty for investors and should encourage technological development.

To ensure that the mandatory national targets are achieved, Member States are required to follow an indicative trajectory towards the achievement of their target and each is required to produce a National Action Plan. The plan sets national targets for the share of energy from renewable sources to be used to meet demands for transport, electricity, heating and cooling in 2020; Member States are free to decide their preferred mix of renewable sources. In 2010 Member States reported their estimated trajectories for 2020, which showed that at least ten Member States expected to have a surplus in 2020 compared to their binding target for their share of renewable energy in their final energy consumption, and five Member States expected to have a deficit.⁹⁹

Progress reports are required to be submitted every two years. The plans need to be split so that three sectors are identified separately, namely: electricity, heating and cooling, and transport.¹⁰⁰ The next progress report is due in 2019; the

findings from the latest EU-wide report in 2017 (reference years 2015 to 2016) included the following highlights:¹⁰¹

- 25 EU countries already exceeded their 2015/2016 indicative renewable energy target in 2015;
- in 2015, the projected share of renewable energy in the gross final energy consumption was 16.4%;
- the EU’s 2020 renewables target has resulted in around 326Mt of avoided CO₂ emissions in 2012, rising to 388Mt in 2013;
- the EU’s demand for fossil fuels has been reduced by 116 Mtoe (2013 figure); and
- the 2015 share of renewable energy in transport was 6%.

Member States can apply financial support schemes in relation to the mandatory targets, although it will not be mandatory to link these with schemes in other Member States. The Renewable Energy Directive also lays down rules relating to statistical transfers¹⁰² between Member States, joint projects between Member States and with non-EU countries,¹⁰³ GOs,¹⁰⁴ administrative procedures,¹⁰⁵ information and training,¹⁰⁶ and access to the electricity grid for energy from renewable sources.¹⁰⁷

The Renewable Energy Directive contains interim targets for all Member States, to ensure steady and measurable progress towards the 2020 targets;¹⁰⁸ 65% of the overall 2020 target to be achieved between 2017 and 2018; based on previous publication of progress reports, the progress reports for reference years 2017 to 2018 are likely to be published in 2019.

There are no financial penalties imposed in relation to any failure in achieving the above targets, however, the Commission may issue infringement proceedings if Member States do not take appropriate measures to try and meet their targets.

Member States can:

- cooperate on joint projects renewable energy projects;¹⁰⁹
- work with non-EU countries on renewable electricity generation projects;¹¹⁰
- link their national support schemes¹¹¹ to those of other Member States; and
- under certain circumstances, count the import of ‘physical’¹¹² renewable energy from third-country sources towards their targets.

It may also be possible, under certain circumstances, to count ‘virtual’ imports, based on investments in non-EU countries towards a Member State national target.¹¹³

A system requiring open trading in renewable energy certificates between participants across Member States was rejected in favour of a system only permitting Member States themselves to transfer excess renewable energy credits. These ‘statistical transfers’ can only take place if the Member State has reached its interim renewable energy targets.

The Renewable Energy Directive states that GOs in relation to renewable energy are only to be used to prove the quantity of energy from renewable sources in a supplier’s energy mix to final consumers. Member States must ensure that a GO is issued in response to a request from a generator of renewable electricity and that guarantees are given in relation to each 1MWh generated.¹¹⁴

In addition, the Renewable Energy Directive establishes binding criteria to ensure that biofuel and bioliquid production are environmentally sustainable. For the purposes of meeting national targets, energy from these sources must fulfil the requisite criteria. The criteria relate to biodiversity, the protection of rare, threatened or endangered species and ecosystems, and GHG emissions savings.¹¹⁵

Since 2017, any GHG emissions savings resulting from the use of biofuel produced in existing biofuel production plants have had at least amount to 50% compared with the emissions from using fossil fuels,¹¹⁶ whereas GHG emissions from the use of biofuel produced in new installations (ie, those installations which commence production after 1 January 2017) had to be at least 60% lower than those from fossil fuels. Unlike traditional, 'first-generation' biofuel, it is thought that second-generation biofuels do not present the same risks to the security of food supplies as these biofuels are, for example, produced from wastes, residues, or biomass such as algae, wood residues, or paper waste.

In the past, many smaller generators of renewable electricity had argued that a lack of transparency and restricted access to electricity grids prevented them from competing in the market. The Renewable Energy Directive requires Member States to ensure that TSOs and DSOs provide either priority access or guaranteed access to the grid for electricity generated from renewable energy sources.¹¹⁷ System operators are required to provide any new generator wishing to be connected to their network with a timetable and a comprehensive estimate of costs associated with the connection.¹¹⁸ Under the directive, Member States must also develop transmission and distribution grid infrastructure, intelligent networks, storage facilities and systems that can be operated safely while accommodating renewable generation.¹¹⁹

In their National Action Plans, Member States are required to assess whether there is a need to build new district infrastructure for heating and cooling using energy produced from renewable sources (including large biomass, solar and geothermal facilities) to achieve their mandatory 2020 national target.¹²⁰ Local and regional administrative bodies should be advised to "ensure equipment and systems are installed for the use of heating, cooling and electricity from renewable sources, and for district heating and cooling when planning, designing, building and refurbishing industrial or residential areas". In particular, they should be encouraged to include heating and cooling systems when planning city infrastructures.¹²¹ Member States were required to have transposed the Renewable Energy Directive by 5 December 2010.¹²²

On 17 October 2012, the Commission published a proposal to amend the Renewable Energy Directive so as to limit global land conversion for biofuel production, and raise the climate benefits of biofuels used in the EU. Directive (EU) 2015/1513 amending Directive 98/70/EC relating to the quality of petrol and diesel fuels and amending Directive 2009/28/EC on the promotion of the use of energy from renewable sources has been in force since 9 September 2015 ("amended Fuel and ERS Directive").¹²³

The amended Fuel and ERS Directive limits the way Member States can meet the target of 10% for renewables in transport fuels by 2020, introducing a cap of 7% on the contribution of biofuels produced from food crops. Member States were required to implement the directive into national law by

10 September 2017, and show how they intended to meet sub-targets for advanced biofuels.

The remaining 3% target for renewables in transport fuels may come from a range of alternatives, including:

- biofuels from used cooking oil and animal fats (counted double);
- renewable electricity in rail (counted two and a half times);
- renewable electricity in electric vehicles (counted five times);
- advanced biofuels (counted double); and
- benchmark for the share of advanced biofuels in the transport sector of 0.5%.

CCS directive

The climate change and renewable energy package includes a directive that provides a framework for carbon capture and storage in the EU ("CCS Directive") supporting CCS as an emissions reduction option.

The key provisions of the CCS Directive include:

- the creation of a permit-based CCS storage regime to be administered by Member States and the amendment of existing EU legislation that prohibits or inhibits CCS;¹²⁴
- the establishment of a regime for operators holding permits to pass long-term liability for leakage from storage sites to the licensing Member State, provided certain hand-over criteria are met;¹²⁵ and
- requirements for all new combustion plants in the EU built without CCS to have space for CCS equipment and to have carried out studies into the availability of storage sites and the feasibility of 'retro-fitting' capture equipment.¹²⁶

By joining up the funding mechanism under the New EU ETS Directive and the provisions of the CCS Directive, the Climate Change Package provides that CCS is financially incentivised through the EU ETS from Phase III (2013 to 2020) (see above).

As a result of the CCS Directive, CO₂ stored in geological formations is not to be classed as 'emitted' for the purposes of the EU ETS so that credit is given to power stations with CCS technology which are not to be required to surrender allowances for CO₂ which is stored.

There are two types of permits under the CCS Directive:

- an exploration permit, which permits certain specified exploration works to be carried out and entitles the permit holder, on an exclusive basis, to explore within the area covers by the permit for appropriate geological formations;¹²⁷ and
- a storage permit, which relates to the development and utilisation of geological formations contained in the permit area as storage sites for CO₂, and permits the injection of CO₂ to such formations.¹²⁸

The criteria for the grant of a storage permit are rigorous and involve substantial site characterisation to assess its suitability for permanent storage. Applicants must also satisfy technical and financial requirements. As well as delineating the storage complex, storage permits are to contain a number of important provisions including the requirements for operating the storage facility, the total quantity of CO₂ to be stored, the requirements

with regard to the composition of the CO₂ stream and an approved monitoring plan.¹²⁹

Permits are to be issued by the competent authority in each Member State. However, the Commission proposes to review and comment on each individual storage permit application before it is awarded and Member States are obliged to take the Commission's comments into consideration.¹³⁰

The CCS Directive also deals with issues relating to liability for damage from CO₂ leaks from storage sites. The Directive contains specific provisions both in respect of damage to the local environment and the climate. With regard to the former, the CCS Directive applies Directive 2004/35/CE of the European Parliament and of the Council of 21 April 2004 on environmental liability with regard to the prevention and remedying of environmental damage ("Environmental Liability Directive") to the storage of CO₂ which aims to ensure that any operator of a storage facility prevents and remedies any damage caused by CO₂ leakage.¹³¹ Liability for climate damage resulting from leakage is covered by the inclusion of CCS in the revised EU ETS Directive so that EU ETS allowances need to be surrendered for leaked emissions.¹³²

The CCS Directive requires the storage operator to take corrective measures to remedy any leakage, and the storage operator remains responsible for the storage site for as long as it represents a risk (even after closure), until the site is handed over to the competent authority of the relevant Member State.¹³³ The relevant Member State is required to assume responsibility for storage sites in its territory from the point of handover.¹³⁴ Once a handover has occurred, subject to an important caveat, there should be no further liability for the operator.

The CCS Directive contains a provision stating that where there is fault on the part of the operator, including deficiencies in data, concealment of relevant information, negligence, wilful deceit or a failure to exercise due diligence, the competent authority may recover the costs incurred from the operator, even after the transfer of responsibility has taken place.¹³⁵ This is a broad derogation from the principle of liability handover.

As part of the permitting regime, Member States may require operators to lodge financial security for their prospective liabilities before the injection of CO₂ into a storage facility commences.¹³⁶ The scope of these liabilities and the form that the security will take is a matter for individual Member States to decide. In addition, Member States are entitled to require a contribution from the operator to cover future liabilities as a condition of the handover of responsibility. Member States are permitted to set the level of this contribution subject to a minimum of not less than the cost of monitoring the site for 30 years post-closure.¹³⁷

CCS for new power plants is not compulsory, however, the operators of all new combustion plants in the EU with a capacity in excess of 300MW that are built without CCS capabilities must assess whether suitable storage sites are available, whether transport facilities are technically and economically feasible and whether it is technically and economically feasible to retrofit the plant for CO₂ capture. The relevant competent authority in the Member State should also ensure that the operator has secured suitable space on the site for the installation of equipment necessary to capture and compress CO₂.¹³⁸

By amending directives relating to the waste and ground water to permit the injection of CO₂ into storage sites, the Climate Change Package removes a significant part of the current prohibitions on CCS under EU legislation.

In addition to the financing support mechanisms in the CCS Directive, financial support for carbon capture and storage is also forthcoming under the European recovery plan.¹³⁹ On 20 March 2009, EU leaders agreed proposals for €5 billion of investment in energy and broadband infrastructure projects as part of the European Energy Programme for Recovery ("EPR")¹⁴⁰ EU recovery plan. The €5 billion came entirely from unspent money in the EU budget. Under the plan Germany, the UK, Poland, the Netherlands and Spain were to receive €180 million each, Italy was to receive €100 million and France €50 million.

In June 2008 the European Council, asked the Commission to propose as soon as possible an incentive mechanism for Member States and the private sector to ensure the construction and operation of up to 12 CCS demonstration plants by 2015 to contribute to mitigation of climate change. This target was not been reached and there are only two large scale CCS plants operating in Europe (both in Norway). Originally, 13 projects were shortlisted as funding candidates, among them Hatfield, Kingsnorth, Longannet and Tilbury in the UK, Eemshaven and Rotterdam in the Netherlands and Hürth and Jämschalde in Germany.

Member States were required to transpose the CCS Directive into national law by 25 June 2011. There were as many as 26 Member States in breach of the transposition requirements when the deadline fell.¹⁴¹ In the most recent report from the Commission on the implementation of the CCS Directive, the Commission states that the legislation of only 16 Member States is fully conforming to the Directive.

Little has changed since the EU CCS Network Situation Report 2015 was released. Member States have generally not determined any new areas from which storage sites may or may not be selected. Only Poland has determined one storage area. Five German federal states are preparing decisions or have passed laws limiting or banning underground storage of CO₂, including for research purposes. Applications for exploration permits have been filed only in Spain. One project applied for a storage permit in the UK: the Peterhead CCS project. The Commission delivered an opinion on the draft storage permit in January 2016. An application for a storage permit is under evaluation in Italy and an application is expected to be submitted for the Q16 Maas field as part of the ROAD project in the Netherlands.

Those Member States that intend to allow storage on their territory have to carry out assessments of the available storage capacity. New assessments of the available storage have been carried out, are ongoing or planned in Bulgaria, Germany, Greece, Hungary, Italy, the Netherlands, Sweden and the United Kingdom.

The 2017 report from the EU Commission to the EU Parliament, which covers the period from May 2013 to April 2016, concludes that even if demonstration and commercialisation of CCS has not advanced during the reporting period, a number of Member States, as well as the EU, continue to support or plan to further support research activities to improve the technology and knowledge of underground storage of CO₂. Additionally, despite the lack of positive assessment for technical and economic

feasibility for CCS retrofitting, newly built power plants are generally going beyond the legal requirements and are setting aside land should the conditions change in the future.

Based on the previous reporting dates, the next report from the Commission is due in 2020 and will most probably cover the period May 2016 to May 2019.

Biofuel directive

The measures introduced by the Biofuel Directive have provided a significant boost to the European biofuel market.

The Biofuel Directive introduces amendments to two previous European directives relating to the quality of petrol and diesel (ie the Fuel Quality Directive and the Inland Waterway Vessels Directive). The changes provide for a mechanism for the reporting¹⁴² of and reduction in the life cycle of GHG emissions from fuel, enable the more widespread use of ethanol in petrol, and tighten environmental quality standards for specified fuel parameters.¹⁴³

Under the directive, fossil fuel suppliers must reduce GHG emissions from their fuels throughout their life-cycle by 6%, a reduction from the Commission's initial proposal for a binding 10% reduction. Member States may also require suppliers to comply with intermediate targets, ie, a 4% reduction by the end of 2017 (2% in 2014).¹⁴⁴ The use of Certified Emissions Reductions obtained from projects related to flaring reductions is expected to produce a further 2% reduction which will not be linked to EU oil consumption.

Perhaps the most significant change brought about by the Biofuel Directive is the increase in the permissible content of biological components of petrol to up to 10% by the phasing in of 10% Ethanol (E10) petrol. Petrol meeting the pre-existing requirements (containing up to 5% by volume of ethanol) was permitted to be marketed until 2013. This transitional period was introduced to mitigate the potential damage that would be caused to vehicles that were not calibrated or covered by a warranty allowing the use of petrol with an ethanol content of over 5% by volume.¹⁴⁵ In addition, Article 3(3) of the directive gives flexibility to Member States to place such petrol on the market for a longer time if deemed necessary.

There are also changes to current diesel specifications. Under the Biofuel Directive the content of fatty acid methyl ester ("FAME") in diesel is permitted up to 7% by volume and for other advanced biodiesel blends there is no restriction at all in the conventional diesel specification. Although allowances are made for Member States that want to make biodiesel blends with a FAME content of 10% by volume available, as a result of the new specification, diesel constituting up to 7% by volume of FAME (B7) (ie, new grade diesel) is likely to be the grade of diesel predominately available on the European market.¹⁴⁶

Member States had until 31 December 2010 to transpose the Biofuel Directive into national law.¹⁴⁷ The Biofuel Directive has had a significant impact on fuel suppliers throughout the distribution chain as well as fuel producers, who more so than other affected parties, have had to adapt to meet the new quality criteria.

Emissions standards regulation

The Emissions Standards Regulation sets the first legally binding standards for CO₂ emissions from passenger cars. The regulation promotes the adoption of improvements in technology in the sector to meet requirements to reduce levels to 130g of CO₂ per km travelled (as an EU average for new cars). Additional measures are also promulgated to achieve a further 10g per km, which include the increased use of sustainable biofuel and increase efficiencies from technology such as improved air-conditioning systems and tyres. The Emissions Standards Regulation was amended by Regulation 397/2013,¹⁴⁸ which replaced Annex II in the Emissions Standards Regulation on monitoring and reporting of emissions.

The Emissions Standards Regulation is much less demanding than the Commission's original proposal, which had sought to impose significant financial penalties for missing targets that would have applied in full from 2012. The car industry argued strongly that lead-in times for new car development would have made complying with the proposed targets within this time frame impossible.

Additional credit¹⁴⁹ was given for very low emission vehicles, and in certain circumstances for biofuel-capable cars, until 2016. The targets for 2015 (for cars) and 2017 (for vans) were achieved already in 2013. In November 2017, the Commission presented a legislative proposal setting new CO₂ emission standards for cars and vans for the period after 2020.

Manufacturers (including companies within the same manufacturing group) may agree to pool together to meet the emissions targets.¹⁵⁰ In that case, a nominated pool manager is responsible for paying any penalties, and evidence must be provided that it is sufficiently financially robust to do so. To discourage cartel behaviour among pool members that are not part of the same group of companies, pools must allow open, transparent and non-discriminatory participation on commercially reasonable terms, and the usual anti-competition rules apply. Pool members are not allowed to share information (eg, on pricing or research developments) other than that which directly relates to compliance with their targets. This does not preclude collaboration agreements that are unconnected with the pooling agreement and do not otherwise violate applicable laws or regulations.¹⁵¹

Manufacturers may seek to gain credit of up to 7g of CO₂/km travelled for eco-innovations shown to improve CO₂ emissions performance, provided the improvements go beyond what is otherwise required by the regulation. However, over time, eco-innovations (and in particular reductions in car weight) will be subsumed into required standards and no extra credit will be given.¹⁵²

The Emissions Standards Regulation's penalty scheme was also amended from the original proposal to ensure that manufacturers who only miss the target by a small margin are less severely penalised. The fines are:

- €5/g per new car registered for the first g/km over target;
- €15 for the second g/km over target;
- €25 for the third g/km; and
- €95 for each gram above three grams until 2019.

From 2019 the full penalty of €95 for each g/km over the target will apply.¹⁵³ From 2011 onwards manufacturers have been notified by the Commission of any shortfall in meeting their targets for the previous year. Inaccuracies can be challenged and the notice will be confirmed by 31 October of the relevant year. Details of each manufacturer's performance are also published.¹⁵⁴

A target of 95g of CO₂ per km travelled by 2020 is also specified in the Emissions Standards Regulation. In addition, 95% of new cars from manufacturers will have to comply with the limit value curve in 2020, increasing to 100% in 2021.

In November 2017, the Commission adopted a legislative proposal for a regulation setting new targets for the EU fleet-wide average CO₂ emissions from new passenger cars and vans as part of the Clean Mobility Package. Average CO₂ emissions from new passenger cars and vans registered in the EU would have to be 15% lower in 2025, and 30% lower in 2030, compared to their respective limits in 2021. To accelerate market uptake, the proposal also includes a dedicated incentive mechanism for zero- and low-emission vehicles.¹⁵⁵ Manufacturers with a share of zero- and low-emission vehicles higher than the proposed benchmark levels of 15% in 2025 and 30% in 2030 would have a less strict CO₂ target.

Additionally, following from the Emissions Standards Regulation and Volkswagen's admission of using software to cause its car engines to behave differently during emissions tests compared to real world driving, the new Real-Driving Emissions Regulation was proposed by the Commission.¹⁵⁶ On 28 October 2015, the Technical Committee for Motor Vehicles ("TCMV") voted in favour of the adoption of the second package of rules to introduce a new real driving emission ("RDE") test conducted using on-board portable emissions measurement systems ("PEMS"). On 12 February 2016 the EU Council voted in favour of the Commission's proposal for the Real-Driving Emissions regulation introducing a second package of RDE tests.¹⁵⁷ The RDE test procedure started on January 2017 and is intended to measure more accurately pollutant emissions from cars and other light vehicles.

In May 2018, the Commission announced the third Mobility Package, which aims to deliver on the 2017 industrial policy strategy, completing the process initiated by the 2016 Low Emission Mobility Strategy and the Europe on the Move packages of 2017. The third Mobility Package includes communications on a new road safety policy framework for 2020 to 2030 and on connected and automated mobility, legislative initiatives on CO₂ standards for trucks, an action plan for batteries, and a legislative initiative for streamlining permitting procedures for projects on the Trans-European Transport Networks in Europe ("TEN-T").¹⁵⁸

The way ahead for Europe's climate change regime

The Climate Change and Renewable Energy Package is the EU's first attempt to create a comprehensive European legal regime covering the carbon and renewable energy sectors. The package helps to inform investment decisions in these sectors by securing a future for carbon trading and laying the foundations for future investment in renewable technologies, biofuel and the development of carbon capture and storage.

At policy level, the package aims to achieve a reduction of at least 20% in the levels of GHG emissions by 2020; rising to

30% under the EU's commitments under the Paris Agreement and committing other developed countries to comparable emission reductions and economically more advanced developing countries to contributing adequately according to their responsibilities and respective capabilities; and a 20% share of EU energy consumption to be generated from renewable sources by 2020.

The package has significantly accelerated the transition of the Member States' economies to reduce their carbon footprint. With the EU's sights on 2030 and further cuts in GHG emissions the EU is well placed to drive forward ambitious cuts in global emissions and to reap the rewards through stimulating technological developments and new technologies.

E. Emissions trading – financial services legislation

The Commission published its legislative proposals to revise Directive 2004/39/EC of 21 April 2004 on markets in financial instruments amending Directives 85/611/EEC and 93/6/EEC and Directive 2000/12/EC and repealing Directive 93/22/EEC ("Markets in Financial Instruments Directive"), commonly known as "MiFID", on 20 October 2011, four years after the MiFID implementation date of 1 November 2007. Directive 2014/65/EU of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU (recast) ("MiFID II") amended MiFID.

MiFID II resulted in a significant overhaul of the way in which financial markets operate in Europe. In its press release of 20 October 2011 the EU stated that MiFID II aims "to make financial markets more efficient, resilient and transparent, and to strengthen the protection of investors".

On 15 April 2014, the European Parliament endorsed MiFID II and Regulation (EU) no. 600/2014 of 15 May 2014 on markets in financial instruments and amending Regulation (EU) no. 648/2012 ("MiFIR"). They were adopted on 13 May 2014 by the Council of the European Union and published in the OJEU on 12 June 2014, coming into force on 2 July 2014. Member States had to implement the Regulations by 3 January 2018 (with the exception of certain provisions).

MiFID and MiFIR

MiFID II and MiFIR set out the legal framework governing the requirements applicable to investment firms, trading venues, data reporting service providers and third country firms providing investment services/activities in the EU.

MiFID II amends the following provisions (of MiFID):

- specific requirements regarding the provision of investment services;
- the scope of exemptions from the current directive will be stricter (this may be relevant for the energy sector);
- requirements relating to the organisational and conduct of business for investment firms;
- organisational requirements for trading venues;
- authorisation and on-going obligations applicable to providers of data services;
- powers available to competent authorities;
- sanctions; and

- rules applicable to third-country firms operating via a branch.

MiFIR establishes uniform and directly applicable requirements in relation to:

- disclosure of trade transparency data to the public and transaction data to competent authorities;
- removing barriers to non-discriminatory access to clearing facilities;
- mandatory trading of derivatives on organised venues;
- specific supervisory actions regarding financial instruments and positions in derivatives; and
- provision of services by third-country firms without a branch.

The Commission's legislative changes contained within MiFID II and MiFIR follow the preparatory work of the Committee of European Securities Regulators (replaced by the European Securities and Markets Authority ("ESMA") in January 2011) and the Commission in 2010, including the Commission's consultation paper on the review of MiFID in December 2010.

Importantly for the energy sector, emission allowances fall within scope of MiFID (and MiFID II) and are classified as financial instruments, so that both derivatives and secondary spot markets in emission allowances will be subject to financial market regulation.

Spot contracts (which currently include transfers of EU Allowances (EUAs)) do not currently constitute 'financial instruments' under MiFID and have therefore been largely unregulated. Under Article 38(2) of the MiFID II Implementing Regulation (ie Commission Delegated Regulation (EU) 2017/565 of 25 April 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council as regards organisational requirements and operating conditions for investment firms and defined terms for the purposes of that Directive), a 'spot contract' is defined as a contract for the sale of a commodity, asset or right, under the terms of which delivery is scheduled to be made within the longer of two trading days and the period generally accepted in the market for that commodity, asset or right as the standard delivery period.

REMIT

The European Parliament adopted the text of Regulation no. 1227/2011 of 25 October 2011 on wholesale energy market integrity and transparency ("REMIT"), which is applicable to energy companies in Europe and contains rules that prohibit the use of inside information, require the public disclosure of that inside information and prohibit certain behaviour constituting market manipulation. REMIT was announced in December 2011 and was phased in over 2012. Member States had until 29 June 2013 to implement all necessary procedures to give effect to REMIT.

Prior to REMIT, the monitoring of energy markets was sector-specific and conducted by each Member State. As the structure of the energy markets becomes increasingly pan-European it is more difficult for national regulators to function effectively as they do not have access to Europe-wide information.

ACER's position as quasi centralised European regulator collecting and screening wholesale transaction market data,

performing initial assessments of anomalous events and then reporting to the national regulators for enforcement if necessary. As noted above the precise role of ACER has not been defined, but with its Europe-wide perspective ACER is able to conduct a more comprehensive review as a centralised body and then hand down the roles relating to punishment, prosecution and enforcement to the national regulators. In this respect, on 17 June 2016, ACER published an updated fourth edition of the Guidance Paper on its website in relation to REMIT and its implementation. Additional Q&A documents are published regularly on ACER's website.

REMIT was set up as part of a dedicated market integrity and transparency framework for the electricity and gas wholesale markets with a central reporting point at EU level and an EU-wide monitoring scheme.

Key features of REMIT include:

- prohibiting of insider trading and market manipulation in relation to wholesale energy products ("WEPs"); this now includes supply contracts to certain large consumers;
- requiring timely public disclosure of inside information; this now extends to information regarding the business or facilities that a market participant, or its parent or a related undertaking, owns, controls or operates, in whole or in part; and
- additional reporting obligations regarding transactions and the status of operational assets will apply.

REMIT also enhanced NRAs investigatory and enforcement powers. All market participants must ensure that appropriate measures are in place regarding the disclosure and use of information between group entities (and related undertakings) to minimise the impact of these measures.

Under REMIT, market participants have specific registration and reporting obligations. The Regulation defines a 'market participant' as any person, including transmission system operators, who enters into transactions, including the placing of orders to trade, in one or more wholesale energy markets. This definition does not distinguish between upstream or downstream market participants.

ACER currently considers at least the following persons to be market participants under REMIT if entering into transactions, including orders to trade, in one or more wholesale energy markets (ie, any market within the EU on which WEPs are traded):

- energy trading companies within the meaning of an 'electricity undertaking' pursuant to Article 2(35) of the Third Electricity Directive carrying out at least one of the following functions: transportation, supply, or purchase of electricity, or within the meaning of a 'natural gas undertaking' pursuant to Article 2(1) of the Third Gas Directive carrying out at least one of the following functions: transportation, supply or purchase of natural gas, including LNG;
- generators of electricity or natural gas within the meaning of Article 2(2) of the Third Electricity Directive and Article 2(1) of the Third Gas Directive, including generators supplying their generation to their in-house trading unit or energy trading company;
- shippers of natural gas;
- balance responsible entities;

- wholesale customers within the meaning of Article 2(8) of the Third Electricity Directive and Article 2(29) of the Third Gas Directive;
- final customers within the meaning of Article 2(9) of the Third Electricity Directive and Article 2(27) of the Third Gas Directive, acting as a single economic entity that have a consumption capacity of 600GWh or more per year for electricity or gas. If the consumption of a final customer takes place in markets with interrelated prices, his total consumption capacity is the sum of his consumption capacity in all those markets;
- TSOs within the meaning of Article 2(4) of the Third Electricity and Gas Directives;
- SSOs within the meaning of Article 2(10) of the Third Gas Directive;
- LNG system operators (“LSOs”) within the meaning of Article 2(12) of the Third Gas Directive; and
- investment firms within the meaning of Article 4(1), no. 1, Directive 2004/39/EC of 21 April 2004 on markets in financial instruments amending Directives 85/611/EEC and 93/6/EEC and Directive 2000/12/EC and repealing Directive 93/22/EEC (“Markets in Financial Instruments Directive”).

REMIT applies to trading in WEPs in any market within the EU but REMIT does not contain a geographical limitation as to the location or origin of inside information in relation to WEPs.

REMIT defines WEPs as the following contracts and derivatives, irrespective of where and how they are traded:

- contracts for the supply of electricity or natural gas where delivery is in the EU;
- derivatives relating to electricity or natural gas produced, traded or delivered in the EU;
- contracts relating to the transportation of electricity or natural gas in the EU; and
- derivatives relating to the transportation of electricity or natural gas in the EU.

Contracts for the supply and distribution of electricity or natural gas for the use of final customers are not WEPs, unless a specific consumption capacity is met (ie, 600GW per year). In addition, the MiFID II Implementing Regulation provides further, more detailed, lists of contracts that are reportable to ACER under Article 8 REMIT, and individual transactions need to be checked against this list to ascertain more specific reporting obligations.

Where LNG is produced in the EU, traded in the EU or delivered in the EU, it will fall into the definition of a WEP and will be subject to REMIT; if this is not the case the transaction will not be considered a WEP and therefore will not be subject to REMIT.

Market participants must register with the relevant NRA. If the market participant has multiple sites in Europe, the participant need not register with multiple NRAs, unless each site is a separate legal person and each site enters into transactions that are required to be reported.

The only exception from the registration requirement is for market participants who engage only in transactions relating to:

- contracts for the physical delivery of electricity generated by a single generation unit with a capacity equal to or less than 10MW or by generation units with a combined capacity equal to or less than 10MW; or
- contracts for the physical delivery of natural gas produced by a single natural gas production facility with a production capacity equal to or less than 20MW.

The Centralised European Register of Energy Market Participants (“CEREMP”) is an online platform that has been set up to gather basic information on all market participants trading European WEPs. Various NRAs, such as Ofgem in the UK, collect information from market participants in their respective Member States and feed it into CEREMP.

Under REMIT, market participants must report transaction data, fundamental data and inside information. REMIT’s reporting obligations require market participants, or a person or a specified authority on their behalf, to provide ACER with a record of wholesale energy market transactions, including orders to trade.

Article 8 REMIT obliges ACER to draw up and maintain a public list of standard contracts that is updated in a timely manner. The current list of standard contracts comprises several hundred different contract types and can be found here: www.acer-remit.eu/portal/standardised-contract.

The sole purpose of the public list of standard contracts is to display the characteristics of each contract type for which the standard reporting form is applicable. The list does not assign unique identifiers to the contracts listed and the information collected is not used for matching against the transaction reports.

The MiFID Implementation Regulations specifies that certain contracts must be reported to ACER.

Reportable contracts include, as regards WEPs that are contracts for the supply of electricity or natural gas with delivery in the EU (irrespective of where and how they are traded, in particular regardless of whether they are auctioned or continuously traded):

- intraday or within-day contracts;
- day-ahead contracts;
- two-days-ahead contracts;
- week-end contracts;
- after-day contracts;
- other contracts for the supply of electricity or natural gas with a delivery period longer than two days;
- contracts for the supply of electricity or natural gas to a single consumption unit with a technical capability to consume 600GWh/year or more; and
- options, futures, swaps and any other derivatives of contracts relating to electricity or natural gas produced, traded or delivered in the EU.

Reportable contracts also include, as regards WEPs in relation to the transportation of electricity or natural gas in the EU:

- contracts relating to the transportation of electricity or natural gas in the EU between two or more locations or bidding zones concluded as a result of a primary explicit capacity allocation by or on behalf of the TSO, specifying physical or financial capacity rights or obligations;
- contracts relating to the transportation of electricity or natural gas in the EU between two or more locations or bidding zones concluded between market participants on secondary markets, specifying physical or financial capacity rights or obligations, including resale and transfer of such contracts; and
- options, futures, swaps and any other derivatives of contracts relating to the transportation of electricity or natural gas in the EU.

ACER has stated that the upstream transport capacity contracts for gas are not covered by the reporting obligation in Article 3(1)(b) of the MiFID II Implementing Regulation.

Unless concluded on Organised Market Places, the following contracts and details of transactions in relation to these contracts are reportable only upon a reasoned request of ACER and on an ad-hoc basis:

- intragroup contracts;
- contracts for the physical delivery of electricity generated by a single generation unit with a capacity equal to or less than 10MW or by generation units with a combined capacity equal to or less than 10MW;
- contracts for the physical delivery of natural gas generated by a single natural gas generation facility with a generation capacity equal to or less than 20MW; and
- contracts for balancing services in electricity and natural gas.

EMIR

The final text of Regulation (EU) no. 648/2012 of 4 July 2012 on over-the-counter (“OTC”) derivatives, central counterparties and trade repositories was published on 27 July 2012 in the OJEU. The regulation is also known as the European Market Infrastructure Regulation (“EMIR”).

EMIR entered into force on 16 August 2012; implementation, however, has been gradual. The technical standards on various topics regarding the clearing obligation, central counterparty (“CCP”) requirements and trade repositories entered into force on 15 March 2013 by Commission delegated regulation.

EMIR introduced significant changes to the OTC derivatives market by mandating central clearing for standardised contracts and imposing risk mitigation standards for non-centrally cleared contracts.

EMIR provides a framework for these new obligations; however, the precise details, which are necessary for market participants to comply with the regulation, are set out in subordinate legislation. Since 15 March 2013, a number of pieces of subordinate legislation have come into force in the form of regulatory technical standards (“RTS”).

The most recent delegated regulations and regulatory technical standards adopted by the Commission include:

- a delegated regulation, adopted on 29 June 2017, which amended a previous regulatory standards specifying the data to be published and made available by trade repositories and operational standards for aggregating, comparing and accessing data under EMIR to reflect recent developments in the area of trade reporting and access to data;
- a delegated regulation, adopted on 16 March 2017, which prolongs the phase-in period of the EMIR clearing obligation for financial counterparties with a limited volume of OTC derivatives activity. The start date for this obligation for such parties is now 21 June 2019;
- a delegated regulation, adopted on 2 March 2017, regarding the list of exempted entities under EMIR which exempts central banks and public bodies charged with or intervening in the management of the public debt from Australia, Canada, Hong Kong, Mexico, Singapore and Switzerland from the clearing and reporting requirements set out in EMIR;
- a delegated regulation, adopted on 19 October 2016, which amended the minimum details of data that must be reported to trade repositories;
- a delegated regulation, adopted on 4 October 2016, which specifies how margin should be exchanged for OTC derivatives contracts that are not cleared by a CCP. The Commission adopted the draft regulatory standards submitted by the European Supervisory Authorities with amendments;
- a delegated regulation, adopted on 10 June 2016, which makes it mandatory for certain OTC interest rate derivative contracts to be cleared through central counterparties;
- a delegated regulation, adopted on 21 April 2016, which amends the technical standards for requirements for CCPs related to the Margin Period of Risk (“MPOR”) for client accounts;
- a delegated regulation, adopted on 1 March 2016, that makes it mandatory for certain OTC credit default derivative contracts to be cleared through central counterparties; and
- a delegated regulation, adopted on 6 August 2015, that makes it mandatory for certain OTC interest rate derivative contracts to be cleared through central counterparties.

The following paragraphs set out the main elements of the regulation: Mandatory Central Clearing. Financial entities will be required to clear all standardised eligible OTC derivative contracts through CCPs. The first CCP was given authorisation on 18 March 2014.

Non-financial firms are only subject to the clearing rules if their OTC derivative positions reach specified clearing thresholds, with a carve out for hedging transactions. Intragroup transactions are excluded. A third country firm that would be subject to the clearing obligation if it were established in the EU will also have to abide by the central clearing obligations for any transaction with an obligated EU entity, or for any transaction where the contract has a direct, substantial and foreseeable effect within the EU.

The RTSs for third country transactions, which have been reported in the OJEU, the main provisions of which have applied from 10 October 2014 and include:

- collateral: where parties to cleared OTC derivative contracts will need to post initial and variation margin;
- CCPs: national competent authorities will be responsible for authorising and supervising CCPs in their jurisdiction. CCPs will be required to have established default procedures in the event of a clearing member's non-compliance with the rules, and a mutualised default fund to which members of the CCP must contribute;
- non-centrally cleared OTC derivatives: non-centrally cleared OTC derivative contracts will be subject to strict procedures to reduce counterparty credit risk and operational risk including the requirement for timely confirmation of terms (where possible by electronic means), robust and auditable processes for portfolio reconciliation, marking to market procedures, dispute resolution, and procedures for the accurate and appropriate exchange of collateral. Again, intragroup transactions are largely sheltered from these requirements;
- reporting: all counterparties and CCPs must ensure that the details of all derivative contracts, regardless of how they are cleared, are reported without duplication to trade repositories no later than the working day following the conclusion, modification or termination of a contract. The obligation is not subject to any thresholds. The obligation will extend to contracts entered into before the Regulation that are still outstanding on the date of the Regulation's entry into force. Reporting obligations may be delegated (eg, to prime brokers or asset managers). Trade repositories will publish aggregate positions by class of derivatives. Reporting failures will be met by penalties; and
- ESMA: ESMA will have significant responsibility, including identification or approval of contracts subject to clearing and recommendation of clearing threshold, surveillance of trade repositories, including the grant and withdrawal of their registration, and authorisation and supervision of CCPs from third countries.

SFTR

Regulation (EU) 2015/2365 of 25 November 2015 on transparency of securities financing transactions and of reuse and amending Regulation (EU) no. 648/2012, was published in January 2016.

Also known as the Securities Financing Transactions Regulation ("SFTR"), the regulation was published following recommendations by the Financial Stability Board ("FSB") and the European Systemic Risk Board ("ESRB") to mitigate risks in shadow banking and increase transparency in securities lending and repurchase. Under the SFTR, firms must report their securities financing transactions ("SFTs") to a trade repository that is registered by ESMA. Broadly, SFTs are securities or commodities that are used to borrow cash, or cash used to borrow securities or commodities. Under the SFTR, a commodity is any good of a fungible nature that can be delivered; this includes metals, their ores and alloys, agricultural products and energy. The go-live phase of the SFTR transaction reporting obligation begins in the second quarter of 2019.

Some of the features of the SFTR are similar to EMIR, for example, the SFTR requires financial counterparties and non-financial counterparties to comply with the same classifications as under EMIR. The reporting requirements apply at the same level for both SFTR and EMIR. There are however also distinct differences between SFTR and EMIR, for example, as regard assets, SFTR includes securities lending or borrowing, commodities lending or borrowing, repurchase, buy-back/sell-back, margin lending and total returns. EMIR includes derivatives in equity, interest rates, foreign exchange, commodities and credit. As regards scope, the SFTR requires all counterparties to submit reports, including where they are based outside the EEA, which is not required by EMIR.

Inter-linked legislation

The pieces of legislation proposed by the EU in the form of EMIR, REMIT, MiFID II and SFTR cannot be viewed in isolation, especially from the perspective of energy companies.

The legislation is designed to regulate the financial sector by increasing reporting requirements, increasing transparency and increasing the control of the regulator. This is with the aim of helping to prevent another financial crisis. Emissions trading, parts of which were previously unregulated, will now be subject to these pieces of legislation and reporting, and systems requirements will increase. As a result, energy companies will have to spend both time and money to ensure that they are in line with the rules as they come into force. This will include ensuring that effective systems are in place to deal with reporting requirements and completing impact assessments to establish whether they fall above the thresholds set by the legislation.

As the directives and regulations are inter-linked, energy companies will want to ensure that any systems updates cover the reporting requirements across all three pieces of legislation without any undue replication of reporting under different regimes.

F. Upstream

Generally, Member States have sovereign rights over hydrocarbon resources located within their territories. It is up to each Member State to determine the precise geographical areas where the rights to prospect, explore and produce hydrocarbons may be exercised. It is also the Member States' responsibility to authorise particular entities to exercise such rights.¹⁵⁹

Prospection, exploration and production: Hydrocarbons Licensing Directive

Directive 1994/22/EC on the conditions for granting and using authorizations for the prospection, exploration and production of hydrocarbons ("Hydrocarbons Licensing Directive")¹⁶⁰ concerns conditions imposed on the grant and use of authorisations for the prospection, exploration and production of hydrocarbons.

The introduction of the Hydrocarbons Licensing Directive was aimed at reinforcing the integration of the IEM, encouraging greater competition within the market and improving the security of supply. It has achieved its aims by establishing a set of common rules which guarantee fair, non-discriminatory access to rights of prospection, exploration and production of hydrocarbons.

The directive provides that there must be limits to the geographical area and duration of an authorisation. These limits must be proportionate and should be determined based on what is justified to ensure the best possible exercise of the rights granted, taking into account both economic and technical factors.¹⁶¹ The aim of this is to prevent any single entity from having exclusive rights to an area where the prospection, exploration and production could be more effectively carried out by several entities. The provisions that reserve the right to obtain authorisations for single entity for a specific geographical area within the territory of a Member State were abolished in 1997 by Member States concerned.

Procedures for granting authorisations must be transparent and based on objective and non-discriminatory criteria¹⁶² and the application process must be open to any interested entities.¹⁶³ Selection from among the various entities must be based on criteria relating to their technical and financial capabilities, the way in which they propose to prospect, explore and/or bring into production the hydrocarbons from the geographical area in question and, if the authorisation is put up for sale, the price that the entity is prepared to pay to obtain the authorisation. All information relating to the authorisation (type of authorisation, geographical area that may be applied for in whole or in part, deadline envisaged for granting the authorisation, selection criteria, etc) should be published in the OJEU least 90 days before the deadline for the submission of applications.¹⁶⁴

The Hydrocarbons Licensing Directive provides Member States with the right to make access available to these hydrocarbon resources by granting rights; however, Member States may impose requirements further to considerations of national security, public safety, public health, security of transport, protection of the environment, protection of biological resources, the planned management of hydrocarbon resources or to the payment of a financial contribution or a contribution in hydrocarbons.¹⁶⁵ The directive also introduces principles of reciprocity with countries outside the EU. Entities of a particular Member State must receive treatment in third countries that is comparable to that which the entities of third countries receive in the EU.¹⁶⁶

Member States are required to provide an annual report containing information¹⁶⁷ on the geographical areas that have been opened, the authorisations granted, the entities holding those authorisations and the available reserves in their territory.

Directive 2004/17/EC of 31 March 2004 coordinating the procurement procedures of entities operating in the water, energy, transport and postal services sectors (“WETP Directive”)¹⁶⁸ runs concurrently with the Hydrocarbons Licensing Directive.¹⁶⁹

Offshore oil and gas operations: Offshore Safety Directive

In March 2013, following lengthy negotiation that sought to address the risk of major accidents from offshore oil and gas operations in EU waters, the Commission, Council and European Parliament reached political agreement on Directive 2013/30/EU on safety of offshore oil and gas operations and amending Directive 2004/35/EC (“Offshore Safety Directive”).¹⁷⁰

The Offshore Safety Directive, which applies to existing and future installations and operations, entered into force on 18 July 2013. The directive includes provisions that limit its applicability to landlocked Member States and Member States with no offshore activities; landlocked countries need only transpose the directive once a company registers in the country and conducts operations outside of the EU.¹⁷¹ The date of transposition for Member States to which the directive applies was 19 July 2015.

The main features of the Offshore Safety Directive include:¹⁷²

- provisions establishing minimum conditions for safe offshore oil and gas operations,¹⁷³ including the submission by operators of a major hazards report prior to commencement of offshore operations;¹⁷⁴
- provisions improving the response mechanism for accidents and requiring operators to include emergency plans¹⁷⁵ as well as an assessment of oil spill response effectiveness;¹⁷⁶
- the requirement that oil and gas operations only be conducted by operators appointed by licensees or licensing authorities;¹⁷⁷
- provisions imposing financial liability for environmental damage on licence holders (not operators)¹⁷⁸ and extending area of liability for all damage from territorial waters of the Member State to the entire continental shelf area;¹⁷⁹
- provisions ensuring the independence and objectivity of the competent authority – Member States must ensure a clear separation between regulatory/environmental functions on the one hand and economic functions on the other so as to avoid conflicts of interest;¹⁸⁰
- the requirement that licensing authorities consider whether potential licensees have adequate provision for liabilities potentially deriving from operations;¹⁸¹
- rules on transparency and sharing of information;¹⁸² and
- cooperation between Member States with regard to emergency response plans and trans-boundary emergency preparedness and response.¹⁸³

The Offshore Safety Directive does not require mandatory financial security to be provided (as was strongly requested by the European Parliament). However, it had obliged the Commission to report by 31 December 2014 on the availability of such instruments as well as on the handling of claims for third party compensation for damage caused by oil and gas operations.¹⁸⁴

In 2015, the Commission published a report on liability and compensation in the case of offshore accidents in Europe. The report found that the effects of the Offshore Safety Directive will, by the time of the Commission’s first implementation report, demonstrate whether it is appropriate to bring certain conduct leading to major offshore accidents within the scope of criminal law. However, the Commission stated in the report that, at that time, broadening liability provisions through EU legislation did not appear appropriate.¹⁸⁵

The Commission will submit a report to the European Parliament and Council assessing the implementation of the Offshore Safety Directive no later than 19 July 2019.

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Energy law in Portugal

Recent developments in the Portuguese energy market

Duarte Brito de Goes, partner, and Maria de Athayde Tavares, senior associate, both of Campos Ferreira, Sá Carneiro & Associados, Lisbon

Extension of the Energy Sector Extraordinary Contribution

The Portuguese State ("State") Budget Law for 2014¹ approved the creation of the Energy Sector Extraordinary Contribution ("ESEC"), which is a levy of 0.285% to 0.85% applicable to the value of the relevant productive assets owned by a company. The applicable value is either the value of the assets accepted by the Energy Services Regulatory Authority ("ERSE") as relevant for the assessment of income in regulated activities, or the sum of the value of (i) tangible fixed assets, (ii) intangible assets (except industrial property), and (iii) financial assets assigned to concessions or licensed activities. Renewable generators (except for certain hydroelectric and cogeneration plants) have, however, been safeguarded from this contribution, which had been intended to be temporary and destined to fund the tariff deficit.

The State Budget Law for 2019 (Law no. 71/2018, of 31 December) anticipates yet again an extension of the ESEC in 2019 and furthermore determines it will also be levied on generators of renewables under the guaranteed remuneration regime. Generators holding licences or rights granted in the context of a public tender remain exempt as do generators operating small-scale generation units or self-consumption generation units and generators of electricity and heat through micro-cogeneration plants.

It is noteworthy that this was somehow an expected regulatory change due to the proposal of the left wing party (*Bloco de Esquerda*) during discussion of the State Budget Law for 2018, which aimed at adopting a (new) solidarity contribution for the elimination of tariff debt of the National Electricity System ("SEN"), payable as follows: 30% non-deductible tax calculated over the difference between the wholesale electricity price and the feed-in tariff ("FIT"). Even though the Socialist Party prevented the adoption of the measure that ended up not passing in the Portuguese Parliament ("Parliament"), in 2018 the same party sustained the extension of the ESEC to the generators of renewables under the guaranteed remuneration regime. This change, which has a significantly lower impact than the former, seems to aim at bringing the non-renewable tax payers to resume payment of ESEC for previous years, which will also contribute to the reduction of the tariff deficit.

Even if the proposal contemplates a number of significant exclusions, it is expected to face strong opposition on the grounds that such decision violates the Energy Charter Treaty as well as the general principal of good faith (protection of legitimate expectations). Further developments, if any, are not expected to be retroactive.

New rules for monitoring responsibilities of the energy sector

The State Budget Law for 2017² provides for the adoption of further organic restructuring measures in the energy sector, in order to concentrate on ERSE responsibilities currently undertaken by other entities. Moreover, Decree-Law no. 57-A/2018, of 13 July, amended the Statutes of ERSE in order to extend the scope of its action to liquefied petroleum gases ("LPG"), in all categories, and to fuels derived from oil and biofuels.

Additionally, Decree-Law no. 69/2018, of 27 August ("Law 69/2018"), reframed the monitoring of the energy sector setting out new rules for the National Authority for Fuel Market, now called the National Authority for the Energy Sector, ie ENSE (*Entidade Nacional para o Setor Energético*), which will also be responsible for monitoring the electricity and natural gas areas (in addition to inspection of the fuel, gas, and LPG market). Law 69/2018 also set out new rules relating to the Directorate General of Energy and Resources ("DGEG") that, in addition to being the national authority for the areas of energy and geological resources, licensing, and international relations, will also be responsible for the research, finding, and extraction of hydrocarbons (such as oil, natural gas, and coal). The law also set out new rules for the National Laboratory for Energy and Geology, ie LNEG (*Laboratório Nacional de Energia e Geologia*), which will coordinate the process of ensuring biofuel sustainability criteria are being complied with, issue biofuel bonds, ie TdB (*títulos de biocombustível*) and monitor compliance with the rules on promoting the use of biofuels.

2019: Roadmap for Carbon Neutrality and an Integrated National Energy and Climate Plan (NECP) for the years 2021 to 2030

In 2016, the Portuguese Government ("Government") announced at COP 22, the national objective to reach carbon neutrality by 2050, which will entail a reduction from 68 to 12 megatonnes of carbon dioxide ("CO₂") emissions by that year and a forest sequestration capacity increase from nine to 12 megatonnes. To this end the public consultation of the Roadmap for Carbon Neutrality (2050), which has the general purpose of technically supporting Portugal's commitment to achieve such goal, is ongoing up and until February 2019.

The Roadmap, based on four components (ie energy, transport, waste and agriculture, forest and land use), aims at identifying and analysing the implications of alternative trajectories, which are technically feasible, economically viable and socially acceptable. As electricity and mobility will play the most relevant part, even if all sectors are relevant, the main targets are: 80% of the electricity generated in the country will be generated from renewable sources by 2030; 100% in 2050,

there is currently a 75% dependence on foreign energy; 65% by 2030 and 17% by 2050; the annual savings from cutting fuel imports will reach €4 billion per year, representing an accumulated value (between 2020 and 2050) of €128 billion; by 2030 a third of light vehicles³ (*veículo ligeiro*) should be electric, as well as all urban logistics, and by 2050 the amount should be around 100% with a significant penetration of hydrogen in heavy vehicles⁴ (*veículo pesado*).

According to the governance of the energy union and climate action rules, Portugal presented the Integrated National Energy and Climate Plan (“NECP”) for the years 2021 to 2030 in December 2018, which is the most relevant energy and climate policy instrument drawing the attention of all relevant stakeholders. As stated in the Major Planning Options (*Grandes Opções do Plano*) for 2019, preparation of the NECP will proceed in line with the three main objectives of that legislative package, ie priority to energy efficiency, achieving global leadership in renewable energy and establishing a level playing field for end users.

Restrictions to overequipment (*sobreequipamento*) of wind farms

Decree-Law no. 94/2014, of 24 June, established the rules applicable to additional power (*potência adicional*) and additional energy (*energia adicional*), as well as to over-equipment of wind farms under a guaranteed remuneration regime.

Order in Council no. 102/2015, of 7 April (“Order 102/2015”), has set out the necessary procedures for the additional energy injection and the authorisation of over-equipment. Order 102/2015 was amended by Order in Council no. 246/2018, of 3 September, which establishes mandatory consultation of ERSE within the authorisation procedures of the over-equipment, and sets out decision criteria to be adopted. It is expressly stated that such authorisation should be refused where it proves to be unfavourable to the public interest and to the interests of end users, in particular as regards relevant effects on the price of electricity, the tariff deficit and the burden on future overcharges.

Low voltage electricity distribution networks in Portugal

The low voltage electricity distribution municipal concession contracts⁵, for the most part, have already or will shortly expire. This motivated the approval of Law no. 31/2017, of 31 May, that sets out the principles and general rules applicable to public tenders for the award of the new concessions in the Portuguese mainland (therefore not being applicable to the Autonomous Regions of Madeira and Azores), and Resolution of the Council of Ministers no. 5/2018, of 11 January, which approves the programme of actions and studies to be developed by ERSE in the granting, by contract, of concessions intended exclusively for the operation of municipal low voltage distribution networks.

With regard to the procedural aspects of the public tenders, Law no. 31/2017 rules in particular the synchronised launch of procedures, the delimitation of areas where the procedures are to be launched, and the features of the procedure documents. Furthermore, ERSE has already concluded public consultation of the proposals into the main features of the standard procedure for awarding concessions and territorial areas for the public tender procedures.

With the joint effort of municipal, inter-municipal and national entities, preparation towards the public tender procedures is expected to occur shortly, thereby enabling simultaneous launch of the procedures in 2019, and promoting the efficiency of the electricity system, territorial cohesion and transparency of the process of low voltage electricity distribution in a liberalised market as foreseen in the Major Planning Options (*Grandes Opções do Plano*) for 2019.

New rules for obtaining electricity generation permits when the requests exceed the electricity reception capacity

In the previous few years, the increase of greenfield renewable energy projects (mainly without FIT) has put additional pressure on the need to increase capacity to the grid, and a new framework was adopted to address this issue.

An application for the award of a generation licence should be submitted between 1 and 15 of January, May and September each year. When, in the same period, the applications submitted exceed the grid capacity (*capacidade de receção*) of the network zone (*zona de rede*), the award of the generation licence (or admission of a prior notice) for Special Regime Generation remunerated according to market prices are selected by random drawing (*sorteio*) up to the available capacity in the respective network area, by lot, among those (applications) duly instructed and able to be licensed, by period and network zone. The assignment of a production licence or acceptance of prior communication is immediate and automatic in accordance with the hierarchy resulting from the drawing (*sorteio*) up to the limit of the capacity available in the network zone, and the remaining ones after the network reinforcement in its zone or zone group and up to the limit of the reinforcement thereof.

In accordance with Order in Council no. 62/2018, of 2 March (“Order 62/2018”), the draw/raffle procedure (*sorteio*) is promoted and organised by DGEG, which must publicise a notice on its website and also in two newspapers of national expansion, at least ten days in advance, indicating the date, time and place of the meeting. Order 62/2018 also sets out that the draw is made from applications for generation licences (or admissions of prior notice) for Special Regime Generation remunerated according to market prices, which are properly instructed until 31 December 2017 and pending in DGEG, and chaired by a jury composed of three members appointed by order of the member of Government responsible for energy affairs (whose acts are open to challenge under the general terms). The award of a generation licence (or admission of a prior notice) occurs immediately and automatically in accordance with the hierarchy that results from the draw up to the limit of the capacity available in the network zone and the remaining ones after the network reinforcement in its zone or zone group.

Prohibition of cross-subsidisation in renewables

The State Budget Law for 2017 adopted a rule aimed at eliminating the accumulation of public incentives for the promotion and development of renewable energy with the FIT received by those power generators, which has been allowed up to a set date.

Order in Council no. 69/2017, of 16 February, determines the recovery to the SEN of any amounts received in excess through FIT reduction granted by the Last Resort Supplier. It also states that half the amount of the overall amount to be corrected in favour of SEN should be deducted from the tariff deficit; the other half should be allocated to future yearly tariffs.

These rules have not been applied to date and no information is available on whether it will be upheld or not. An audit has been carried out by the Finance General Inspection (ie IGF), which surveyed the generators covered. Two orders are yet expected to be issued, ie one to define for each power generation plant affected the excess amount that must be corrected, and the other to set the value in euros per megawatt hour (ie MWh) to be deducted from the remuneration paid by the Last Resort Supplier to each power plant.

Due to the retroactive nature of this amendment, which can cost up to €300 million, it has been challenged by several power generators and associations of the sector on the grounds that it would be affecting rights acquired in the past, especially by the early projects (some granted more than 25 years ago), violation of the general principle of good faith (protection of legitimate expectations), and failure to meet the deadlines set out for the review of the granting of incentives and possible refund.

A new and competitive capacity mechanism (suspended)

The State Budget Law for 2017 suspended the capacity mechanism, which had been designed to avoid power supply interruptions, replacing it with a market mechanism.

The remuneration of the security reserve is since then established on the basis of a competitive auction mechanism, which is supervised and monitored by ERSE. The security reserve exclusively remunerates the availability services provided by electricity generators, favouring low carbon technologies, pursuant to Order in Council no. 41/2017, of 27 January. The reserve price limit of each auction is set administratively by order of the member of Government responsible for the energy sector, on the basis of a joint proposal by DGEG and ERSE.

Order in Council no. 93/2018, of 3 April, suspended the 2018 auction until receipt by the State of a clear statement by the European Commission of compliance of such reserve mechanism with the provisions on state aid in the energy sector.

Transition into market price risk renewable energy projects

In 2017, the first project financing of an Iberian solar photovoltaic ("PV") plant subject to market price risk was closed for a 25MW PV farm, the first market power purchase agreement for a solar PV project having been adopted in Portugal.

After more than 20 years of subsidised tariffs, the renewable energy sector is emancipating and has begun waiving the State's support. Indeed, Portugal faces a relevant tariff deficit issue, the Government being very keen on increasing the renewables sector power generation and industry, which will reduce power imports, increase foreign investment and increase the use of green energy, without having to grant new subsidies.

The challenges the renewable sector is facing during this transition period include the need to strengthen and develop the networks, the increasing requests for network connections from power plants or generation licences granted to ensure the existence of reception capacity for new sources of energy (1,173MW of new solar PV power plants, without FIT, have been approved since 2016), and the lack of interconnections of the Iberian Peninsula (Portugal and Spain) with other European countries and the North of Africa.

Endnotes

1. In force as of 1 January 2014.
2. Approved by Law no. 42/2016, of 28 December, and in force as of 1 January 2017.
3. Road motor vehicle with a gross weight up to 3,500kg and whose number of seats, including the driver, does not exceed nine.
4. Road motor vehicle with a gross weight of more than 3,500kg or more than nine seats, including the driver.
5. EDP Distribuição-Energia S.A. acts as concessionaire in 278 out of 308 municipalities and represents 99.5% of the low voltage clients.

Overview of the legal and regulatory framework in Portugal

A. Electricity

A.1 Industry structure

Nature of the market

The National Electricity System's ("SEN") value chain includes the following regulated and unregulated activities:

- Generation (unregulated): open to competition, subject only to licensing. It functions under two main regimes¹, ie the regime under which energy generated is sold in organised markets or through bilateral contracts ("Ordinary Regime"), the Portuguese Government ("Government") intervening merely to complement private initiatives, cover market failures or ensure electricity supply, and the regime² under which energy is generated from endogenous and other renewable sources, except large hydropower plants, allowing generators to deliver to the network through bilateral contracts with the supplier of last resort ("Special Regime").
- Transport/transmission (regulated): REN – Rede Eléctrica Nacional S.A. ("REN") is the transmission system operator ("TSO")³, operating on an exclusive basis under a 50-year public service concession agreement⁴ with the Portuguese State ("State"). Under this agreement, the TSO is responsible for planning, implementing, and operating the National Transmission Grid ("RNT") and related infrastructure and all relevant interconnections and other facilities necessary to operate the RNT, coordinating the SEN infrastructures to ensure the integrated and efficient operation of the system, as well as ensuring the continuity and security of electricity supply (as Global Technical System Manager).
- Distribution (regulated): EDP Distribuição-Energia S.A. ("EDP Distribuição"), is the distribution system operator ("DSO") on an exclusive basis under a 35-year public service concession agreement⁵ with the State for the distribution of electricity at high and medium voltage on mainland Portugal and under 20-year municipal concession agreements with the relevant municipalities as per distribution networks of low-voltage. In the Autonomous Regions (Azores and Madeira), the distribution operators are Electricidade dos Açores and Empresa de Electricidade da Madeira, respectively.⁶
- Trading/supply (regulated and unregulated): except for the activities of the supplier of last resort and market facilitator, supply of electricity is currently subject only to prior registration and certain public service obligations regarding the quality and continuity of supply, as well as consumer protection rules as per the prices, access charges and access to information in simple and understandable terms. For this purpose, suppliers have the right of access to the national transmission and distribution grids on payment of access tariffs set out by Energy Services Regulatory Authority ("ERSE"). Since 1 January 2007, the supplier of last resort

(*comercializador de último recurso*) in the continental territory is EDP Serviço Universal S.A. (incorporated and totally owned by EDP Distribuição), which is subject to licensing and to a purchase obligation (fully or in part) of the electricity generated under the Special Regime, whenever benefiting from guaranteed tariff.⁷

- Operation of the electricity markets (regulated activity), which is a free access activity: the operation of organised markets for electricity is subject to joint authorisation from the Minister of Finance and the Minister responsible for the energy sector. The entity managing the organised markets is also subject to authorisation from the Minister responsible for the energy sector and, when required by law, from the Minister of Finance.⁸
- Logistics Operator for Switching Electricity and Gas Supplier ("OLMC") (regulated activity): since 2017 the Portuguese Energy Agency ("ADENE") is responsible for overseeing the process of switching electricity and natural gas suppliers. For further details see section C.

Amendments to the above architecture are expected as the State Budget Law for 2019 (Law no. 71/2018, 31 December) anticipates a new framework to be adopted to rule the market aggregators' activity. Under the new framework, such activity is expected to be carried out under a specific licence required to acquire the electricity generated under the Special Regime operating under the market regime (ie sold in the market at market prices, either through organised markets or bilateral agreements). Implementation of this new framework seems to be of the utmost relevance for creating effective conditions to make trading by small operators viable on the market.

Key market players

Key market players include:

- TSO, ie REN;
- DSO, ie EDP Distribuição;
- in the Azores and Madeira, Electricidade dos Açores and Empresa de Electricidade da Madeira respectively; and
- supplier of last resort, ie EDP Serviço Universal S.A..

For more on key market players see above, Nature of the market.

Regulatory authorities

ERSE is the independent national regulatory authority for the electricity and natural gas sectors, acting as the regulatory, overseeing and sanctioning entity (vertical regulation). ERSE carries out its duties independently within the guiding principles of the energy policy established by the Government, in accordance with constitutional and legal acts. ERSE can also

impose fines on energy companies for non-compliance with the applicable legal framework.

The Portuguese Competition Authority, ie AdC, is the independent and financially autonomous institution that ensures compliance with competition rules in Portugal, holding regulatory, supervisory and disciplinary powers (horizontal regulation).

The Directorate General of Energy and Resources (“DGEG”) is the central service under the direct administration of the State, depending on the Ministry of Economy, endowed with administrative autonomy, acting as the national authority for the areas of energy and geological resources, licensing, and international relations, as well as, since 2018, the research, finding, and extraction of hydrocarbons, and representing the State in all matters thereof.

Legal framework

The basic legal framework for the electricity sector consists of:

- Decree-Law no. 29/2006, of 15 February,⁹ as most recently amended by Law no. 42/2016, of 28 December;
- Decree-Law no. 172/2006, of 23 August, as most recently amended by Law no. 114/2017, of 29 December;¹⁰
- Statutes of ERSE (*Entidade Reguladora dos Serviços Energéticos*);¹¹
- Energy Sector Sanctioning Regime;¹²
- Several ERSE regulations;¹³ and
- Regulations put into force by DGEG.

Implementation of EU electricity directives

Decree-Law no. 215-B/2012, of 8 October, transposed the Third Electricity Directive, and operated the revision and consolidation of the legal framework applicable to the generation of electricity under the Special Regime.

A.2 Third party access regime

To ensure equal access and use to all market players, the TSO and DSOs are subject to public service obligations (see section A.6).

The integration of any electrical installation is performed under a specific network connection as regulated in the following:

- The Distribution Grid Regulation (*Regulamento da Rede de Distribuição*), adopted by Order in Council no. 596/2010, of 30 July (“Order 596/2010”), which governs the technical operating conditions of the high, medium and low pressure tension networks comprised in the Public Grid, as well as the relation conditions between the network operators and the entities with facilities connected to them.
- The Transport Grid Regulation (*Regulamento da Rede de Transporte*), also adopted by Order 596/2010, which governs the technical operating conditions of the interconnection of the RNT infrastructure, as well as the technical conditions related to the planning and exploitation of the RNT.
- The Commercial Relation Regulation (*Regulamento das Relações Comerciais*),¹⁴ which sets out the provisions regarding the commercial relations between the various parties involved in the SEN, the commercial conditions for the connection to public networks, the operation of commercial relations in the electricity systems of the Autonomous Regions (ie the Azores

and Madeira), and the functioning of trade between those electrical systems and the electrical system of mainland Portugal.

- The Access to Networks and Interconnections, ie RARI, (*Regulamento de Acesso às Redes e às Interligações*),¹⁵ which sets out provisions related to technical and commercial conditions according to which the access to the networks and the interconnections is processed, as well as the conditions under which access is granted or restricted, and also the reimbursement to which entities are entitled for offering access to their networks.

A.3 Market design

Subject to certain exceptions, electricity activities are carried out independently from a legal, organisational and decision-making standpoint (unbundling), as a consequence of the transposition of European Union (“EU”) legislation into Portuguese national law (see section A.1).

Electricity sector activities must be developed in accordance with the principles of rationality and efficiency in the use of resources throughout the entire value chain (ie from generators to the final consumption of electricity) and in accordance with the principles of competition and environmental sustainability, with the purpose of increasing competition and efficiency in the SEN, without prejudicing public service obligations.

A.4 Tariff regulation

ERSE is responsible for preparing and approving the Tariff Regulation (*Regulamento Tarifário do sector eléctrico*)¹⁶ that sets the methodology to be used for calculating tariffs, as well as the ways to regulate the allowed revenues. The various stakeholders in the SEN (ie consumers and the electricity industry) are involved in its process of approval, as it is preceded by a public consultation and an opinion from ERSE’s Tariff Board, thereby ensuring regulatory stability and transparency on the basis of a non-discrimination principle applicable to tariffs and billing.

Consumers acquire the electricity from the relevant electricity trading entities operating in Portugal, which in turn acquire the electricity from the Portuguese transport or distribution operator of electricity, as applicable, that acquire the same from the relevant generators.

The tariff system is additive as for each regulated activity there is an associated regulated tariff¹⁷ with the final sales tariff applicable to each end user composed of the sum of the various activity tariffs that are attributable to the client’s supply.

In the free market, energy sales prices are set by agreement between supplier and customers, part of the price being passed through to the regulated tariffs. However, under the regulated market, the tariffs and prices practiced by the supplier of last resort in the sale tariff to end users are defined by ERSE. ERSE also sets the social tariff to be applied by the supplier of last resort to economically vulnerable end users (787,000 by the end of 2017).

As of September 2018, 5,070,014 end users had already chosen to move to the liberalised market. Those that have not yet done so benefit from a regulated supply tariff, as established by ERSE; the abolition of such tariffs is due to occur on 31 December 2020, ie the deadline to shift to the liberalised market.¹⁸

There is currently a tariff deficit system in the electricity sector, in respect of which several changes were made in the applicable legislation.¹⁹ The Government intends to progressively reduce the underlying costs (accumulated value of €4,396,969, by the end of 2017²⁰), and completely eliminate the tariff deficit by 2025. The State Budget Law for 2019 (Law no. 71/2018, of 31 December) anticipates the assignment of 50% of part of the income generated by both the oil and energy products tax and the carbon tax to the SEN.

A.5 Market entry

The licensing requirements differ according to the type of activity, either regulated or unregulated, and may vary from a simple prior registration to a concession agreement. For more on licensing requirements see section A.1.

In addition, it should be noted that under Decree-Law no. 138/2014, of 15 September, the acquisition of control over assets considered strategic, guaranteeing safety of the country's supply of services that are fundamental to the national interest (ie energy), by an entity based outside the European Economic Area ("EEA"), is subject to the non-opposition of the Government.

A.6 Public service obligations, smart metering and electric vehicles

Public service obligations

Without prejudice to the exercise of free and competitive activities, Decree-Law no. 29/2006, of 15 February, as amended, sets out a number of mandatory public service obligations, which include:

- security, regularity and quality of supply;
- guaranteed universal service provision;
- ensuring the connection of all customers to the networks;
- protection of consumers, particularly with regard to tariffs and prices;
- promotion of energy efficiency, environmental protection and rational use of renewable and indigenous resources; and
- convergence of the SEN, translated into solidarity and cooperation with the electrical systems of the Autonomous Regions.

Smart metering

The technical and functional requirements of smart meters, as well as the rules applicable to the provision of information and billing, and the financing of the costs inherent in the respective installation, have been set out by Order in Council no. 231/2013, of 22 July.

There are highly detailed industry driven standards on smart meters that mandatorily should contain, among other things, the following features:

- measurement and registration information;
- remote operation of the meter;
- registration and remote reading of parameters' quality of service;
- information on the meter enabling the generation of invoices and visual indication of the state of power supply;

- local interface for data communication;
- interface to be interconnected with a Home Area Network and a connection of the meter to a detachable display monitor (In-House Display - IHD);
- guarantee of data protection and confidentiality;
- registration of attempts of breach and fraud;
- temporary limitation of electricity supply by setting threshold value;
- excessive consumption warning on the meter that can be parameterised; and
- memory reserve (for data and code) and counter processing capacity in order to predict the possibility of future evolution.

Electric vehicles

The Legal Framework of Electrical Mobility (Decree-Law no. 39/2010, of 26 April, as amended), regulates the organisation, access and exercise of electric mobility activities, establishes an electric mobility network and regulates incentives for the use of electric vehicles.

The electric mobility network comprises the integrated set of charging points and other infrastructures, both public and private access, related to the charging of electric vehicle batteries, which is intended to allow the access of electric vehicle users to electric mobility.

The entities that develop or intend to develop activities related to electric mobility are assured the following rights:

- freedom of access or the application to carry out activities of commercialisation of electricity for electric mobility and the operation of charging points of the electric mobility network;
- non-discrimination;
- equal treatment;
- impartiality and transparency of rules and decisions; and
- access to information and protection of confidentiality of commercial information considered sensitive.

A.7 Cross-border interconnectors

Portugal's peripheral location is a difficult challenge; however, the country is totally connected to the Spanish TSO, managed by Red Eléctrica de España SAU, ie REE. In 2018, the interconnection of the very high voltage electric systems of Portugal and Spain consisted of nine lines operating on alternating current, of which six are in the 400kV voltage level (one double) and three are operating at 220kV.²¹ A new interconnection (400kV line) between Portugal (Minho) and Spain (Galicia) is on the list of Projects of Common Interest ("PCIs"), the commissioning of which is planned by 2021 and which will on completion enable an interconnection above the 10% target between both countries.

The Lisbon Declaration (27 July 2018) of the Second Energy Interconnections Summit (France, Spain and Portugal, European Commission ("Commission") and the European Investment Bank) highlights the urgency of implementing the already planned electricity interconnections in order to strengthen regional cooperation within the framework of the Energy Union and better integrate the Iberian Peninsula into the internal energy market.

B. Oil and gas

B.1 Industry structure

Oil

Nature of the industry

The Portuguese Oil System is organised under the following conditions for the exercise of activities:

- Prospecting, exploration, development and production of oil can only be exercised through concession, granted by the Government, following a public tender or direct negotiation.
- Preliminary evaluation studies are secured by licence, issued by the Office for Research and Exploration of Oil (ie GPEP).
- Any administrative procedure relating to exploration, and exploration and exploitation of hydrocarbons must be preceded by compulsory consultation of municipalities.
- All consultations are promoted by DGEG and the respective pronouncements are advertised on its website.

The Legal Framework of Oil Prospecting, Research, Development and Production Activities (Decree-Law no. 109/94, of 26 April, as amended) and Decree-law no. 31/2006, of 15 February, as amended, provide the main provisions applicable to the oil industry.

Gas

Nature of the industry

The Portuguese Natural Gas System includes the following regulated and unregulated activities:

- Acquisition/import (unregulated): Portugal has no natural gas resources of its own, the supply being ensured through entrances in the system through the interconnection points with Spain (ie Campo Maior and Valencia) as well as the terminal in the port of Sines, through long-term take-or-pay contracts (the main natural gas suppliers being Algeria and Nigeria). The main gas importer is Galp Gás Natural S.A., the holder of these contracts, which since 2012 no longer has priority in the allocation of capacity in the National Natural Gas System ("SNGN") infrastructures.
- Reception, storage and regasification of liquefied natural gas ("LNG") (regulated): such activities are performed through a public service concession granted by the State, executed in 26 September 2006 with REN-Atlântico, Terminal de GNL S.A. as concessionaire for a 40-year period.
- Underground storage of natural gas (regulated activity): this activity is performed through public service concessions granted by the State, executed on 26 of September 2006 with REN, Armazenagem S.A. and Transgás Armazenagem S.A., respectively, as concessionaires. Such concessions cover the following activities: underground storage, construction, operation, maintenance and expansion facilities and infrastructure; extraction, treatment and delivery of natural gas.
- Transmission and technical global management of the system (regulated): this activity includes the transport of natural gas in a gaseous state through a high pressure (higher than 20 bar) network for the purposes of receiving and delivering the product to distributors, traders or major clients, and the transport of LNG through tank trucks to autonomous units of gas and the respective delivery to distributors or major clients. The transport activity is subject to a patrimonial and legal unbundling regime

as from the other activities within the SNGN. This activity is also performed through a public service concession granted by the State to the TSO (ie REN) as concessionaire for a 40-year period (as a general rule, the award procedure is open).²² The award of this concession followed the decision to separate the activity of natural gas supply from that of transmission, and was executed in 26 September 2006, which is also incumbent on the transport network, the technical global management of the system that comprises the technical coordination of all infrastructures that constitute the SNGN, in order to guarantee the safety and continuity of the product's supply.

- Distribution of natural gas (regulated): this activity includes the distribution of natural gas in the gaseous state, through medium and low pressure (less than 20 bar) networks for the purposes of receiving and delivering the product to final customers, and the reception, storage and regasification of LNG in autonomous units and its delivery to final customers through the respective distribution networks. As regards regional distribution networks,²³ this activity is performed through the operation of the national network of distribution of natural gas and within public service concessions granted by the State, exercised on an exclusive basis. Autonomous local networks, however, are run on the basis of distribution licences,²⁴ also exercised on an exclusive basis and under the public service regime.
- Commercialisation/supply (regulated and unregulated): gas suppliers are responsible for managing the relations with the end users, including billing and energy related, advice and support. Nowadays, these activities can be performed through free or regulated markets, which are however subject to the granting of the respective licence and the payment of a regulated price, which grants access to the storage facilities and units of liquid natural gas and to the transmission and distribution networks.
- Operation of natural gas markets: this activity is free and subject to joint authorisation from the Minister of Finance and the Minister responsible for the energy sector. The entity managing the organised markets is also subject to authorisation from the Minister responsible for the energy sector and, when required by law, from the Minister of Finance.
- OLMC (regulated activity): since 2017 ADENE is responsible for overseeing the process of switching electricity and natural gas suppliers (see also section C.).

Key market players

The key market players include:

- Galp Gás Natural S.A., ie the main gas importer;
- REN-Atlântico, Terminal de GNL S.A. as LNG concessionaire; and
- REN, Armazenagem SA and Transgás Armazenagem S.A., as concessionaires for underground storage of natural gas.

For more information on key market players, see above Nature of the market.

Regulatory authorities

Without prejudice to the competences assigned to other administrative bodies, such as DGEG or AdC, the regulation and supervisory activities are performed by ERSE (see section A.1).

Legal framework

The structure and organisation of the natural gas sector results from a major rearrangement of the sector through:

- Decree-Law no. 30/2006, of 15 February, as last amended by Law no. 42/2016, of 28 December, sets out the general principles governing the organisation and functioning of the SNGN and the performance of activities of reception, storage, transport, distribution and sale of natural gas; and
- Decree-Law no. 140/2006, of 26 July, as last amended by Decree-Law no. 38/2017, of 31 March, setting out the regime of natural gas activities, concession bases and licences.

Implementation of EU gas directives

Decree-Law no. 30/2006, of 15 February, carried out the transposition of the Third Gas Directive, along with Decree-Law no. 140/2006, of 26 July.

B.2 Third party access regime to gas transportation networks

To ensure equal access and use to all market players, the TSO and DSOs are subject to public service obligations.

The Access to Networks and Interconnections Regulation, ie RARII (*Regulamento de Acesso às Redes e às Interligações do sector do gás natural*)²⁵ sets out transparent and non-discriminatory criteria to establish the technical and commercial conditions to access natural gas networks, natural gas underground storage facilities, LNG terminals, and interconnections; in particular, technical and commercial aspects related to third party access to these infrastructures.

Access to the Public Grid infrastructures is formalised through a written agreement of the following infrastructure use contracts:

- LNG Receiving, Storage and Regasification Terminal Use Agreement;
- Underground Natural Gas Storage Use Agreement;
- Transportation Network Use Agreement; and
- Distribution Networks Use Agreement.

B.3 LNG terminals and gas storage facilities

Natural gas is received at the border and transported by high-pressure National Natural Gas Transport Network pipelines connected through pressure metering and reduction stations to the medium-pressure pipelines operated by distribution companies.

At the underground storage facility located at Carriço (Pombal), the high-pressure natural gas is stored in gaseous form in caverns created inside salt formations at depths of over 1,000 metres. This activity is related to the constitution and maintenance of natural gas security provisions, crucial to ensure the supply and creation of an operational provision to allow the stock management of natural gas to safeguard constant availability of the product in case of additional demand.

The reception, storage and regasification of LNG is performed in the only existing facility, which is located in Sines (on the Atlantic coast, about 120 kilometres ("km") south of Lisbon). This facility began operations in 2004 and became the first in Europe to receive LNG from the United States in 2016.

Within the isolated distribution networks supplied by autonomous gas units for the reception, storage and regasification of liquefied natural gas to the distribution network or directly to the final client (ie UAG) (developed in the areas where the construction of the high-pressure network was not economically viable) the supply is performed by tank trucks from the LNG terminal.

B.4 Tariff regulation

For each gas regulated activity (see section B.1), ERSE determines annually the profit allowed in accordance with the methodologies of regulation defined in the Tariff Regulation (*Regulamento Tarifário do Sector do Gás Natural*).²⁶ The prices are calculated according to the gains that are allowed and established on an annual basis for the relevant players as established in Chapter IV of the Tariff Regulation.

All prices comprise of the following:

- fixed prices defined for each tariff, in euros per month;
- prices of the utilised capacity in euros per KWh/day, per month; and
- energy prices, which differ according to the relevant period (peak or off peak), in euros per KWh.

These prices, however, can also differ according to the level of pressure, tariff period or annual consumption grade.

B.5 Market entry

Licensing requirements differ according to the type of activity, either regulated or unregulated, and may vary from a simple prior registration to a concession agreement. For more on licensing requirements see section B.1.

B.6 Public service obligations and smart metering

Public service obligations

Without prejudice to the exercise of free and competitive activities, Decree-Law no. 30/2006, of 15 February, as amended, sets out a number of mandatory public service obligations, which include:

- security, regularity and quality of supply;
- ensuring the connection of all customers to the networks;
- protection of consumers, particularly with regard to tariffs and prices; and
- promotion of energy efficiency, environmental protection and rational use of renewable and indigenous resources.

Smart metering

Unlike electricity, smart meters have not yet been implemented in the gas market.

B.7 Cross-border interconnectors

There is no natural gas production in the country. There are three points of entry for gas, ie one regasification plant (Sines) and two interconnections with Spain (via Campo Maior and Valença do Minho).²⁷

The third interconnection between Portugal and Spain, listed as a PCI, will be developed in three phases in Portugal and two phases in Spain, and will connect Celorico da Beira to Zamora

(the Celorico/Vale de Frades pipeline) with a total length of 242/247km (162km in Portugal and 80/85km in Spain); commissioning of the project is expected by 2024.

The Lisbon Declaration adopted on 27 July 2018, even if not as detailed as the electricity interconnections, is considered a political commitment regarding the reinforcement of gas interconnections.

C. Energy trading

Decree-Law no. 38/2017, of 31 March, set up the OLMC, now ADENE, which reports to the Government and is subject to ERSE's regulatory powers. ADENE was created to facilitate the change of supplier by the end user, based on simple rules and transparent, standardised and dematerialised procedures, and to ensure the right of consumers to information.

C.1 Electricity trading

As of September 2006, all consumers can choose their electricity supplier, by execution of one of the following contracts:

- contract for the supply of electricity with suppliers in the liberalised market;
- in the case of customers with market agent status, contracting the acquisition of electricity in organised markets or through bilateral contracting; and
- electricity supply contract with suppliers of last resort, only in the legal and regulatory conditions set out.

Electricity is currently traded between producers and suppliers in the Iberian Electricity Market ("MIBEL"), which is a joint initiative of the Governments of Portugal and Spain, based on a spot (day-ahead and intraday) market (operated by the OMIE, the Spanish branch of MIBEL) which sustains the Mechanism for Joint Management of the Portugal-Spain Interconnection (since 1 July 2007), and a forward and derivative market (operated by the OMIP, the Portuguese branch of MIBEL) (since July 2006).

MIBEL operates on the basis of the following legal/regulatory instruments:

- New Electricity Regulation;
- Access to Networks and Interconnections;
- Procedures Manual for the Mechanism for Joint Management of the Portugal-Spain Interconnection;
- Joint Rules for Contracting Capacity in the Portugal-Spain Interconnection; and
- Rules and principles for the harmonised allocation of financial rights for the use of interconnection capacity.

C.2 Gas trading

As of January 2010, all natural gas consumers can choose their natural gas supplier, by execution of one of the following contracts:

- contract for the supply of natural gas with suppliers in the liberalised market;
- natural gas supply contract with suppliers of last resort; and
- in the case of customers with market agent status, natural gas procurement in organised markets or through bilateral contracts.

The social tariff to be applied to economically vulnerable end users (35,000 by the end of 2017) is calculated by applying a discount to the value of the network access tariff.

The Iberian Natural Gas Market ("MIBGAS") is a gradual process, which has been ongoing since 2007 and had the first trading session in December 2015. It is dependent on the harmonisation and integration of the systems of the natural gas sector in Spain and Portugal, and is aimed at contributing to the achievement of a European market for natural gas. The third Portugal-Spain Interconnection plays an especially important role in the construction and consolidation of MIBGAS.

MIBGAS aims to:

- increase security of supply through market integration and coordination of both systems of the natural gas sector and strengthening of interconnections;
- increase competition, reflecting the larger size of the market and a higher number of participants;
- simplify and harmonise the regulatory framework in both countries; and
- increase the efficiency of regulated and liberalised activities as well as market transparency.

D. Climate change and sustainability

D.1 Climate change initiatives

Portugal is among the European countries with the greatest vulnerability to the potential impacts of climate change. Several pieces of legislation have been approved and amended in recent years in order to address these matters:

- Decree-Law no. 141/2010, of 31 December, last amended by Decree-Law no. 141/2017, of 11 December, sets out the national targets for the use of renewable energy in gross final consumption of energy and for the share of energy from renewable sources consumed by transport, and the methods for calculating the share of energy from renewable energy sources. The decree-law also sets out the mechanism for issuing guarantees of origin for electricity from renewable energy sources.
- The Strategy for Energy Efficiency for 2013-2016 ("PNAEE 2016"), adopted by Order in Council no. 20/2013, of 10 April, addresses the EU's concerns regarding energy efficiency promotion, covering six specific areas, ie transport, residential and services, industry, State, behaviour and agriculture. With the specific purpose of reducing 30% of the primary energy consumption and a specific goal of 30% for public administration, a set of measures have been adopted in the fields of energy certification of buildings and energy efficiency management contracts, energy efficiency action plans, fleet management and public lighting.
- Decree-Law no. 68-A/2015, of 30 April, sets out provisions on energy efficiency and cogeneration and establishes the application of an eco-innovation application plan (ie ECO.AP) to local and regional government. It transposes the EE Directive.
- Resolution of the Council of Ministers no. 28/2015, of 30 April, which approved the national strategy for the promotion of economic development based on value creation founded on the reconciliation of economic growth and sustainability of the

country's competitiveness and its international position as a green growth reference (*Compromisso Crescimento Verde*).

- In order to reduce the influence of human activity on the climate system and climate change, Resolution of the Council of Ministers no. 56/2015, of 30 July, further adopted the Strategic Framework for Climate Policy, the National Program for Climate Change 2020/2030, and the National Adaptation Strategy for Climate Change. It also provides for a reduction in greenhouse gas (ie GHG) emissions of 18% to 23% by 2020 and 30% to 40% by 2030, when compared with 2005 figures, contingent to the results of European negotiations.
- Resolution of the Council of Ministers no. 190-A/2017, of 11 December, further approved the action plan for circular economy for the period 2017 to 2020.

D.2 Emission trading

Resolution of the Council of Ministers no. 1/2008, of 4 January, approved the National Allocation Plan (ie PNALE II) for the period 2008 to 2012, as well as the new 2007 targets for policies and measures in the energy supply and transport sectors of the National Programme for Climate Change. Subsequently, the National Programme for Climate Change 2020 to 2030 aims at ensuring compliance with the national targets for climate change within the cross-cutting and integrated intervention areas with a view to organising the most appropriate measures for its implementation.

As regards the EU Emissions Trading System ("EU ETS"), the EU ETS Directive was transposed into the internal legal system by Decree-Law no. 93/2010, of 27 July,²⁸ and Decree-Law no. 38/2013, of 15 March,²⁹ as amended by Decree-Law no. 42-A/2016, of 12 August.

The Portuguese Environmental Agency (*Agência Portuguesa do Ambiente*) was assigned the role of competent authority, with general coordination responsibilities for the EU ETS process.

D.3 Carbon capture and storage

The Environmental Fund (*Fundo Ambiental*) was created through Decree-Law no. 42-A/2016, of 12 August, with the objective of financing measures to enable compliance with the State's commitments under the Kyoto Protocol, contributing to the fulfilment of objectives and national and international commitments, particularly those relating to climate change, water resources, waste and nature conservation, and biodiversity.

The Environmental Fund, composed of an autonomous set of assets, without legal personality, depends on the member of the Government responsible for the environment, which is also responsible for the strategic management of the environment.

D.4 Renewable energy

The last stage of the ongoing process to consolidate the legal framework on the renewable sources energy was the approval of Decree-Law no. 215-B/2012, of 8 October, which transposed the Third Electricity Directive and operated the revision and consolidation of the legal framework applicable to the generation of electricity under the Special Regime.

A significant amendment has been introduced in the legal framework, as generation under the Special Regime now

encompasses two different remuneration regimes, ie the common regime and the guaranteed remuneration regime.

The wind tariff system has also been amended with no retroactive effects (Decree-Law no. 35/2013, of 28 February), by mutual agreement with the Portuguese Renewable Energy Association, ie APREN (*Associação de Energias Renováveis*). These rules provide that, against the payment of a fee, these wind farms will benefit from a guaranteed tariff for an additional period of five years after the end of the initial 15-year period provided for such FIT. In addition, Decree-Law no. 35/2013, of 28 February, established that small hydroelectric power plants operating under the regime previously set out in Decree Law no. 33-A/2005, of 16 February, will continue to benefit from such remuneration system for a period of 25 years counting from the allocation of the respective operation licence.

A new and specific remuneration regime applicable to the generation by power plants of renewable energy from ocean source or location (offshore wind or waves) using technologies in experimental or pre-commercial stage has been adopted by Order in Council no. 202/2015, of 13 July.

The Order in Council no. 243/2013, of 2 August, as recently amended by Order in Council no. 133/2015, of 15 May, and Order no. 7875/2017, of 31 August (that declared the invalidity of the provisions of Article 35-B), also establishes the terms, conditions and criteria for the allocation of injection capacity in the public service electric grid as well as the licensing procedures to obtain the generation licence and respective operating licence.

As regards the current legal framework for renewable sources energy, the following should be highlighted:

- Electricity generation is today fully open to competition, subject only to obtaining the mandatory licences and/or approvals for the implementation of the project and carrying out the activity.
- Renewables' generation is subject to different licensing requirements and may benefit from special FITs under the type of renewable source used; otherwise it will be remunerated according to market prices.
- Special Regime Generation plants (*produtores em regime especial*) are granted priority in relation to power generators in the Ordinary Regime, both for access to the network and for dispatch (except for hydropower plants with an installed capacity greater than 30MW), except in situations where this puts security of the supply at risk.

D.5 Biofuel

Decree-Law no. 117/2010, of 25 October,³⁰ operated the partial transposition of the Biofuel Directive and Renewable Energy Directive, which was finally completed with Decree-law no. 69/2016, of 3 November. This regime is applicable to producers of biofuels and bioliquids and suppliers of liquid or gaseous fuels used in road transport. The regime sets out the criteria for sustainability of production and use of biofuels and bioliquids, regardless of their origin, the mechanisms to promote biofuels in land transport, and the limitation of mandatory incorporation of biofuels for the years 2011 to 2020.

Decree-Law no. 49/2009, of 26 February, sets out a specific regime for biofuel promotion mechanisms in road transport, by

setting and adjusting minimum mandatory quotas for the incorporation of biofuels in diesel, as well as procedures for their monitoring and control.

E. Nuclear energy

No nuclear energy is produced in Portugal.

F. Upstream

There are no upstream activities in Portugal.

Endnotes

1. Governed by the National Electricity System, the law governing the generation, transmission, distribution and commercialisation of electricity, and Decree-Law no. 189/88, of 27 May, as amended.
2. Decree-Law no. 172/2006, of 23 August, as amended by Decree-Law no. 215-B/2012, of 8 October, and most recently by Law no. 7-A/2016, of 30 March.
3. In particular as regards the TSO, Portugal adopted a full private ownership structure. Following a first conditional decision issued in 2014, ERSE issued its final decision on certification of REN (ie Rede Eléctrica Nacional) as TSO on 1 September 2015, following confirmation of compliance with the legal requirements of full ownership unbundling.
4. The bases of the concession are set out in Decree-Law no. 172/2006, of 23 August, as amended.
5. The bases of the concession are set out in Decree-Law no. 172/2006, of 23 August, as amended.
6. The low voltage electricity distribution is, historically and exclusively, assigned to municipalities, which may directly develop this activity (direct operation) or transfer the operation to private entities under concession contracts awarded either by the municipalities or by associations of municipalities, following public tender procedures (*concursos públicos*). There are currently 11 concessionaires in mainland Portugal; EDP Distribuição is acting as concessionaire in 278 out of 308 municipalities and represents 99.5% of the low voltage clients, the respective concession contracts that, for the most part, have already or will shortly expire (new concessions will be established after a tender process to be implemented by the competent municipalities).
7. DSOs do not sell electricity to end users.
8. Under Article 56 of Decree-Law no. 172/2006, of 23 August, as amended, and Article 48 of Decree-Law no. 140/2006, of 26 June, as amended.
9. The National Electricity System that transposed the Third Electricity Directive.
10. The law governing the generation, transmission, distribution and commercialisation of electricity that transposed the Third Electricity Directive.
11. Decree-Law no. 97/2002, of 12 April, as amended by, among others, Decree-Law no. 84/2013, of 25 June, which completed the implementation of the Third Energy Package, and most recently by Decree-Law no. 57-A/2018, of 13 July.
12. Approved by Law no. 9/2013, of 28 January, and subsequently regulated by the Regulation on the Procedure for Obtaining Exemption or Reduction of Fines.
13. Such as the Commercial Relations Regulation, the Tariffs Regulation, the Quality Standards of Service Regulation and the Infrastructures Operation Regulation; all available at www.erse.pt.
14. ERSE Regulation no. 561/2014, published in the Official Journal (*Diário da República*) on 22 December (second series, no. 246), as amended by Regulation no. 632/2017 published in the Official Journal (*Diário da República*) on 21 December (second series, no. 244), which is complemented with extensive sub-regulation approved periodically by ERSE and available at www.erse.pt/pt/electricidade/regulamentos/relacoescomerciais/Paginas/SubRegulamentacaoELRRC.aspx.
15. ERSE Regulation no. 560/2014, published in the Official Journal (*Diário da República*) on 22 December (second series, no. 244), as amended by Regulation no. 620/2017 published in the Official Journal (*Diário da República*) on 18 December (second series, no. 241), which is complemented with extensive sub-regulation approved periodically by ERSE and available at www.erse.pt/pt/electricidade/regulamentos/acessoasredesaasinterligacoes/Paginas/SubregulamentacaoRARI.aspx.
16. ERSE Regulation no. 619/2017, published in the Official Journal (*Diário da República*) on 18 December (second series, no. 241) and also ERSE Directive no. 6/2018, published in the Official Journal (*Diário da República*) on 27 February (second series, no. 41), which adopted rules on dynamic tariffs (for pilot projects).
17. Global Use of the System, Use of the Transmission Network in Extra High Voltage and High Voltage and Use of the Distribution Networks in High Voltage, Medium Voltage and Low Voltage.
18. Under Decree-Law no. 15/2015, of 30 January, and Order in Council no. 364-A/2017, of 4 December.
19. Decree-Law no. 237-B/2006, of 18 December, that regulates the regime applicable to the recovery and transmissibility of the tariff deficit and tariff adjustments should be highlighted.
20. ERSE's Annual Report on the Electricity and Natural Gas Markets in 2017, dated from July 2018 and available at www.erse.pt/eng/international/euomarkets/Documents/Relat%C3%B3rio%20CE%202017_EN.pdf.
21. Annex G to *Caracterização da rede nacional de transporte para efeitos de acesso à rede. Situação a 31 de dezembro de 2017*.
22. Following a first conditional decision issued in 2014, ERSE issued its final decision on certification of REN, Gasodutos SA, as TSO on 1 September 2015, following confirmation of compliance with the legal requirements of full ownership unbundling.
23. Operators of regional distribution networks (concession holders): Setgás, LisboaGás GDL, Lusitaniagás, Tagusgás, Beiragás and REN Portgás Distribuição S.A.
24. Operators of local distribution networks (licence holders): Dianagás, Duriensegás, Medigás, Paxgás and Sonorgás.
25. ERSE Regulation no. 435/2016, published in the Official Journal (*Diário da República*) on 9 May (second series, no. 89), which is complemented with extensive sub-regulation to be approved periodically by ERSE and available at www.erse.pt/pt/gasnatural/regulamentos/acessoasredesinfrastruturaseasinterligacoes/Paginas/SubregulamentacaoGNRARI.aspx.
26. ERSE Regulation no. 225/2018, published in the Official Journal (*Diário da República*) on 16 April (second series, no. 74).
27. ENTSGO - The European Natural Gas Network (Capacities at cross-border points on the primary market) 2017, available at www.entsog.eu/sites/default/files/2018-09/ENTSGO_CAP_2017_A0_1189x841_FULL_064.pdf.
28. As amended by Decree-Law no. 195/2015, of 14 September, that partially transposes the New EU ETS Directive, and by Decree-Law no. 42-A/2016, of 12 August.
29. Also completing the transposition of the New EU ETS Directive. Repeals Decree-Law 233/2004, of 14 December 2004, which remains in force until 30 June 2013 or until the completion of all procedures for the period 2008 to 2012 as per the provisions on monitoring and annual reporting of emissions, the return of emission allowances and procedures at the level of the Registration of Emissions Licences.
30. As most recently amended by Decree-Law no. 152-C/2017, of 11 December.

Legislation

ACER Regulation	Regulation (EC) no. 713/2009 of the European Parliament and of the Council of 13 July 2009 establishing an Agency for the Cooperation of Energy Regulators
Amended Fuel and ERS Directive	Directive (EU) 2015/1513 of the European Parliament and of the Council of 9 September 2015 amending Directive 98/70/EC relating to the quality of petrol and diesel fuels and amending Directive 2009/28/EC on the promotion of the use of energy from renewable sources
Annual Emission Allocations Decision	Commission Decision (EU) 2017/1471 of 10 August 2017 amending Decision 2013/162/EU to revise Member States' annual emission allocations for the period from 2017 to 2020
Aviation EU ETS Directive	Directive 2008/101/EC of the European Parliament and of the Council of 19 November 2008 amending Directive 2003/87/EC so as to include aviation activities in the scheme for greenhouse gas emission allowance trading within the Community
Biofuel Directive	Directive 2009/30/EC of the European Parliament and of the Council of 23 April 2009 amending Directive 98/70/EC as regards the specification of petrol, diesel and gas-oil and introducing a mechanism to monitor and reduce greenhouse gas emissions and amending Council Directive 1999/32/EC as regards the specification of fuel used by inland waterway vessels and repealing Directive 93/12/EEC
CCP Technical Standards Regulation	Commission Delegated Regulation (EU) no. 153/2013 of 19 December 2012 supplementing Regulation (EU) no. 648/2012 of the European Parliament and of the Council with regard to regulatory technical standards on requirements for central counterparties
CCS Directive	Directive 2009/31/EC of 23 April 2009 on the geological storage of carbon dioxide and amending Council Directive 85/337/EEC, European Parliament and Council Directives 2000/60/EC, 2001/80/EC, 2006/12/EC, 2008/1/EC and Regulation (EC) no. 1013/2006 as amended by Directive 2011/92
Communications Networks Directive	Directive 2014/61/EU of the European Parliament and of the Council of 15 May 2014 on measures to reduce the cost of deploying high-speed electronic communications networks
Competition Regulation	Council Regulation (EC) no. 1/2003 of 16 December 2002 on the implementation of the rules on competition laid down in Articles 81 and 82 of the Treaty
Directive on Alternative Fuels	Directive 2014/94/EU of the European Parliament and of the Council of 22 October 2014 on the deployment of alternative fuels infrastructure
Ecodesign Requirements for Energy Related Products Directive	Directive 2009/125/EC of the European Parliament and of the Council of 21 October 2009 establishing a framework for the setting of ecodesign requirements for energy-related products
EE Directive	Directive 2012/27/EU of the European Parliament and of the Council of 25 October 2012 on energy efficiency, amending Directives 2009/125/EC and 2010/30/EU and repealing Directives 2004/8/EC and 2006/32/EC
Effects of Projects on the Environment Directive	Directive 2014/52/EU of the European Parliament and of the Council of 16 April 2014 amending Directive 2011/92/EU on the assessment of the effects of certain public and private projects on the environment Text with EEA relevance
Electricity Markets Regulation	Commission Regulation (EU) no. 543/2013 of 14 June 2013 on submission and publication of data in electricity markets and amending Annex I to Regulation (EC) No 714/2009 of the European Parliament and of the Council

Emissions Allowances Decision	2011/278/EU: Commission Decision of 27 April 2011 determining transitional Union-wide rules for harmonised free allocation of emission allowances pursuant to Article 10a of Directive 2003/87/EC of the European Parliament and of the Council
Emissions Standards Regulation	Regulation (EC) no. 443/2009 of the European Parliament and of the Council of 23 April 2009 setting emission performance standards for new passenger cars as part of the Community's integrated approach to reduce CO2 emissions from light-duty vehicles
Energy Efficiency Labelling Programme for Office Equipment Regulation	Regulation (EC) no. 106/2008 of the European Parliament and of the Council of 15 January 2008 on a Community energy-efficiency labelling programme for office equipment (recast version)
Energy End-use Efficiency Directive	Directive 2006/32/EC of the European Parliament and of the Council of 5 April 2006 on energy end-use efficiency and energy services and repealing Council Directive 93/76/EEC
Environmental Liability Directive	Directive 2004/35/CE of the European Parliament and of the Council of 21 April 2004 on environmental liability with regard to the prevention and remedying of environmental damage
EPB Directive	Directive 2010/31/EU of the European Parliament and of the Council of 19 May 2010 on the energy performance of buildings
ERS Directive	Directive 2009/28/EC of the European Parliament and of the Council of 23 April 2009 on the promotion of the use of energy from renewable sources and amending and subsequently repealing Directives 2001/77/EC and 2003/30/EC
EU Effort Sharing Regulation	Regulation (EU) 2018/842 of the European Parliament and of the Council of 30 May 2018 on binding annual greenhouse gas emission reductions by Member States from 2021 to 2030 contributing to climate action to meet commitments under the Paris Agreement and amending Regulation (EU) no. 525/2013
EU ETS Directive	Directive 2003/87/EC of the European Parliament and of the Council of 13 October 2003 establishing a scheme for greenhouse gas emission allowance trading within the Community and amending Council Directive 96/61/EC
EU ETS Trading Regulation (Iceland)	Commission Regulation (EU) no. 1193/2011 of 18 November 2011 establishing a Union Registry for the trading period commencing on 1 January 2013, and subsequent trading periods, of the Union emissions trading scheme pursuant to Directive 2003/87/EC of the European Parliament and of the Council and Decision no. 280/2004/EC of the European Parliament and of the Council and amending Commission Regulations (EC) no. 2216/2004 and (EU) no. 920/2010
Euratom Directive	Council Directive 2009/71/Euratom of 25 June 2009 establishing a Community framework for the nuclear safety of nuclear installations
European Market Infrastructure Regulation ("EMIR")	Regulation (EU) no. 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories
Exposure to Ionising Radiation Directive	Council Directive 2013/59/Euratom of 5 December 2013 laying down basic safety standards for protection against the dangers arising from exposure to ionising radiation, and repealing Directives 89/618/Euratom, 90/641/Euratom, 96/29/Euratom, 97/43/Euratom and 2003/122/Euratom
First Electricity Directive	Directive 96/92/EC of the European Parliament and of the Council of 19 December 1996 concerning common rules for the internal market in electricity
Fuel Quality Directive	Directive 2003/17/EC of the European Parliament and of the Council of 3 March 2003 amending Directive 98/70/EC relating to the quality of petrol and diesel fuels
Gas Network Balancing Code Regulation	Commission Regulation (EU) no. 312/2014 of 26 March 2014 establishing a Network Code on Gas Balancing of Transmission Networks
Gas Network Code Regulation	Commission Regulation (EU) no. 984/2013 of 14 October 2013 establishing a Network Code on Capacity Allocation Mechanisms in Gas Transmission Systems and supplementing Regulation (EC) no. 715/2009 of the European Parliament and of the Council
GDPR	Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation)

GHG Emissions Allowances Regulation	Commission Regulation (EU) no. 1031/2010 of 12 November 2010 on the timing, administration and other aspects of auctioning of greenhouse gas emission allowances pursuant to Directive 2003/87/EC of the European Parliament and of the Council establishing a scheme for greenhouse gas emission allowances trading within the Community
GHG Reduction Decision	Decision no. 406/2009/EC of the European Parliament and of the Council of 23 April 2009 on the effort of Member States to reduce their greenhouse gas emissions to meet the Community's greenhouse gas emission reduction commitments up to 2020
Governance Regulation	Regulation (EU) 2018/1999 of 11 December 2018 on the Governance of the Energy Union
Grid Connection Regulation	Commission Regulation (EU) 2016/631 of 14 April 2016 establishing a network code on requirements for grid connection of generators
Hydrocarbons Licensing Directive	Directive 94/22/EC of the European Parliament and of the Council of 30 May 1994 on the conditions for granting and using authorisations for the prospection, exploration and production of hydrocarbons
Industrial Emissions Directive	Directive 2010/75/EU of the European Parliament and of the Council of 24 November 2010 on industrial emissions (integrated pollution prevention and control)
Internal Market for Electricity Regulation	Regulation (EU) no. 2019/943 of the European Parliament and of the Council of 5 June 2019 on the internal market for electricity
Inter-transmission Guidelines Regulation	Commission Regulation (EU) no. 838/2010 of 23 September 2010 on laying down guidelines relating to the inter-transmission system operator compensation mechanism and a common regulatory approach to transmission charging
Labelling and Standard Product Information Directive	Directive 2010/30/EU of the European Parliament and of the Council of 19 May 2010 on the indication by labelling and standard product information of the consumption of energy and other resources by energy-related products
Large Combustion Plants Directive	Directive 2001/80/EC of the European Parliament and of the Council of 23 October 2001 on the limitation of emissions of certain pollutants into the air from large combustion plants
Linking Directive	Directive 2004/101/EC of the European Parliament and of the Council of 27 October 2004 amending Directive 2003/87/EC establishing a scheme for greenhouse gas emission allowance trading within the Community, in respect of the Kyoto Protocol's project mechanisms
Markets in Financial Instruments Directive ("MiFID")	Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004 on markets in financial instruments amending Council Directives 85/611/EEC and 93/6/EEC and Directive 2000/12/EC of the European Parliament and of the Council and repealing Council Directive 93/22/EEC
MiFID II	Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU
MiFID II Implementing Regulation	Commission Delegated Regulation (EU) 2017/565 of 25 April 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council as regards organisational requirements and operating conditions for investment firms and defined terms for the purposes of that Directive
MiFIR	Regulation (EU) no. 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Regulation (EU) no. 648/2012
Minimum Stocks of Crude Oil and/or Petroleum Products Directive	Council Directive 2009/119/EC of 14 September 2009 imposing an obligation on Member States to maintain minimum stocks of crude oil and/or petroleum products
Natural Gas Networks Decision	Commission Decision of 24 August 2012 on amending Annex I to Regulation (EC) no. 715/2009 of the European Parliament and of the Council on conditions for access to the natural gas transmission networks
Network Code on Demand Connection Regulation	Commission Regulation (EU) 2016/1388 of 17 August 2016 establishing a Network Code on Demand Connection
Network Code on Tariff Structures Regulation	Commission Regulation (EU) 2017/460 of 16 March 2017 establishing a network code on harmonised transmission tariff structures for gas

Network Code Regulation	Commission Regulation (EU) 2015/703 of 30 April 2015 establishing a network code on interoperability and data exchange rules
Network Code Requirements Regulation	Commission Regulation (EU) 2016/1447 of 26 August 2016 establishing a network code on requirements for grid connection of high voltage direct current systems and direct current-connected power park modules
New Electricity Regulation	Regulation (EC) no. 714/2009 of the European Parliament and of the Council of 13 July 2009 on conditions for access to the network for cross-border exchanges in electricity and repealing Regulation (EC) no. 1228/2003
New EU ETS Directive	Directive 2009/29/EC of the European Parliament and of the Council of 23 April 2009 amending Directive 2003/87/EC so as to improve and extend the greenhouse gas emission allowance trading scheme of the Community
New Gas Network Code Regulation	Commission Regulation (EU) 2017/459 of 16 March 2017 establishing a network code on capacity allocation mechanisms in gas transmission systems and repealing Regulation (EU) no. 984/2013
New Gas Regulation	Regulation (EC) no. 715/2009 of the European Parliament and of the Council of 13 July 2009 on conditions for access to the natural gas transmission networks and repealing Regulation (EC) no. 1775/2005
New TEN-E Regulation	Regulation (EU) no. 347/2013 of the European Parliament and of the Council of 17 April 2013 on guidelines for trans-European energy infrastructure and repealing Decision no. 1364/2006/EC and amending Regulations (EC) no. 713/2009, (EC) no. 714/2009 and (EC) no. 715/2009
Nuclear Safety Directive	Council Directive 2014/87/Euratom of 8 July 2014 amending Directive 2009/71/Euratom establishing a Community framework for the nuclear safety of nuclear installations
Offshore Safety Directive	Directive 2013/30/EU of the European Parliament and of the Council of 12 June 2013 on safety of offshore oil and gas operations and amending Directive 2004/35/EC
Petrol and Diesel Fuels Quality Directive	Directive 98/70/EC of the European Parliament and of the Council of 13 October 1998 relating to the quality of petrol and diesel fuels and amending Council Directive 93/12/EEC
Promotion of Cogeneration Directive	Directive 2004/8/EC of the European Parliament and of the Council of 11 February 2004 on the promotion of cogeneration based on a useful heat demand in the internal energy market and amending Directive 92/42/EEC
Public and Private Projects on the Environment Directive	Directive 2011/92/EU of the European Parliament and of the Council of 13 December 2011 on the assessment of the effects of certain public and private projects on the environment
Public Service Compensation Decision	Commission Decision of 20 December 2011 on the application of Article 106(2) of the Treaty on the Functioning of the European Union to State aid in the form of public service compensation granted to certain undertakings entrusted with the operation of services of general economic interest (notified under document C(2011) 9380)
recast ACER Regulation	Regulation (EU) 2019/942 of 5 June 2019 establishing an EU Agency for the Cooperation of Energy Regulators (recast) amending Regulation (EC) no. 713/2009 of 13 July 2009 establishing an Agency for the Cooperation of Energy Regulators
recast Electricity Directive	Directive (EU) 2019/944 of 5 June 2019 on common rules for the internal market in electricity (recast) amending Directive 2009/72/EC of 13 July 2009 concerning common rules for the internal market in electricity and repealing Directive 2003/54/EC
recast Electricity Regulation	Regulation (EU) 2019/943 of 5 June 2019 on the internal market for electricity (recast) amending Regulation (EC) no. 714/2009 of 13 July 2009 on conditions for access to the network for cross-border exchanges in electricity and repealing Regulation (EC) no. 1228/2003
recast ERS Directive	Directive (EU) 2018/2001 of 11 December 2018 on the promotion of the use of energy from renewable sources (recast) repealing Directive 2009/28/EC
Regulation on Market Coupling	Commission Regulation (EU) 2015/1222 of 24 July 2015 establishing a guideline on capacity allocation and congestion management
REMIT	Regulation (EU) no. 1227/2011 of the European Parliament and of the Council of 25 October 2011 on wholesale energy market integrity and transparency

Renewable Energy Directive	Directive 2001/77/EC of the European Parliament and of the Council of 27 September 2001 on the promotion of electricity produced from renewable energy sources in the internal electricity market
revised EU ETS Directive	Directive (EU) 2018/410 of the European Parliament and of the Council of 14 March 2018 amending Directive 2003/87/EC to enhance cost-effective emission reductions and low-carbon investments, and Decision (EU) 2015/1814
Risk-preparedness Regulation	Regulation (EU) 2019/941 of 5 June 2019 on risk-preparedness in the electricity sector and repealing Directive 2005/89/EC
Rules on Application of Article 108 TFEU Regulation	Council's regulation no. 659/1999 from 22 March 1999 on determining detailed rules on application of article 93 of the Treaty on the European Community, repealed by Council Regulation (EU) 2015/1589 of 13 July 2015 laying down detailed rules for the application of Article 108 of the Treaty on the Functioning of the European Union.
Safeguard of Security of Gas Supply Directive	Council Directive 2004/67/EC of 26 April 2004 concerning measures to safeguard security of natural gas supply
Safeguard of Security of Gas Supply Regulation	Regulation (EU) no. 994/2010 of the European Parliament and of the Council of 20 October 2010 concerning measures to safeguard security of gas supply and repealing Council Directive 2004/67/EC
Second Electricity Directive	Directive 2003/54/EC of the European Parliament and of the Council of 26 June 2003 concerning common rules for the internal market in electricity and repealing Directive 96/92/EC - Statements made with regard to decommissioning and waste management activities
Second Gas Directive	Directive 2003/55/EC of the European Parliament and of the Council of 26 June 2003 concerning common rules for the internal market in natural gas and repealing Directive 98/30/EC
Securities Financing Transactions Regulation ("SFTR")	Regulation (EU) 2015/2365 of the European Parliament and of the Council of 25 November 2015 on transparency of securities financing transactions and of reuse and amending Regulation (EU) no. 648/2012
Security of Electricity Supply and Infrastructure Investment Directive	Directive 2005/89/EC of the European Parliament and of the Council of 18 January 2006 concerning measures to safeguard security of electricity supply and infrastructure investment
Security of Gas Supply Regulation	Regulation (EU) 2017/1938 of the European Parliament and of the Council of 25 October 2017 concerning measures to safeguard the security of gas supply and repealing Regulation (EU) no. 994/2010
Spent Fuel and Radioactive Waste Directive	Council Directive 2011/70/Euratom of 19 July 2011 establishing a Community framework for the responsible and safe management of spent fuel and radioactive waste
Statistics on Natural Gas and Electricity Prices Regulation	Regulation (EU) 2016/1952 of the European Parliament and of the Council of 26 October 2016 on European statistics on natural gas and electricity prices and repealing Directive 2008/92/EC
Sulphur in Fuels Directive	Council Directive 1999/32/EC of 26 April 1999 relating to a reduction in the sulphur content of certain liquid fuels and amending Directive 93/12/EEC
Supervision and Control of Radioactive Waste and Spent Fuel Directive	Council Directive 2006/117/Euratom of 20 November 2006 on the supervision and control of shipments of radioactive waste and spent fuel
Taxation of Energy Products and Electricity Directive	Council Directive 2003/96/EC of 27 October 2003 restructuring the Community framework for the taxation of energy products and electricity
Third Electricity Directive	Directive 2009/72/EC of the European Parliament and of the Council of 13 July 2009 concerning common rules for the internal market in electricity and repealing Directive 2003/54/EC
Third Gas Directive	Directive 2009/73/EC of the European Parliament and of the Council of 13 July 2009 concerning common rules for the internal market in natural gas and repealing Directive 2003/55/EC

Union Registry Regulation	Commission Regulation (EU) no. 389/2013 of 2 May 2013 establishing a Union Registry pursuant to Directive 2003/87/EC of the European Parliament and of the Council, Decisions no. 280/2004/EC and no. 406/2009/EC of the European Parliament and of the Council and repealing Commission Regulations (EU) no. 920/2010 and no. 1193/2011
updated EE Directive	Directive (EU) 2018/2002 of the European Parliament and of the Council of 11 December 2018 amending Directive 2012/27/EU on energy efficiency
updated EPB Directive	Directive (EU) 2018/844 of the European Parliament and of the Council of 30 May 2018 amending Directive 2010/31/EU on the energy performance of buildings and Directive 2012/27/EU on energy efficiency
Urban Waste-Water Treatment Directive	Council Directive 91/271/EEC of 21 May 1991 concerning urban waste-water treatment
Water Framework Directive	Directive 2000/60/EC of the European Parliament and of the Council of 23 October 2000 establishing a framework for Community action in the field of water policy
WETP Directive	Directive 2004/17/EC of the European Parliament and of the Council of 31 March 2004 coordinating the procurement procedures of entities operating in the water, energy, transport and postal services sectors

Glossary

AAU	assigned amount unit
AC	alternating current
ACER	Agency for the Cooperation of Energy Regulators
AEC	Atomic Energy Commission
AWP	Adria-Wien-Pipeline
bcm	billion cubic metres
BCR	balancing circle representative
BoA	board of appeal
BRP	balance responsible party
CBCA	cross-border cost allocation
CCAP	coordinated capacity allocation procedure
CCP	central counterparty
CCR	capacity calculation regions
CCS	carbon capture and storage
CDM	clean development mechanism
CEF	Connecting Europe Facility
CEF-E	Connecting Europe Facility for Energy
CEGH	Central European Gas Hub
CEO	chief executive officer
CER	certified emissions reduction
CEREMP	Centralised European Register of Energy Market Participants
CfD	contract for difference
CHP	combined heat and power
CIS	Commonwealth of Independent States
CMP	congestion management procedure

CNG	compressed natural gas
CO2	carbon dioxide
COP21	2015 United Nations Climate Change Conference
CPI	consumer price index
DODO	dealer owned dealer operated
DSO	distribution system operator
E&P	exploration and production
ECC	European Commodity and Clearing AG
ECJ	European Court of Justice
ECN	European Continental Network
EDI	electronic data interchange
EEA	European Economic Area
EEPR	European Energy Programme for Recovery
EERA	European Energy Research Alliance
EEEX	European Energy Exchange AG
EEZ	exclusive economic zone
EFET	European Federation of Energy Traders
EFTA	European Free Trade Association
EHV	extra high voltage
EIA	environmental impact assessment
E-Mobility	electro-mobility
EMT	European target market
ENC	European Network Code
ENTSO	European Network of Transmission System Operators
ENTSO-E	European Network of Transmission System Operators for Electricity
ENTSO-G	European Network of Transmission System Operators for Gas
ENVI	Committee on Environment, Public Health and Food Safety
EPAD	electricity price area differentials
ERU	emission reduction unit
ESA	EFTA Surveillance Authority
ESMA	European Securities and Markets Authority

ESRB	European Systemic Risk Board
ETF	exchange transfer facility
ETIP	European Technology and Innovation Platform
ETS	emission trading system
ETSO	European Technical Standard Order
EU	European Union
EU DSO entity	European Entity for Distribution System Operators
EUA	EU emission allowance
EV	electric vehicle
FAME	fatty acid methyl ester
FEP	First Energy Package
FIP	feed-in premium
FIT	feed-in tariff
FLNG	floating liquefied natural gas
FOU	full ownership unbundling
FRSU	floating storage and regasification unit
FSB	Financial Stability Board
GCS	green certificates
GGPSSO	Guidelines for Good Third Party Access Practice for Storage System Operators
GHG	greenhouse gas
GIPL	Gas Interconnection Poland-Lithuania
GJ	gigajoules
GO	guarantee of origin
GTC	general terms and conditions
GTE	Gas Transmission Europe
GTF	gas transfer facility
HHI	Herfindahl-Hirschman Index
HPP	hydroelectric power plant
HV	high voltage
HVDC	high voltage direct current
IAEA	International Atomic Energy Agency

IC	interconnector
ICBC	Commercial Bank of China
ICE	internal combustion engine
ICO	income cap order
ICT	information and communication technology
IEM	internal energy market
IGA	intergovernmental agreement
ILUC	indirect land use change
IMF	International Monetary Fund
INDC	intended nationally determined contribution
INECP	integrated national energy and climate plan
INOGATE	Interstate Oil and Gas Transport to Europe
IP	interconnection point
IPS/UPS	integrated power system/unified power system
IRR	internal rate of return
ISDA	International Swaps and Derivatives Association
IT	information technology
ITO	independent transmission operator
ITO-plus	a model of the ITO, which is more independent
ITRE Committee	European Parliament's Committee on Industry, Research, Telecoms and Energy
JI	joint implementation
JOA	joint operating agreement
km	kilometres
LFR	low flux reactor
LNG	liquefied natural gas
LPG	liquefied petroleum gas
LSO	LNG system operator
M&A	mergers and acquisitions
MoU	memorandum of understanding
MRC	multi-regional coupling
MSR	market stability reserve

MSW	municipal solid waste
MTV	market trade value
MVT	motor vehicle tax
Nasdaq	Nasdaq Commodities Exchange
NBP	national balancing point
NC	network code
NC CACM	network code on capacity allocation and congestion management
NC CAM	network code on capacity allocation mechanisms in gas transmission systems
NC DCC	network code on demand connection code
NC EB	network code on electricity balancing
NC ER	network code on emergency and restoration
NC FCA	network code on forward capacity allocation
NC GBTN	network code on gas balancing of transmission networks
NC HVDC	network code on high-voltage-direct-current connections
NC IDER	network code on interoperability and data exchange rules
NC RfG	network code on grid connection applicable to all generators
NC SO	network code on system operation
NC TAR	network code on harmonised transmission tariff structures for gas
NEEAP	National Energy Efficiency Action Plan
NGO	non-governmental organisation
NPP	nuclear power plant
NRA	national regulatory authority
NREAP	National Renewable Energy Action Plan
NTC	net transfer capacity
OECD	Organisation for Economic Co-operation and Development
OJEU	Official Journal of the European Union
OTC	over-the-counter
OTF	organised trading facility
OWF	offshore wind farm
PCG	parent company guarantee
PCI	Project of Common Interest

PCR	price coupling of regions
PEMS	portable emissions measurement systems
PJ	petajoules
PPA	power purchase agreement
PSO	public service obligation
PST	phase shift transformer
PV	photovoltaic
R&I	research and innovation
RAV	regulatory asset value
RBP	regional booking platform
RDE	real driving emission
RDF	refuse derived fuel
REFIT	regulatory fitness programme
RERA	renewable energy resource areas
RES	renewable energy sources
RES-E	renewable energy sources for electricity
RES-T	renewable energy sources in transport
REU	renewable energy unit
RR	required revenue
RTS	regulatory technical standards
SEP	Second Energy Package
SET Plan	Strategic Energy Technology Plan
SETIS	Set Plan Information System
SFT	securities financing transaction
SMEs	small and medium-sized enterprises
SMP	system marginal price
SOLRs	supplier of last resort
SPV	special purpose vehicle
SRF	solid recovered fuel
SSO	storage system operator
TAL	Trans-Alpine-Pipeline

TANAP	Trans-Anatolian Natural Gas Pipeline
TAP	Trans-Adriatic Pipeline
TCMV	Technical Committee for Motor Vehicles
TEN-E	Trans-European Energy Network
TEN-T	Trans-European Transport Networks in Europe
TEP	Third Energy Package
TPA	third party access
TPP	thermal power plant
TSO	transmission system operator
TYNDP	European Ten-year Network Development Plan
UGSF	underground gas storage facility
UN	United Nations
VBP	virtual balance point
VIU	vertically integrated undertaking
VTP	virtual trading point
WACC	weighted average cost of capital
WEP	wholesale energy product

Overview of the legal and regulatory framework in 41 jurisdictions

This table has been collated using information compiled by the contributing authors for their corresponding jurisdictions and on the basis of information available at the time of writing

ALBANIA

	GENERAL	
	National regulatory authority (-ies)	Enti rregullatori i sektorit te energjise elektrike (Regulatory body of the electric system) ("ERE")
	Unbundling regime: full ownership unbundling ("FOU"), independent system operator ("ISO"), independent transmission operator ("ITO") model	ISO
	Principal electricity generator(s)	Hydropower plants
	Transmission system operator(s)	<ul style="list-style-type: none"> • Operatori i sistemit te transmetimit (transmission system operator) ("OST") • Market Operator (to be approved in 2019)
	Electricity distributor(s)	Operatori i shperndarj es se energjise elektrike (electricity distributor operator) ("OSHEE")
	Principal electricity supplier(s)	Korporata elektro-energjetike shqiptare (Albanian electro-energetic corporation) ("KESH")
	Interconnectors	Interconnection lines with bordering countries: <ul style="list-style-type: none"> • Fierze, Albania-Prizren, Kosovo 220kV • Koplik, Albania-Podgorica, Montenegro, 220kV • Zemblak, Albania-Kardia (Greece) 400kV • Tirana, Albania-Podgroica, Montenegro, 400kV
	Importer or exporter country? (name origin of gas if importer) Any shale gas in the jurisdiction?	Importer
	Transportation system operator(s)	Albpetrol SH.A.
	Gas distributor(s)	Albpetrol SH.A.
	Principal gas supplier(s)	Albpetrol SH.A. and from imports
	Interconnectors	None
	ELECTRICITY	
	GAS	

AUSTRIA

GENERAL	National regulatory authority (-ies)	The Austrian Energy Authority, ie E-Control Further involved authorities include: <ul style="list-style-type: none"> • Federal Competition Authority • Federal Cartel Prosecutor • Federal Minister of Sustainability and Tourism
	Unbundling regime: full ownership unbundling ("FOU"), independent system operator ("ISO"), independent transmission operator ("ITO") model	Austria has opted to provide system operators to choose between the FOU, ISO, ITO models, and the fourth more independent ITO plus model.
ELECTRICITY	Principal electricity generator(s)	<ul style="list-style-type: none"> • Verbund AG • EVN AG • Wien Energie GmbH
	Transmission system operator(s)	<ul style="list-style-type: none"> • Austrian Power Grid • Vorarlberger Übertragungsnetz GmbH
	Electricity distributor(s)	<ul style="list-style-type: none"> • Netz Burgenland Strom • Wiener Netze GmbH • Netz Niederösterreich GmbH • Tinetz Stromnetz AG • Vorarlberger energienetze GmbH • Stromnetz Steiermark GmbH • Netz Oberösterreich GmbH • KNG-Kärnten Netz GmbH • Salzburg Netz GmbH
	Principal electricity supplier(s)	<ul style="list-style-type: none"> • Verbund AG • EVN AG • Wien Energie GmbH
	Interconnectors	Austria has interconnections with the following neighbouring countries, which is all neighbouring countries except for Lichtenstein and Slovakia: <ul style="list-style-type: none"> • Czech Republic • Hungary • Italy • Germany • Slovenia • Switzerland

AUSTRIA (continued)

<p>Importer or exporter country? (name origin of gas if importer) Any shale gas in the jurisdiction?</p>	<p>Domestic production of natural gas</p> <p>Imports from:</p> <ul style="list-style-type: none"> • Russia • Norway • Germany
<p>Transportation system operator(s)</p>	<ul style="list-style-type: none"> • Gas Connect Austria • Trans-Austria-Gas-Pipeline Corporation <p>Until 2014:</p> <ul style="list-style-type: none"> • Baumgarten-Oberkappel Gas Transmission Corporation merged with Gas Connect Austria
<p>Gas distributor(s)</p>	<ul style="list-style-type: none"> • Gas Connect Austria • EVN Net Corporation • Gas Net Styria Corporation • Upper Austria Grid Gas Corporation • Begas Corporation
<p>Principal gas supplier(s)</p>	<ul style="list-style-type: none"> • Verbund AG • EVN AG • Wien Energie GmbH
<p>Interconnectors</p>	<p>Austria has seven gas interconnectors:</p> <ul style="list-style-type: none"> • Trans-Austria-Gas-Pipeline ("TAG") • March-Baumgarten Pipeline ("MAB") • South-East-Gas-Pipeline ("SOL") • West-Austria-Gas-Pipeline ("WAG") • Hungarian-Austrian-Gas-Pipeline ("HAG") • Penta-West-Pipeline ("PW") • Kittsee-Petrzalka Pipeline ("KIP")

BELGIUM

GENERAL	National regulatory authority (-ies)	<ul style="list-style-type: none"> • CREG (Federal Regulator) • VREG • BRUGEL • CWAPE (Regional Regulators)
	Unbundling regime: full ownership unbundling ("FOU"), independent system operator ("ISO"), independent transmission operator ("ITO") model	FOU
ELECTRICITY	Principal electricity generator(s)	<ul style="list-style-type: none"> • EDF Luminus • Electrabel (GDF Suez) • E.ON
	Transmission system operator(s)	<ul style="list-style-type: none"> • Elia System Operator S.V • Elia Asset NL
	Electricity distributor(s)	<ul style="list-style-type: none"> • AIEG • AIESH • Eandis • Infrax • Ores • Régie de Wavre • Sibelga • Tecteo (Resa)
	Principal electricity supplier(s)	<ul style="list-style-type: none"> • Engie Electrabel • EDF Luminus • Eneco • Eni Gas & Power • E.on Belgium • Lampiris • Essent Belgium • OCTA+ • Poweo • Mega • Belpower • energie2030 • Engie Electrabel • EDF Luminus • Eni Gas & Power • Essent • Lampiris • Eneco • DNB / GRD • Elegant • Octa+ • Ecopower and others

ELECTRICITY

Interconnectors

- France
- Luxembourg
- Germany
- the Netherlands
- UK (forthcoming, expected to be finalised in 2018)

BELGIUM (continued)

Importer or exporter country?
(name origin of gas if importer)
Any shale gas in the jurisdiction?

Importer of gas.

The main suppliers are:

- the Netherlands (46.5% in 2014)
- Norway (33.5% in 2014)

with other supply from:

- the UK (10.1% in 2014)
- Qatar (7.7% in 2014)
- Germany (2.2% in 2014)

Part of the gas imported from the Netherlands and Germany comes from Russia.

Qatar is the main source of LNG imports.

Transportation system
operator(s)

Fluxys

Gas distributor(s)

- Gaselwest
- Imea
- Imewo
- Intergem
- Iveka
- Iverlek
- Interelectra
- Pbe
- IvegWvem
- IDeg
- IEH
- IGH
- Interest/Ost
- Interlux
- Intermosane
- Sedilec
- Simogel

GAS

Principal gas supplier(s)

- Electrabel (Engie/GDF Suez) (31.4% in 2015)
- Eni Gas & Power (24.5% in 2015)
- EDF Luminus (9.6% in 2015)
- RWE Supply & Trading (5.2% in 2015)

There are 36 other gas suppliers, including:

- Belgian Eco Energy ("BEE")
- Coretec
- Direct Energie
- Electrabel Customer Solutions
- Elexys
- Eneco België
- Enovos Luxembourg
- Essent Belgium (RWE)
- Etrim - Energy Cluster
- Gas Natural Europe Belux
- GDF Suez
- Groene Energie Administratie (Greenchoice)
- Lampiris
- Mega Power Online Sa
- Natgas
- Octa+
- Powerhouse
- Scholt Energy Control
- Total Gas & Power Belgium
- Wingas Gmbh

Interconnectors

- France/Spain/Italy
- Germany
- Luxembourg
- the Netherlands
- Russia
- Norway
- UK

BOSNIA AND HERZEGOVINA

GENERAL	National regulatory authority (-ies)	<ul style="list-style-type: none"> • State Electricity Regulatory Commission • Regulatory Commission for Energy of Republic of Srpska • Regulatory Commission for Energy of the Federation of Bosnia and Herzegovina
	Unbundling regime: full ownership unbundling ("FOU"), independent system operator ("ISO"), independent transmission operator ("ITO") model	ISO
ELECTRICITY	Principal electricity generator(s)	<ul style="list-style-type: none"> • Mixed Holding Electricity Company of Republic of Srpska (<i>Mješoviti Holding Elektroprivreda Republike Srpske</i>) • Electricity Company of Bosnia and Herzegovina (<i>Elektroprivreda Bosne i Hercegovine</i>)
	Transmission system operator(s)	Electric Transmission Company of Bosnia and Herzegovina (<i>Elektroprijenos-Elektroprenos BiH a.d. Banja Luka</i>)
	Electricity distributor(s)	Electric Transmission Company of Bosnia and Herzegovina (<i>Elektroprijenos-Elektroprenos BiH a.d. Banja Luka</i>)
	Principal electricity supplier(s)	<ul style="list-style-type: none"> • Mixed Holding Electricity Company of Republic of Srpska (<i>Mješoviti Holding Elektroprivreda Republike Srpske</i>) • Electricity Company of Bosnia and Herzegovina (<i>Elektroprivreda Bosne i Hercegovine</i>)
	Interconnectors	<p>Croatia:</p> <ul style="list-style-type: none"> • 400KV • 220KV • 220kV • 220kV • 110KV • 110KV <p>Montenegro:</p> <ul style="list-style-type: none"> • 400KV • 220KV • 220KV • 110KV • 110KV <p>Serbia:</p> <ul style="list-style-type: none"> • 400KV • 220KV • 110KV

GAS	Importer or exporter country? (name origin of gas if importer) Any shale gas in the jurisdiction?	Importers of gas from the Russian Federation: <ul style="list-style-type: none"> • ENERGOINVEST d.d. - Sarajevo • BH-Gas d.o.o. Sarajevo • GAS-RES d.o.o. Banja Luka
	Transportation system operator(s)	<ul style="list-style-type: none"> • BH-Gas d.o.o. Sarajevo • GAS PROMET AD
	Gas distributor(s)	<ul style="list-style-type: none"> • ENERGOINVEST d.d. - Sarajevo • BH-Gas d.o.o. Sarajevo • GAS-RES d.o.o. Banja Luka
	Principal gas supplier(s)	<ul style="list-style-type: none"> • ENERGOINVEST d.d. - Sarajevo • BH-Gas d.o.o. Sarajevo • GAS-RES d.o.o. Banja Luka
	Interconnectors	Serbia

BULGARIA

GENERAL	National regulatory authority (-ies)	<ul style="list-style-type: none"> • Energy and Water Regulatory Commission • Minister of Energy
	Unbundling regime: full ownership unbundling ("FOU"), independent system operator ("ISO"), independent transmission operator ("ITO") model	ITO

ELECTRICITY	Principal electricity generator(s)	<p>There is one nuclear power plant, ie Kozloduy (2,000MW).</p> <p>There are three thermal power plants:</p> <ul style="list-style-type: none"> • AES Maritza East I (670MW) • Maritza East II (1,556MW) • Maritza East III (906MW)
	Transmission system operator(s)	Electricity System Operator EAD, which is a wholly owned subsidiary of the Bulgarian Energy Holding EAD.
	Electricity distributor(s)	<ul style="list-style-type: none"> • Electrorazpredelenie AD (EVN Grid) • Razpredelenie Bulgaria AD (ČEZ Grid) • Energo-Pro Mrezhi AD (Energo-Pro Grid)
	Principal electricity supplier(s)	<ul style="list-style-type: none"> • EK EAD EVN Electrosnabdyavane AD (EVN Sales) • ČEZ Electro Bulgaria AD (ČEZ Sales) • Energo-Pro Prodazhbi AD (Energo-Pro Sales)
	Interconnectors	<p>Bulgaria has electricity interconnectors with the following countries:</p> <ul style="list-style-type: none"> • Greece • Macedonia • Romania • Serbia • Turkey

BULGARIA (continued)

GAS	Importer or exporter country? (name origin of gas if importer) Any shale gas in the jurisdiction?	Importer from Russia
	Transportation system operator(s)	Bulgartransgaz EAD
	Gas distributor(s)	Most of local distribution companies are subsidiaries of Overgas AD.
	Principal gas supplier(s)	Bulgargaz EAD
	Interconnectors	<p>Bulgaria has gas interconnectors with the following countries:</p> <ul style="list-style-type: none"> • Greece • Macedonia • Romania • Turkey

CROATIA

GENERAL	National regulatory authority (-ies)	The Croatian Energy Regulatory Agency (<i>Hrvatska energetska regulatorna agencija</i>) ("HERA")
	Unbundling regime: full ownership unbundling ("FOU"), independent system operator ("ISO"), independent transmission operator ("ITO") model	<ul style="list-style-type: none"> • Electricity - ITO • Gas - FOU (unbundling certification is still pending)
ELECTRICITY	Principal electricity generator(s)	According to HERA's licence registry a total of 56 companies are licensed as electricity generators, among which the most important is HEP Proizvodnja d.o.o.
	Transmission system operator(s)	Hrvatski operator prijenosnog sustava d.o.o. ("HOPS")
	Electricity distributor(s)	HEP Operator distribucijskog sustava d.o.o. ("HEP-ODS")
	Principal electricity supplier(s)	<p>According to HERA's licence registry a total of 14 companies are licensed as electricity suppliers, among which the most important are:</p> <ul style="list-style-type: none"> • HEP-Opskrba d.o.o. • HEP-Elektra d.o.o. • GEN-I Zagreb d.o.o. • RWE ENERGIJA d.o.o.

ELECTRICITY (continued)

Interconnectors	<p>Croatia, ie HEP, has cross border interconnections with all of its neighbours (Slovenia ("SI"), Serbia ("RS"), Bosnia and Herzegovina ("BH") and Hungary ("HU")) save Montenegro and Italy. These are, among others, the following:</p> <ul style="list-style-type: none"> • Tumbri - Krško (SI) • Melina - Divača (SI) • Pehlin - Divača (SI) • Ernestinovo - Pecs (HU) • Žerjavinec - Heviz (HU) • Mraclin - Prijedor (BH) • Međurić - Prijedor (BH) • Đakovo - Gradačac (BH) • Đakovo - Tuzla (BH) • Ernestinovo - Ugljevik (BH) • Ernestinovo - Sremska Mitrovica (RS) • Konjsko - Mostar (BH) • Zakučac - Mostar (BH) • Plat - Trebinje (BH)
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GAS

<p>Importer or exporter country? (name origin of gas if importer) Any shale gas in the jurisdiction?</p>	<p>Importer (mainly from Russia). No shale gas. On 8 February 2019, the company HEP d.d. was reappointed as the wholesale gas supplier to other Croatian suppliers with public service obligations for the needs of household customers for the period until 31 March 2020.</p>
Transportation system operator(s)	PLINACRO d.o.o.
Gas distributor(s)	<p>According to HERA's licence registry a total of 35 companies are licensed as gas distributors, among which the two most important are:</p> <ul style="list-style-type: none"> • HEP-PLIN d.o.o. • GRADSKA PLINARA ZAGREB d.o.o.
Principal gas supplier(s)	<p>According to HERA's licence registry a total of 53 companies are licensed as gas suppliers, among which the most important are:</p> <ul style="list-style-type: none"> • HEP d.d. (HEP-Opkrba plinom d.o.o., HEP-Trgovina d.o.o., HEP-PLIN d.o.o.) • PRVO PLINARSKO DRUŠTVO d.o.o. • INA d.d. • MET Croatia Energy Trade d.o.o. • CRODUX PLIN d.o.o. • MEDIMURJE-PLIN d.o.o. • Proenergy d.o.o. • GPZ-Opkrba d.o.o.
Interconnectors	<ul style="list-style-type: none"> • Rogatec between Croatia and Slovenia (Plinovodi d.o.o.) • Drávaszerdahely between Croatia and Hungary (FGSZ Ltd)

CZECH REPUBLIC

GENERAL	National regulatory authority (-ies)	Energy Regulatory Office ("ERO")
	Unbundling regime: full ownership unbundling ("FOU"), independent system operator ("ISO"), independent transmission operator ("ITO") model	The model differs for electricity and gas: <ul style="list-style-type: none"> • Electricity - FOU • Gas - ITO
ELECTRICITY	Principal electricity generator(s)	ČEZ, a.s. ("CEZ"), which generates 72.3% of overall electricity generation.
	Transmission system operator(s)	ČEPS, a.s.
	Electricity distributor(s)	<ul style="list-style-type: none"> • ČEZ Distribuce a.s. • E.ON Distribuce a.s. • PRE Distribuce a.s.
	Principal electricity supplier(s)	CEZ
	Interconnectors	There are 13 electricity interconnectors: <ul style="list-style-type: none"> • two with Germany • two with Austria • five with Slovakia • four with Poland
GAS	Importer or exporter country? (name origin of gas if importer) Any shale gas in the jurisdiction?	Importer from: <ul style="list-style-type: none"> • Russia • Norway There is no shale gas.
	Transportation system operator(s)	NET4GAS, s.r.o. ("NET4GAS")
	Gas distributor(s)	<ul style="list-style-type: none"> • GasNet, s.r.o. ("GasNet") • E.ON Distribuce, s.r.o. ("E.ON") • Pražská plynárenská Distribuce, a.s. ("PPD")
	Principal gas supplier(s)	<ul style="list-style-type: none"> • ČEZ Prodej, a.s. • Bohemia ENERGY entity s.r.o. • E.ON Energie, a.s. • Centropol Energy a.s. • Pražská plynárenská, a.s.
	Interconnectors	There are nine gas interconnectors: <ul style="list-style-type: none"> • five transfer stations, ie Brandov, Hora SV Kateriny, Lanzhot, Waidhaus and Cieszyn • four compressor stations, ie Břeclav, Kralice nad Oslavou, Kouřim, Veselí nad Lužnicí

DENMARK

GENERAL	National regulatory authority (-ies)	The Danish Utility Regulator (<i>forsyningstilsynet</i>), previously, Danish Energy Regulatory Authority
	Unbundling regime: full ownership unbundling ("FOU"), independent system operator ("ISO"), independent transmission operator ("ITO") model	FOU for electricity and gas.
ELECTRICITY	Principal electricity generator(s)	<ul style="list-style-type: none"> • Ørsted A/S • Vattenfall A/S
	Transmission system operator(s)	Energinet
	Electricity distributor(s)	Approximately 50 companies.
	Principal electricity supplier(s)	<ul style="list-style-type: none"> • Ørsted A/S • Energi Danmark • SE • Eniig (Eniig and SE to merge into joint entity 'Norlys' - pending final approval from the companies committee of shareholders and competition authorities) • SEAS-NVE • Dansk Commodities
	Interconnectors	<p>Eastern Denmark</p> <ul style="list-style-type: none"> • Sweden: two 400kV AC and two 132kV AC connections with a total capacity of 1,700MW • Germany: one 400kV DC connection with a capacity of 600MW <p>A new cable with the capacity of 400MW is expected to be commissioned in the end of Q1 2019.</p> <p>Western Denmark</p> <ul style="list-style-type: none"> • Sweden: two 285kV DC connections with a total capacity of 740MW • Germany: two 400kV AC and two 220kV AC connections with a capacity of 1,780MW and one 150kV AC connection with capacity of 135MW, and TenneT TSO GmbH • Norway: two 250kV DC, one 350kV DC and one 500kV DC connections with a capacity of 1,700MW • Holland: a 320kV cable with a capacity of 700MW is expected to be commissioned in Q3 2019 <p>England</p> <p>In July 2016, the EU approved funding for the establishment of a cable between Denmark and England. There has been no final decision to date.</p>

DENMARK (continued)

<p>Importer or exporter country? (name origin of gas if importer) Any shale gas in the jurisdiction?</p>	<p>Denmark is forecasted to be a net exporter until at least 2025 with the exception of 2020 to 2021.</p> <p>There is currently no shale gas exploration drilling or production taking place in Denmark. In 2018, the Danish Government issued a halt to all future applications.</p>
<p>Transportation system operator(s)</p>	<p>Energinet</p>
<p>Gas distributor(s)</p>	<ul style="list-style-type: none"> • Aalborg Naturgas Net • Dansk Gas Distribution (Energinet subsidiary) • HMN GasNet I/S
<p>Principal gas supplier(s)</p>	<ul style="list-style-type: none"> • OK a.m.b.a • HMN Naturgas Aalborg Naturgas Salg A/S • Nordjysk Elhandel A/S • SEF A/S • EWII Energi A/S • Eniig Energi A/S • SE (former Sydenergi) • DCC Energi A/S • E.ON Danmark A/S • Gasel • Energi Fyn Handel A/S • Engros Gas A/S • Gul Strøm A/S • FRI Energy A/S • Natur-Energi A/S • SEAS-NVE <p>The following have supply obligations:</p> <ul style="list-style-type: none"> • Ørsted • NGF Nature Energy
<p>Interconnectors</p>	<p>There are currently two interconnectors:</p> <ul style="list-style-type: none"> • one between Denmark and Germany • one between Denmark and Sweden <p>Another interconnector is planned to Poland; the final investment decision is expected before the end of 2018.</p>

ESTONIA

GENERAL	National regulatory authority (-ies)	Estonian Competition Authority
	Unbundling regime: full ownership unbundling ("FOU"), independent system operator ("ISO"), independent transmission operator ("ITO") model	FOU for electricity and gas.
ELECTRICITY	Principal electricity generator(s)	Eesti Energia
	Transmission system operator(s)	Elering
	Electricity distributor(s)	In total there are 34 electricity distributors. Elektrilevi has the largest market share (approximately 87%).
	Principal electricity supplier(s)	In total there are 17 electricity suppliers. Eesti Energia has the largest market share (approximately 60%), followed by Elektrum Eesti (approximately 11%).
GAS	Importer or exporter country? (name origin of gas if importer) Any shale gas in the jurisdiction?	The majority of gas supplies are imported from Russia (either directly or through Latvia) by Eesti Gaas. Since 2015, four additional gas importers have started operations importing gas from Lithuania. Imports from the Klaipeda LNG terminal and the GET Baltic Natural Gas Exchange, both in Lithuania, amount to approximately 9% of total imports. There is no shale gas.
	Transportation system operator(s)	Elering
GAS	Gas distributor(s)	In total there are 24 gas distributors. Gaasivõrgud has the largest market share (approximately 82%).
	Principal gas supplier(s)	In total there are seven retail sellers and 19 network companies selling gas to customers. Eesti Gaas has the largest market share (approximately 92%).
	Interconnectors	Isolated from Europe's gas network; the only connections are with Russia and Latvia. The Balticconnector (interconnector between Estonia and Finland) is under development with expected completion by 2020.

FINLAND

GENERAL

National regulatory authority (-ies)

The national supervisory authority for electricity and gas markets is the Energy Authority (before 1 February 2014 the "Energy Market Authority"). In addition to the Energy Authority, the electricity and gas markets are overseen by the Finnish Competition and Consumer Authority.

Unbundling regime: full ownership unbundling ("FOU"), independent system operator ("ISO"), independent transmission operator ("ITO") model

Electricity: the Electricity Market Act requires legal and operational unbundling for both the TSO and large and mid-size DSOs. Unbundling through separate accounts is sufficient for small DSOs that have distributed less than 200GWh annually through their 400V network during the previous three calendar years. FOU applies to the TSO.

Gas: provisions concerning unbundling and opening of the natural gas market will enter into force on 1 January 2020.

ELECTRICITY

Principal electricity generator(s)

In 2017, nuclear power generated 25.3% and hydropower 17.1% of the electricity consumed in Finland; 26.4% of the consumed electricity was imported.

Major electricity generators are:

- Fortum Oyj
- UPM Group
- Pohjolan Voima (incl. Teollisuuden Voima)
- Helen Oy
- Kemijoki Oy
- Vattenfall

Transmission system operator(s)

Fingrid Oyj

Electricity distributor(s)

There are some 90 distribution network companies in Finland, the majority of which are owned or controlled by municipalities.

In 2018, the largest DSO in Finland, Caruna Oy, had approximately 670 000 customers. Furthermore, in 2014, the 15 largest DSOs in Finland covered over 70% of the electricity distribution network, network users, and revenue (no updated information currently available).

Principal electricity supplier(s)

The Finnish electricity generation sector is characterized by a large number of actors. There are approximately 120 companies generating electricity and approximately 400 power plants, the majority of which are hydropower plants. The share of the three biggest generating companies of the total installed capacity is almost 50%.

Interconnectors

There are interconnectors between Finland and:

- Sweden
- Norway
- Estonia
- Russia

Additionally, Finland's main grid is a part of the inter-Nordic synchronous system, which includes the transmission grids of Finland, Sweden, Norway and eastern Denmark.

GAS

Importer or exporter country? (name origin of gas if importer) Any shale gas in the jurisdiction?	Importer from Russia There are no known shale gas deposits in Finland
Transportation system operator(s)	Gasum Oy, a company fully owned by the State of Finland
Gas distributor(s)	The distribution of natural gas to private households and other minor consumers is not significant in Finland. There are 24 natural gas DSOs. Most of the DSOs are owned by municipalities with a few owned by industrial users of natural gas.
Principal gas supplier(s)	Over 90% of gas consumed in Finland is transmitted directly by Gasum Oy to end users, which are mainly industrial operators and energy and power companies. The retail sale of natural gas accounts for 8% of total consumption. Natural gas operations such as transmission activities may be carried out subject to a licence granted by the Finnish Energy Authority. However, the mere selling of natural gas does not require a licence but is subject to certain statutory requirements.
Interconnectors	There are currently two pipelines between Finland and Russia, both operated by Gasum Oy. The construction of the Balticconnector, ie a submarine interconnector between Finland and Estonia, is scheduled to be completed in 2020. The new pipeline will enable gas transmission between the natural gas pipeline infrastructures of Finland and Estonia, and provide for an opening of Finland's isolated natural gas markets to competition.

FRANCE

GENERAL

National regulatory authority (-ies)	<ul style="list-style-type: none"> • Ministry of Energy • The CRE (<i>Commission de régulation de l'énergie</i>)
Unbundling regime: full ownership unbundling ("FOU"), independent system operator ("ISO"), independent transmission operator ("ITO") model	<ul style="list-style-type: none"> • FOU model for one operator (ie Téréga) • ITO model for all the others

ELECTRICITY

Principal electricity generator(s)	<ul style="list-style-type: none"> • ENGIE • EDF • Compagnie du Rhone • Uniper
Transmission system operator(s)	RTE (<i>Réseau de transport d'électricité</i>)
Electricity distributor(s)	ENEDIS and about 150 local distributors.

FRANCE (continued)

Principal electricity supplier(s)

- Engie
- Alpiq
- Alterna
- Axpo
- EBM Energie France
- EDF Entreprises
- Élecocité
- Électricité de Savoie
- Enercoop
- Energie d'ici
- Edenkia
- ekWateur
- Électricité de Provence
- energem
- Energies du Santerre
- Energies Libres
- Eni
- Energies Libres Grands Comptes
- Enovos
- Gazel Energie
- Gedia Energies Services
- GEG Source d'Energies
- Hydroption
- Lucia
- Planète OUI
- Hydronext
- Iberdrola
- MEGA Energie
- Proxelia
- Total
- Vattenfall
- SELIA
- Solvay Energy Services
- Total direct Energie
- Valoris Energie

Interconnectors

- Switzerland
- Italy
- Great Britain
- Ireland
- Spain

GAS

<p>Importer or exporter country? (name origin of gas if importer) Any shale gas in the jurisdiction?</p>	<p>Importer, mainly from Norway, Russia, the Netherlands, Algeria, Nigeria, Egypt and Trinidad and Tobago.</p> <p>Shale gas exploration and production is not permitted due to the prohibition on hydraulic fracturing techniques.</p>
<p>Transportation system operator(s)</p>	<ul style="list-style-type: none"> • GRTgaz • Téréga
<p>Gas distributor(s)</p>	<p>GRDF and about 25 local distributors.</p>
<p>Principal gas supplier(s)</p>	<ul style="list-style-type: none"> • Alpiq • Antargaz naturel • Breizh Gaz • Alterna • Axpo • Dyneff gaz • EBM • EDF • ekWateur • Endesa Energia • Energies du Santerre • ENGIE • Eni • ES • Gaz Europeen • Gazprom Energy • Engie Gaz Tarif Réglementé • Enovos • Gaz de Bordeaux • Gazel Energie • Gedia Energies-Services • GEG Source d'Energies • Naturgy • Iberdrola • MEGA Energie • NatGAS France • PICOTY • SAVE • Séolis • Total • Vattenfall • SELIA • Solvay Energy Services • Total Direct Energie

FRANCE (continued)**GAS** (continued)

Interconnectors

- Norway
- Belgium
- Germany
- Switzerland
- Spain

GERMANY**GENERAL**

National regulatory authority (-ies)

Federal National Agency (*Bundesnetzagentur*); Network Agencies of the Federal States

Unbundling regime: full ownership unbundling ("FOU"), independent system operator ("ISO"), independent transmission operator ("ITO") model

- FOU
- ISO
- ITO

ELECTRICITY

Principal electricity generator(s)

- E.On/Uniper
- EnBW
- RWE
- Vattenfall
- LEAG
- municipality owned companies (*Stadtwerke*)

Transmission system operator(s)

- 50Hertz Transmission
- Amprion GmbH
- TenneT TSO GmbH
- TransnetBW GmbH (trading as EnBW Transportnetz AG)

Electricity distributor(s)

Approximately 890; more than 600 have less than 30,000 customers.

Principal electricity supplier(s)

EnBW, RWE, Vattenfall, and municipality owned utilities (*Stadtwerke*).

Interconnectors

- Austria
- Switzerland
- France
- Luxembourg
- Belgium
- the Netherlands
- Denmark
- Poland
- Czech Republic

GASImporter or exporter country? (name origin of gas if importer)
Any shale gas in the jurisdiction?

Importer:

- 65% from Russia and CIS
- 17% from Norway
- 16% from the Netherlands 3.3% from other countries

Transportation system operator(s)	<p>NCG-Area:</p> <ul style="list-style-type: none"> • Bayernets GmbH • Fluxys TENP GmbH • GRTgaz Deutschland GmbH • Open Grid Europe GmbH • Terranets BW GmbH • Thyssengas GmbH <p>Gaspool-Area:</p> <ul style="list-style-type: none"> • GASCADE Gastransport GmbH • Gastransport Nord GmbH • Gasunie Deutschland Transport Services GmbH • Nowega GmbH • ONTRAS Gastransport GmbH • JordGas Transport GmbH • Lubmin-Brandov Gastransport GmbH • OPAL Gastransport GmbH & Co. KG • NEL Gastransport GmbH • Fluxys Deutschland GmbH • Ferngas Netzgesellschaft mbH
Gas distributor(s)	Over 700, including many municipality owned companies (<i>Stadtwerke</i>).
Principal gas supplier(s)	<ul style="list-style-type: none"> • E.ON/Uniper • BEB, Ruhrgas • Shell • Exxon • VNG • RWE • Wngas • Erdgas Münster • municipally owned utilities (<i>Stadtwerke</i>)
Interconnectors	<ul style="list-style-type: none"> • Austria • Switzerland • France • Luxembourg • Belgium • the Netherlands • Denmark • Poland • Czech Republic

GREECE

GENERAL

National regulatory authority (-ies)

Regulatory Authority for Energy ("RAE")

Unbundling regime: full ownership unbundling ("FOU"), independent system operator ("ISO"), independent transmission operator ("ITO") model

- Electricity - FOU
- Gas - FOU

ELECTRICITY

Principal electricity generator(s)

- Public Power Corporation ("PPC")
- Heron Thermoilektriki I
- Heron II Viotia
- Protergia
- Elpedison
- Korinthos Power

Transmission system operator(s)

IPTO (Independent Power Transmission Operator) ("ADMIE")

Electricity distributor(s)

HEDNO (Hellenic Distribution Network Operator) ("DEDDIE")

Principal electricity supplier(s)

- PPC
- Heron Thermoilektriki
- Protergia
- Elpedison
- Watt & Volt
- NRG
- Volterra
- Elta Energy
- Green
- KEN

Interconnectors

Greece has electricity interconnectors with:

- Albania
- North Macedonia
- Bulgaria
- Turkey
- Italy

GAS	Importer or exporter country? (name origin of gas if importer) Any shale gas in the jurisdiction?	Importer of piped gas from Russia and Turkey, and LNG from Algeria and other destinations.
	Transportation system operator(s)	National Natural Gas Transmission System Operator (the NNGTS Operator) ("DESFA")
	Gas distributor(s)	<ul style="list-style-type: none"> • Attica Gas Distribution Company • Thessaloniki & Thessalia Gas Distribution Company • Public Gas Distribution Company
	Principal gas supplier(s)	<ul style="list-style-type: none"> • Public Gas Company ("DEPA") • M&M • Attica Gas Supply Company • Thessaloniki-Thessalia Gas Supply Company (Zenith)
	Interconnectors	<ul style="list-style-type: none"> • Greece has gas interconnectors with: • Turkey • Bulgaria

HUNGARY

GENERAL	National regulatory authority (-ies)	Hungarian Energy and Public Utility Regulatory Authority (<i>Magyar Energetikai és Közmű-Szabályozási Hivatal</i>)
	Unbundling regime: full ownership unbundling ("FOU"), independent system operator ("ISO"), independent transmission operator ("ITO") model	ITO

ELECTRICITY	Principal electricity generator(s)	<ul style="list-style-type: none"> • MVM ZRT. (<i>Paksi Atomerőmű Zrt.</i>) • MET POWER AG (<i>Dunamenti Erőmű Zrt.</i>) • Opus Global Nyrt. (<i>Mátrai Erőmű Zrt.</i>) • ALPIQ AG (<i>Alpiq Csepeli Erőmű Kft.</i>) • SPS (<i>Tisza Erőmű Kft.</i>) • EP ENERGY A.S. (<i>Budapesti Erőmű Zrt.</i>)
	Transmission system operator(s)	MAVIR Zrt
	Electricity distributor(s)	<ul style="list-style-type: none"> • Elmű Hálózati Kft. • E.ON Dél-dunántúli Áramhálózati Zrt. • E.ON Észak-dunántúli, Áramhálózati Zrt. • E.ON Tiszántúli Áramhálózati Zrt, • ÉMÁSZ Hálózati Kft. • NKM Áramhálózati Kft.

ELECTRICITY (continued)

HUNGARY (continued)	
Principal electricity supplier(s)	<ul style="list-style-type: none"> • Alpiq group • NKM Áramszolgáltató Zrt. • ELMŰ-ÉMÁSZ group (RWE) • MET Power Hungary Kft. • MVM Partner Zrt. • E.ON Energiakereskedelmi Kft. • E2 Hungary Zrt.
Interconnectors	<p>Hungary has the following electricity interconnectors:</p> <ul style="list-style-type: none"> • Göd-Levice (Slovakia) • Győr-Gabčíkovo (Slovakia) • Albertirsa-Zakhidnoukrainska (Ukraine) • Kisvárdá-Mukačevo (Ukraine) • Sajószöged-Mukačevo (Ukraine) • Tiszalök/Mukačevo (Ukraine) • Békéscsaba-Nadab (Romania) • Sándorfalva-Arad (Romania) • Hévíz-Zerjavinec (Croatia) • Paks- Ernestinovo (Croatia) • Sándorfalva-Subotica (Serbia) • Győr-Wien Südost (Austria) • Győr -Neusiedl (Austria) • Győr-Wien Südost (Austria)

GAS

Importer or exporter country? (name origin of gas if importer) Any shale gas in the jurisdiction?	Importer from Russia.
Transportation system operator(s)	<ul style="list-style-type: none"> • Földgázszállító Zrt. (FGSZ) • Magyar Gáz Tranzit Zrt.
Gas distributor(s)	<ul style="list-style-type: none"> • E.ON Dél-dunántúli Gázhálózati Zrt. • E.ON Közép-dunántúli Gázhálózati Zrt. • ISD POWER Kft. • NKM Földgázhálózati Kft. • NKM Észak-Dél Földgázhálózati Kft. • OERG Kft. • TIGÁZ-DSO Kft. • Csepeli Erőmű Kft. • NATURAL GAS SERVICE Kft. • Magyar Gázszolgáltató Kft.

GAS (continued)	Principal gas supplier(s)	<ul style="list-style-type: none"> • ISD Power Kft. • MVM Magyar Földgázkereskedő Zrt. • NKM Földgázszolgáltató Zrt. • MET Magyarország Zrt. • E.ON group • ELMŰ-ÉMÁSZ group (RWE) • MOL Nyrt.
	Interconnectors	<p>Hungary has the following gas interconnectors:</p> <ul style="list-style-type: none"> • Beregdaróc-Ukrtansgas (Ukraine) • Mosonmagyaróvár-OMV Gas (Austria) • Kiskundorozsma-Srbijagas (Serbia) • Csanádpalota-Transgaz (Romania) • Drávaszerdahely-Plinacro (Croatia) • Vecsés-Velké Zlievce (Hungary)

ICELAND

GENERAL	National regulatory authority (-ies)	National energy authority (<i>ORKUSTOFNUN</i>)
	Unbundling regime: full ownership unbundling ("FOU"), independent system operator ("ISO"), independent transmission operator ("ITO") model	Hybrid of ITO and FOU.
ELECTRICITY	Principal electricity generator(s)	<ul style="list-style-type: none"> • Landsvirkjun • ON Power • HS Orka • Orkusalan • Fallorka • Westfjord Power Company
	Transmission system operator(s)	LANDSnet
	Electricity distributor(s)	<ul style="list-style-type: none"> • Reykjavik Energy (Veitur) • RARIK • HS Veitur • Westfjord Power Company • Norðurorka • Rafveita Reydarfjarðar
	Principal electricity supplier(s)	<ul style="list-style-type: none"> • ON Power • HS Orka • Orkusalan • Fallorka • Westfjord Power Company
	Interconnectors	There are no interconnectors.

ICELAND (continued)

GAS	Importer or exporter country? (name origin of gas if importer) Any shale gas in the jurisdiction?	N/A
	Transportation system operator(s)	N/A
	Gas distributor(s)	N/A
	Principal gas supplier(s)	N/A
	Interconnectors	N/A

IRELAND

GENERAL	National regulatory authority (-ies)	Commission for Regulation of Utilities ("CRU")
	Unbundling regime: full ownership unbundling ("FOU"), independent system operator ("ISO"), independent transmission operator ("ITO") model	<ul style="list-style-type: none"> • Electricity - ISO • Gas - ITO
ELECTRICITY	Principal electricity generator(s)	<ul style="list-style-type: none"> • ESB • Energia (Viridian) • SSE Airtricity • Bord Gáis Energy (Centrica) • Tynagh Energy (GE)
	Transmission system operator(s)	EirGrid
	Electricity distributor(s)	ESB Networks Limited
	Principal electricity supplier(s)	<ul style="list-style-type: none"> • Electric Ireland (ESB) • SSE Airtricity • Bord Gáis Energy (Centrica) • Energia (Viridian) • Vayu (Gas Natural Fenosa)
	Interconnectors	<ul style="list-style-type: none"> • 500MW East-West interconnector between Ireland and Wales, owned by EirGrid • 500MW HVDC Moyle interconnector between Northern Ireland and Scotland, owned by Mutual Energy <p>The transmission system between Ireland and Northern Ireland is operated as a single meshed network.</p>
GAS	Importer or exporter country? (name origin of gas if importer) Any shale gas in the jurisdiction?	Domestic production and imports gas from the UK. There is currently no shale gas in the jurisdiction.
	Transportation system operator(s)	Owned and operated by Gas Networks Ireland, a wholly owned subsidiary of the state-owned Ervia (formerly known as Bord Gáis Éireann).
	Gas distributor(s)	Gas Networks Ireland

GAS (continued)	Principal gas supplier(s)	<ul style="list-style-type: none"> • Electric Ireland (ESB) • SSE Airtricity • Bord Gáis Energy (Centrica) • Energia (Viridian) • Vayu (Gas Natural Fenosa)
	Interconnectors	<ul style="list-style-type: none"> • Two subsea interconnectors between Ireland and Scotland. • South-North pipeline, which connects Ireland and Northern Ireland.

ISRAEL

GENERAL	National regulatory authority (-ies)	<ul style="list-style-type: none"> • Ministry of Energy • Natural Gas Authority • Electricity Authority • Ministry of Environmental Protection • Competition Authority (formerly known as the Antitrust Authority)
	Unbundling regime: full ownership unbundling ("FOU"), independent system operator ("ISO"), independent transmission operator ("ITO") model	As part of the reform of the Israel Electric Corporation, the System Management Company Limited was established (an independent state-owned enterprise), which is expected to begin operations at the end of 2019.

ELECTRICITY	Principal electricity generator(s)	<ul style="list-style-type: none"> • Israel Electric Corporation (state-owned) • OPC Rotem, Limited • Dalia Power Energies, Limited • Dorad Energy, Limited • IPP Delek Sorek, Limited • Megalim Solar Power, Limited - Ashalim thermo-solar (sun tower technology) generation plant • Negev Energy Ashalim Thermo-solar
	Transmission system operator(s)	Israel Electric Corporation (state-owned)
	Electricity distributor(s)	Israel Electric Corporation (state-owned)
	Principal electricity supplier(s)	<ul style="list-style-type: none"> • Israel Electric Corporation (state-owned) • OPC Rotem, Limited • Dalia Power Energies, Limited • Dorad Energy, Limited • IPP Delek Sorek, Limited
	Interconnectors	None currently.

ISRAEL (continued)	
Importer or exporter country? (name origin of gas if importer) Any shale gas in the jurisdiction?	<p>Importer of LNG through FSRU.</p> <p>Exporter of natural gas to Jordan since 2017.</p> <p>Additional export agreements have been signed between the Leviathan and Tamar leaseholders for gas export to Egypt.</p> <p>Oil shales exist but are not currently being produced.</p>
Transportation system operator(s)	Israel Natural Gas Lines Limited
Gas distributor(s)	<ul style="list-style-type: none"> • Natural Gas South Limited • Negev Natural Gas Limited • SuperNG Natural Gas Distribution Company Limited • Merimon Natural Gas North, Limited • SuperNG Hadera and the Valleys Natural Gas Distribution Company Limited • Rotem Natural Gas Limited
Principal gas supplier(s)	<p>The Tamar leaseholders (the only online reservoir as of 2019):</p> <ul style="list-style-type: none"> • Noble Energy Mediterranean Limited • Delek Drilling Limited (merged with Avner Oil Exploration Limited Partnership) • Isramco Negev 2 Limited Partnership • Dor Gas Exploration Limited Partnership • Tamar Petroleum Limited • Everest Infrastructures, Limited Partnership <p>The Leviathan gas reservoir is expected to deliver its first gas by 2019.</p>
Interconnectors	The pipeline for gas transporting from Israel to Jordan is active since 2017. An additional pipeline (which is under construction) is expected to be connected once the Leviathan gas reservoir is online.

ITALY	
National regulatory authority (-ies)	<ul style="list-style-type: none"> • Ministry of Economic Development • Ministry for Environment, Land and Sea Protection • ARERA (<i>Autorità di Regolazione per Energia, Reti e Ambiente</i>) • AGCM, the antitrust authority (<i>Autorità Garante della Concorrenza e del Mercato</i>) • CSEA, the Treasury for Energy and Environment Services (<i>Cassa per i servizi energetici e ambientali</i>)
Unbundling regime: full ownership unbundling ("FOU"), independent system operator ("ISO"), independent transmission operator ("ITO") model	<ul style="list-style-type: none"> • Electricity – FOU (Terna S.P.A.) • Gas – FOU (Snam Rete Gas S.p.A.)

GAS

GENERAL

ELECTRICITY

Principal electricity generator(s)	<ul style="list-style-type: none"> • ENEL: 20.5% • ENI: 9.6% • EDISON: 7.6% • A2A: 6.3% • EPH: 5.5% • Iren: 3.1% • Engie: 2.7% • Tirreno Power: 2.4% • Sorgenia: 2.2% • Erg: 2.0% • Axpo Group: 2.0% • Saras: 1.6% • Lukoil: 1.2% • Alperia: 1.0% <p>Remaining generators with each less than 1% of the volume of electricity generated: 32.3%</p>
Transmission system operator(s)	Terna S.p.A.
Electricity distributor(s)	<ul style="list-style-type: none"> • Enel Distribuzione: 86.8% • Acea Distribuzione: 4.5% • A2A Reti Elettriche: 3.1% • Iren: 1.9% <p>Remaining distributors with each less than 1% of the volume of electricity distributed: 3.7%</p>
Principal electricity supplier(s)	<ul style="list-style-type: none"> • ENEL Group: 21.1% • EDISON Group: 6.1% • ENI Group: 5.5% • AXPO Group: 4% • GALA Group: 3.4%
Interconnectors	<p>Approximately 11.8% of Italy's electricity is imported via interconnection lines along the northern border.</p> <p>22 cross-border interconnection lines are currently in operation with Switzerland, Austria, France, Slovenia and Greece.</p>

GAS

Importer or exporter country? (name origin of gas if importer) Any shale gas in the jurisdiction?	<p>Approximately 92.7% of gas consumed in Italy is imported from abroad, mainly from the following countries:</p> <ul style="list-style-type: none"> • Russia, about 41.1% • Algeria, about 29.6% • the Netherlands, Norway and Northern Europe, about 13% • Qatar, about 8.4% • Libya, about 7.3%
Transportation system operator(s)	<ul style="list-style-type: none"> • Snam Rete Gas S.p.A. • Società Gasdotti Italia S.p.A. • Infrastrutture Trasporto Gas S.p.A. (formerly Edison Stoccaggio)

ITALY (continued)

GAS (continued)	Gas distributor(s)	<ul style="list-style-type: none"> • Snam S.p.A.: 23.8% • 2i Reti Italia S.p.A.: 17.2% • Hera S.p.A.: 9.5% • A2A Group: 5.9% • Iren S.p.A.: 4.1% • Several municipally owned and minor private companies
	Principal gas supplier(s)	<ul style="list-style-type: none"> • Eni S.p.A.: 20.7% • Edison S.p.A.: 13.3% • Enel S.p.A.: 11.0% • Energeticky A Prumyslovy Holding: 4.2% • Iren Mercato S.p.A.: 4.2% • Hera Comm S.p.A.: 3.6% • A2A S.p.A.: 3.3% • Sorgenia S.p.A.: 2.0%
	Interconnectors	<p>The following five entry points currently connect the Italian grid to gas cross-border interconnection (currently operated and managed by Snam Rete Gas S.p.A.) by way of five pipelines and three LNG regasification terminals:</p> <ul style="list-style-type: none"> • Mazara del Vallo, Sicily • Tarvisio, Friuli Venezia Giulia • Passo Gries, Lombardy • Gela, Sicily • Gorizia, Friuli Venezia Giulia • Panigaglia, Liguria • Carvazere, Veneto • Livorno, Toscana

KAZAKHSTAN

GENERAL	National regulatory authority (-ies)	Ministry of Energy
	Unbundling regime: full ownership unbundling ("FOU"), independent system operator ("ISO"), independent transmission operator ("ITO") model	FOU

ELECTRICITY	Principal electricity generator(s)	<p>Electricity in Kazakhstan is generated by 138 power plants of various forms of ownership. As of 1 January 2019, the total installed capacity of the power plants was 21,901.9MW, with available capacity of 18,894.9MW.¹</p> <p>"Samruk-Energy" JSC, owned by the State, and its group of companies² are major power generating organisations ("PGOs"). There are also privately owned PGOs.</p>
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Principal electricity generator(s) (continued)	<p>The major power plants can be grouped³ as follows:</p> <p>1) The power plants of national importance (which are the large thermal power plants generating and selling electricity to consumers at the electricity wholesale market of Kazakhstan):</p> <ul style="list-style-type: none"> • Ekibastuz GRES-1 LLP • Ekibastuz Station GRES-2 JSC • TPP of Eurasian Energy Corporation JSC (Aksu TPP) • GRES Topar of Kazakhmys Energy LLP • Jambylskaya GRES JSC <p>2) Large hydropower plants (which are used as auxiliary units and for regulating the load of the unified power system of Kazakhstan):</p> <ul style="list-style-type: none"> • Bukhtarminskiy Hydro Power Complex of Kazzinc LLP • AES Ust-Kamenogorsk HPP LLP • AES Shulbinsk HPP LLP <p>3) The power plants of industrial importance (which include thermal power plants ("TPP") with a combined production of electric and thermal energy, which serve for electricity and heat supply of large industrial enterprises and nearby settlements):</p> <ul style="list-style-type: none"> • CHPP-3 of Karaganda Energocenter LLP • CHPP-PVS, CHPP-2 of Arcelor Mittal Temirtau JSC • Rudnenskaya TPP of Sokolovsko-Sarbaiskoye Mining and Processing Enterprise JSC • Balkhash TPP of Kazakhmys Corporation LLP • Zhezkazgan TPP of Kazakhmys Corporation LLP • Pavlodar TPP-1 of Aluminium of Kazakhstan JSC • Shymkent TPP-1, TPP-2
Transmission system operator(s)	<p>Joint stock company KEGOC (Kazakhstan Electricity Grid Operating Company) ("KEGOC") is the system operator of the unified power system of Kazakhstan.⁴</p>
Electricity distributor(s)	<p>Electric networks in Kazakhstan include 0.4-1,150kV substations, switchgears and electricity transmission lines connecting them to transmit and/or distribute electricity.</p> <p>The backbone grid in Kazakhstan's united power system is the National Power Grid ("NPG") that provides connections between the regions of the country and with the power systems of the neighbouring countries (the Russian Federation, the Kyrgyz Republic and the Republic of Uzbekistan) and delivers electricity from the power plants to the wholesale consumers. KEGOC owns 220kV and above substations, switchgears, interregional and/or interstate transmission lines being a part of the NPG, including lines used for connection of power plants.</p>
Principal electricity supplier(s)	<p>Distribution of electricity through 0.4-220kV electric networks in Kazakhstan is carried out by 21 RECs and more than 109 other small energy transmission organisations. A list of major regional supplies includes:⁵</p> <ul style="list-style-type: none"> • Astanaenergosbyt LLP (for Astana) • Kokshetau Energo Center LLP, AREC-Energosbyt LLP (or Akmolat Electricity Distribution Company-Energosbyt LLP), Stepnogorsk Energosbyt LLP, Shantobe-energocomplex LLP (for the Akmolinskaya oblast) • AlmatyEnergoSbyt LLP (owned by "Samruk-Energy" JSC) (for Almaty) • Zhetysu Energotrade LLP (for the Almaty oblast) • AtyrauEnergoStu LLP (for the Atyrau oblast) • Mangistau Regional Electric Grid Company JSC and SCE Ozenenergoservice LLP (for the Mangistauskaya oblast)

ELECTRICITY (continued)

KAZAKHSTAN (continued)	
Principal electricity supplier(s) (continued)	<ul style="list-style-type: none"> • Aktobeenergostan LLP (for the Aktobe oblast) • Batys Energoresursy LLP (for the West-Kazakhstan oblast) • Sevkazenergosbyt LLP and Soltustik Energo Ortalyk LLP (for the North-Kazakhstan oblast) • Sygysenergotrade LLP (for the East-Kazakhstan oblast) • Pavlodarenergostan LLP and Ekibastuzenergo LLP (for the Pavlodar oblast) • CSE Kostanaiyuzhelectroservice, SCE KUN, RudnenskayaEnergoCompany LLP, SCE Zhitikaracommunenergo, SCE Kostanaiskiy EnergoCenter, SCE PCO Lissakovskgorcommunenergo (for the Kostanay oblast) • KaragandyZhyluSbyt LLP, Okzhetpes LLP, Rasschetniy Servisniy Center LLP, Energougol XXI LLP, Electrzhabyktau LLP, Zhezkazgan energosbyt LLP, Kazenergocenter LLP (for the Karaganda oblast) • Dauletenergo LLP, Shieli zharygy LLP, Energoservice LLP (for the Kyzylorda oblast) • ZhambylZharykSauda-2030 LLP (for the Zhambyl oblast) • Energopotok LLP (for Shymkent and the Turkestan oblast)
Interconnectors	KEGOC, as the system operator, is responsible for interacting with the power systems of neighbouring countries to manage and ensure the stability of parallel operation modes and electric power regulation. ⁶

GAS

Importer or exporter country? (name origin of gas if importer) Any shale gas in the jurisdiction?	<p>Exporter country</p> <p>Major fields include: Karachaganak, Tengiz, Kashagan, Uzen, Zhanazhol, Zhetybay, Aktota, Kalamkas, Kalamkas-teniz, Kayran, Amangeldy, Urikhtau, Imashevskoye, Prorva Zapadnaya, Chinarevskoye, Rozhkovskoye, Shagyrly-Shamyshty, Tenge and other fields on the List of Strategic Deposits.⁷</p> <p>Major producers include: Tengizchevroil LLP, Karachaganak Petroleum Operating BV, PetroKazakhstan JSC, CNPC-Aktobemunaigas JSC, Mangistaumunaigas JSC, Amangeldy Gas LLP (which is a subsidiary of KazTransGas JSC).</p> <p>According to some estimates,⁸ Kazakhstan contains 253 trillion cubic feet of dry, wet and associated shale gas in-place, with 27 trillion cubic feet as the risked, technically recoverable shale gas resource.</p> <p>Taking into account that Kazakhstan produces natural oil and gas, and there is no major developments related to production of shale oil and gas, it appears, there are no proven reserves of shale oil and shale gas.</p>
Transportation system operator(s)	KazTransGas JSC, the national gas transportation company owned by the state-owned national company KazMunaiGas JSC, ⁹ and its subsidiaries, ie JSC Intergas Central Asia (ICA), ¹⁰ Asia Gas Pipeline LLP ¹¹ (a project company, managing construction and operation of the Kazakhstan-China Gas Pipeline), KazRosGas LLP, ¹² Beineu-Shymkent Gas Pipeline LLP ¹³ and JSC KazTransGas Aimak. ¹⁴
Gas distributor(s)	<p>Regional gas distribution (and supplying) companies:¹⁵</p> <ul style="list-style-type: none"> • JSC KazTransGas Aimak • JSC KazTransGas-Almaty • JS JSC Aktaugasservice • Atyraugasinvest LLP • Atyrauoblgas LLP • Zhetysu gas montazh LLP • Zhylyoigas LLP • Tauekel gas kubyry LLP

GAS (continued)	Gas distributor(s) (continued)	<ul style="list-style-type: none"> • Tauekel-N-Algas • Tauekel-T LLP • Turangas-7 LLP • KBS Gaz LLP • Central Gas Supply of Astana LLP (TOO "Tsentralnoye Gazosnabzheniye of Astana")
	Principal gas supplier(s)	<p>Regional gas supplying (and distribution) companies:¹⁶</p> <ul style="list-style-type: none"> • JSC KazTransGas Aimak • JSC KazTransGas-Almaty • JS JSC Aktaugasservice • Atyraugasinvest LLP • Atyrauoblgas LLP • Zhetysu gas montazh LLP • Zhylyoigas LLP • Tauekel gas kubyry LLP • Tauekel-N-Algas • Tauekel-T LLP • Turangas-7 LLP • KBS Gas LLP • Kokshetau-Trans-Gas LLP • AlemGaz LLP • Temir-Gaz LLP • Central Gas Supply of Astana LLP (TOO "Tsentralnoye Gazosnabzheniye of Astana") • Gorgaz-service LLP
	Interconnectors	KazTransGas JSC and its subsidiaries (or joint ventures with its participation) are primarily responsible for interconnectors.

1. See www.kegoc.kz/en/power-industry/kazakhstan-electric-power-industry-key-factors.
2. For information on "Samruk-Energy" JSC and its group of companies, see www.samruk-energy.kz/ru.
3. See www.kegoc.kz/en/power-industry/kazakhstan-electric-power-industry-key-factors. The same information is published at www.kazenergy.com/en/operation/electric-power-industry/.
4. KEGOC was appointed as the system operator by Governmental Resolution no. 630, dated 9 June 2014.
5. According to the information available at the official website of the Committee on Regulation of Natural Monopolies and Protection of Competition under the Ministry of National Economy of the Republic of Kazakhstan, available at www.kremzk.gov.kz/rus/menu2/tarify_srt/tarify_sozer/elektroenergiya/.
6. Pursuant to Article 10.1.9 of the Law of the Republic of Kazakhstan on the Electricity Industry ("Electricity Industry Law").
7. Reference is made to a list of strategic deposits approved by Governmental Resolution no. 389 dated 28 June 2018 ("List of Strategic Deposits").
8. See report, Technically Recoverable Shale Oil and Shale Gas Resources: Kazakhstan, prepared by the US Energy Information Administration, available at www.eia.gov/analysis/studies/worldshalegas/pdf/Kazakhstan_2014.pdf.
9. See www.kaztransgas.kz/index.php/ru/.
10. See <http://intergas.kz/>.
11. See www.agp.com.kz/?page_id=4048.
12. See <http://kazrosgas.org/eng/about-company/>.
13. See <http://bsgp.kz/en>.
14. See www.ktga.kz/en/company/about_us/.
15. According to information available at the website of the Ministry of Energy of Kazakhstan, available at <http://energo.gov.kz/index.php?id=2270> and the registers of natural monopolies, available at www.kaztransgas.kz/index.php/en/main-page/general-information.
16. According to information available at the website of the Ministry of Energy of Kazakhstan, available at <http://energo.gov.kz/index.php?id=2270>.

LATVIA

GENERAL	National regulatory authority (-ies)	Public Utilities Commission
	Unbundling regime: full ownership unbundling ("FOU"), independent system operator ("ISO"), independent transmission operator ("ITO") model	<ul style="list-style-type: none"> • Electricity - ISO • Gas - FOU
ELECTRICITY	Principal electricity generator(s)	Latvenergo
	Transmission system operator(s)	AS AugstspriegumtīklsU
	Electricity distributor(s)	AS Sadalestīkls
	Principal electricity supplier(s)	AS Latvenergo Sia Enefit
	Interconnectors	Latvia has electricity interconnectors with: <ul style="list-style-type: none"> • Estonia • Lithuania • Finland • Sweden
GAS	Importer or exporter country? (name origin of gas if importer) Any shale gas in the jurisdiction?	Importer from : <ul style="list-style-type: none"> • Russia • Lithuania as of April 2017
	Transportation system operator(s)	AS Conexus Baltic grid
	Gas distributor(s)	AS Gaso
	Principal gas supplier(s)	Latvijas gaze a.s.
GAS (continued)	Interconnectors	Latvia has gas interconnectors with: <ul style="list-style-type: none"> • Russia • Estonia • Lithuania

LITHUANIA

GENERAL	National regulatory authority (-ies)	National Control Commission for Prices and Energy (<i>Valstybinė kainų ir energetikos kontrolės komisija</i>) ("VKEKK")
	Unbundling regime: full ownership unbundling ("FOU"), independent system operator ("ISO"), independent transmission operator ("ITO") model	FOU
ELECTRICITY	Principal electricity generator(s)	<p>Lietuvos Energijos Gamyba AB includes:</p> <ul style="list-style-type: none"> • Elektrėnai Complex: 1,955MW • Kruonis Hydro Pumped Storage Power Plant: 900MW • Vilnius Combined Heat and Power Plant: 360MW • Kaunas Algirdas Brazauskas' Hydroelectric Power Plant: 100MW <p>Over 165 Wind turbines: over 517MW.</p> <p>Kauno Termofikacijos Elektrinė UAB: 170MW.</p> <p>Over 2,553 PV Power Plants: over 80MW.</p>
	Transmission system operator(s)	Litgrid AB, which is a state-owned company and a part of the EPSO-G group.
	Electricity distributor(s)	<p>In total, there are six electricity distributors; five of which operate in local industrial areas.</p> <p>The main distributor, Energijos Skirstymo Operatorius AB ("ESO"), operates in almost the entire territory of Lithuania. The company is state-owned and a part of the Lietuvos Energija group.</p>
	Principal electricity supplier(s)	<p>Lietuvos Energijos Tiekimas UAB (previously Lietuvos Dujų Tiekimas UAB) is a public supplier since 1 October 2018.</p> <p>ESO is a guarantee supplier.</p> <p>In total, more than 50 permissions are issued to engage in independent electricity supply operation.</p> <p>The companies with the largest market share are:</p> <ul style="list-style-type: none"> • Energijos Tiekimas UAB • Inter RAO Lietuva AB • Enefit UAB • Enerty UAB • Elektrum Lietuva UAB • Imlitex UAB
	Interconnectors	<p>There are 13 electricity interconnectors:</p> <ul style="list-style-type: none"> • four 330kV and three 110kV lines connecting to the Latvian system • five 330kV and seven 110kV lines connecting to the Belarusian system • three 330kV and three 110kV lines connecting to the Kaliningrad system • one 300kV constant stream cable with the Swedish system ("NordBalt") • two 400kV lines connecting to the Polish system ("LitPol Link")

LITHUANIA (continued)

GAS	Importer or exporter country? (name origin of gas if importer) Any shale gas in the jurisdiction?	<p>Importer from:</p> <ul style="list-style-type: none"> • Russian Federation (through pipelines) • Norway • US (through the LNG terminal) <p>Shale gas resources in Lithuania are not explored</p>
	Transportation system operator(s)	Amber Grid AB, which is a state-owned company and part of the EPSO-G group.
	Gas distributor(s)	<p>In total, there are five electricity distributors; four of which operate in local municipalities or wards.</p> <p>The main distributor, ESO, is a state-owned company and part of the Lietuvos Energija group.</p>
	Principal gas supplier(s)	<p>In total, there are 39 permissions issued to engage in gas supply operation.</p> <p>The companies with the largest market share are:</p> <ul style="list-style-type: none"> • Lietuvos Energijos Tiekimas UAB (previously Lietuvos Dujų Tiekimas UAB) • Haupas UAB • Intergas UAB
	Interconnectors	<ul style="list-style-type: none"> • Minsk (Belarus)-Vilnius (Lithuania) pipeline • Riga (Latvia)-Vilnius (Lithuania) pipeline • Kaliningrad (Russia)-Vilnius (Lithuania) pipeline <p>An LNG terminal has been operational since 2014.</p> <p>The Poland-Lithuania pipeline ("GIPL") is under development; completion expected in 2019. The GIPL project is a part of the Baltic Energy Market Interconnection Plan ("BEMIP").</p>

LUXEMBOURG

GENERAL	National regulatory authority (-ies)	Institut Luxembourgeois de Régulation
	Unbundling regime: full ownership unbundling ("FOU"), independent system operator ("ISO"), independent transmission operator ("ITO") model	Exemption for small grids (Article 44(2) Third Electricity Directive and Article 49(6) Third Gas Directive)
ELECTRICITY	Principal electricity generator(s)	Société Electrique de l'Our ("SEO")
	Transmission system operator(s)	<ul style="list-style-type: none"> • Creos • Sotel (industrial grid)
	Electricity distributor(s)	<ul style="list-style-type: none"> • Creos • Electriss • Sudstrom • Ville d'Ettelbruck • Ville de Diekirch

ELECTRICITY (continued)	Principal electricity supplier(s)	<ul style="list-style-type: none"> • Enovos • Leo • Electricis • Sudstrom • Steinerger • Eida • NordENERGIE
	Interconnectors	<p>Luxembourg has electricity interconnectors with the following countries:</p> <ul style="list-style-type: none"> • Germany (Creos) • Belgium (Sotel)
GAS	Importer or exporter country? (name origin of gas if importer) Any shale gas in the jurisdiction?	<p>Importer from:</p> <ul style="list-style-type: none"> • Belgium • Germany <p>There is no shale gas.</p>
	Transportation system operator(s)	Creos
	Gas distributor(s)	<ul style="list-style-type: none"> • Creos • Sudgaz • Ville de Dudelange
	Principal gas supplier(s)	<ul style="list-style-type: none"> • Enovos • Leo • Sudgaz • Eida
	Interconnectors	<p>Luxembourg has gas interconnectors, through Creos, with the following countries:</p> <ul style="list-style-type: none"> • Germany • Belgium • France

MALTA

GENERAL	National regulatory authority (-ies)	<ul style="list-style-type: none"> • Environment and Resources Authority • Malta Resources Authority • Regulator for Energy and Water Services
	Unbundling regime: full ownership unbundling ("FOU"), independent system operator ("ISO"), independent transmission operator ("ITO") model	There are no transmission systems or transmission system operators in Malta, which has derogations from Articles 9 and 26 of the Third Electricity Directive.
ELECTRICITY	Principal electricity generator(s)	Enemalta Corporation
	Transmission system operator(s)	None
	Electricity distributor(s)	Enemalta Corporation
	Principal electricity supplier(s)	<ul style="list-style-type: none"> • Electrogas Malta Limited • D3 [Delimara 3], Generation Limited, previously known as Burmeister and Wain Scandinavia Contractor A/S Power Station
	Interconnectors	<p>The electricity interconnector between Malta and Sicily, connecting the country to the European grid was inaugurated in April 2015.</p> <p>In 2017, the interconnector supplied 38% of Malta's total energy consumption.</p>
GAS	Importer or exporter country? (name origin of gas if importer) Any shale gas in the jurisdiction?	<p>Malta Remains an importer of gas.</p> <p>The liquefied natural gas ("LNG") tanker provides temporary LNG to the new power plant in Delimara. This tanker was filled eight times during 2017 and will be used until Malta has its gas pipeline with Italy in place.</p> <p>The Delimara Power Station consists of a construction of 200MW natural gas-fired combined-cycle gas turbine, which receives, stores and possesses regasification facilities for LNG.</p>
	Transportation system operator(s)	Easygas (Malta) Limited and Liquigas Malta Limited
	Gas distributor(s)	Easygas (Malta) Limited and Liquigas Malta Limited
	Principal gas supplier(s)	Easygas (Malta) Limited and Liquigas Malta Limited
	Interconnectors	<p>A gas pipeline has been proposed containing a supply capacity of 232,000SM3/hr and 159km in length and will be installed between Sicily and Malta.</p> <p>This project is being co-funded by the under the European Union's Connecting Europe Facility programme for 2014 to 2020.</p>

MOLDOVA

GENERAL	National regulatory authority (-ies)	The National Agency for Energy Regulation ("ANRE") is the regulatory authority. Further involved authorities include: <ul style="list-style-type: none"> • Government of Moldova ("Government") • Ministry of Economy and Infrastructure • Energy Efficiency Agency • local authorities
	Unbundling regime: full ownership unbundling ("FOU"), independent system operator ("ISO"), independent transmission operator ("ITO") model	Moldova has opted to provide TSOs with a choice between the FOU, ISO and ITO models.
ELECTRICITY	Principal electricity generator(s)	<ul style="list-style-type: none"> • Termoelectrica SA • CET Nord SA • Moldavskaia GRES
	Transmission system operator(s)	Moldelectrica IS
	Electricity distributor(s)	<ul style="list-style-type: none"> • RED Nord SA • ICS RED Union Fenosa SA
	Principal electricity supplier(s)	<ul style="list-style-type: none"> • ICS Gas Natural Fenosa Furnizare Energie SRL • Furnizarea Energiei Electrice Nord SA • Energocom SA
Interconnectors	Moldova has interconnections with Romania (five interconnectors) and Ukraine (20 interconnectors).	
GAS	Importer or exporter country? (name origin of gas if importer) Any shale gas in the jurisdiction?	Importer country. Imports from the Russian Federation.
	Transportation system operator(s)	<ul style="list-style-type: none"> • Moldovatrangaz SRL • Vestmoldtrangaz SRL
	Gas distributor(s)	<ul style="list-style-type: none"> • Chisinau-Gaz SRL • Ialoveni-Gaz SRL • Balti-Gaz SRL • IM Rotalin Gaz Trading SRL • Ungheni-Gaz SRL etc (25 DSOs)
	Principal gas supplier(s)	Moldovagaz SA
	Interconnectors	Moldova has interconnections with Romania (one interconnector) and Ukraine (five interconnectors).

MONTENEGRO

GENERAL	National regulatory authority (-ies)	Energy Regulatory Agency
	Unbundling regime: full ownership unbundling ("FOU"), independent system operator ("ISO"), independent transmission operator ("ITO") model	ITO
ELECTRICITY	Principal electricity generator(s)	EPCG
	Transmission system operator(s)	Crnogorski elektroprenosni sistem (ie CGES)
	Electricity distributor(s)	Crnogorski elektrodistributivni sistem (ie CEDIS)
	Principal electricity supplier(s)	EPCG
	Interconnectors	<p>Serbia:</p> <ul style="list-style-type: none"> • 220kV • 220KV • 110KV <p>Kosovo: 440KV</p> <p>Bosnia and Herzegovina:</p> <ul style="list-style-type: none"> • 400KV • 220KV • 220KV • 110KV • 110KV <p>Albania:</p> <ul style="list-style-type: none"> • 220KV • 400KV
GAS	Importer or exporter country? (name origin of gas if importer) Any shale gas in the jurisdiction?	N/A
	Transportation system operator(s)	N/A
	Gas distributor(s)	N/A
	Principal gas supplier(s)	N/A
	Interconnectors	N/A

NETHERLANDS

GENERAL	National regulatory authority (-ies)	Authority for Consumers and Markets
	Unbundling regime: full ownership unbundling ("FOU"), independent system operator ("ISO"), independent transmission operator ("ITO") model	FOU
ELECTRICITY	Principal electricity generator(s)	<ul style="list-style-type: none"> • Essent • Engie • Nuon
	Transmission system operator(s)	TenneT TSO
	Electricity distributor(s)	<ul style="list-style-type: none"> • Liander • Enexis • Stedin • Enduris • Rendo • Westland • Coteq
	Principal electricity supplier(s)	<ul style="list-style-type: none"> • Essent • Nuon • Eneco
	Interconnectors	<ul style="list-style-type: none"> • Germany • Belgium • Great Britain • Norway
GAS	Importer or exporter country? (name origin of gas if importer) Any shale gas in the jurisdiction?	<p>Importer and exporter.</p> <p>No shale gas.</p>
	Transportation system operator(s)	Gasunie Transport Services
	Gas distributor(s)	<ul style="list-style-type: none"> • Liander • Enexis • Stedin • Enduris • Rendo • Westland • Coteq • Zebra

NETHERLANDS (continued)

GAS (continued)	Principal gas supplier(s)	<ul style="list-style-type: none"> • Essent • Nuon • Eneco • Delta
	Interconnectors	<ul style="list-style-type: none"> • Germany • Belgium • Great Britain

NORTH MACEDONIA

GENERAL	National regulatory authority (-ies)	Energy Regulatory Commission of the Republic of North Macedonia
	Unbundling regime: full ownership unbundling ("FOU"), independent system operator ("ISO"), independent transmission operator ("ITO") model	FOU (imposed regime with the new Energy Law (2018) and yet to be implemented with respect to the natural gas market).

ELECTRICITY	Principal electricity generator(s)	JSC Power Plants of North Macedonia (JSC ESM) Skopje
	Transmission system operator(s)	Electricity Transmission System Operator of the Republic of North Macedonia, JSC for Transmission of Electricity and Management with the Electricity System, state-owned, Skopje.
	Electricity distributor(s)	<ul style="list-style-type: none"> • EVN Macedonia JSC Skopje • ESM - branch office Energetika
	Principal electricity supplier(s)	<ul style="list-style-type: none"> • EVN Group (EVN Supply SPLLC Skopje and EVN Trading SPLLC Skopje) • EDS LLC Skopje • ENG Service Trade SPLLC Skopje • GEN-I Energy Sale SPLLC Skopje • Energy Financing Group AD Sofia - branch office Skopje
	Interconnectors	<ul style="list-style-type: none"> • Serbia (400kV lines) • Bulgaria (400kV lines) • Greece (2 x 400kV lines) • Kosovo (2 x 220kV lines - not active)

GAS	Importer or exporter country? (name origin of gas if importer) Any shale gas in the jurisdiction?	Importer from Russia. No shale gas reserves have been discovered.
	Transportation system operator(s)	JSC GA-MA Skopje
	Gas distributor(s)	<ul style="list-style-type: none"> • Directorate for Technological Industrial Development Zones ("DTIDZ Skopje") • PU Kumanovo-Gas Kumanovo • PU Strumica- Gas Strumica

GAS (continued)	Principal gas supplier(s)	<ul style="list-style-type: none"> • Makpetrol Prom-gas SPLLC Skopje • Bumak Primo SPLLC Skopje • TE-TO Gas Trade SPLLC Skopje • Directorate for Technological Industrial Development Zones - DTIDZ Skopje • PU Kumanovo-Gas Kumanovo • PU Strumica- Gas Strumica • ESM Trade SPLLC Skopje
	Interconnectors	Bulgaria (a cul-de-sac branch of the Russian pipeline supply system crossing Ukraine, Moldova, Romania and Bulgaria, with capacity of 800 million nm3/per year).

NORWAY

GENERAL	National regulatory authority (-ies)	Norwegian Water Resources and Energy Directorate ("NVE") - not for upstream gas activities.
	Unbundling regime: full ownership unbundling ("FOU"), independent system operator ("ISO"), independent transmission operator ("ITO") model	<ul style="list-style-type: none"> • Electricity - FOU • Upstream gas - ISO

ELECTRICITY	Principal electricity generator(s)	<ul style="list-style-type: none"> • Statkraft SF/Statkraft Energi AS • E-CO Energi AS • Norsk Hydro ASA
	Transmission system operator(s)	Statnett SF
	Electricity distributor(s)	Over 150 companies are involved in grid operations at one or more grid levels. Hafslund Nett AS is the largest distribution grid company.
	Principal electricity supplier(s)	A large number of companies involved in generation, supply and trading. Statkraft Energi AS is the largest supplier.
	Interconnectors	<p>Operational:</p> <ul style="list-style-type: none"> • Sweden: approximately 3,650MW • Denmark: 1,700 MW • the Netherlands: 700MW • Russia: 50MW <p>Under construction:</p> <ul style="list-style-type: none"> • NordLink (to Germany): 1,400MW • North Sea Link (to the UK): 1,400MW

GAS	Importer or exporter country? (name origin of gas if importer) Any shale gas in the jurisdiction?	Norway is a gas exporter No shale gas reserves
	Transportation system operator(s)	<ul style="list-style-type: none"> • Domestic transmission system not developed • Gassco AS is the ISO for the upstream gas pipeline system on and from the Norwegian continental shelf
	Gas distributor(s)	N/A

NORWAY (continued)

GAS (continued)	Principal gas supplier(s)	N/A
	Interconnectors	<ul style="list-style-type: none"> • Vesterled (UK) • Langeled (UK) • FLAGS (UK) • Zeepipe (Belgium) • Franpipe (France) • Norpipe (Germany) • Europipe I (Germany) • Europipe II (Germany)

POLAND

GENERAL	National regulatory authority (-ies)	The President of the Energy Regulatory Authority (<i>Prezes Urzędu Regulacji Energetyki</i>)
	Unbundling regime: full ownership unbundling ("FOU"), independent system operator ("ISO"), independent transmission operator ("ITO") model	<p>In practice, the FOU model has been adopted.</p> <p>The State Treasury is the sole shareholder in gas and electricity TSOs ; it is also a major shareholder in trade and generation companies.</p>
ELECTRICITY	Principal electricity generator(s)	<ul style="list-style-type: none"> • PGE Górnictwo i Energetyka Konwencjonalna SA ("PGE Group") • Tauron Wytwarzanie SA. (Tauron Group) • ENEA Wytwarzanie SA • ZE PAK SA • Energa SA
	Transmission system operator(s)	PSE Operator SA, which is a state-owned company.
	Electricity distributor(s)	<ul style="list-style-type: none"> • PGE Dystrybucja SA • Tauron Dystrybucja SA • Energa - Operator SA • ENEA Operator sp. z o.o. • Innogy Stoen Operator sp. z o.o.
	Principal electricity supplier(s)	<ul style="list-style-type: none"> • PGE Obrót SA • Tauron Sprzedaż sp. z o.o. • ENEA SA • Energa-Obrót SA
	Interconnectors	<p>There are 12 interconnectors:</p> <ul style="list-style-type: none"> • one with Lithuania • one with Sweden • two (one is not operational) with Germany • four with Czech Republic • one with Slovakia; • two (one is not operational) with Ukraine • one with Belarus (not operational)

GAS	Importer or exporter country? (name origin of gas if importer) Any shale gas in the jurisdiction?	Importer mainly from Russia. No economically viable shale gas resources have been confirmed yet.
	Transportation system operator(s)	OGP GAZ-System SA, which is a state-owned company.
	Gas distributor(s)	The main DSO is Polska Spółka Gazownictwa Sp. z o.o., which is fully owned by PGNiG SA and which has six local branches. Other DSOs: <ul style="list-style-type: none"> • EWE Energia sp. z o.o. • G.EN Gaz Energia SA • DUON Dystrybucja SA • Polenergia dystrybucja sp. z o.o. • SIME Polska sp. z o.o.
	Principal gas supplier(s)	<ul style="list-style-type: none"> • PGNiG SA • PGNiG Obrót Detaliczny sp. z o.o.
	Interconnectors	There are 11 interconnectors: <ul style="list-style-type: none"> • four with Germany • two with Czech Republic • two with Ukraine • three with Belarus

PORTUGAL

GENERAL	National regulatory authority (-ies)	<ul style="list-style-type: none"> • Portuguese Energy Services Regulatory Authority ("ERSE") (<i>Entidade Reguladora dos Servicos Energeticos</i>) • Directorate General of Energy and Resources ("DGEG") (<i>Direcção Geral de Energia e Geologia</i>)
	Unbundling regime: full ownership unbundling ("FOU"), independent system operator ("ISO"), independent transmission operator ("ITO") model	N/A
ELECTRICITY	Principal electricity generator(s)	<ul style="list-style-type: none"> • EDP-GPE • EDP Renováveis • Finerge • Generg • Iberwind • Trustwind
	Transmission system operator(s)	REN (Rede Eléctrica Nacional SA)

ELECTRICITY (continued)	
Electricity distributor(s)	<p style="text-align: center;">PORTUGAL (continued)</p> <ul style="list-style-type: none"> • Cooperativa Eléctrica de Vale D'Este • Cooperativa Eléctrica de Vilarinho CRL • Cooperativa Eléctrica de Loureiro CRL • Cooproriz - Cooperativa de Abastecimento de Energia Eléctrica CRL • A Eléctrica Moreira de Cónegos CRL • A Celer - Cooperativa Electrificação de Rebordosa CRL • Casa do Povo de Valongo do Vouga • Junta de Freguesia de Cortes do Meio • Cooperativa Electrificação A Lord CRL • Cooperativa Eléctrica S. Simão de Novais • EDP Distribuição-Energia SA • Electricidade dos Açores • Empresa de Electricidade da Madeira
Principal electricity supplier(s)	<ul style="list-style-type: none"> • ACCIONA Energía • EDP Comercial - Comercialização de Energia SA • EDP - SU • Endesa - Endesa Energia Sucursal Portugal • YLCE (ENFORCESCO SA) • Galp Power SA • GOLD ENERGY - Comercializadora de Energia SA • Iberdrola Clientes Portugal, Unipessoal, Lda • Union Fenosa Comercial SL - Suc. Em Portuga
Interconnectors	N/A
Importer or exporter country? (name origin of gas if importer) Any shale gas in the jurisdiction?	<p>Portugal has no natural gas resources of its own, and supply is fully ensured through long-term take-or-pay contracts; the main natural gas suppliers are Algeria and Nigeria.</p> <p>Potential shale gas.</p>
Transportation system operator(s)	REN-Gasodutos SA
Gas distributor(s)	<p>Operators of regional distribution networks (concession holders):</p> <ul style="list-style-type: none"> • Setgás • LisboaGás GDL • Lusitaniagás • Tagusgás • Beiragás • Portgas (EDP Distribuição)

GAS (continued)	Gas distributor(s) (continued)	Operators of local distribution networks (licence holders): <ul style="list-style-type: none"> • Duriensegás • Paxgás • Medigás • Dianagás • Sonorgás
	Principal gas supplier(s)	<ul style="list-style-type: none"> • CEPSA GAS Comercializadora SA • Cepsa Portuguesa Petróleos SA • EDP Comercial - Comercialização de Energia SA • EDP Gás.com - Comércio de Gás Natural SA • Endesa - Endesa Energia Sucursal Portugal • Energia Simples • Galp Gás Natural SA • Galp Power SA • Gas Natural Comercializadora SA • GOLD ENERGY - Comercializadora de Energia SA • Iberdrola Clientes Portugal, Unipessoal, Lda. • Investigación, Criogenia y Gas SA - sucursal (INCRYGAS) • LUZiGÁS • Molgás, Energia Portugal SA • Rolear - Automatizações, Estudos e Representações SA • Rolear - Automatizações, Estudos e Representações SA
	Interconnectors	N/A

ROMANIA

GENERAL	National regulatory authority (-ies)	The Romanian Energy Regulatory Authority (<i>Autoritatea Nationala de Reglementare in domeniul Energiei</i>) ("ANRE")
	Unbundling regime: full ownership unbundling ("FOU"), independent system operator ("ISO"), independent transmission operator ("ITO") model	<ul style="list-style-type: none"> • Electricity - FOU • Gas - ISO
ELECTRICITY	Principal electricity generator(s)	<ul style="list-style-type: none"> • Hidroelectrica SA • Nuclearelectrica SA • Complexul Energetic Oltenia SA
	Transmission system operator(s)	Transelectrica SA

ROMANIA (continued)

Electricity distributor(s)

- CEZ Distributie SA
- ENEL Distributie Banat SA
- ENEL Distributie Dobrogea SA
- E.ON Distributie Romania SA
- FDEE Electrica Distributie Muntenia Nord SA
- FDEE Electrica Distributie Transilvania Sud SA
- FDEE Electrica Distributie Transilvania Nord SA

Principal electricity supplier(s)

Principal suppliers to end customers (both regulated and eligible):

- Electrica Furnizare SA
- Enel Energie Muntenia SA
- E.ON Energie Romania SA
- Enel Energie SA
- CEZ Vanzare SA
- Alro SA

Principal suppliers on competitive market:

- Enel Energie Muntenia SA
- Enel Energie SA
- Electrica Furnizare SA
- E.ON Energie Romania SA
- Alro SA
- CEZ Vanzare SAfco

Interconnectors

Existing interconnectors:

Romania-Bulgaria:

- Overhead line 400kV Isaccea – Dobrudja
- Overhead line 400kV Țânțăreni – Kozlodui
- Overhead line 400kV Isaccea – Varna
- Overhead line 220kV Ișalnița – Kozlodui

Romania-Serbia:

- Overhead line 400kV Porțile de Fier – Djerdap
- Overhead line 110kV Ostrovul Mare – Kusjak
- Overhead line 110kV Gura Văii – Șip
- Overhead line 110kV Jimbolia – Kikinda

Romania -Hungary:

- Overhead line 400kV Arad – Sandorfalva
- Overhead line 400kV Nadab – Bekescsaba

Romania-Ukraine:

- Overhead line 400kV Roșiori – Mukacevo
- Overhead line 700kV Isaccea – Ucraina Sud

ELECTRICITY (continued)

Interconnectors (continued)

Existing interconnectors (continued):

- Romania-Moldova:
- Overhead line 400kV Isaccea – Vulcănești
- Overhead line 110 kV Stâncă – Costești
- Overhead line 110kV Huși – Cioara
- Overhead line 110kV Țuțora – Ungheni
- Overhead line 110kV Falcu – Gotesti

Projects:

- Overhead line 400kV Romania-Serbia (Reșița - Pancevo)
- Overhead line 400kV Suceava - Bălți (Moldova)
- Overhead line 400kV Iași - Strășeni – Ungheni (Moldova) (alternatives, Strășeni-Ungheni 330kV or 400kV and Ungheni-Iași 400kV)
- Submarine cable (HVDC Link 400kV) Romania-Turkey

GAS

Importer or exporter country?
(name origin of gas if importer)
Any shale gas in the jurisdiction?

Importer from:

- Russia
- Western Europe through Hungary

Transportation system operator(s)

Transgaz SA

Gas distributor(s)

- Distrigaz Sud Retele SRL
- E.ON Distribuție România SA

Principal gas supplier(s)

Competitive market:

- OMV Petrom Gas SRL
- Romgaz SA
- Amromco Energy SRL

Regulated market:

- ENGIE Romania SA
- E.ON Energie Romania SA

Interconnectors

Hungary-Romania:

- Csanádpalota – FGSZ

Bulgaria-Romania:

- Negru Voda I, II and III - Bulgartransgaz (only transit)

Ukraine-Romania:

- Medieșu Aurit Import – Ukrtransgaz
- Isaccea Import (I, III and IV) – Ukrtransgaz (only transit)

Romania-Moldova:

- Iasi – Ungheni

Romania-Bulgaria:

- Ruse – Giurgiu – reverse flow

GAS (continued)	Interconnectors (continued)	<p>ROMANIA (continued)</p> <p>Projects:</p> <ul style="list-style-type: none"> • Bulgaria-Romania-Hungary-Austria (BRUA) • Romania-Moldova: Onești-Gherăești-Lețcani • EASTRING: Slovakia-Hungary-Romania-Bulgaria • Greece- Bulgaria-Romania- Ukraine – and reverse flow at Isaccea (RO) • Romania-Serbia: Arad – Mokrin (from future BRUA 1) • Romania-Ukraine: Gheraesti – Siret (Ukrtransgaz)
GENERAL	National regulatory authority (-ies)	<p>There is no single authority regulating the electricity and gas sectors in Russia.</p> <p>The major regulating bodies are:</p> <ul style="list-style-type: none"> • Ministry of Energy • Federal Antimonopoly Service • Federal Service for Environmental, Industrial and Nuclear Supervision • Ministry of Natural Resources and Environment, including the Federal Service on Supervision in the Sphere of the Natural Resources Use • Ministry of Economic Development
	Unbundling regime: full ownership unbundling ("FOU"), independent system operator ("ISO"), independent transmission operator ("ITO") model	There is a prohibition on generation and supply businesses to carry out the network businesses (except for isolated regions).
ELECTRICITY	Principal electricity generator(s)	<ul style="list-style-type: none"> • Four wholesale generation companies (ie, O GK-2, Inter RAO Electric Power Plants, Enel Russia, Unipro) • 11 regional generation companies (eg, TGK-1, Mosenergo, Quadra) • Rushydro • Rosenergoatom
	Transmission system operator(s)	Federal Grid Company of the Unified Energy System (controlled by Russian Grids, a state-owned operator of energy grids).
	Electricity distributor(s)	14 regional distributional companies; the controlling stake of each of them is held by Russian Grids.
	Principal electricity supplier(s)	<p>Many regional suppliers, eg:</p> <ul style="list-style-type: none"> • Mosenergosbyt • Mezhtregionenergosbyt • Sverdlovenergosbyt • Orenburgenergosbyt
	Interconnectors	Russia conducts import/export operations in relation to electricity with Finland Lithuania, Ukraine, Kazakhstan, Georgia, Azerbaijan, Belarus, China, Mongolia, and South Ossetia.

GAS	Importer or exporter country? (name origin of gas if importer) Any shale gas in the jurisdiction?	Russia is an exporter of gas Despite Russia's great potential for shale gas production, shale gas reserves remain undeveloped due to large conventional reserves.
	Transportation system operator(s)	Gazprom
	Gas distributor(s)	Gazprom
	Principal gas supplier(s)	<ul style="list-style-type: none"> • Gazprom • Novatek • Rosneft
	Interconnectors	<ul style="list-style-type: none"> • Blue Stream • Nord Stream • Yamal - Europe • Central Asia - Centre

SERBIA

GENERAL	National regulatory authority (-ies)	Energy Agency ("AERS")
	Unbundling regime: full ownership unbundling ("FOU"), independent system operator ("ISO"), independent transmission operator ("ITO") model	ITO

ELECTRICITY	Principal electricity generator(s)	JP Elektroprivreda Srbije ("EPS")
	Transmission system operator(s)	Elektromreže Srbije ("EMS")
	Electricity distributor(s)	EPS distribucija
	Principal electricity supplier(s)	EPS (through one subsidiary)
	Interconnectors	<ul style="list-style-type: none"> • Bulgaria: 440kV • Hungary: 440kV • Macedonia: one of 440kV and two of up to 220kV • Montenegro: 440kV and two up to 220kV • Albania: up to 220kV • Bosnia and Herzegovina: one of 440kV and one up to 220kV • Croatia: 440Kv • Romania: 440kV

GAS	Importer or exporter country? (name origin of gas if importer) Any shale gas in the jurisdiction?	Importer (Russia)
	Transportation system operator(s)	Srbijagas
	Gas distributor(s)	Srbijagas and 67 licensed suppliers of natural gas

SERBIA (continued)

GAS (continued)	Principal gas supplier(s)	Srbijagas and 67 licensed suppliers of natural gas
	Interconnectors	<ul style="list-style-type: none"> • Hungary: annual capacity of 510 million cubic metres • Bosnia And Herzegovina: annual capacity of 80 million cubic metres

SLOVAK REPUBLIC

GENERAL	National regulatory authority (-ies)	<ul style="list-style-type: none"> • Ministry of Economy of the Slovak Republic • Regulatory Office for Network Industries
	Unbundling regime: full ownership unbundling ("FOU"), independent system operator ("ISO"), independent transmission operator ("ITO") model	ITO

ELECTRICITY	Principal electricity generator(s)	Slovenské elektrárne, a.s.
	Transmission system operator(s)	Slovenská elektizačná prenosová sústava, a.s.
	Electricity distributor(s)	<ul style="list-style-type: none"> • ZSE Distribúcia, a.s. • Stredoslovenská energetika - Distribúcia, a.s. • Východoslovenská distribučná, a.s.
	Principal electricity supplier(s)	<ul style="list-style-type: none"> • Západoslovenska energetika, a.s. • Stredoslovenská energetika, a.s. • Východoslovenská energetika, a.s.
	Interconnectors	<p>The Slovak Republic has the following electricity interconnectors:</p> <ul style="list-style-type: none"> • five with the Czech Republic • two with Hungary • one double line to Poland • one to Ukraine

GAS	Importer or exporter country? (name origin of gas if importer) Any shale gas in the jurisdiction?	Importer - mainly Russian gas
	Transportation system operator(s)	Eustream, a.s.
	Gas distributor(s)	SPP - distribúcia, a.s.
	Principal gas supplier(s)	Slovenský plynárenský priemysel, a.s.
	Interconnectors	<p>The Slovak Republic has the following gas interconnectors:</p> <ul style="list-style-type: none"> • one with Austria • one with the Czech Republic • two with Ukraine • one with Hungary

SLOVENIA¹

GENERAL	National regulatory authority (-ies)	<ul style="list-style-type: none"> • Energy Agency of the Republic of Slovenia • Slovenian Environment Agency • Energy Directorate within the Ministry of Infrastructure • The Government Office of the Republic of Slovenia of Climate Change
	Unbundling regime: full ownership unbundling ("FOU"), independent system operator ("ISO"), independent transmission operator ("ITO") model	<ul style="list-style-type: none"> • Electricity - FOU • Gas - ITO
ELECTRICITY	Principal electricity generator(s)	<ul style="list-style-type: none"> • HOLDING SLOVENSKE ELEKTRARNE d.o.o. • GEN Group (incl. NUKLEARNA ELEKTRARNA KRŠKO d.o.o., and Hidroelektrarne na Spodnji Savi, d.o.o.) • TE-TOL, d.o.o., Ljubljana
	Transmission system operator(s)	ELES, d.o.o., sistemski operater prenosnega elektroenergetskega omrežja
	Electricity distributor(s)	<ul style="list-style-type: none"> • SODO sistemski operater distribucijskega omrežja z električno energijo, d.o.o. • ELEKTRO CELJE, d.d. • ELEKTRO GORENJSKA, d.d. • ELEKTRO LJUBLJANA d.d. • ELEKTRO MARIBOR d.d. • ELEKTRO PRIMORSKA d.d.
	Principal electricity supplier(s)	<ul style="list-style-type: none"> • GEN-I, d.o.o. • ECE, energetska družba, d.o.o. • Energija plus d.o.o. • ELEKTRO ENERGIJA d.o.o. • E 3, d.o.o. • PETROL d.d., Ljubljana
Interconnectors	<p>ELES has a cross-border connection with its neighbouring countries:</p> <ul style="list-style-type: none"> • Austria (Maribor – Kainachtal, Podlog – Obersielach) • Italy (Divača – Redipuglia, Divača – Padriciano) • Croatia (Krško – Tumbri, Divača – Melina, Divača – Pehlin, Cirkovce – Žerjavinec) • A Hungary – Slovenia interconnection Cirkovce-Pince is being developed 	
GAS	Importer or exporter country? (name origin of gas if importer) Any shale gas in the jurisdiction?	<p>99% of all gas in Slovenia is imported; the majority from:</p> <ul style="list-style-type: none"> • Austria (approximately 75%), followed by • Russia (approximately 23%)
	Transportation system operator(s)	PLINOVODI d.o.o.
	Gas distributor(s)	<p>The distribution of natural gas in Slovenia is performed by 15 gas DSOs.</p> <p>Gas distributors are either public companies or private companies that have acquired a concession.</p>

SLOVENIA (continued)

GAS (continued)	Principal gas supplier(s)	GEOPLIN d.o.o. Ljubljana
	Interconnectors	Three cross-border interconnectors with the Slovenian transmission system exist: <ul style="list-style-type: none"> • Ceršak on the Austrian border • Rogatec on the Croatian border • Šempeter on the Italian border • A Hungary – Slovenia interconnection (R15/1 Pince – Lendava – Kidričevo) is being developed

1. Source: Energy Agency's Report on the Energy Sector in Slovenia for 2017 (*Pročilo o stanju na področju energetike v Sloveniji*).

SPAIN

GENERAL	National regulatory authority (-ies)	<ul style="list-style-type: none"> • National Markets and Competition Commission (<i>Comisión Nacional de los Mercados y de la Competencia</i>) ("CNMC") • Spanish Ministry for Ecological Transition (<i>Ministerio para la Transición Ecológica</i>) ("MITECO")
	Unbundling regime: full ownership unbundling ("FOU"), independent system operator ("ISO"), independent transmission operator ("ITO") model	<ul style="list-style-type: none"> • Electricity - FOU • Natural gas - FOU and ISO
ELECTRICITY	Principal electricity generator(s)	<ul style="list-style-type: none"> • Iberdrola • Endesa • Naturgy • Hidroeléctrica Del Cantábrico ("EDP") • Viesgo
	Transmission system operator(s)	Red Eléctrica de España ("REE")
	Electricity distributor(s)	<ul style="list-style-type: none"> • Iberdrola • Endesa • Naturgy • EDP • Viesgo
	Principal electricity supplier(s)	<ul style="list-style-type: none"> • Iberdrola • Endesa • Naturgy • EDP • Viesgo
	Interconnectors	<ul style="list-style-type: none"> • France • Morocco • Portugal • Andorra

GAS	Importer or exporter country? (name origin of gas if importer) Any shale gas in the jurisdiction?	Importer from: <ul style="list-style-type: none"> • Algeria • Nigeria • Norway • Perú • Qatar
	Transportation system operator(s)	<ul style="list-style-type: none"> • Enagas • Reganosa
	Gas distributor(s)	<ul style="list-style-type: none"> • Nedgia (Naturgy Group) • Nortegas • Madrileña Red de Gas • Redexis Gas
	Principal gas supplier(s)	<ul style="list-style-type: none"> • Naturgy Union • Fenosa Gas • Endesa Gas • Iberdrola • Compañía Española de Petróleos - Cepsa
	Interconnectors	<ul style="list-style-type: none"> • France (Larrau and Irun) • Portugal (Badajoz and Tuy) • Morocco • Algeria

SWEDEN

GENERAL	National regulatory authority (-ies)	<ul style="list-style-type: none"> • Swedish Energy Markets Inspectorate • Swedish Energy Agency • Swedish Radiation Safety Authority • Swedish Competition Authority • National Electrical Safety Board
	Unbundling regime: full ownership unbundling ("FOU"), independent system operator ("ISO"), independent transmission operator ("ITO") model	FOU
ELECTRICITY	Principal electricity generator(s)	<ul style="list-style-type: none"> • Vattenfall AB • E.ON Sverige AB • Uniper • Fortum Power and Heat AB • Statkraft Sverige AB
	Transmission system operator(s)	Affärsverket Svenska Kraftnät

SWEDEN (continued)

Electricity distributor(s)	<ul style="list-style-type: none"> • E.ON Elnät Sverige AB • Vattenfall Eldistribution AB • Ellevio AB • Approximately 170 others
Principal electricity supplier(s)	<ul style="list-style-type: none"> • Vattenfall • E.ON • Fortum • DIN EL • Bixia • Jämtkraft • Hafslund
Interconnectors	<p>Sweden has electricity interconnectors with the following countries:</p> <ul style="list-style-type: none"> • Norway • Finland • Denmark • Poland • Germany • Lithuania

Importer or exporter country? (name origin of gas if importer) Any shale gas in the jurisdiction?	<p>Importer, mainly from Denmark.</p> <p>No shale gas.</p>
Transportation system operator(s)	Swedegas AB
Gas distributor(s)	<ul style="list-style-type: none"> • Weum Gas AB (formerly E.ON. Gas Sverige AB) • Göteborg Energi Gasnät AB • Kraftringen Nät AB • Gasnätet Stockholm AB (distributon) • Gasnätet Stockholm AB (gasification) • Swedegas AB (storage) • Swedegas AB (transmission) • Varberg Energi AB • Öresundskraft AB
Principal gas supplier(s)	<ul style="list-style-type: none"> • ApportGas • E.ON Försäljning Sverige AB • Göteborg Energi • Kraftringen Energi AB (publ) • Varberg Energi • Öresundskraft • Stockholm Gas Handel
Interconnectors	Denmark

SWITZERLAND

GENERAL	National regulatory authority (-ies)	Swiss Federal Electricity Commission (ie ElCom)
	Unbundling regime: full ownership unbundling ("FOU"), independent system operator ("ISO"), independent transmission operator ("ITO") model	FOU as of 1 January 2013.
ELECTRICITY	Principal electricity generator(s)	<ul style="list-style-type: none"> • Alpiq Group • Axpo Group • BKW Energie • Repower • Elektrizitätswerke der Stadt Zürich ("EWZ")
	Transmission system operator(s)	Swissgrid AG
	Electricity distributor(s)	Hundreds of distributors differing in size and other respects, including municipalities and other regional distributors.
	Principal electricity supplier(s)	<ul style="list-style-type: none"> • Alpiq Group • Axpo Group • BKM Energie • Repower • EWZ
	Interconnectors	<ul style="list-style-type: none"> • Austria (APG) • France (RTE) • Germany (TransnetBW, Amprion) • Italy (Terna)
GAS	Importer or exporter country? (name origin of gas if importer) Any shale gas in the jurisdiction?	Importer from: <ul style="list-style-type: none"> • EU • Norway • Russia
	Transportation system operator(s)	Transitgas AG (operator of the transit pipeline). Various regional and local distribution network operators.
	Gas distributor(s)	More than 100, eg: <ul style="list-style-type: none"> • Erdgas Ostschweiz AG ("EGO") • Erdgas Zentralschweiz AG ("EGZ") • Gasverbund Mittelland AG ("GVM") • Gaznat S.A.
	Principal gas supplier(s)	<ul style="list-style-type: none"> • Swissgas AG • EGO • EGZ • GVM • Gaznat S.A.

SWITZERLAND (continued)

GAS (continued)	Interconnectors	Transitgas Pipeline: <ul style="list-style-type: none"> • Wallbach (Germany) • Rodersdorf/Oltingue (France) • Griess Pass (Italy)
TURKEY		
GENERAL	National regulatory authority (-ies)	For electricity and downstream oil & gas: Energy Market Regulatory Authority (EMRA). For upstream oil & gas: General Directorate of Petroleum Affairs (GDPA).
	Unbundling regime: full ownership unbundling ("FOU"), independent system operator ("ISO"), independent transmission operator ("ITO") model	Both ISO and ITO models are used. The transmission operators are both fully state-owned: <ul style="list-style-type: none"> • Electricity: Türkiye Elektrik İletim Anonim Şirketi (TEİAŞ) • Natural gas: Boru Hatları İle Petrol Taşıma Anonim Şirketi (BOTAŞ)
ELECTRICITY	Principal electricity generator(s)	As of 29 October 2018, there are 1581 Electricity generation licences in force. State-owned EleKTrik Üretim Anonim Şirketi (EÜAŞ) is the principal electricity generation company.
	Transmission system operator(s)	Türkiye Elektrik İletim Anonim Şirketi (TEİAŞ)
	Electricity distributor(s)	The distribution network is divided into 21 regions, with one distribution company in each. All of these companies have been privatised.
	Principal electricity supplier(s)	As of 29 October 2018, there are 214 supply licences in force.
GAS	Interconnectors	Interconnection lines with pre-determined capacities to: <ul style="list-style-type: none"> • Bulgaria • Greece • Azerbaijan (Nakhcivan) • Iran • Georgia • Armenia • Syria • Iraq
	Importer or exporter country? (name origin of gas if importer) Any shale gas in the jurisdiction?	Turkey is an importer country. The gas is imported from: <ul style="list-style-type: none"> • Russian Federation (51.93%) (through pipeline) • Iran (16.74%) (through pipeline) • Azerbaijan (11.85%) (through pipeline) • Algeria (8.36%) (LNG) • Niger (2.43%) (LNG)
GAS	Transportation system operator(s)	The state-owned Petroleum Pipeline Corporation ("BOTAŞ") owns and operates the gas transmission network.

GAS (continued)	Gas distributor(s)	The distribution network is divided into regions, with one distribution company in each. Turkey continues to privatise the gas distribution sector. As of 29 October 2018, there are 72 distribution licences in force.
	Principal gas supplier(s)	The principal gas supplier is BOTAŞ.
	Interconnectors	Turkey has the following gas interconnectors: <ul style="list-style-type: none"> • Trans-Anatolian Natural Gas Pipeline ("TANAP") • Russia-Turkey Western Route Natural Gas Pipeline; • Russia-Turkey Blue Stream Natural Gas Pipeline • Iran-Turkey Natural Gas Pipeline; • Baku-Tbilisi-Erzurum Natural Gas Pipeline • Interconnector Turkey-Greece

UKRAINE

GENERAL	National regulatory authority (-ies)	<ul style="list-style-type: none"> • Ministry of the Energy and Coal Industry • National Energy and Utilities Regulatory Commission • State Geology and Subsoil Service of Ukraine • Ministry of Ecology and Natural Resources of Ukraine • State Agency on Energy Efficiency and Energy Saving of Ukraine • State Nuclear Regulatory Inspectorate
	Unbundling regime: full ownership unbundling ("FOU"), independent system operator ("ISO"), independent transmission operator ("ITO") model	ISO and ownership unbundling. The unbundling plan is expected to be completed after 1 January 2020.

ELECTRICITY	Principal electricity generator(s)	The power plants owned by the following companies/groups are key generators of renewable energy in Ukraine: <ul style="list-style-type: none"> • DTEK • Scatec Solar • Eurocape • CNBM • Windkraft
	Transmission system operator(s)	State enterprise National Power Company, Ukrenergo
	Electricity distributor(s)	Entities licensed for distribution of electricity ("DSOs"). DSOs are not entitled to perform any sale and purchase operations, except for operations necessary for their technological needs and settlement of imbalances.
	Principal electricity supplier(s)	Entities licensed for supply of electricity to end consumers (at free non-regulated prices). There are many electricity suppliers in Ukraine; however, the principal suppliers will come to the fore on 1 July 2019, the launch date of the new electricity market in Ukraine.
	Interconnectors	State enterprise National Power Company, Ukrenergo

UKRAINE (continued)

GAS	Importer or exporter country? (name origin of gas if importer) Any shale gas in the jurisdiction?	Importer from Poland, Hungary and Slovakia. There are two main fields of shale gas, ie Oleske and Yuzivske.
	Transportation system operator(s)	Joint Stock Company, Ukrtransgaz On 5 February 2019, LLC Gas TSO of Ukraine was established, which is fully owned by Joint Stock Company Ukrtransgaz. This LLC should become an independent TSO upon spin-off from Joint Stock Company National Joint Stock Company Naftogaz of Ukraine ("Naftogaz").
	Gas distributor(s)	Key pipelines are managed by PJSC Ukrtransgaz, while regional pipelines are managed by regional gas distributors.
	Principal gas supplier(s)	The following subsidiaries of Naftogaz are the principal suppliers of gas: <ul style="list-style-type: none"> • gas supply to households: LLC Gas Supply Company Naftogaz of Ukraine • gas supply to industrial customers: LLC Gas Supply Company Naftogaz Trading • gas supply to heat-generating companies: LLC Gas Supply Company Naftogaz Teplo
	Interconnectors	PJSC Ukrtransgaz, which has connecting points with Hungary and Romania.

UNITED KINGDOM

GENERAL	National regulatory authority (-ies)	The Gas and Electricity Markets Authority, acting through Ofgem.
	Unbundling regime: full ownership unbundling ("FOU"), independent system operator ("ISO"), independent transmission operator ("ITO") model	FOU, ISO and the "unbundling derogation providing greater independence than the ITO model" pursuant to Article 9(9) of the New Electricity and Gas Directives are available in both the electricity and gas markets. ITO model is only available for gas interconnectors.
ELECTRICITY	Principal electricity generator(s)	<ul style="list-style-type: none"> • RWE • EDF • E.ON • Scottish and Southern Energy • Scottish Power • Centrica • Drax Power • GDF SUEZ • Energy UK • Orsted • Intergen
	Transmission system operator(s)	National Grid Electricity System Operator

ELECTRICITY (continued)

Electricity distributor(s)	<ul style="list-style-type: none"> • SSE • UK Power Networks • Northern Power Grid • Electricity Northwest • Scottish Power • Western Power Distribution
Principal electricity supplier(s)	<ul style="list-style-type: none"> • EDF • E.ON • RWE (nPower) • Centrica • Scottish Power • Scottish • Southern Power
Interconnectors	<p>4GW of capacity:</p> <ul style="list-style-type: none"> • Interconnexion France Angleterre • Britned • Moyle • Republic of Ireland (East West) • Nemo Link

GAS

<p>Importer or exporter country? (name origin of gas if importer) Any shale gas in the jurisdiction?</p>	<p>Net importer.</p> <p>Gas is imported from Belgium, the Netherlands and Norway via Pipelines and as LNG via ship from several countries including Qatar, Algeria, Australia, Egypt and Nigeria.</p>
Transportation system operator(s)	National Grid Gas Plc.
Gas distributor(s)	<ul style="list-style-type: none"> • Cadent • Scotia Gas Networks • Northern Gas Networks • Wales West Utilities
Principal gas supplier(s)	<ul style="list-style-type: none"> • Centrica • E.ON • EDF Energy • RWE (nPower) • SSE • Scottish Power
Interconnectors	<p>Interconnections with:</p> <ul style="list-style-type: none"> • Belgium • the Netherlands, ie the Balgzand and Bacton Line ("BBL") • Ireland from Moffat in Scotland, consisting of two pipelines, ie the Langed Pipeline and the Scotland to Northern Ireland Pipeline

Overview of the renewable energy regime in 41 jurisdictions

This table has been collated using information compiled by the contributing authors for their corresponding jurisdictions and on the basis of information available at the time of writing

ALBANIA

OVERVIEW	Percentage of energy generation from renewable sources with breakdown (wind-, solar-, hydro-, geothermal power, biofuels, waste to energy etc) and 2020 Target for renewable energy	100% of energy generation from renewable resources, exclusively from hydropower plants ("HPP"). Approximately 85% of the energy is generated from HPP managed by KESH and approximately 15% from private-owned HPP. 2020 target: the target for overall consumption of energy from renewable sources for 2020 is 38%. ¹
	Key generators of renewable energy	The key generators of renewable energy are: <ul style="list-style-type: none"> • HPP (the main HPP is Kaskada e drinit managed by KESH) • photovoltaic ("PV") plant for the generation of electricity with installed capacity of 50MW • construction of additional capacity of 20MW up to 50MW (under construction)
FINANCIAL INCENTIVES	Feed-in tariffs	Currently, the following two feed-in tariffs ("FITs") exist: <ul style="list-style-type: none"> • existing HPPs up to 10MW, which is 7.77All/kWh • new HPPs up to 15MW, which is 9.37All/kWh There are also FITs for: <ul style="list-style-type: none"> • PV plants with capacity of less than 2MW: €100/MWh • wind energy with capacity of less than 2MW: €76/MWh • margin contract support granted to the declared winner of the bidding procedure Support under the margin contract is based on a variable remuneration, calculated as the difference between the price at which the renewable energy generator has been declared winner in the competitive process of granting the aid (the fixed price) and the electricity market price (the reference price).
	Green certificates (name of the scheme)	Issued by ERE (ie the regulatory body of the electricity system)
	Taxation	N/A
	Other	N/A

1. According to DCM 27/2016 on approval of the National Action Plan for Renewable Sources, 2015 to 2020.

AUSTRIA

OVERVIEW	Percentage of energy generation from renewable sources with breakdown (wind-, solar-, hydro-, geothermal power, biofuels, waste to energy etc) and 2020 Target for renewable energy	<p>2017: 33.1% hydropower, 56.2% biogenic energy sources, 5.3% wind power, 4.3% heat, 1.1% PVs.</p> <p>2020: the target is to have a share of 34% of energy from renewable energy sources.</p> <p>2030: raise the share of renewable energy sources to 45%-50%.</p>
	Key generators of renewable energy	<ul style="list-style-type: none"> • Verbund AG (Hydropower) • EVN AG • Wien Energie GmbH
FINANCIAL INCENTIVES	Feed-in tariffs	<p>Renewable electricity injected into the grid in accordance with the statutory requirements by supported generating stations attracts subsidies in the form of FITs. These are paid out by the green power clearing and settlement agent, OeMAG. The tariffs themselves are laid down in the Feed-In Tariff Ordinance (<i>Ökostrom-Einspeisetarif-Verordnung</i>).</p> <p>Alternatively, hydroelectric power plants with a capacity of up to 20MW can opt for investment grants.</p>
	Green certificates (name of the scheme)	<p>Trading of guarantees of origin and green certificates</p> <p>Guarantees of origin ("GOs") and Renewable Energy Certificates ("RECs") are instruments evidencing the origin of electricity generated from renewable energy sources. They can be traded in Austria independently or together with the electrical energy in accordance with the provisions of the ERS Directive. In Austria, E-Control acts as an issuing body and is a member of the Association of Issuing Bodies.</p> <p>Funding of green electricity plants</p> <p>Funding of green electricity plants within the meaning of the Green Electricity Act 2012 will be granted for new plants that are commissioned after the entry into force of the Green Electricity Act. The new plant is guaranteed for 15 years for raw material-dependent technologies (solid and liquid biomass, biogas) and 13 years for all other green electricity technologies.</p> <p>In addition, there is the possibility of investment subsidies and special state subsidies, as well as occasional special subsidy programmes by the federal government, such as the PVs Promotion Campaign of the Climate and Energy Fund ("KLiEN").</p>
	Taxation	Every final consumer of electricity pays green electricity subsidy costs (green electricity lump sum and green electricity subsidy contribution) to promote RES.
	Other	N/A

BELGIUM

Percentage of energy generation from renewable sources with breakdown (wind-, solar-, hydro-, geothermal power, biofuels, waste to energy etc) and 2020 Target for renewable energy

2018: Total renewable net generation was 15,614.48GWh (22.6% of total net generation), which comprises (of the renewable net generation):

- wind: 45.42%
- solar: 22.34%
- hydro: 1.64%
- bio: 22.76%

2020 target: 13%

- The Belgian federal government is considering working towards a fixed objective of 100% renewable energy sources by 2050.
- United Nations 2030 Sustainable Development Goals: 18% renewable energy consumption by 2030.

Key generators of renewable energy

- Aspiravi
- Belpower
- Belwind
- EDF Luminus
- Electrabel
- Electrawinds

Feed-in tariffs

N/A (the system works to the contrary in that injection tariffs are due by decentralised electricity generators).

Green certificates (name of the scheme)

Federal level: federal GPCs for offshore wind parks and hydro installations, awarded in accordance with the green electricity generated.

Flanders: GSCs (*groenestroomcertificaten*) and CHPs (*warmtekrachtcertificaten*), awarded in accordance with the green electricity generated and corrected by a banding factor. The certificates can also be traded, and renewable energy generation technologies are eligible for a quota system.

Brussels Capital Region: GPCs (*groenestroomcertificaten/certificats verts*), awarded in accordance with the carbon dioxide ("CO₂") savings.

Wallonia: GPCs (*certificats verts*), awarded in accordance with the CO₂ savings.

Each licensed supplier must purchase a certain number of green certificates from the generators of renewable energy.

Offshore wind: based on offshore GPCs. For offshore concessions with a financial close on/before 1 May 2014, the offshore GPCs can be sold to the TSO at a fixed minimum price. For offshore concessions with a financial close after 1 May 2014, price of offshore GPC is determined on the basis of the Levelised Cost of Energy ("LCOE").

Due to decreasing prices from other countries, a new Belgian support regime for offshore concessions has been approved by the European Commission, in which the price of the GPCs is also determined on the basis of LCOE.

Taxation

Contribution to the financing of the connection costs of offshore projects (Article 7, §2 Federal Electricity Act and Royal Decree of 8 June 2007).

Surcharge on the federal GPCs to compensate the net costs between the purchase price and the market sale price (Article 7, §1 Federal Electricity Act and Royal Decree of 16 July 2002).

Other

Climate change: a draft National Adaptation Plan (2016 to 2020) was adopted by the National Climate Commission, which identifies specific adaptation measures to be taken at national level to strengthen cooperation and synergies between different entities on adaptation. The plan is to be finalised in 2017. In addition, each region has adopted its own climate plan within its own area of competence.

Emissions trading: auction is the default method of allocating allowances. However, the manufacturing industry continues to receive a share of allowances for free based on greenhouse gas emission performance benchmarks. The free allowances are based on the National Implementation Measures.

Carbon capture and storage ("CCS"): Belgium has limited capacity for CCS demonstration projects. To date, no large-scale CCS projects exist. Smaller CCS initiatives do however exist, such as the LEILAC project (ie low emissions intensity lime and cement), which is currently in its FEED (ie front end engineering design) phase.

Offshore wind: seven offshore domain concessions have been granted for the construction of offshore wind farms (with a combined capacity of up to 2,336MW), three of which are operational. The Belgian State Secretary for the North Sea announced on 21 April 2017 that he will propose that the Belgian federal government cancels the three concessions still in the planning stage, to allow for new tenders to take place.

Biofuel: oil companies that are subject to the Act on biofuel blending obligations (law of 17 July 2013) have a quarterly reporting duty to the federal government, and failure to report will result in administrative penalties.

Energy efficiency: this falls under the powers of the regions, with supporting measures from the federal government. A consultation between the regions and the federal government takes place within the Interministerial Conference for Economy and Energy (ENOVER/CONVERE).

Under the law of 28 June 2015, CREG must develop tariff methodologies for gas and electricity, which do not incentivise activities detrimental to market efficiency or negatively affect load shedding, the balancing market and the provision of ancillary services.

Draft legislation regarding renewable resources: in March 2016, preliminary draft legislation was approved to (i) cancel the current flat support for connection to an offshore wind farm (ii) to cancel the favourable regime regarding deviation of generation for offshore wind energy to align the Belgian Electricity Law with the European Commission's Energy and Environmental State Aid Guidelines for 2014 to 2020.

Regional energy premium schemes also exist.

BOSNIA AND HERZEGOVINA

Percentage of energy generation from renewable sources with breakdown (wind-, solar-, hydro-, geothermal power, biofuels, waste to energy etc) and 2020 Target for renewable energy

2009: 34% of energy generation from renewable energy sources ("RES"), mostly hydropower.

2010: 36.4% of energy generation from RES, mostly hydropower.

2011: 31.7% of energy generation from RES, mostly hydropower.

2012: 32.9% of energy generation from RES, mostly hydropower.

2013: 34.1% of energy generation from RES, mostly hydropower.

2014: 35% of energy generation from RES, mostly hydropower.

2015: 35.8% of energy generation from RES, mostly hydropower.

2016: 36.7% of energy generation from RES, mostly hydropower.

2020 target: 40% target pursuant to the Renewable Energy Directive.

Key generators of renewable energy

- Mixed Holding Electricity Company of Republic of Srpska (*Mješoviti Holding Elektroprivreda Republike Srpske*)
- Electricity Company of Bosnia and Herzegovina (*Elektroprivreda Bosne i Hercegovine*)

Feed-in tariffs

Summary: Feed-in tariffs ("FITs") are established by:

- the Regulatory Commission for Energy of Republic of Srpska by (i) the Rulebook on Stimulation of the Generation of Electricity from Renewable Sources of Energy (ii) the Decision on the amount of guaranteed purchase prices of the Electricity from Renewable Sources of Energy
- Government of the Federation of Bosnia and Herzegovina by the Decree on usage of renewables and cogeneration; Decree on changes and amendments of Decree on usage of renewables and cogeneration

Republic of Srpska

In Republic of Srpska, the applicable FITs are:

- wind power plants: 0.16KM¹/kWh
- small hydropower plants: varies from 0.15KM/kWh to 0.13KM/kWh (depending on the capacity of the power plant)
- solid biomass power plants: varies from 0.22KM/kWh to 0.24KM/kWh
- biogas: 0.24KM/kWh
- solar energy: varies from 0.20KM/kWh to 0.31KM/kWh

Federation of Bosnia and Herzegovina

In the Federation of Bosnia and Herzegovina, the applicable FITs are:

- wind power plant: varies from 0.36KM/kWh to 0.91KM/kWh (depending on the threshold capacity of the power plant)
- hydropower plant: varies from 0.12KM/kWh to 0.14KM/kWh (depending on the capacity of the power plant)
- solar power plant: varies from 0.36KM/kWh to 0.91KM/kWh (depending on the capacity of the power plant)
- solid biomass from forestry and agriculture: varies from 0.17KM/kWh to 0.19KM/kWh (depending on the capacity of the power plant)
- solid biomass from wood processing industry: varies from 0.16KM/kWh to 0.17KM/kWh (depending on the threshold capacity of the power plant)
- from plants on waste gas: varies from 0.14KM/kWh to 0.15KM/kWh (depending on the capacity of the power plant)

FINANCIAL INCENTIVES	Green certificates (name of the scheme)	Summary: The Guarantees of Origin ("GO") are instruments issued by the Regulatory Commission for Energy of Republic of Srpska and the Regulatory Commission for Energy in Federation of Bosnia and Herzegovina issued upon a request from the RES electricity generator.
	Taxation	N/A
	Other	N/A

1. KM is Convertable Mark (Konvertabilna marka), the official currency of Bosnia and Herzegovina pegged against the Euro, with the value of €1 equals approximately 2KM.

BULGARIA

OVERVIEW	Percentage of energy generation from renewable sources with breakdown (wind-, solar-, hydro-, geothermal power, biofuels, waste to energy etc) and 2020 Target for renewable energy	<p>2016: 18.8% of the total electricity generation.</p> <p>2020 target: 16%</p>
	Key generators of renewable energy	<ul style="list-style-type: none"> • NEK EAD (hydropower plants with installed capacity of 2,713MW) • AES (wind power plant St. Nikola with installed capacity of 156MW) • Astroenergy, part of the CHINT group (solar plant with installed capacity of 50MW near Yambol)
FINANCIAL INCENTIVES	Feed-in tariffs	<ul style="list-style-type: none"> • Feed-in tariff ("FIT") for electricity from renewable energy sources (except for hydropower plants with capacity exceeding 10MW). • As of 1 January 2019, the FIT for all existing generators with plants with installed capacity of 4MW is repealed. Such generators must sell the generated electricity at the Bulgarian Electricity Exchange and, in addition to the market price, will receive a premium under a Contract for Difference ("CfD") concluded with the Security of the Electricity System Fund.
	Green certificates (name of the scheme)	N/A
	Taxation	N/A
	Other	N/A

CROATIA

Percentage of energy generation from renewable sources with breakdown (wind-, solar-, hydro-, geothermal power, biofuels, waste to energy etc) and 2020 Target for renewable energy

2014: 27.9% share of RES in gross final energy consumption.

2020 target: 20% share of RES in gross final energy consumption.

According to Eurostat data released in February 2016, Croatia has already reached the 2020 target (pursuant to the RES Directive).

2030 target: 36.4% share of RES in gross final energy consumption (according to the draft NECP of Croatia).

At the end of 2018 the total operational capacities of RES plants in Croatia reached 828,873MW, out of which wind power plants with 555,800MW, solar power plants with 52,434MW, biomass power plants with 58,329MW, biogas power plants with 40,732MW, cogeneration facilities with 113,293MW, hydropower plants with 5,785MW and sewage gas power plants with 2,500MW.

According to the HERA's Annual Report for 2018, the share of RES in electricity generation in 2018 reached 17%, of which:

- wind farms were 54.20%
- solar power plants 2.79%
- hydropower plants 0.99%
- biomass power plants 11.76%
- biogas power plants 12.75%
- cogeneration facilities 17.52%
- sewage gas power plants and landfill gas power plants 0.01%

Key generators of renewable energy

- Vrataruša wind farm with 42MW (Selan d.o.o.)
- Ponikve wind farm with 34MW (VJETROELEKTRANA PONIKVE d.o.o.)
- Jelinak wind farm with 30MW (VJETROELEKTRANA JELINAK d.o.o.)
- Velika Glava, Bubrig i Crni Vrh wind farm with 43MW (RP GLOBAL DANILO d.o.o.)
- Zelengrad – Obrovac wind farm with 42MW (EKO-ENERGIJA d.o.o.)
- Ogorje wind farm with 42MW (AIOLOS PROJEKT d.o.o.)
- Rudine wind farm with 43.2MW (VJETROELEKTRANE RUDINE d.o.o.)
- Lukovac wind farm with 48MW (VJETROELEKTRANA LUKOVAC d.o.o.)
- ZD6 wind farm extension with 45MW (POŠTAK d.o.o.) combined-cycle cogeneration unit L in TE TO Zagreb cogeneration plant with 100MW (HEP-Proizvodnja d.o.o.)

Feed-in tariffs

Summary: From 1 July 2007 until 31 December 2015, Croatia had a system based on a mandatory purchase with a feed-in tariff ("FIT"). The Croatian Energy Market Operator ("HROTE") is obligated to purchase RES-electricity generated by eligible generators for an incentive price.

Mechanism: The applicable incentive price for each RES or cogeneration plant is calculated by HROTE on the basis of number of pricing components set out in the tariff system applicable by the date of its commissioning (ie statutory tariff system from 2007, 2012 or 2014). The FIT rate depends on the type of the RES or cogeneration plant and sources used for electricity generation and the installed capacity of the plant. The right to an incentive price is granted for a period of 14 years

Feed-in tariffs (continued)

Summary: As of 1 January 2016, a premium tariff support scheme has been introduced in Croatia on the basis of the new Act on Renewable Energy Sources and High Efficiency Cogeneration (*Zakon o obnovljivim izvorima energije i visokoučinkovitoj kogeneraciji*).¹ However, the new premium support scheme has not yet been put into practice. To this end, the Government will define new quota aimed at supporting electricity generation from RES and cogeneration plants from 2016 until 2020 and adopt a new state aid scheme. It should be noted that the existing power purchase agreements concluded on the basis of the FITs as of 2007, 2012 and 2014 will also be included into this new quota.

Mechanism: Depending on availability of support quotas, HROTE will issue a call for tender at least once per year.

- **Premium tariff:** Operators of RES or high-efficiency cogeneration plants, who have obtained the status of an eligible generator and have been selected as best bidder in a public tender carried out by the HROTE, will be entitled to receive a premium tariff on top of the price of the electricity, which they have sold on the market pursuant to the Croatian Electricity Market Act.
- **Guaranteed purchase price:** Operators of RES or high-efficiency cogeneration plants with an installed capacity of up to 500kW will be entitled to conclude a power purchase agreement at a guaranteed purchase price, if they are selected as the best bidder in a public tender carried out by HROTE.

The implementing bylaws that will ensure full and effective implementation of new support schemes for RES and high-efficiency cogeneration plants are yet to be adopted (ie regulation on support quota and state aid scheme), therefore HROTE is not in a position to conclude new power purchase agreements with eligible generators.

Green certificates (name of the scheme)

Croatia has introduced the Guarantees of Origin (GO) and electricity disclosure obligation, which is consistent with the requirements set out in the ERS Directive.

A GO issued within the Croatian system is an electronic certificate for the purpose of proving to final customers the share of or quantity of RES in an energy supplier's energy mix. Upon request of the eligible generator, who does not qualify for RES support system, GOs can be issued and traded on the market independently of the electricity generated. The last amendments of the RES Act, with effect from 1 January 2019, introduced the possibility for HROTE to issue GOs for delivered energy within RES support system and guaranteed purchase price system and to sell these GOs.

HROTE has been designated as a single competent body for issuing GOs in Croatia pursuant to the Regulation on Establishing the System of Guarantees of Origin of Electricity (*Uredba o uspostavi sustava jamstava podrijetla električne energije*)² and the Rules on Using the Registry of Guarantees of Origin of Electricity (*Pravila o korištenju registra jamstava podrijetla električne energije*).³

The Registry of GO, which became fully operational in February 2015, implements a system for issuing, transferring and cancelling GOs for electricity generated from RES and high-efficiency cogeneration. By end of 2018, seven energy suppliers and three electricity generators (ie a total of 15 generation plants) have been registered with the Register of GO maintained by HROTE.

The Methodology for Determining Origin of Electricity (*Metodologija utvrđivanja podrijetla električne energije*)⁴ with effect from 21 November 2014, imposed obligations on suppliers regarding the disclosure of the origin of electricity to final customers and duties of HROTE as the market operator, the DSO and the TSO regarding the residual mix calculation.

Taxation

N/A

Other

N/A

1. Official Gazette of the RoC 'Narodne Novine' nos. 100/15, 123/16, 131/17, 96/18 and 111/18.

2. Official Gazette of the RoC 'Narodne Novine' nos. 84/13, 20/14, 108/15 and 55/19.

3. HROTE of 16 April 2014 and HROTE of 29 September 2016.

4. Official Gazette of the RoC 'Narodne Novine' no. 133/14.

OVERVIEW

Percentage of energy generation from renewable sources with breakdown (wind-, solar-, hydro-, geothermal power, biofuels, waste to energy etc) and 2020 Target for renewable energy

Key generators of renewable energy

Feed-in tariffs

Green certificates (name of the scheme)

CZECH REPUBLIC

2017: Total RES generated was 9,618GWh (11.06% of the electricity generated).

2020 target: 15.3% under the Updated National Action Plan for Electricity from Renewable Resources implementing the Renewable Energy Directive.

CEZ

Feed-in tariffs

Feed-in tariffs ("FITs") can be granted only to operators of RES plants with an installed capacity amounting to 100kW or lower (10MW or lower in case of hydropower). Renewable energy plants are eligible only if put into operation before 31 December 2013.

FITs can be granted to renewable energy plants provided they:

- received state authorisation for their construction not later than on 1 October 2013 and commence their operation within six years from receipt of the authorisation; or
- received a building permit not later than on 1 October 2013 and commenced their operation before 31 December 2013.

Mechanism

The generator is obliged to register the chosen form of electricity promotion and its change through the purchaser or compulsorily purchaser or directly in the market operator's system.

Electricity promotion in the form of FITs cannot be combined within a single electricity generation plant with electricity promotion in the form of "green bonuses" for electricity.

The terms and procedure for deciding how RES will be promoted, and changes to the procedure during the market operator's registration into the system, is stipulated by the implementing legal regulation.

Green bonus

All generators of electricity from RES are entitled to select the premium tariff option. Operators of renewable energy plants receive the green bonus in an annual or hourly mode on top of the regular market price of electricity.

The annual green bonuses are set by the Energy Regulatory Office ("ERO") for the following calendar year. The amount of the hourly green bonus is derived from the market price of electricity on the day-ahead market; their amount will therefore change at every hour.

Local operators generating renewable electricity covering only their own consumption are also entitled to a green bonus provided that the generated electricity is used by the generator or a third party without employment of transfer or distribution network. Generated electricity must therefore not have been used to generate more electricity. Power plants using renewable sources are eligible only if they became operational before 31 December 2013.

Additionally, the green bonus is granted to renewable energy plants provided they:

- received state authorisation for their construction before 2 October 2013 and commence operation within six years from receipt of the authorisation; or
- received a building permit before 2 October 2013 and commenced operation before 31 December 2013.

FINANCIAL INCENTIVES

FINANCIAL INCENTIVES (continued)

Taxation	<p>Summary</p> <p>FIT: the FIT for photovoltaic ("PV") installations that began operation between 1 January 2010 and 31 December 2010 is subject to a tax of 10%. The tax applies to all electricity generated from 1 January 2014.</p> <p>Exception: electricity generated from PV installations with a capacity of up to 30kW.</p> <p>Green bonus: for PV installations put into operation between 1 January 2010 and 31 December 2010 is subject to a tax of 11%.</p> <p>The tax applies to all electricity generated from 1 January 2014.</p> <p>Exception: electricity generated from PV installations with a capacity of up to 30kW.</p>
Other	N/A

DENMARK

OVERVIEW

Percentage of energy generation from renewable sources with breakdown (wind-, solar-, hydro-, geothermal power, biofuels, waste to energy etc) and 2020 Target for renewable energy	<p>Total: 21,050GWh (71% of energy generated in 2017):</p> <ul style="list-style-type: none"> • wind: 70.21% • wood: 17.1% • waste: 3.6% • solar: 3.8% • straw: 2.6% • biogas: 2.6% • water: 0.1% <p>2020 Target: 30%</p>
Key generators of renewable energy	<p>Wind:</p> <ul style="list-style-type: none"> • Ørsted A/S • Vattenfall A/S <p>Biogas:</p> <ul style="list-style-type: none"> • Nature Energy

FINANCIAL INCENTIVES

Feed-in tariffs	<p>Generation from renewable energy sources is subsidised. The subsidy depends on which technology is used to generate the electricity.</p> <p>Wind: the subsidy varies depending on whether it is onshore or offshore, the size of the wind turbine generator, size of the blades and date of the connection to the grid etc.</p> <p>Biogas: electricity generated from biogas has the highest feed-in tariffs ("FITs") of upwards to DKK 0.793/kWh.</p> <p>In addition, wood and other biomass for electricity generation are exempt from energy and CO₂ tariff otherwise applicable and are eligible to receive FITs.</p>
Green certificates (name of the scheme)	None, however the TSO (Energinet) will issue guarantees of origin in accordance with the rules provided in the Electricity Supply Act and the Danish promotion of Renewable Energy Act.

DENMARK (continued)

Taxation

Electricity is included under Danish rules of exercise duties. The duties are increasing and are as follows:

ØRE/KWh	2018 & 2019	2020	2021	2022	2023
Electricity exceeding 4.000 kWh annual in all-year residences that are heated by electricity	25.3	20.4	30.2	30.2	30.2
Other electricity	89.8	89.8	89.8	89.8	89.8

The rates were lowered as part of encouraging the use of heat pumps.

The rates are based on 2015 levels and follow the development of the Danish net price index.

Other

N/A

ESTONIA

Percentage of energy generation from renewable sources with breakdown (wind-, solar-, hydro-, geothermal power, biofuels, waste to energy etc) and 2020 Target for renewable energy

The EU target for Estonia's end consumption of energy from renewable resources is 25%.

Estonia achieved the referred target in 2011.

As at 2016, the total share of renewable energy in gross final energy consumption was 28.8%.

Majority of renewable energy is being produced from biomass and wind.

Key generators of renewable energy

- Eesti Energia
- Nelja Energia
- Fortum
- Utilitas

Feed-in tariffs

A fixed price for each kWh generated:

- from a renewable source with a generating installation the capacity of which does not exceed 125MW (at the rate of €0.0537/kWh)
- from biomass in an efficient cogeneration plant unless electricity is generated from biomass in a condensation process (at the rate of €0.0537/kWh)
- from waste, peat or retort gas in an efficient cogeneration plant (at the rate of €0.032/kWh)
- with a generating installation the capacity of which does not exceed 10MW if it is generated in an efficient cogeneration process (at the rate of €0.032/kWh), is paid by the TSO in addition to the price received on sale of the electricity on the market. Only electricity supplied to the network qualifies for the support. The relevant cost is passed on in the network charges and therefore the support is financed by all consumers taking into account their volume of consumption of network services. The support is paid for a period of 12 years following commencement of generation.

Certain restrictions also apply. For example, existing wind energy generators may use the subsidy for up to a maximum of 600GWh of electricity generated in a calendar year; plants using biomass will qualify for the subsidy only if they also qualify as cogeneration plants.

FINANCIAL INCENTIVES (continued)

Feed-in tariffs (continued)	<p>In June 2018, amendments to the existing renewable energy support scheme were adopted and going forward new generation installations can receive support only where Estonia needs additional renewable energy capacity to meet the target for the share of electricity in end consumption that is generated from renewable energy sources, in which case auctions will be arranged where the tender is won by the generators offering the lowest feed-in premium.</p> <p>The existing renewable energy support scheme whereby renewable energy generators receive support at a fixed rate will remain in place with regards to the existing generating installations, and also in limited cases with regards to certain new generating installations.</p>
Green certificates (name of the scheme)	<p>There is no national scheme of green certificates.</p> <p>The TSO issues certificates of origin, which certify that the electricity is generated from renewable energy sources or in an efficient cogeneration process.</p> <p>Additionally, consumers are offered green electricity packages by electricity suppliers.</p>
Taxation	<p>Taxation of electricity in general is based on excise levied on the consumption of electricity (at the rate of €0.00447/kWh).</p> <p>There are no separate tax incentives for electricity generated from renewable resources.</p> <p>Generation of electricity from renewable resources is not subject to the environmental charges that are applied to non-renewable electricity generation (eg charges for use of resources, emissions).</p>
Other	N/A

FINLAND

OVERVIEW

Percentage of energy generation from renewable sources with breakdown (wind-, solar-, hydro-, geothermal power, biofuels, waste to energy etc) and 2020 Target for renewable energy	<p>Renewable energy sources accounted for 36% of the total energy consumption in 2017.</p> <p>Renewable energy sources and their respective shares of the total energy consumption in 2017 were:</p> <ul style="list-style-type: none"> • hydropower: 4% • wind power: 1% • wood fuels: 27% <p>The renewable energy target for 2020 is 38%.</p>
Key generators of renewable energy	<p>Pulp and paper industry, hydropower companies, wind power companies and other energy companies. The major players include:</p> <ul style="list-style-type: none"> • Fortum Oyj; • Kemijoki Oy; • Pohjolan Voima Oy; • EPV Energy Oy • the forest industry.

FINLAND (continued)

Feed-in tariffs

A state funded subsidy scheme has been established through the Act on Production Subsidy for Electricity Produced from Renewable Energy Resources ("PSRESA"), which contains provisions on production subsidy (feed-in tariff ("FIT")) to be paid for electricity generation based on wind power, biogas and wood-based fuels. The wind power quota (2,500MVA) was reached and the last wind power plant was approved into the scheme on 4 January 2018. In late 2018, the FIT was closed also for generation using biogas and wood-based fuels.

Electricity generators accepted in the scheme may receive a subsidy for a period of up to 12 years. The FIT is the guaranteed price (€83.50) reduced by the three-month average market price of electricity in the area where the plant is located. However, if the three-month average price is less than €30, the FIT is the guaranteed price reduced by €30 per MWh. The FIT paid for electricity generated in small wood-fuelled combined heat and power ("CHP") plants and biogas powered CHP plants may under certain conditions be increased by a heat premium that is €20 per MWh for the former and €50 per MWh for the latter. The FIT for electricity generated with wood chips is different from the above as it fluctuates on the basis of a calculation methodology involving the market price of an EU ETS emission allowance, the price of peat and the level of national taxation on peat.

In 2018, the PSRESA was amended to include a new technology neutral subsidy scheme for a transition period in 2018 to 2020. Wind power, CHP, biogas, solar power and wave power plants located in Finland can be accepted into the scheme. The first, and possibly only, auction round for the new scheme was open for bidding between 15 November and 31 December 2018.

Under the new scheme, electricity generators can submit bids for the level of support ("premium") they require to generate a defined annual amount of renewable electricity. The premium decreases or is not paid at all if the price that the electricity generator has bid is obtained without the premium at market price. The tendering scheme will accommodate 1.4TWh of annual generation.

Green certificates (name of the scheme)

There is no national scheme on green certificates in Finland. However, energy users may purchase green certificates from trading markets or buy their electricity through various green electricity schemes.

Taxation

Taxation of electricity is based on excise taxes levied on the consumption of electricity. There are no tax exemptions or reliefs for electricity generated from renewable energy sources.

Fuels consumed in the generation of electricity are tax exempt; fuels consumed in heat production are subject to tax. Regarding CHP plants, this means that the decisive factor in the taxation is what the plants produce during a tax period.

In 2011, the taxes for consumption of fossil fuels and peat were increased in order to make CO₂ neutral energy sources more competitive. Additionally, the energy content of and the GHG emissions from fuels were better taken into account in fuel taxation. A current government proposal proposes to further increase taxation of fossil fuels in order to incentivise the phasing out of coal and steer the industries in the emissions trading system to replace fuels such as coal and peat with biomass.

Energy intensive industry benefits from a significant tax return when the total excise duties for electricity, coal, LNG, tall oil, light fuel oil, heavy fuel oil and biofuel paid exceed a certain threshold. This reduces the impact of the tax increases.

Other

Investment subsidies

Depending on the size of the investment, either the Ministry of Economic Affairs and Employment or a regional Centre for Economic Development, Transport and the Environment may grant energy subsidies for investments made in:

- renewable energy
- improvements in energy efficiency or in the efficiency of energy production or consumption
- reduction of the environmental impacts caused by energy production or consumption.

The Ministry of Agriculture and Forestry grants subsidies for the harvesting and chipping of energy wood.

FRANCE

Percentage of energy generation from renewable sources with breakdown (wind-, solar-, hydro-, geothermal power, biofuels, waste to energy etc) and 2020 Target for renewable energy

2018: Electricity generation in 2018 amounted to 548.6TWh, which comprised 18.3% from renewable sources' generation, including: (i) hydraulic: 12.5%; (ii) wind: 5.1%; (iii) photovoltaic: 1.9% (iv) bioenergies: 1.8%.

2020 target: the use of renewable energy must cover 23% of the French gross final electricity consumption by 2020 and 32% by 2030.

Key generators of renewable energy

- ENGIE/CNR/Langa
 - EDF/EDF EN/Luxolis
 - TOTAL/Direct Energie/Quadran
- Other main solar generators include:
- NEOEN
 - TENERGIE
 - Photosol
 - Encavis
 - Sonnedix
 - Amarenco
 - Reden Solar
 - Aquila Capital
 - Blackrock
 - DIF
 - AXPO/UrbanSolar
 - Obton
 - Caisse des Dépôts et Consignations
 - KGAL
 - AKUO ENERGY
 - CAP VERT ENERGIE
 - ALBIOMA
 - EnBW/VALECO

FRANCE (continued)

Feed-in tariffs	<p>Feed-in tariffs: the French support mechanism for renewable energy sector used to be solely based on feed-in tariffs ("FITs"). This regime was recast under the Energy Transition Law and the implementing decrees of May 2016.</p> <p>The FITs regime has been maintained for small-scale installations in accordance with the EU Energy Guidelines, and will continue to be allocated through two different mechanisms, ie ministerial orders and tender procedures.</p>
Premium	<p>Premium (<i>complément de rémunération</i>) system: the Energy Transition Law and the implementing decrees of May 2016 introduced the premium system as the main support regime for renewable energy in accordance with the EU Guidelines.</p> <p>The system will be allocated through two different mechanisms: (i) competitive procedures (call for tenders and competitive dialogue) by default and (ii) in limited cases, an open window system set by ministerial orders.</p> <p>France has maintained that competitive procedures and ministerial orders are set by type of technology.</p> <p>The programming of energy (<i>programmation pluriannuelle de l'énergie</i>), ie PPE, sets out an indicative timetable for renewable energy competitive procedures with the allocation of capacities to be tendered at each tender.</p>
Green certificates (name of the scheme)	<p>Generators of electricity from renewable sources may be granted Renewable Energy Guarantees of Origin ("REGO") attesting that the electricity they generate comes from renewable sources of energy. Each certificate corresponds to the generation of 1MW of energy.</p> <p>In particular, these REGO may subsequently be sold to electricity suppliers wishing to warrant to their clients that a share of the electricity supplied to them comes from renewable sources or cogeneration.</p> <p>However, renewable energy generators are not permitted to also benefit from the purchase obligation (ie FITs) or premium mechanism; if they do so the corresponding contracts will be terminated and the amount of the corresponding purchase price or premium must be reimbursed.</p>
Taxation	<p>Tax reduction or exemption from land tax is available in respect of energy saving investments for purchasing equipment using renewable energy.</p>
Other	<p>N/A</p>

GERMANY

OVERVIEW

Percentage of energy generation from renewable sources with breakdown (wind-, solar-, hydro-, geothermal power, biofuels, waste to energy etc) and 2020 Target for renewable energy

2018: total renewable electricity generation 219TWh (40.4%)

- Wind: 111.35TWh (49.5%)
- Solar: 45.75TWh (20.5%)
- Biomass: 44.79TWh (20.5%)
- Hydro: 17.04TWh (7.9%)

Targets:

- Renewable national electricity: 40 to 45% by 2025, 55 to 60% by 2035, and 80% by 2050
- Renewable national energy: 18% by 2020, 30% by 2030, and 60% by 2050

Energy efficiency:

- Energy consumption: reduction of 20% from 2008 level by 2020, and 50% less by 2050
- Electricity consumption: reduction of 10% from 2008 level by 2020, and 25% less by 2050

Key generators of renewable energy

Various – no key generators.

FINANCIAL INCENTIVES

Feed-in tariffs

The 2017 amendment to the Renewable Energy Act (*Erneuerbare-Energien-Gesetz*) ("EEG") changed the fundamental compensation scheme from a guaranteed price paid by way of feed-in tariffs ("FITs") to a tendering procedure carried out by BNetzA.

This change means that funding is market-based rather than government-determined, which enhances compensation between generators and decreases the costs of expansion of energy generated from RES.

Government-determined FITs will still be retained for small plants (below 750kW and below 150kW for biomass) and onshore wind and biomass plants approved before 2016, and commenced operation before the end of 2018. The new tendering process will be rolled out for offshore windfarms that will commence operation in 2021.

Green certificates (name of the scheme)

N/A

Taxation

Electricity is subject to electricity tax (€0.0205/kWh) and the general VAT (19%), both to be paid by the end consumer. Exemptions from the electricity levy are available for RES-generated electricity subject to certain conditions.

Other

Emissions trading: the cap for Germany between 2013 and 2020 is an average of 416 million tonnes of CO₂/year.

Greenhouse Gas Emission Allowance Trading: entities that participate in the EU ETS in Germany can use clean development mechanisms ("CDM") and/or joint implementation ("JI") projects to meet their surrender obligations by obtaining allowances in overseas projects. By using CDM and JI, projects in Germany can gain certified emissions.

Carbon capture and storage ("CCS"): annual storage of CO₂ is 1.3 million tonnes with a total capacity of 4 million tonnes, post-closure obligations are 40 years and the State can decide where CCS projects can be developed, taking into account geological circumstances and other public interest considerations.

GERMANY (continued)

Other (continued)

Biofuels: there are three types of biofuel in Germany: biodiesel, bioethanol and biomethane. Use is endorsed through a combination of different policies, including mandatory blending requirements, tax benefits and a quota trade system. The 2020 target of 10% of biofuel fuel consumption is unlikely to be reached, as biofuel consumption in 2018 was less than 5%.

Energy efficiency: measures have been put in place in relation to buildings. However, there are limited energy efficiency measures in place in relation to industrial plants and facilities.

Offshore windfarm connection: transmission system operators are obliged to connect offshore wind parks at their expense.

Loan programme by state-owned KfW bank and investment supplement programme by BAFA Plants for the generation of electricity from renewable sources will be given priority connection to the grid. Furthermore, grid operators are obliged to give priority to electricity from renewable sources when purchasing and transmitting electricity. Moreover, those interested in feeding in electricity may demand that the grid operator expands its grid.

Owners of new buildings are required to satisfy a certain proportion of their energy use via renewable sources (subject to certain exceptions).

New buildings are required to have an 'energy-ID', old buildings have been obliged to have such an energy-ID since 2009 when sold or newly let.

GREECE

Percentage of energy generation from renewable sources with breakdown (wind-, solar-, hydro-, geothermal power, biofuels, waste to energy etc) and 2020 Target for renewable energy

2017: RES generation (including hydro) reached 14.3TWh, accounting for 28% of the total energy generated. The breakdown per RES technology is:

- wind: 33% of the total RES generation or 4,778GWh
- PV (including rooftop PVs): 23% or 3,250GWh
- cogeneration: 6.4% or 941GWh
- biogas-biomass: 1.7% or 240GWh
- large hydro: 25% or 3,500GWh
- small hydro: 4% or 586GWh

RES in the non-interconnected islands: 6.9% or 999GWh.

2017: Total installed RES capacity: 8,800MW.

2020 target: 20% share of energy from renewable sources (in % of gross final energy consumption).

OVERVIEW (continued)

Key generators of renewable energy

- Rokas (Iberdrola)
- Terna Energy
- ITA Group
- EDF
- Eltech Wind
- PPC Renewables
- Eren Hellas
- Enteka
- Quest
- Enel Green Power
- Eunice
- Protergia
- HELPE renewables
- Gamesa Hellas

FINANCIAL INCENTIVES

Feed-in tariffs

The Greek State replaced the previously applicable feed-in tariff scheme with a sliding Feed-in Premium ("FIP") scheme also in compliance with European directives and principles relating to state aid in the energy sector for the period 2014 to 2020 ("EEAG").

The FIP scheme is an operating aid used to incentivise the gradual market integration of RES. Therefore, the main two principles that characterise such a scheme are:

- the adaptation of a new market-based RES tariff mechanism, reflecting the decreased cost of RES technologies and therefore enabling the gradual integration of RES in the market
- the active participation of RES generators in the wholesale electricity market by bearing market risks linked to short-term price fluctuations and balancing responsibilities.

Green certificates (name of the scheme)

N/A

Taxation

The National Development Law (ie Law 4399/2016) covering all private investments (with the exception of several types of RES) in Greece provides for tax breaks of up to 100% of the maximum allowable amount of aid. The relevant tax relief comprises exemption from payment of income tax on pre-tax profits that result from any and all of the enterprise's activities.

Other

Other financial instruments for the promotion of RES in Greece (with the exception of several types of RES), under the National Development Law are:

- subsidy: gratis (ie without repayment) payment by the State of a sum of money to cover part of the subsidised expenditure of the investment
- leasing subsidy: includes payment by the State of a portion of the instalments paid under a leasing agreement executed to acquire new machinery and/or other equipment
- soft loans by the National Fund for Entrepreneurship and Development ("ETEAN"): the amount to be covered by a bank loan may be funded by soft loans from credit institutions that cooperate with ETEAN enterprises

HUNGARY

Percentage of energy generation from renewable sources with breakdown (wind-, solar-, hydro-, geothermal power, biofuels, waste to energy etc) and 2020 Target for renewable energy

2016: gross final energy consumption from RES was 14.19%.

Breakdown of RES capacities in 2016:

- biomass: 47%
- wind: 22%
- water: 7%
- biogas: 10%
- solar: 6%
- waste: 8%

Key generators of renewable energy

- Mátrai Erőmű Zrt. (PV)
- MWM Hungarowind Kft. (PV and wind)
- Solar Markt Kft. (PV)
- MET Power AG (PV)
- PV Solarsys (PV)
- Iberdrola Renovables
- Magyarország Kft. (wind)
- Mov-R H1 Szélerőmű Kft. (wind)
- Vienna Energy Természeti Erő Kft. (wind)
- Euro Green Energy Kft. (wind)

Feed-in tariffs

Under the new renewable energy support scheme effective as of 1 January 2017, a mandatory off-take regime applies to newly built small-scale power plants with installed capacity below 0.5MW (except for wind farms). Electricity generated from these generators is taken off by the TSO (ie MAVIR) for a price regulated by law.

The TSO then sells the electricity purchased from the subsidised generators on the Hungarian Power Exchange ("HUPX").

Renewable energy generators with installed capacity in excess of 0.5MW can receive financial support for new investments in the form of a green premium paid over a reference price.

The green premium granted to renewable energy generators (except for wind farms) with installed capacity between 0.5-1MW is decided in each individual case ("administrative premiums") by the Hungarian Energy and Public Utility Regulatory Authority ("HEA").

Wind farms and renewable energy generators with installed capacity over 1MW can only receive green premiums under public tenders initiated by HEA. Existing biomass and biogas power plants can receive a brown premium.

Subsidies provided must promote the fair return on investments, which means that no subsidy is due once the net present value of an investment becomes positive.

Green certificates (name of the scheme)

N/A

Taxation

N/A

Other

N/A

ICELAND

OVERVIEW

Percentage of energy generation from renewable sources with breakdown (wind-, solar-, hydro-, geothermal power, biofuels, waste to energy etc) and 2020 Target for renewable energy

Installed capacity in power plants:

- Hydro 71.7%: 1,984MW
- Geothermal 25.6%: 708MW
- Fuel 2.6%: 72MW
- Wind 0.1%: 3MW

Electricity generation:

- Hydro 73.1%: 14,059GWh
- Geothermal 26.9%: 5,170GWh
- Fuel 0.01%: 2GWh
- Wind 0.04%: 8GWh

Key generators of renewable energy

- Landsvirkjun
- ON Power
- HS Orka
- Orkusalan
- Fallorka
- Westfjord Power Company

FINANCIAL INCENTIVES

Feed-in tariffs

N/A

Green certificates (name of the scheme)

EECS Scheme certificates issued by Landsnet in accordance with the Renewable Energy Directive.

Taxation

N/A

Other

N/A

IRELAND

OVERVIEW

Percentage of energy generation from renewable sources with breakdown (wind-, solar-, hydro-, geothermal power, biofuels, waste to energy etc) and 2020 Target for renewable energy

In 2017, 8.9TWh of renewable electricity was generated (28.9% of electricity generation), which comprising of:

- wind: 24.3%
- solar: 0.01%
- hydro: 2.3%
- biofuels and waste: 2.9%

2020 Target: 16% pursuant to the Renewable Energy Directive (estimated to require a renewable electricity target of 40% in order to achieve a renewable energy target of 16%).

Key generators of renewable energy

- ESB
- Brookfield
- Energia Renewables (Viridian Group)
- SSE Airtricity

IRELAND (continued)

Feed-in tariffs	The Government has finalised details of a new Renewable Electricity Support Scheme, which was approved by the Government in July 2018 and is expected to become operational in 2019, subject to receiving state aid clearance from the European Commission.
Green certificates (name of the scheme)	N/A
Taxation	<p>Accelerated capital allowance, which is a tax incentive scheme that promotes investment in energy efficient products and equipment.</p> <p>Employment and incentive investment ("EII") scheme, which is designed to promote the creation of employment and research and development. The EII scheme provides tax relief for eligible individuals who invest in certain qualifying small and medium sized trading companies.</p> <p>Tax relief for corporate equity investments in certain renewable energy projects. A deduction from a company's profits is allowable for its direct investment in new ordinary shares in a qualifying renewable energy project.</p> <p>A solid fuel carbon tax ("SFCT") was introduced in May 2013. SFCT is an excise duty that applies to solid fuel (coal and peat) supplied in Ireland. As of May 2019, coal is taxed at €52.67 per tonne and peat briquettes at €36.67 per tonne.</p>
Other	<p>The Sustainable Energy Authority of Ireland ("SEAI") supports projects through the National Energy Research Development and Demonstration (RD&D) Funding Programme, which invests in innovative energy research and development projects through funding programmes, which include:</p> <ul style="list-style-type: none"> • SEAI RD&D Funding Programme • Ocean Energy European Research Area Network Cofund • Horizon 2020

ISRAEL

Percentage of energy generation from renewable sources with breakdown (wind-, solar-, hydro-, geothermal power, biofuels, waste to energy etc) and 2020 Target for renewable energy	<p>Renewable energy ("RE") constitutes approximately 3% of the annual consumption in Israel, expected to reach 7% by the end of 2019, and 10% by the end of 2020.</p> <p>The current RE annual generation capacity is divided according to the following internal breakdown:</p> <ul style="list-style-type: none"> • solar (photovoltaic ("PV")/Thermo-Solar): 95% • wind: 2% • bio-gas (including biomass): 1.8% • hydroelectric: 0.5%
Key generators of renewable energy	<p>Ten solar-powered IPPs connected to the ultra-high and extra-high voltage Transmission Network as of mid-2019, which include:</p> <ul style="list-style-type: none"> • Megalim Solar Power Limited - Ashalim thermo-solar (sun tower technology) generation plant (136MW) • Negev Energy Ashalim Thermo-solar (136MW) • Ashalim Sun PV Limited (30MW) • Eshkol Havazelet - Halutzut Enlight Limited Partnership (55MW) • Zmorot Solar Park Limited (50.064MW) • Ketura Solar, Limited Partnership (40MW) • Energix Renewable Energies Limited (37.5MW)

Feed-in tariffs

PV energy

In 2012, the Electricity Authority ("EA") changed the basis of tariff calculation for all solar photovoltaic ("PV") feed-in tariffs ("FITs"), so that instead of a fixed FIT, it will be linked to a formula based on interest rates, inflation, exchange rates and Bloomberg New Energy Finance ("BNEF") module and inverter indices (ie the Solar Spot Price Index and Utility).

Following the Minister of Energy's decision (3Q/2017) to add a quota of 1,600MW to solar installations, the EA amended a series of decisions and regulations concerning RE in the electricity sector, and published a set of decisions that are aimed to incentivise the installation of roof PV systems on large roofs and water depots.

From 2017 until mid-2019, the EA has published several tenders focusing mainly on small-medium PV facilities (with a capacity ranging from 51kW to 10MW) connected to the distribution network, resulting in low tariff rates.

For PV installations with a capacity exceeding 10MW, the EA published (3Q/2018) its first tender for large PV systems to be connected to the extra-high and ultra-high transmission network, with winners announced in May 2019, at record low rates.

As a result of the tender processes, the tariff rates are subject to competition and are steadily declining.

Wind energy

A series of Government decisions in 2011 and 2014 established an accumulated quota of up to 730MW of wind farm facilities. In 2017, the EA adjusted the wind FITs in order to reflect a more conservative wind speed level. The tariff is, among other things, linked to the consumer price index, the US dollar, and the base index for turbine prices (WTPI - Class III). This decision also distinguishes between facilities connected to the transmission network (extra-high voltage) and facilities connected to the distribution network (low and high-voltage), by setting different tariffs.

This tariff is designated for new wind facilities and will be guaranteed for a period of 20 years.

Green certificates (name of the scheme)	N/A
Taxation	In December 2016, the Israeli Parliament enacted the Law for Encouragement of Investments in Renewable Energies (Tax Incentives for Production of Electricity from Renewable Energy) (2016) approving tax reductions to private households generating electricity with RE (ie an income tax exemption up to NIS24,000 (approximately €6,000)).
Other	N/A

ITALY

Percentage of energy generation from renewable sources with breakdown (wind-, solar-, hydro-, geothermal power, biofuels, waste to energy etc) and 2020 Target for renewable energy

The RES contribution to the total gross final generation is 35.1% (104.498GWh).

Electricity generation from renewable sources is:

- wind: 10.7GW
- solar: 20.4GW
- biomass: 19.604GW
- hydroelectric: 21.8GW
- thermal and geothermic: 4.77GW

The 2020 target is a share of 17% energy from renewable sources in gross final consumption of energy; Italy reached 17.3% in 2016.

Key generators of renewable energy

- ENEL S.p.A.
- Edison S.p.A.
- A2A S.p.A.
- Edipower S.p.A.
- Engie S.p.A.
- Iren S.p.A.
- Erg S.p.A.

Feed-in tariffs

The available mechanisms supporting renewable electricity are subject to the entering and execution of a contract with GSE, which is regulated under the Italian Civil Code.

The feed-in tariff ("FIT") mechanisms applied to date to existing RES plants will be discontinued for newly developed plants, although they continue to be effective for existing incentivised plants until the termination of the remaining incentive period.

The RES-1 Decree has recently replaced the FIT mechanisms by setting out a fixed FIT paid out for the entirety of the corresponding plant's utility period. However, the RES-1 Decree does not apply to offshore windfarms, biogas plants, biomass and bioliquid plants, oceanic source and thermodynamic solar plants. There are therefore no incentives currently envisaged for any new plants fuelled by these sources.

Access to the FIT under the RES-1 Decree is subject to admission to competitive register or auction procedures.

Green certificates (name of the scheme)

Under the RES-1 Decree, the green certificate mechanism has been entirely replaced by FIT.

Taxation

Taxation regime: transactions that include the generation and sale of electricity generated from renewable sources are in principle taxable under Italian taxation rules.

The all-inclusive FITs for RES and solar plants are linked to the injection of energy into the grid and both qualify as a remuneration paid to energy generators. For generators that qualify as business entities resident in Italy for tax purposes, such remuneration triggers (i) corporate income tax ("IRES"), at a rate of 24% and (ii) regional tax on productive activities ("IRAP"), at a standard rate of 3.9% (except for reductions or increases on a local basis).

FIT payments are also subject to VAT, the application of which under specified conditions may be subject to the reverse charge mechanism. The relevant energy supply purchaser must therefore register for VAT and make the relevant VAT payments.

FINANCIAL INCENTIVES

Other

On 20 July 2004, the Ministry of Productive Activities in consultation with the Ministry of Environment and Land Protection adopted Decrees, as amended and supplemented, that set up Energy Efficiency Certificates.

The Decree of 11 January 2017 set out national targets for energy efficiency during the four-year period of 2017 to 2020. To achieve these energy efficiency targets, electricity and natural gas distributors can implement energy efficiency projects, obtaining Energy Efficiency Certificates, and purchase Energy Efficiency Certificates.

Energy Efficiency Certificates are traded on the Energy Efficiency Certificates Market managed by the GME (*Gestore dei Mercati Energetici*).

The all-inclusive tariff (*tariffa omnicomprensiva*) is for small RES plants that have a nominal capacity of up to 1MW. The tariff is fixed and includes both the incentive component and the value for net electricity generation.

The Spot Exchange (*scambio sul posto*) provides for economic compensation between the value of the electricity fed into the grid and the value of electricity consumed on site.

KAZAKHSTAN

Percentage of energy generation from renewable sources with breakdown (wind-, solar-, hydro-, geothermal power, biofuels, waste to energy etc) and 2020 Target for renewable energy

According to a report with analysis of Kazakhstan electricity and coal market for 2018 prepared by "Samruk-Energy" JSC,² in 2018, electricity generated in Kazakhstan by facilities using renewable energy sources ("RES") amounted to 1,335.2 million kWh in 2018 ("RES Electricity Volume").

This comprises, approximately, 1.25% from the total volume of electricity generated in Kazakhstan by all electric power generating facilities (including the RES facilities), ie from 106,797.8 million kWh ("Total Volume"), including electricity generated by:

- solar power plants ("SPPs"): 10.4% from the RES Electricity Volume, or, approximately, 0.129% from the Total Volume
- wind power plants ("WPPs"): 30.0% from the RES Electricity Volume, or, approximately, 0.375% from the Total Volume
- small hydropower plants ("HPPs"): 59.4% from the RES Electricity Volume or, approximately, 0.74% from the Total Volume
- biogas facilities: 0.1% from the RES Electricity Volume or, approximately, 0.001% of the Total Volume

Kazakhstan's target for 2020 is to achieve a 3% share of electricity generated by the RES facilities from the total volume of electricity to be generated by all types of power generating facilities.²

Key generators of renewable energy

"Samruk-Energy" JSC and its group of companies (including "Almaty Power Plants" JSC, Samruk-Green Energy LLP and "FWPP" LLP), which generate approximately 26.6% from the total electricity volume generated by the RES facilities.³

OVERVIEW

KAZAKHSTAN (continued)

Feed-in tariffs

The fixed tariffs are established as follows (in all cases not including VAT):⁴

- 22.68KZT/kWh for WPPs (except for the fixed tariff of 59.7KZT/kWh approved for the Astana EXPO-2017 WPP)
- 34.61KZT/kWh for SPPs (except for the fixed tariff of 70.00KZT/kWh approved for the SPPs using photovoltaic modules on the basis of Kazakhstan silicon (Kaz PV) of total 37MW capacity)⁵
- 16.71KZT/kWh for small HPPs
- 32.23KZT/kWh for biogas facilities

In 2017, the Renewables Law⁶ was amended and an auction mechanism was introduced for selection of RES projects and determination of the auction price of electricity (which auction price may not exceed the established maximum auction price). The following maximum auction prices are currently established (in all cases not including VAT):⁷

- 22.66KZT/kWh for WPPs
- 29.00KZT/kWh for SPPs
- 15.48KZT/kWh for HPPs
- 32.15KZT/kWh for biogas facilities

Green certificates (name of the scheme)

The issuance of green certificates does not appear to be envisaged by Kazakhstan law.

Taxation

Obtaining specific advice related to a RES project from a qualified tax advisor is recommended.

The Tax Code⁸ does not appear to provide any specific benefits to power generating organisations using RES ("RES PGOs").

Generation of electricity is included in the approved List of Priority Types of Activity for Implementing Investment Projects.⁹ Pursuant to Article 290 of the Entrepreneurial Code,¹⁰ certain tax exemptions (such as exemption of imported materials from VAT), among other investment incentives, may be provided for a period set out by the Tax Code, if a RES PGO enters into an investment agreement with the competent authority in the manner provided by law.

Pursuant to the Renewables Law, transmission companies render electricity transmission services to RES PGOs on a free-of-charge basis. Under Article 243.14 of the Tax Code, expenses incurred by a transmission company in connection with provision of gratuitous (ie no fee) services for transfer of electricity generated by a RES PGO are deductible from taxable income. For VAT purposes and in connection with determination of turnover on the sale of goods, works and services, according to Article 372.5.31) of the Tax Code, gratuitous (ie no fee) services for electricity transfer provided by a transmission company to a RES PGO is not deemed to be a sales turnover.

Other

1. See www.samruk-energy.kz/ru/press/analytical-report.
2. According to Order no.478 of the Minister of Energy of the Republic of Kazakhstan on Approval of the Target Indicators for Development of the Industry of Renewable Energy Sources, dated 7 November 2016.
3. According to the Report with analysis of Kazakhstan electricity and coal market for 2018 prepared by "Samruk-Energy" JSC, available at www.samruk-energy.kz/ru/press/analytical-report.
4. According to Governmental Resolution no. 645 on Approval of the Fixed Tariffs, dated 12 June 2014.
5. According to Governmental Resolution no. 644, dated 12 June 2014.
6. Reference is made to the Law of the Republic of Kazakhstan on Support of Use of Renewable Energy Sources (no. 165-IV, dated 4 July 2009, as amended) ("Renewables Law").
7. According to Order no. 33 of the Minister of Energy on Approval of the Maximum Auction Prices, dated 30 January 2018.
8. Reference is made to the Code of the Republic of Kazakhstan on Taxes and Other Compulsory Payments to Budget (Tax Code) (no. 120-VI, dated 25 December 2017, as amended) ("Tax Code").
9. Reference is made to a list of priority types of activity for implementing investment projects ("List of Priority Types of Activity for Implementing Investment Projects").
10. Reference is made to the Entrepreneurial Code of the Republic of Kazakhstan (no. 375-V, dated 29 October 2015, as amended) ("Entrepreneurial Code").

LATVIA

Percentage of energy generation from renewable sources with breakdown (wind-, solar-, hydro-, geothermal power, biofuels, waste to energy etc) and 2020 Target for renewable energy

2016: approximately 37.2% comprising of:

- wind: 0.2%
- hydro: 5.6%
- biofuels: 0.5%
- waste to energy: 1.2%
- biogas: 1.4%
- wood fuel: 28.3%

2020 target: 40%

Key generators of renewable energy

- AS Latvenergo (hydropower)
- AS Rīgas siltums (biomass)
- SIA Getliņi eko (waste to energy)
- SIA Fortum Jelgava (wood fuel)

Feed-in tariffs

- Feed-in tariffs ("FITs") are calculated based on a special formula and depending on installed capacity of the respective power station.
- No new licences granting the right to receive FIT will be issued until 1 January 2020.

Green certificates (name of the scheme)

The Government is considering the introduction of green certificates as one of the measures to decrease FITs' adverse effect on end consumers' electricity bills.

Taxation

Subsidised electricity tax was introduced in 2014 and applied until 2017.

The tax applied to taxable income from electricity sold within the FIT scheme or from payments for installed capacity. Tax rates depended on the energy source, installed capacity and type of generation.

The Government is currently planning to re-introduce the tax as one of the measures to decrease FITs' adverse effect on end consumers' electricity bills.

Other

N/A

LITHUANIA

OVERVIEW

Percentage of energy generation from renewable sources with breakdown (wind-, solar-, hydro-, geothermal power, biofuels, waste to energy etc) and 2020 Target for renewable energy

2017: total 25.83% of gross final energy consumption, out of which:

- wind: 54.4%
- solar: 3.38%
- hydro: 22.05%
- biomass: 19.61%

2020 target: 35% (under the Lithuanian National Energy Independence Strategy)

OVERVIEW (continued)

Key generators of renewable energy

- Lietuvos Energijos Gamyba AB (hydro: 100.8MW)
- Amberwind UAB (wind: 73.5MW)
- Šilutės Vėjo Projektai UAB (wind: 60MW)
- Renerga UAB (wind: 57.5MW)
- Vėjų Spektras UAB (wind: 50MW)
- Pamario Jėgainių Energija UAB (wind: 45MW)
- Naujoji Energija UAB (wind: 39.1MW)
- Vydmantai Wind Park UAB (wind: 30MW)
- Vėjo Gūsis UAB (wind: 19.1MW)
- Vėjo Vatas UAB (wind: 14.9MW)

FINANCIAL INCENTIVES

Feed-in tariffs

Support for renewable energy power plants are allocated by way of technologically neutral auctions, ie electricity generators that use different RES technology for generation of energy (wind, solar, biomass or any other) can take part in the auctions. The first auction for distributing the quota of 0.3TWh will be called on 2 September 2019.

Generators will be entitled to receive a premium equal to the difference between the fixed feed-in tariff defined in the auction and the actual selling price of electricity to consumers, which will be no less than the average market price defined by the Energy Commission. The premium is applied for 12 years.

Electricity generators from other EU Member States, who have a direct electricity connection with Lithuania and who will agree to mutually open part of their support to Lithuanian companies, will also be able to participate in the new auctions. Generators from other countries will be able to compete for a certain part of the overall quota planned to be distributed.

Green certificates (name of the scheme)

A unit of electricity generated from RES and supplied to electricity grids and heat produced from RES and supplied to the heat supply system will be issued a guarantee of origin ("GO"). GOs are issued with a view to providing proof to final consumers of the share of energy, as supplied by the energy supplier, or the amount that is generated from energy from renewable sources.

The energy supplier will, in accordance with the procedure set out by legal acts and within its remit, provide information to its final consumers on the share of energy, as supplied by the energy supplier, or the amount that is generated from RES. The share of energy supplied or the amount will be calculated according to the amount of energy generated from RES that has been issued a GO.

Taxation

The Law on the Environmental Pollution Tax provides for exemption from the obligation to pay the pollution tax that is applied to the natural and legal persons that using biofuel who have proper documentation to substantiate the use.

Under the Law on the Excise Duty, energy products produced by using biomass are subject to partial or full exemption (as applicable) from the excise duty in accordance with the specific conditions established in the legal provision. The electricity generated by using RES is exempted from the excise duty.

FINANCIAL INCENTIVES (continued)	Other	<p>The Law on Renewable Energy provides that the use of RES will be promoted by applying the specified support scheme consisting of one or several support measures. The following will be considered as support measures:</p> <ul style="list-style-type: none"> • feed-in premiums • reservation of the capacity and transfer capability or other relevant technical parameters of energy grids or systems for connection of renewable energy installations • priority of transmission of energy from renewable sources • release of electricity generators from responsibility for the balancing of generated electricity and/or reservation of electricity generating capacities during the support period (exceptions are applicable) • support for production and processing of agricultural commodities, ie raw materials for the production of biofuels, biofuels for transport, bio lubricants and bio oils • the requirements in relation to mandatory use of RES for energy generation and/or mandatory consumption of energy from renewable sources, also the requirements for the use of biofuels for transport • support of investments in renewable energy technologies • other preferences established by laws <p>The Environmental Project Management Agency ("EPMA") supports the installation of renewable energy generation facilities for natural persons, supports investment projects in the form of interest subsidies and loans on soft terms.</p>
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LUXEMBOURG

OVERVIEW	<p>Percentage of energy generation from renewable sources with breakdown (wind-, solar-, hydro-, geothermal power, biofuels, waste to energy etc) and 2020 Target for renewable energy</p>	<p>2017: 69% for national energy generation.</p> <p>2020: 11% target for energy consumption.</p>
	Key generators of renewable energy	<ul style="list-style-type: none"> • SEO (directly and through subsidiaries) • Enovos (directly and through subsidiaries)

FINANCIAL INCENTIVES	Feed-in tariffs	<p>Feed-in tariffs: varying according to the technology, the capacity of the plant and the year of commissioning for electricity plants generating electricity from renewable energy with a generation capacity less than 500kW, or less than 3MW or three wind power generation units.</p> <p>Remuneration system: based on market premiums for electricity plants generating electricity from renewable energy and generating nominal electrical power in excess of 500kW, or greater than 3MW or three wind power generation units.</p> <p>Mechanism: model contract approved by the regulator between the operator of a plant and the grid operator.</p>
	Green certificates (name of the scheme)	Luxembourg has joined the AIB EECS standard.
	Taxation	<p>Compensation mechanism: contribution levied on consumers to fund public service obligations and renewable energies.</p> <p>Income from certain photovoltaic ("PV") systems is exempt from income tax based on administrative guidelines</p>
	Other	Investment grants.

MALTA

OVERVIEW

Percentage of energy generation from renewable sources with breakdown (wind-, solar-, hydro-, geothermal power, biofuels, waste to energy etc) and 2020 Target for renewable energy

As an EU Member State, Malta has been tasked with achieving at least 10% of its total electricity consumption from renewable sources by the year 2020, in conformity with the National Renewable Energy Action Plan. Malta is progressively advancing its share of energy from such sources and has so far registered a total of 6.5% of its electricity generation as being generated through renewable means. According to collective data, the year 2017 featured the highest power generation recorded at 2,376,785MWh.

Key generators of renewable energy

2017 has experienced a significant increase in new grid-connected photovoltaic ("PV") systems in the domestic, commercial and the public sector alike. This incentive is primarily due to new energy grant schemes for PV panels, as well as for solar water heaters. Therefore, home owners may benefit from a 50% subsidy on solar water heaters toward a maximum of €700, along with a 50% subsidy on PV panels, inverters and support frames, of up to €2,300.

FINANCIAL INCENTIVES

Feed-in tariffs

The feed-in tariffs ("FITs") for electricity that is generated by solar PV systems were first introduced in 2010.

A recent scheme was one that catered for individuals who benefited from a residential grant and those who did not, specifying the cut-off date as being 29 December 2017. The former consisted of €0.165 for each KWh sold to Enemalta for six years, with the total allocated capacity being 4.2MW peak. With regards to the latter, a FIT of €0.145 to €0.155 cents was granted for every KWh sold to Enemalta for 20 years, depending on the capacity of the installation and applicable solely to new solar PV installations.

The previous FIT scheme was available until December 2018 and applicable to those PV systems with a capacity that does not exceed a 1000KW peak. The paid tariff is dependent on the type of premises and the area of installation of the PV system.

Green certificates (name of the scheme)

- ECO Certification that safeguards the environmental, socioeconomic and sustainability of both farmhouses and hotels.
- Energy Performance Certification.

Taxation

Pursuant to the Deduction (Electric Vehicles) (Amendment) Rules 2016, a company that carries on a trade or business is entitled to a deduction equivalent to 150% of the cost incurred in the case of an electric vehicle ("EV") and 125% of the cost incurred on acquisition of a hybrid vehicle. The maximum total deduction in the case of an EV is €40,000 and for a hybrid vehicle is €30,000.

In 2018, the Energy and Water Agency launched a support scheme for micro, small and medium sized enterprises to benefit from in order to cover energy audit costs. The projected cumulative savings for the year 2020 are 100GWh.

Other

N/A

MOLDOVA

OVERVIEW	Percentage of energy generation from renewable sources with breakdown (wind-, solar-, hydro-, geothermal power, biofuels, waste to energy etc) and 2020 Target for renewable energy	<p>Global percentage of energy generation from renewable sources is more than 26%.</p> <p>Capacities for 2017:</p> <ul style="list-style-type: none"> • wind: 9.2MW • solar: 5.1MW • hydro: 16.25MW • biogas: 5.7MW • biomass: 155.2MW <p>Global target for 2020 is 17%.</p>
	Key generators of renewable energy	<ul style="list-style-type: none"> • Irarom-Grup SRL (3.9MW) • Sudzucker Moldova SA (3.6MW) • Importex-Trans SRL (3.3MW) • Printemps SRL (3MW) • Cariera Cobusca SA (2.6MW) • Covoarea Lux SRL (0.5MW)
FINANCIAL INCENTIVES	Feed-in tariffs	<p>The support scheme for the promotion of energy from renewable sources includes:</p> <ul style="list-style-type: none"> • fixed price, set within a tender, for eligible generators operating a power plant with a capacity exceeding the capacity limit established by the Government • fixed tariff set by ANRE for eligible generators operating a power plant with a capacity not exceeding the capacity limit established by the Government (but not less than 10kW)
	Green certificates (name of the scheme)	<p>Guarantees of origin</p> <p>Guarantees of origin ("GOs") are instruments evidencing the origin of electricity generated from renewable energy sources. The GOs are issued by the respective TSO or DSO upon request of the generator and can be transferred from one electricity generator to another, from an electricity generator to a supplier of electricity and from one supplier of electricity (holding the GO) to another.</p> <p>Upon request of a participant to the electricity market, ANRE recognises the GOs issued by the authorities of the EU Member States or contracting parties of the Energy Community.</p>
	Taxation	N/A
	Other	<p>Priority dispatch</p> <p>The TSOs and DSOs are under the obligation to grant priority to electricity generated from renewable sources at the dispatching of electricity generation capacities, to the extent that the security of the electricity system is not affected.</p>

MONTENEGRO

OVERVIEW

Percentage of energy generation from renewable sources with breakdown (wind-, solar-, hydro-, geothermal power, biofuels, waste to energy etc) and 2020 Target for renewable energy

2014: 56.51% of energy generation from renewable energy sources ("RES") (mostly hydropower).

2015: 50.84% of energy generation from RES (mostly hydropower).

2016: 59.78% of energy generation from RES (mostly hydropower).

2020 target: 33% target pursuant to the Renewable Energy Directive.

Key generators of renewable energy

Elektroprivreda Crne Gore (ie EPCG)

FINANCIAL INCENTIVES

Feed-in tariffs

Summary: Feed-in tariffs ("FITs") are established by the Government of Montenegro by the Decree on the Tariff System for the Establishment of Incentive Prices of Electricity from Renewable Sources of Energy and Efficient Cogenerations.

Mechanism: Execution of a long-term power purchase agreement with the public supplier (Montenegrin electricity market operator, ie COTEE).

Applicable FIT is:

- wind power plant: 9.6c€/kWh
- small hydropower plant: varies from 6.8c€/kWh to 10.44c€/kWh (depending on the threshold capacity of the power plant)
- solid biomass power plants using biomass from the woods and agriculture: 13.71c€/kWh
- solid biomass power plants using the biomass from woods-processing industry: 12.31c€/kWh
- biogas power plants: 12.00c€/kWh
- highly efficient combined heat and power plants: 8.00c€/kWh to 10.00c€/kWh (depending on the installed capacity of the power plant)
- rooftop solar (at the building or construction facility): 15.00c€/kWh
- solid waste power plants: 9.00c€/kWh
- waste gas power plants: 8c€/kWh

FITs are adjusted annually, pursuant to the inflation in euro zone.

Green certificates (name of the scheme)

Summary: Guarantees of Origin ("GO") are issued by the Energy Regulatory Agency on request of the RES electricity generator.

Taxation

Summary: Although the Montenegrin Energy Act envisages several incentive measures, there are currently no tax incentives for generation of electricity from RES.

Other

The Market Operator, ie COTeE, takes over balancing responsibility and pertaining costs from the privileged power generators, as part of incentives available to RES generators under Montenegrin law.

NETHERLANDS

OVERVIEW	Percentage of energy generation from renewable sources with breakdown (wind-, solar-, hydro-, geothermal power, biofuels, waste to energy etc) and 2020 Target for renewable energy	Energy generation from renewable sources: 10%, of which: <ul style="list-style-type: none"> • Biomass: 29% • Wind power: 58% • Solar power: 12.5% • Hydropower: 0.5% • Renewable Energy Directive target for renewable energy: 14%
	Key generators of renewable energy	<ul style="list-style-type: none"> • Biomass (29%) • Wind, onshore and offshore (58%)
FINANCIAL INCENTIVES	Feed-in tariffs	Renewable Energy Production Incentive Scheme (<i>Besluit Stimulering duurzame energieproductie, SDE+</i>)
	Green certificates (name of the scheme)	Regulations governing Guarantees of Origin of Energy Produced from Renewable Sources and High-Efficiency Combined Heat and Power (<i>Regeling garanties van oorsprong voor energie uit hernieuwbare energiebronnen en HR-WKK-elektriciteit</i>)
	Taxation	<ul style="list-style-type: none"> • Small-scale investment allowance ("KIA") (<i>Kleinschaligheidsaftrek</i>) • Energy-saving investment credit ("EIA") (<i>EnergieInvesteringsaftrek</i>) • Environmental investment credit ("MIA") (<i>Milieu-Investeringsaftrek</i>) • VAMIL tax scheme (random depreciation of environmental investments ("VAMIL") (<i>Willekeurige afschrijving milieu-investeringen</i>)) • Energy saving and renewable energy sporting facilities ("EDS") (<i>Energiebesparing en duurzame energie sportaccommodaties</i>); incorporated by 1 January 2019 in the Sporting facilities construction and maintenance incentive subsidy scheme (<i>Subsidieregeling stimulering bouw en onderhoud sportaccommodaties</i>)
	Other	N/A

NORTH MACEDONIA

OVERVIEW	Percentage of energy generation from renewable sources with breakdown (wind-, solar-, hydro-, geothermal power, biofuels, waste to energy etc) and 2020 Target for renewable energy	<p>2016: 18.2% share of energy from RES in the gross final energy consumption.¹</p> <p>2020: 28% share of energy from RES in the gross final energy consumption as an international commitment undertaken as a member of the Energy Community.</p> <p>However, the national targets are set at 24% (with the National Renewable Energy Action Plan) ie 21% share of energy from RES in the gross final energy consumption (with (i) the Strategy for Utilisation of Renewable Sources of Energy up to 2020, (ii) the Strategy for Energy Development up to 2030 and (iii) the Decision on the Targets and Annual Dynamics of the Growth of the Share of Energy from Renewable Sources of Energy in the Final Energy Consumption).</p> <p>Percentage of total installed capacity for generation of electricity from RES in 2018:</p> <ul style="list-style-type: none"> • hydro: 28.26% (out of which 5.12% was small-sized hydropower plants) • wind: 1.77% • solar: 0.89% • biogas: 0.34%
	Key generators of renewable energy	<ul style="list-style-type: none"> • JSC Power Plants of North Macedonia (JSC ESM) Skopje • EVN Macedonia Elektrani SPLLC Skopje

NORTH MACEDONIA (continued)

Feed-in tariffs

The amount of the feed-in tariff ("FIT") and the period for which such FIT can be awarded to the privileged renewable energy generator depends primarily on the type of RES used for electricity generation and the installed capacity of the facility ie delivered electricity, as follows:

- hydro (installed capacity up to 10MW) – ranging between 4.50 euro cents ("€¢")/kWh to 12€¢/kWh depending on the delivered electricity per month, for a period of 20 or 10 years, respectively
- wind (installed capacity up to 50MW) – 8.9€¢/kWh for a period of 20 years
- biogas (installed capacity up to 1MW) – 18€¢/kWh for a period of 15 years
- biomass (installed capacity up to 1MW) – 15€¢/kWh for a period of 15 years

The amount of the FIT can also vary depending on other criteria (eg percentage share of used fossil fuels in the generation process at biogas or biomass plants) or may not be awarded at all if the envisaged total installed capacity for that type of power plant has already been reached.

The electricity market operator is obliged to buy the entire generated electricity by the privileged generator who uses FITs.

Green certificates (name of the scheme)

Guarantee of origin ("GOs") for generated electricity from RES is a support scheme available to all generators of electricity from RES who do not have privileged generator status and are therefore not entitled to a FIT or a feed-in premium. The Energy Agency of the Republic of North Macedonia is in charge of issuing GOs and maintaining the relevant registry for these instruments, including its accompanying competences. The GO is issued for electricity of 1MW and as a general rule such guarantee is valid for 12 months. During the validity period, the holder of the GO can transfer it to a holder of a licence for trade or supply of electricity.

To date there have been no applications for GOs, generally due to the fact that market participants (eg electricity suppliers or customers) are not obliged to purchase a certain percentage of their electricity from RES (except for the generated electricity by privileged generators who use FITs).

Taxation

The only form of taxation incentive with regard to energy from RES is the application of the preferential tax rate for value added tax (5% rather than the regular 18%) for the trade and import of thermal solar systems and components. Other than this, energy from RES is treated in the same manner (taxation wise) as other types of energy.

Other

The new Energy Law (2018) introduced an additional support scheme for electricity from RES in the form of a feed-in premium. Through tenders and auctions, privileged generators of electricity from RES who do not use FIT can apply for this financial support as an additional amount to the achieved market price for the sold electricity. Under the support scheme, privileged generators do not benefit from a guaranteed purchase of the generated electricity by the electricity market operator.

Feed-in premiums can be used by:

- wind power plants (installed capacity up to 50MW)
- solar power plants (installed capacity up to 30MW)

The amount of the feed-in premium will be set via an electronic auction.

FINANCIAL INCENTIVES (Continued)	Other (continued)	<p>The Government will set on an annual basis the budget and the total installed capacity of the power plants that can use a feed-in premium. For 2019, it is envisaged to support only solar power plants with a dedicated budget of approximately €490,000. The total installed capacity of the privileged generators of electricity from solar energy, which can use a feed-in premium, cannot exceed 100MW.</p> <p>The Government announced tenders for awarding feed-in premiums for construction of solar power plants on state-owned land (several plants with total installed capacity of 35MW) and on private land (several plants with total installed capacity of 27MW).</p>
	<p>1. Source: EUROSTAT and the State Statistical Office.</p>	

NORWAY

OVERVIEW	<p>Percentage of energy generation from renewable sources with breakdown (wind-, solar-, hydro-, geothermal power, biofuels, waste to energy etc) and 2020 Target for renewable energy</p>	<p>Electrical energy generation from renewable sources amounts to approximately 137TWh, or approximately 5% of total Norwegian energy production.</p> <p>Of the 137TWh from renewable electrical energy, approximately:</p> <ul style="list-style-type: none"> • 95% is hydro • 3% is wind • 2% is geothermal <p>The total Norwegian energy production is approximately 2,700TWh a year, of which approximately 2,500TWh stems from oil and gas.</p> <p>The 2020 target for renewable energy consumption is 67.5%. This target was reached in 2014, and by 2020 it is likely that approximately 70% of Norwegian energy consumption will be based on renewables.</p>
	<p>Key generators of renewable energy</p>	<ul style="list-style-type: none"> • Statkraft Energi AS • E-CO Energi AS • Norsk Hydro ASA • Agder Energi AS • BKK Produksjon AS • Lyse Produksjon AS • NTE Energi AS • Eidsiva Vannkraft AS • Equinor • Hafslund Produksjon Holding AS
FINANCIAL INCENTIVES	<p>Feed-in tariffs</p>	<p>N/A</p>
	<p>Green certificates (name of the scheme)</p>	<p>A joint Norwegian-Swedish electricity certificate market for investments in electricity generation from renewable energy sources ("RES") was introduced in 2012. The certificate scheme provides incentives for eligible investments in electricity generation from RES (as defined in the Renewable Energy Directive) in both Sweden and Norway. The scheme will be in effect until the end of 2035.</p>
	<p>Taxation</p>	<p>In 2015, Norway introduced new depreciation rules for investments in wind power plants. An identical depreciation regime was also introduced in Sweden. This new regime became effective on the ESA's decision on state aid, which came through on 6 July 2016, declaring that the scheme constituted state aid compatible with the functioning of the EEA agreement. The new regime allows linear depreciation of production factors over a five-year period.</p>

NORWAY (continued)

Other

The state-owned enterprise Enova has as its goal to strengthen the work in converting energy consumption and generation into becoming more sustainable, while simultaneously improving supply security, and is financed through funds allocated from the Energy Fund. The Energy Fund is financed through a small additional charge to the electricity bill and supports introduction of new technology, energy efficiency measures and so on.

POLAND

Percentage of energy generation from renewable sources with breakdown (wind-, solar-, hydro-, geothermal power, biofuels, waste to energy etc) and 2020 Target for renewable energy

2017: Total of 20,452,061.248MWh (approximately 13.5% of electricity generated):

- co-fire (biomass with coal): 982 031.917MWh
- hydropower: 778,739.182MWh
- wind power: 14,794,981.280MWh
- biomass: approximately 2,823,252.618MWh

The above figures are based on all certificates of origin issued for 2017 to 3 March 2018.

2020 target: 15% under the Renewable Energy Directive.

Key generators of renewable energy

The key generators are:

- wind: IKEA, Polenergia, EDP Renewables, PGE, and RWE Polska
- biomass: ENEA and PGE
- water: ENEA

Feed-in tariffs

Obligated sellers must buy the energy generated in RES installations with installed capacity below 500kW, of electricity commissioned before 1 July 2016, from generators of renewable energy at an average annual price of the previous quarter or at a price offered in auction for generators that have won the auction.

Energy generated by natural persons in micro-installations must be settled by obligated seller with the energy obtained from the grid at a 0.7 ratio (if the capacity of the installation is below 10kW, the ratio equals 0.8). Micro-installations are installations with a capacity up to 50kW, connected to grid with a voltage of a nominal rated voltage of below 110kV or a renewable source of heat that has a total capacity of up to 150kW in which the total electric capacity is not higher than 50kW. The settlement costs and distribution costs are covered by the seller.

The latest amendment to the Renewable Energy Sources Act introduced a new support scheme for biogas and hydro installations in the form of:

- feed-in tariffs: a micro or small generator (whose installation does not exceed 500kW) can sell unused electricity exported into the grid at a fixed price of 90% of the reference price
- feed-in premiums: the generator of electricity in RES installations with total installed capacity of not less than 500kW and not more than 1MW is entitled to sell unused electricity exported into the grid to a selected entity (guaranteed 90% of the reference price)

Green certificates (name of the scheme)

Electricity generators, traders that sell electricity to final customers or commodity brokers must obtain certificates of origin issued by the Energy Authority and submit them for redemption or pay a substitution fee.

Certificates can be obtained only for the energy generated in RES installations commissioned before 1 July 2016. For new installations, the green certificates scheme has been replaced by an auction system.

Taxation

N/A

FINANCIAL INCENTIVES

Other

Connection of micro-installations to the distribution system grid is exempted from connection fees; the fee for connection of RES installation with capacity of less than 5MW is half of the regular fee.

OVERVIEW

PORTUGAL

Percentage of energy generation from renewable sources with breakdown (wind-, solar-, hydro-, geothermal power, biofuels, waste to energy etc) and 2020 Target for renewable energy

By September 2018¹: 53.70%

The total of renewables installed capacity recorded at the end of September 2018 was of 13,838MW, of which 5,346MW are wind, 590MW are solar photovoltaic ("PV"), 7,838MW are hydro production, 91MW are biogas and 580MW are biomass.

2020: 60%

The Portuguese Renewables' Action Plan for 2013 to 2020 and the National Energy Strategy for 2016, both adopted in April 2013 (Order in Council no. 20/2013, of 10 April) under the international financial assistance scenario, reformulated the guidelines of the Portuguese energy policy, within a logic of economic rationality and sustainability, while also adopting, among other things, the following indicative targets for 2020 in accordance with the Renewable Energy Directive:

- 60% of market share target of electricity generated from renewable energy sources
- 32,300Gwh of electricity generated from renewable energy sources (29% increase when compared with 2011)
- 15,824MW of total installed capacity (49% increase when compared with 2011), of which it is estimated that 5,300MW will be wind, 720MW will be solar PV, 8,940MW will be hydro production and 769MW will be biomass

Key generators of renewable energy

- Acciona Energia Portugal (Grupo)
- EDF EN
- EDP Renováveis
- Finerge
- Generg
- Iberwind
- Neoen
- New Finerge
- Trustwind

FINANCIAL INCENTIVES

Feed-in tariffs

Feed-in tariffs ("FITs") are pending reduction or even abolition, therefore the renewable energy sector in Portugal has begun waiving the State's support.

The relevant regimes as regards the FIT applicable in Portugal are:

- Portuguese renewable plants whose licensing rights were granted between June 1999 and 31 December 2001 (and also to the plants already licensed in June 1999 that have decided to change to the 1999 regime), are subject to the 1999 regime: Decree-Law no. 168/99 introduced in Portugal a first version of these renewables remuneration formula, a guaranteed remuneration system for 12 years, as well as the legal obligation of the relevant operators of the public grid to acquire all electricity generated by renewables.

PORTUGAL (continued)

Feed-in tariffs (continued)

- Portuguese renewable plants whose licensing rights were granted between 1 January 2002 and 17 February 2005 are subject to the 2001 regime: Decree-Law no. 339-C/2001 introduced the "Z coefficient" in the formula, according to which the environmental portion is multiplied by the Z coefficient, which varies according to the technology associated. Due to the introduction of this Z coefficient, the payment system of renewables, which was only based on avoided costs, progressed also taking into account the costs according to different technologies, thereby establishing different payments pursuant to technology. The 12 years limit for the guaranteed tariff was eliminated, but reinstated to this regime by the 2005 regime.
- Portuguese renewable plants whose licensing rights were recognised between 17 February 2005 and 1 June 2007 are subject to the 2005 regime²: Decree-Law no. 33-A/2005 introduced in Portugal a guaranteed remuneration of up to 15 years subject however to specific power limits (to the first 33GWh injected to the grid per MW of power injection capacity (ascertained according to a power factor of 0.98) for wind and 21GWh for solar PV) and also depending on the renewables technology used.
- Portuguese renewable plants whose licensing rights were recognised between 1 June 2007 and 7 November 2012 are subject to the 2007 regime.³ Decree-Law no. 225/2007 reviewed the formula and introduced the possibility of increasing the capacity of the plants (*sobreequipamento*) and the relevant remuneration conditions thereto.
- Portuguese renewable plants whose licensing rights were recognised under Decree-Law no. 215-B/2012, of 8 October, will be subject to the remuneration regime yet to be approved by Order in Council of the Government.

The current legal regime applicable to new projects in renewable energy is set out in Decree-Law no. 172/2006, which introduced a major change in the remuneration regime by creating a remuneration scheme according to market prices (*regime geral*) (through organised markets or bilateral contracts), while maintaining the guaranteed remuneration scheme (*regime de remuneração garantida*) (depending on public tender procedures and therefore the *ex ante* analysis of the public interest based on the pursuit of the overall objective of safety assurance and regular supply), side by side.

In 2013, there was a change in legislation in Portugal allowing the generators of renewable energy to, following the period of guaranteed remuneration, choose the remuneration framework for subsequent years between several alternatives. Following the above referred guaranteed period or if the power limit is reached, both in respect of wind (15 + 5 years) and solar PV (15 years), the electricity generated will be remunerated according to the market prices, without prejudice to any potential sale of green certificates regime. If any plant under any of the above regimes change to market prices, it would be prevented from reverting back again to the guaranteed remuneration system.

Green certificates (name of the scheme)

In Portugal, green certificates can only be implemented following termination of the FITs, which is currently expected to occur between 2020 and 2030. Following the FIT period, the generation of electricity from renewable sources supplied to the grid will be remunerated at market prices and from the revenues (if any) of the sale of such certificates that may exist at that time.

The implementation of such certificates has not yet been completed and no certificate has, to date, been formally emitted.

Green certificates (name of the scheme) (continued)

The Major Planning Options (*Grandes Opções do Plano*) for 2019 (approval ongoing) state that the Government intends to create a new system of Green Certificates and Guarantees of Origin ("GOs") that correspond to electronic certificates, which are intended to prove to the final consumer the quota or quantity of renewable energy present in the energy mix of a given supplier, and a Green Label to be granted to tourist, commercial and agricultural projects that use only renewable energy, considered 100% sustainable, as a way of encouraging the use of energy from renewable sources.

The State Budget Law for 2019 (Law no. 71/2018, 31 December) also anticipates the transfer of the powers of the Issuing Authority for Guarantees of Origin (ie EEGO) to the TSO (*REN - Rede Eléctrica Nacional S.A.*) (assigned to DGEG in 2015). Work to get the Issuing Authority up and running is underway.

Taxation

- Urban property exclusively intended for the generation of energy from renewable sources, benefit from a 50% reduction of the property municipal tax rate. This benefit is granted for a five-year period.
- The Portuguese State Budget Law for 2014, in force as of 1 January 2014, approved the creation of Energy Sector Extraordinary Contribution ("ESEC"), safeguarding however the generators of renewables (except certain hydroelectric and cogeneration plants). Although it was designed to be in force for a limited period, the ESEC was payable in 2015, 2016, 2017 and 2018. The State Budget Law for 2019 (Law no. 71/2018, 31 December) determines that the ESEC will be levied on generators of renewables under the guaranteed remuneration regime. Only the following remain exempt:
 - generators holding licences or rights granted in the context of a public tender
 - generators operating small-scale generation units or self-consumption generation units
 - generators of electricity and producers of heat through micro-cogeneration plants

Other

Public grid operators must allow Special Regime Production plants (*produtores em regime especial*) access to their networks, and must allow priority access to power generated by power generation centres that use renewable power sources, under article 33W of Decree-Law no. 172/2006, of 23 August, as amended by Decree-Law no. 215-B/2012, of 8 October.

The generators of renewable energy are entitled to sell (all or part) of the electricity generated to EDP SU, the supplier of last resort (*comercializador de último recurso*), whenever benefiting from guaranteed tariff, or, when that does not occur, to any other supplier.

There are also incentives to promote investment in research and development activities, which in the long run may be able to attract investments based on new technology and creation and retention of know-how.

Order in Council no. 202/2015, of 13 July 2015, adopted a new and specific remuneration regime applicable to the generation of renewable energy from ocean source or location (regardless of the form of production) using technologies in experimental or pre-commercial stage; it is a €80/MWh FIT, applicable up to a 50MW share of power injection capacity reservation in the public grid, and for a period of 20 years from the date of commencement of the electricity supply to the grid. A number of cases that may justify the increase of the applicable remuneration are provided for.

1. DGEG

2. The 2005 regime could also be applicable to Portuguese renewable plants already licensed in 17 February 2005 that have requested, from the public authorities, to change to the 2005 regime.

3. The 2007 regime could also be applicable to Portuguese renewable plants already licensed in 1 June 2007 that have requested, from the public authorities, to change to the 2007 regime.

ROMANIA

Percentage of energy generation from renewable sources with breakdown (wind-, solar-, hydro-, geothermal power, biofuels, waste to energy etc) and 2020 Target for renewable energy

2017: 38.20% out of which:

- 23.42% hydro¹
- 11.64% wind
- 2.55% solar
- 0.57% biomass
- 0.03 other renewable energy sources ("RES")

2020 target: 24% (same as under the Renewable Energy Directive)

Key generators of renewable energy

- Hidroelectrica (hydro)
- Enel Green Power Romania (wind and solar)
- CEZ Romania (wind)
- EDP Romania (wind and solar)
- Verbund (wind)
- Samsung (solar)

Feed-in tariffs

Feed-in premium: As per recent developments of the RES Law, the Ministry of Energy together with ANRE has been granted the possibility to implement an alternative to the green certificates' support scheme. The new scheme is in the form of a fixed premium per types of technology, which will add up to the average electricity price set on the centralised electricity market. If implemented, the state aid scheme will be subject to prior authorisation by the European Commission.

Green certificates (name of the scheme)

Trading of green certificates combined with the mandatory quota system:

generators of renewable electricity receive green certificates for the electricity generated and fed into the system, and have the right to sell such green certificates independently from the electricity generated. Electricity suppliers (as well as certain generators) must acquire a definite quota of green certificates, proportional to the amount of the traded electricity; green certificates are further invoiced by electricity suppliers to end consumers.

Support scheme for high efficiency cogeneration from RES: a tariff granted for each MW of electricity generated from high efficiency cogeneration and fed into the system or at the generator's discretion, an extra green certificate in addition to those granted for the electricity generated from that specific RES.

State aid for investments in highly efficient cogeneration: the Government approved a budget of approximately €81 million available until 2023 in order to support the following categories of eligible projects: (i) development/modernisation of highly efficient cogeneration power plants, maximum 8MWe, per natural gas and biomass in companies (ii) development/modernisation of highly efficient cogeneration power plants that use residual gases stemming from industrial processes.

State aid for investments in the promotion of energy production derived from less exploited RES (biomass, biogas and geothermal energy): the Government approved a budget of approximately €100 million available until 2020 in order to support the following categories of eligible projects: (i) development/modernisation of output facilities for electrical/thermal energy resulted from biomass and biogas (ii) development/modernisation of output facilities for thermal energy resulted from geothermal water.

Taxation

N/A

Other

N/A

1. Including hydropower plants exceeding 10MW installed capacity, which do not count towards the 2020 target of 24%.

RUSSIA

OVERVIEW	Percentage of energy generation from renewable sources with breakdown (wind-, solar-, hydro-, geothermal power, biofuels, waste to energy etc) and 2020 Target for renewable energy	As of 1 January 2018 about 17%, including: <ul style="list-style-type: none"> • hydro: 16.98% • solar: 0.05% • wind: 0.01% 2024 target: 4.5% of the electricity generated (excluding major hydropower plants)
	Key generators of renewable energy	PJSC Rushydro
FINANCIAL INCENTIVES	Feed-in tariffs	<p>The list of measures to support renewable energy sources ("RES") generators includes:</p> <ul style="list-style-type: none"> • tenders for sale of capacity, which allow successful bidders to receive capacity payments guaranteeing return of their investments within 15 years • subsidies from the federal budget for the compensation of grid connection costs • fixed regulated price premiums for generated electricity; and • obligations on transmission and distribution companies to compensate losses in their grids by purchasing electricity generated primarily by certified RES generators <p>However, some of the above measures do not have full effect due to lack of legislation.</p>
	Green certificates (name of the scheme)	<p>The procedures and criteria for qualifying as a RES generator include the requirements that such a generator will:</p> <ul style="list-style-type: none"> • generate power solely from RES or combine generation of such power with traditional power • be commissioned (not be subject to repair works or decommissioned) • be connected to electricity grids • be equipped with relevant metering devices • be equipped with relevant metering devices that allow to measure amount of each type of fuel used in relation to generators that combine generation of power from RES with traditional power • be included in the scheme and prospective development programme of electric power industry approved by the relevant regional authority <p>Following qualification as a RES generator, the generator will be put on a special register and can obtain a green certificate, which confirms that the generator generates a certain volume of power from RES. Green certificates are not subject to sale.</p>
	Taxation	The price of electrical capacity will be increased for RES generators to cover a certain proportion of property tax, and allowable capital and operational (current) expenses.
	Other	None

SERBIA

Percentage of energy generation from renewable sources with breakdown (wind-, solar-, hydro-, geothermal power, biofuels, waste to energy etc) and 2020 Target for renewable energy

2015: about 23% of energy consumption is from RES (mostly hydropower and small percentage biomass, two small wind power plants and PV)

2017-2018: about 21% (mostly hydropower)

2020 target: 27% target, pursuant to the Renewable Energy Directive

Key generators of renewable energy

EPS

Feed-in tariffs

Summary: Feed-in-tariffs ("FITs") determined by the Government of Serbia.

Mechanism: Execution of a long-term power purchase agreement with the public supplier (the Serbian national electric utility, ie EPS).

Tariffs have been set as follows:

- hydropower plants: between 6c€/kWh and 12.60c€/kWh
- biomass power plants: between 8.22c€/kWh and 13.26c€/kWh
- biogas power plants: between 15*P and 18.333-1.111*P (P being the installed power of the facility) c€/kWh
- natural gas and fossil fuel fired CHP plants: between 7.46c€/kWh and 8.20c€/kWh
- wind power plants: 9.2c€/kWh
- solar power plants between 9*P and 14.60-8*P (P being the installed power of the facility) c€/kWh
- geothermal power plants: 8.2c€/kWh (depending on their installed capacity)
- waste fired power plants 8.57c€/kWh
- landfill and sewage gas power plants and wind power plants: 8.44 c€/kWh (regardless of their installed capacity)

Certain limitations (in terms of maximum effective operation time (h)) have been placed on the application of FITs with respect to renewable energy sources ("RES").

Green certificates (name of the scheme)

The Guarantees of Origin ("GOs") are instruments issued by the TSO, and are issued upon a request from the RES electricity generator.

Taxation

The Serbian Energy Act envisages the possibility of introducing tax incentives for electricity generated from RES, however, there are currently no tax incentives for generation of electricity from RES.

Other

Priority dispatch and covering of balancing costs.

SLOVAK REPUBLIC

Percentage of energy generation from renewable sources with breakdown (wind-, solar-, hydro-, geothermal power, biofuels, waste to energy etc) and 2020 Target for renewable energy

2017: energy generation from renewable energy sources was 12% of total consumption of energy.

2020 target: 14%

Key generators of renewable energy

Slovenské elektrárne, a.s.

FINANCIAL INCENTIVES	Feed-in tariffs	<p>Summary: The feed-in tariff ("FIT") scheme applies to electricity generation from renewable energy sources ("RES") and high-efficiency cogeneration depending on the source and installed capacity.</p> <p>Mechanism: The scheme is based on an additional payment included in the FIT set for a certain type of renewable energy, eg for solar energy. The additional payment is equal to the difference between set FIT and the price set for the electricity to cover losses in the distribution grid (off-take price).</p>
	Green certificates (name of the scheme)	<p>Summary: A green certificate (under Slovak law, ie a guarantee of origin ("GO") of electricity from renewable sources of energy) is issued in electronic form for electricity generated from RES or by cogeneration on the request of the electricity generator. A certificate is issued for 12 months and is also tradable in other EU Member States. There are no mandatory quotas for use of a GO of electricity from RES.</p>
	Taxation	<p>Summary: Electricity generated from RES is generally exempted from the consumption tax that is generally levied on electricity.</p>
	Other	N/A

SLOVENIA

OVERVIEW	Percentage of energy generation from renewable sources with breakdown (wind-, solar-, hydro-, geothermal power, biofuels, waste to energy etc) and 2020 Target for renewable energy	<p>2017: 30%</p> <ul style="list-style-type: none"> • Hydro: 29.9% • Wind: 0.04% • Solar: 1.67% • Biofuels: 1.17% <p>2020 target: 25% pursuant to the Slovenian Action Plan for Renewable Energy and to the Renewable Energy Directive.</p>
	Key generators of renewable energy	<ul style="list-style-type: none"> • HOLDING SLOVENSKE ELEKTRARNE d.o.o. • ELEKTRO LJUBLJANA OVE d.o.o. • GEN energija d.o.o.

FINANCIAL INCENTIVES	Feed-in tariffs	<p>Feed-in tariffs are managed by the Centre for Support within BORZEN, d.o.o. The centre promotes supporting schemes for electricity generation from renewable energy sources ("RES") and high efficiency cogeneration.</p> <p>The financial incentives may be granted in two basic forms, ie (i) a guaranteed purchase (for generation units with a nominal power capacity below 1MW) and (ii) operating premium.</p> <p>Under the guaranteed purchase, Center for RES/cogeneration heat and power (<i>Center za podpore</i>) at BORZEN, d.o.o. takes over the electricity from the power plant at a guaranteed price and sells it to the market. Under the operating premium, the producer is entitled to a premium equalling the difference between the full (guaranteed purchase) price and the market price, which is determined ex ante on a yearly level, based also on plant type.</p>
	Green certificates (name of the scheme)	<p>If a certain amount of electricity is generated from renewable sources, the Energy Agency (<i>Agencija Republike Slovenije za energijo</i>) issues guarantees of the origin of electricity and renewable energy green certificates (one for every 1MWh of energy).</p>
	Taxation	<p>The Motor Vehicle Tax Act (<i>Zakon o davku na motorna vozila</i>) provides an incentive to purchase motor vehicles that emit less CO₂.</p>

FINANCIAL INCENTIVES

Other

SLOVENIA (continued)

The Decree on the self-supply of electricity from RES (*Uredba o samooskrbi z električno energijo iz obnovljivih virov energije*) allows households and small business customers to self-supply electricity from renewable sources, based on netmetering (*neto merjenje*).

The Eco Fund (*Eko sklad*) encourages the development of environmental protection by providing loans or guarantees for environmental investments.

SPAIN

Percentage of energy generation from renewable sources with breakdown (wind-, solar-, hydro-, geothermal power, biofuels, waste to energy etc) and 2020 Target for renewable energy

In 2017, the total energy generation from renewable sources represented 33.7% of the total energy mix production in Spain (248,424GWh), according to REE.

The following breakdown for the different renewable sources is according to REE and IDAE sources, which reflect the actual capacity for 2017 and the estimated capacity for 2020::

- hydroelectric:
 - 2017: 17,032MW
 - 2020: 22,672MW
- onshore wind energy:
 - 2017: 23,132MW
 - 2020: 35,000MW
- offshore wind energy:
 - 2017: 5MW
 - 2020: 750MW
- solar thermoelectric:
 - 2017: 2,304MW
 - 2020: 4,800MW
- solar photovoltaic:
 - 2017: 4,687MW
 - 2020: 7,250MW
- biomass:
 - 2017: 677MW
 - 2020: 1,950MW
- geothermal:
 - 2017: 0MW
 - 2020: 50MW

Key generators of renewable energy

- Abengoa SA
- Acciona Energía SA
- Endesa Cogeneración y Renovables SA ("ECYR")
- Iberdrola SA

FINANCIAL INCENTIVES

FINANCIAL INCENTIVES

Feed-in tariffs	<p>Royal Decree 413/2014 of 6 June 2014, which regulates the generation of electricity from renewable energy sources, cogeneration and waste ("RD 413/2014"), implemented a new system of specific remuneration (<i>retribución específica</i>), which is received on top of the remuneration on the sale of energy valued at market rates and for certain plants that generate electricity using renewable energy, cogeneration or waste-to-energy technologies (including biomass plants) in order to be able to cover the costs necessary to compete on an equal footing with other technologies while obtaining a reasonable rate of return in reference to the standard plant applicable in each case.</p> <p>The specific remuneration has two different components:</p> <ul style="list-style-type: none"> • an installed power component that covers the investment costs of a standard installation that cannot be recovered through energy sales, if any • an operation component covering the shortfall between operating costs and income obtained by the standard installation from the market, if any <p>To calculate the specific remuneration, each plant is allocated a standard reference plant on the basis of its characteristics by ministerial order. As established by RD 413/2014, a set of remuneration parameters applies to each standard plant. These parameters make up the specific remuneration applicable to the plants falling under the umbrella of each standard plant.</p> <p>In addition, exceptionally, it is possible for the remunerative regime to include a subsidy for investment in non-peninsular power systems when the overall cost of electricity generation is reduced, as well as a subsidy for participation in what are known as system adjustment services. Plants that participate in system adjustment services will receive the remuneration established by applicable regulations.</p>
Green certificates (name of the scheme)	N/A
Taxation	<p>Various tax measures for sustainability were established under Act 15/2012 of 27 December 2012:</p> <ul style="list-style-type: none"> • Electricity generation tax over the total income received from the power generated by each of the tax payer's installations at a tax rate of 7%. This electricity generation tax was suspended during the last quarter of 2018 and the first quarter of 2019, by means of Royal Decree Law 15/2018 of 5 October 2018, on urgent measures for the energy transition and the protection of consumers ("RDL 15/2018"). • Tax on the radioactive waste produced as a result of the generation of nuclear power and on the storage of nuclear waste in centralised plants. • Creation of the 'green cents' on natural gas, fuel-oil, coal and diesel. Since the entry into force of RDL 15/2018, this special tax on hydrocarbons does not tax electricity generation within power stations or the cogeneration within combined heat and power stations. • Duty on hydroelectric water.
Other	N/A

SWEDEN

OVERVIEW

Percentage of energy generation from renewable sources with breakdown (wind-, solar-, hydro-, geothermal power, biofuels, waste to energy etc) and 2020 Target for renewable energy

2017: 60.4% out of which:

- hydropower: 40.2%
- wind power: 10.8%
- other cogeneration: 9.4%

2020 target: 50% of the total energy consumption

Key generators of renewable energy

- Vattenfall AB
- E.ON Sverige AB
- Fortum Power and Heat AB
- Statkraft

Feed-in tariffs

N/A

Green certificates (name of the scheme)

The Electricity Certificate System is administered by the Swedish Energy Agency. The Electricity Certificate System is a market-based support system for renewable electricity generation.

Taxation

The main legal framework for energy taxation is set out in the Energy Tax Act (SFS 1994:1776), which contains provisions on energy tax, carbon dioxide tax, sulphur tax on fuels and energy tax on electricity. The framework is a means for Sweden to reach its energy policy goals.

If the requirements in the Biofuel and Bioliquids Sustainability Criteria Act (SFS 2010:598) are met, a tax exemption is awarded.

The thermal effects in the Nuclear Power Reactors Act (Act 2000:466) previously imposed a tax on the operator of a nuclear reactor amounting to SEK14,770 per MW on the highest allowed output capacity of the reactor.

In June 2016, it was proposed by the Energy Policy Commission to gradually phase out tax on thermal nuclear capacity over a two-year period, beginning in 2017.

In May 2017, the Parliament resolved to enact such changes and the tax has been phased out as of 1 January 2018.

Other

New legislation has been enacted gradually, over a four-year period beginning in 2017, which reduces the property tax on hydropower plants to the same level as that of most other electrical generation plants, ie 0.5%.

In July 2017, new rules came into force regarding a tax reduction for renewable energy produced in small plants (including solar power) in the amount of 0.5ÖRE/kW, a reduction corresponding to 98%.

The investment support scheme for solar panels was increased in late 2018. Following the increase, 30% of investment costs can be received, compared to 20% before the increase.

The Environment Protection Agency (*Naturvårdsverket*) financially supports local investments that reduce emissions through the government funded initiative (*Klimatklivet*).

The measures that can be supported include concrete climate initiatives in areas such as transport, industry, residential, commercial and urban engineering and energy.

The initiative is governed under the Ordinance on Support to Local Climate Investment (SFS 2015:517).

FINANCIAL INCENTIVES

SWITZERLAND

OVERVIEW	<p>Percentage of energy generation from renewable sources with breakdown (wind-, solar-, hydro-, geothermal power, biofuels, waste to energy etc) and 2020 Target for renewable energy</p>	<p>2017: 63.1% of electricity generated in Switzerland, which consisted of the following:</p> <ul style="list-style-type: none"> • hydro 56.7% • waste 2.21% • wind 0.23% • solar 2.94% • biomass 0.78% • sewage gas 0.22% <p>Target 2020: 4,400GWh generated from renewable energy.</p>
	<p>Key generators of renewable energy</p>	<ul style="list-style-type: none"> • Alpiq Group, Axpo Group, BKW Energie AG, Repower AG, EWZ • Swiss Federal Railways (ie SBB) • EnAlpin • Groupe E • Industrielle Werke Basel ("IWB") • Energie Wasser Bern (ie EWB)
FINANCIAL INCENTIVES	<p>Feed-in tariffs</p>	<p>Mechanism: Feed-in tariff (ie FIT) at cost ("KEV") is an instrument that was developed for the purpose of promoting generation of electricity from renewable energy sources ("RES"). It was first introduced in Switzerland in 2008 and supported numerous facilities generating electricity from RES, including hydropower (1 to 10MW), photovoltaics ("PVs"), wind energy, geothermal energy, biomass and waste material from biomass.</p> <p>Effective as of 1 January 2018, the KEV-system was amended to narrow the scope of facilities eligible to participate in the KEV-system, while others may only receive a one-time investment subsidy. In particular, small PV facilities (up to 100kWp) are no longer eligible to participate in the KEV-system, but they may apply for one-time investment subsidies instead. In addition, the amendment incentivises the market-oriented generation of electricity by requiring certain participants in the KEV-system to directly sell the electricity generated in the market and by linking the tariff paid to the generator to the market price. There is currently a long waiting list, and it is not expected that all projects on the waiting list will be able to participate in the KEV-system.</p>
	<p>Green certificates (name of the scheme)</p>	<p>Certified green electricity is sold by power companies to consumers that are willing to receive green power.</p> <p>Electric companies such as IWB (Canton of Basel) and EWZ (Canton of Zurich) provide their customers with renewable energy only. Other generators follow their lead by at least supplying certain areas with purely renewable energies.</p> <p>The green-certificates model is not mandatory for Swiss electricity generators.</p>
	<p>Taxation</p>	<p>As of 2008, the carbon dioxide ("CO₂") levy is a key instrument to achieving statutory CO₂ emission targets. An increase to CHF96 per tonne CO₂ occurred as of 1 January 2018.</p> <p>The CO₂ levy is considered to be a (steering) tax.</p>
	<p>Other</p>	<p>N/A</p>

TURKEY

Percentage of energy generation from renewable sources with breakdown (wind-, solar-, hydro-, geothermal power, biofuels, waste to energy etc) and 2020 Target for renewable energy

2017: according to the 2017 Sector Report of Elektrik Üretim AŞ, which is the state generation entity, the percentage of energy generation from renewable sources was 28.8% of the total electricity generation in 2017.

The breakdown is:

- hydro-power: 20% of the total electricity generation
- wind-power: 6.1% of the overall electricity generation
- geothermal: 2% of the overall electricity generation
- solar-power and biomass: 0.7% of the overall electricity generation

2023: the targets are to:

- increase the share of renewable energy sources ("RES") to 30%
- maximise the use of hydro-power
- increase wind power installed capacity to 20,000MW
- establish new power plants with 600MW of geothermal energy
- install new power plants with 3,000MW of solar energy

2023 targets for installed power capacity (MW) and electricity generation/GWh are:

- hydro (34,000MW/91,800GWh)
- wind (20,000MW/50,000GWh)
- geothermal (1,000MW/5,100GWh)
- solar (5,000MW/8,000GWh)
- biomass (1,000MW/4,533GWh)

Key generators of renewable energy

There is no publicly available data with respect to key generators of renewable energy. That said, generally speaking, there is no key generator for renewable energy in Turkey.

According to the 2017 Sector Report of EÜAŞ, EÜAŞ generated 16.1% of the total generated electricity in 2017, while 83.9% of the total generated electricity is generated by private companies.

The breakdown of key generators in 2017 is:

- EÜAŞ (16.1%)
- build-operate power plants (13.43%)
- build-operate-transfer power plants (2.80%)
- power plants subject to transfer of operation rights (1.99%)
- other private companies (65.68%)

Feed-in tariffs

Energy generated by power plants is subject to a system that can be regarded partially as a feed-in tariff ("FIT") and partially as a feed-in premium.

The RER Law guaranteed the prices in terms of US cents and access to loans was relatively easy due to predictable cash flows.

Power plants within the scope of RERSM may sell the generated energy directly to the free market. In return for sales income, they will pay the RERSM income to the market operator. RERSM income will be calculated by multiplying the sales volume with the market trade value.

The RER Law sets out different FITs according to the renewable energy resource, which are:

SCHEDULE I

Type of generation facility based on RES	PRICES APPLICABLE (US CENT/KWH)
Hydroelectric generation facility	7.3
Wind power based generation facility	7.3
Geothermal power based generation facility	10.5
Biomass based generation facility (including landfill gas)	13.3
Solar power based generation facility	13.3

Green certificates (name of the scheme)

In order to benefit from the renewable energy support mechanism, investors must obtain a renewable energy resource certificate. This certificate enables EMRA to monitor and track the power generated from a renewable energy resource, at the time of the power is traded on domestic and international markets.

The RER Support Mechanism includes price, terms, procedures and principles regarding payments, from which companies generating energy based on renewable energy resources within the scope of the RER Law can benefit. The prices in Schedule I will apply for ten years for generation licences subject to the RER Support Mechanism that are commissioned until 31 December 2020. However, in line with other developments, the foremost being security of supply, amount, price and payment terms and resources applicable to this law, will be determined by a decree of the Council of Ministers.

Taxation

The RER Law provides that renewable energy facilities can benefit from certain tax incentives upon a Council of Ministers' Decree.

Renewable energy facilities, related roads and transmission lines established in a forestry area or on State Treasury land benefit from 85% discounts on land allocation, lease or utilisation fees for ten years, provided that generation commences before 2015. Additional incentives are provided if domestic equipment is used in facilities commissioned before 31 December 2020.

Other

If the mechanical and/or electro-mechanical equipment used in the renewable energy generation facilities commissioned before 31 December 2020 are manufactured in Turkey, the prices in Schedule I will be added to the prices given in Schedule II, which is provided in the RER Law, for five years.

UKRAINE

Percentage of energy generation from renewable sources with breakdown (wind-, solar-, hydro-, geothermal power, biofuels, waste to energy etc) and 2020 Target for renewable energy

According to the Ministry of the Energy and Coal Industry of Ukraine and the State Agency on Energy Efficiency and Energy Saving of Ukraine, 159,350.9 million kWh of electricity was generated in 2018, while renewable energy generation companies with established 'green' (feed-in) tariff generated 2.884 million kWh of electricity, which amounts to 1.8% of total volume electricity generated in 2018. This amount was split among major types of renewable energy sources ("RES") as follows:

- wind energy: 41%
- solar energy: 41%
- small hydro energy: 8%
- biomass energy: 4%
- biogas energy: 6%

Pursuant to the Energy Strategy of Ukraine, 2020 target is to generate 12 million kWh of electricity from alternative energy sources.

Key generators of renewable energy

The power plants owned by the following companies/groups are key generators of renewable energy in Ukraine:

- DTEK
- Scatec Solar
- Eurocape
- CNBM
- Windkraft

Feed-in tariffs

Summary: The green (feed-in) tariff is equal to the established retail tariff for households (ie Class 2 consumers), which is UAH0.5846 for 1kW/h, multiplied by a respective Green Tariff index ("GTI") established by law.

The GTI varies depending on the following configurations and may differ for each launch stage:

- type of alternative energy source
- commissioning date of the energy generating object
- capacity of the energy generating object

At the same time, the green (feed-in) tariff rate ("GTR") cannot be below a guaranteed 'minimum floor' set by the National Energy and Utilities Regulatory Commission.

On a quarterly basis, the National Energy and Utilities Regulatory Commission checks if the rates of the effective GTRs established for the power plants commissioned prior to 31 December 2024 are not less than the minimum fixed rates.

Local content: If the power plant was constructed using a certain share of raw materials, consumables, fixed assets of Ukrainian origin ("Local Content"), the respective generator of electricity is eligible for a premium payment.

Only those power plants that were commissioned between 1 July 2015 and 31 December 2024 are eligible for the increase of the GTR as the result of satisfying the Local Content conditions; if the Local Content of the power plant exceeds 30% or 50%, the GTR may be increased by 5% or 10% respectively.

Auctions: Starting from 2020, a quota auction system will be implemented, instead of a green (feed-in) tariff system. State support will be provided under the auction support system through a guaranteed purchase of all electricity generated by the renewable energy source project within the limits of the quota purchased at the auction at the established fixed tariff.

Feed-in tariffs (continued)	<p>The green (feed-in) tariff system will remain available for those generators who have:</p> <ul style="list-style-type: none"> • commissioned their plants before 2020; or • executed pre-Power Purchase Agreement ("PPA") by 31 December 2019 and commissioned plants within two years from the date of a pre-PPA for solar power plants, three years for other types of RES
Green certificates (name of the scheme)	N/A
Taxation	<p>Companies involved in renewable energy generation benefit from certain tax incentives.</p> <p>Generally, the importation of goods to Ukraine is subject to value added tax ("VAT") at the 20% rate. However, under the Tax Code of Ukraine the importation of the following goods is exempt from VAT:</p> <ul style="list-style-type: none"> • equipment powered by RES • equipment and materials for generation of energy from RES • materials, equipment, and components used to manufacture equipment powered by RES, materials, raw materials, equipment, and components, which will be used for generation of energy from RES <p>Such goods are also exempt from customs duties under the Customs Code of Ukraine.</p> <p>The exemption from VAT and customs duties applies only provided that (i) the taxpayer uses such goods in the generation for personal needs and (ii) no identical goods of equivalent quality are manufactured in Ukraine. The Ukrainian Government approves the list of goods eligible for exemption from VAT and customs duties.</p> <p>Starting from 1 January 2019 and until 31 December 2022, renewable power plant ("RPP") equipment imported under the following HS codes will be exempted from Ukrainian VAT:</p> <ul style="list-style-type: none"> • wind power generation units (HS code 8502 31 00 00) • photovoltaic cells, modules and panels, light emitting diodes (HS code 8541 40 90 00) • liquid dielectric transformers with capacity exceeding 10,000kVA (HS code 8504 23 00 00) • invertors with capacity above 7.5kVA (HS code 8504 40 88 00) <p>To be exempt from VAT, the classification of imported RPP equipment under the HS codes must be confirmed by the Ukrainian customs authorities.</p>
Other	<p>There is a purchase guarantee for generators of electricity who enjoy the green (feed-in) tariff. A guaranteed buyer must purchase all electricity generated from RES by a generator (i) who enjoys the green (feed-in) tariff or has obtained state support through the auction system, and (ii) is a member of the balancing group of renewable energy generators who enjoy the green (feed-in) tariff.</p>

UNITED KINGDOM

Percentage of energy generation from renewable sources with breakdown (wind-, solar-, hydro-, geothermal power, biofuels, waste to energy etc) and 2020 Target for renewable energy

2017: Total is 53.67TWh (29.3% of total UK electricity generation)

Renewable energy fuel use (2017):

- bioenergy: 32%
- wind: 50%
- hydro and shoreline wave/tidal: 6%
- solar: 12%
- other: 4.1%

(Source: Digest of UK Energy Statistics)

2020 target: 20%

Key generators of renewable energy

- SSE
- Infinis
- EDF Renewable Energy
- RWE AG
- Drax
- E.ON
- Orsted

Feed-in tariffs

Summary: feed-in tariff ("FIT") for small-scale generation of up to 5MW with effect from 1 April 2010 by means of amendments to the licence conditions of electricity suppliers in Great Britain, raised to 10MW for ground mounted solar under the Energy Act 2013. The scheme was closed to new applications from 1 April 2019 subject to limited grace periods for some installations which were commissioned before this date.

Mechanism: under the terms of the licence, larger suppliers are required to agree terms for the payment of the FIT with eligible generators, including households. The tariff comprises a payment for each unit generated and an additional payment for export, calculated by reference to tariff tables set out in each supplier's licence. Generators can elect to sell their export independently.

FIT based on CfD: the Government has enacted powers to introduce FITs for large-scale renewable and other low carbon generation which will take the form of long-term contracts for difference ("CfD"), entered into with a central government counterparty, ie the Low Carbon Contracts Company ("LCCC"). The LCCC became operational on 1 August 2014.

Green certificates (name of the scheme)

Summary: The Renewables Obligation ("RO") is an obligation placed on licensed suppliers to supply a certain amount of the electricity they generate from renewable sources in each year. The RO scheme closed on 31 March 2017, with the exception of new solar photovoltaic generating stations above 5MW, for which the scheme closed from 1 April 2015.

Note: the Non-Fossil Fuel Obligation ("NFFO") is no longer open to new generators but will continue to operate alongside the RO until all fixed-price contracts entered into under that scheme (ie the NFFO) expire (2019); there is an equivalent regime applicable in Scotland.

Other

N/A

OVERVIEW

FINANCIAL INCENTIVES



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For further information on any matters in this publication, please contact:

Albania

Krenar K. Loloci
+355 4 225 0736
kl@lolocilaw.com

Austria

Bernd Rajal
+43 1 534 37 50203
b.rajal@schoenherr.eu

Belgium

Lode Van Den Hende
+32 2 518 1831
lode.vandenhende@hsf.com

Bosnia and Herzegovina

Milos Lakovic
+381 11 32 02 600
m.lakovic@schoenherr.rs

Vladimir Markus
+ 381 11 32 02 600
v.markus@schoenherr.rs

Bulgaria

Radoslav Chemshirov
+359 2 933 0742
r.chemshirov@schoenherr.eu

Croatia

Petra Santic
+385 1 4576 494
p.santic@schoenherr.eu

Bernd Rajal
+43 1 534 37 50203
b.rajal@schoenherr.eu

Czech Republic

Jiří Marek
+420 225 996 500
j.marek@schoenherr.eu

Jáchym Bém
+420 225 996 500
j.bem@schoenherr.eu

Denmark

Anders Stubbe Arndal
+45 38 77 43 05
asa@kromannreumert.com

Estonia

Jaanus Ikla
+372 640 7170
jaanus.ikla@ellex.ee

Triin Frosch
+372 640 7170
triin.frosch@ellex.ee

Finland

Toni Siimes
+358 20 506 6578
toni.siimes@roschier.com

France

Mathias Dantin
+33 1 53 57 6548
Mathias.Dantin@hsf.com

Germany

Silke Goldberg
+49 211 97 559 016
silke.goldberg@hsf.com

Marius Boewe
+49 211 97 559 066
marius.boewe@hsf.com

Greece

Gus J. Papamichalopoulos
+30 210 817 1500
g.papamichalopoulos@kglawfirm.gr

Hungary

Dániel Varga
+36 1 8700 700
d.varga@schoenherr.eu

Iceland

Baldvin Bjorn Haraldsson
+354 550 0500
baldvin@bbafjeldco.is

Ireland

Silke Goldberg
+44 20 7466 2612
silke.goldberg@hsf.com

Israel

Renelle Joffe
+972 3 610 3928
renj@meitar.com

Italy

Lorenzo Parola
+39 33 57 12 6242
lorenzo.parola@hsf.com

Francesca Morra
+39 02 00 68 1371
francesca.morra@hsf.com

Kazakhstan

Joel Benjamin
+7 727 355 05 27
joel.benjamin@kinstellar.com

Almas Zhaiylgan
+7 727 355 05 67
almas.zhaiylgan@kinstellar.com

Lena Makarenko
+7 727 355 05 49
lena.makarenko@kinstellar.com

Dina Berkaliyeva
+7 727 355 05 17
dina.berkaliyeva@kinstellar.com

Latvia

Girts Lejins
+371 6720 1800
girts.lejins@cobalt.legal

Martins Tarlaps
+371 6720 1800
martins.tarlaps@cobalt.legal

Lithuania

Simona Oliškevičiūtė-Cicėnienė
+370 5 250 0800
simona.oliskeviciute@cobalt.legal

Ignas Jurkynas
+370 5 250 0800
ignas.jurkynas@cobalt.legal

Luxembourg

Marianne Rau
+352 40 78 78 206
marianne.rau@arendt.com

Gilles Dauphin
+352 40 78 78 206
gilles.dauphin@arendt.com

Thomas Evans
+352 40 78 78 868
thomas.evans@arendt.com

Malta

Roderick Zammit Pace
+356 21 22 6268
rzpace@zammitpace.com.mt

Sharon Pace Gouder
+356 21 22 6268
spgouder@zammitpace.com.mt

Moldova

Andrian Guzun
+373 78 88 7677
a.guzun@schoenherr.eu

Montenegro

Slaven Moravcevic
+382 20 228 137
s.moravcevic@schoenherr.me

Milos Lakovic
+382 20 228 137
m.lakovic@schoenherr.me

the Netherlands

Marc van Beuge
+31 20 605 65 82
m.van.beuge@houthoff.com

Kirsten Berger
+31 20 605 61 73
k.berger@houthoff.com

North Macedonia

Veton Qoku
+389 2 3223 870
veton.qoku@karanovicpartners.com

Norway

Karl Erik Navestad
+47 9 829 4566
ken@adeb.no

Aleksander Dypvik Myklebust
+47 952 67 484
adm@adeb.no

Poland

Jerzy Baehr
+48 22 201 00 00
jerzy.baehr@wkb.pl

Portugal

Duarte Brito de Goes
+351 211 926 832
duarte.britogoes@csassociados.pt

Maria de Athayde Tavares
+351 211 926 836
maria.athaydetavares@csassociados.pt

Romania

Monica Cojocar
+40 21 319 67 90
m.cojocar@schoenherr.eu

Russia

Danila Logofet
+852 2845 6639
danila.logofet@hsf.com

Serbia

Slaven Moravcevic
+382 20 228 137
s.moravcevic@schoenherr.me

Milos Lakovic
+ 382 20 228 137
m.lakovic@schoenherr.me

Slovak Republic

Michal Lucivjansky
+421 2 571 007 01
m.lucivjansky@schoenherr.eu

Soňa Hekelová
+421 2 571 007 01
s.hekelova@schoenherr.eu

Slovenia

Marko Frantar
+386 1 200 09 80
m.frantar@schoenherr.eu

Bernd Rajal
+43 1 534 37 50203
b.rajal@schoenherr.eu

Spain

Miguel Riano
+34 91 423 4000
miguel.riano@hsf.com

Iria Calviño
+34 91 423 4000
iria.calvino@hsf.com

Sweden

Markus Olsson
+46 8 553 191 14
markus.olsson@roschier.com

Linda Ekborg
+46 72 556 08 66
linda.ekborg@roschier.com

Switzerland

Mariella Orelli
+41 43 222 1000
mariella.orelli@homburger.ch

Luca Dal Molin
+41 43 222 1000
luca.dalmolin@homburger.ch

Turkey

Okan Demirkan
+90 212 355 9900
odemirkan@kolcuoglu.av.tr

Melis Öget Koç
+90 212 355 9900
mokoc@kolcuoglu.av.tr

Ukraine

Glib Bondar
+380 44 591 3355
gbondar@avellum.com

Dmytro Symbiryov
+380 44 591 3355
dsymbiryov@avellum.com

Orest Franchuk
+380 44 591 3355
ofranchuk@avellum.com

United Kingdom

Silke Goldberg
+44 20 7466 2612
silke.goldberg@hsf.com

European Union

Silke Goldberg
+49 211 97 559 016
silke.goldberg@hsf.com