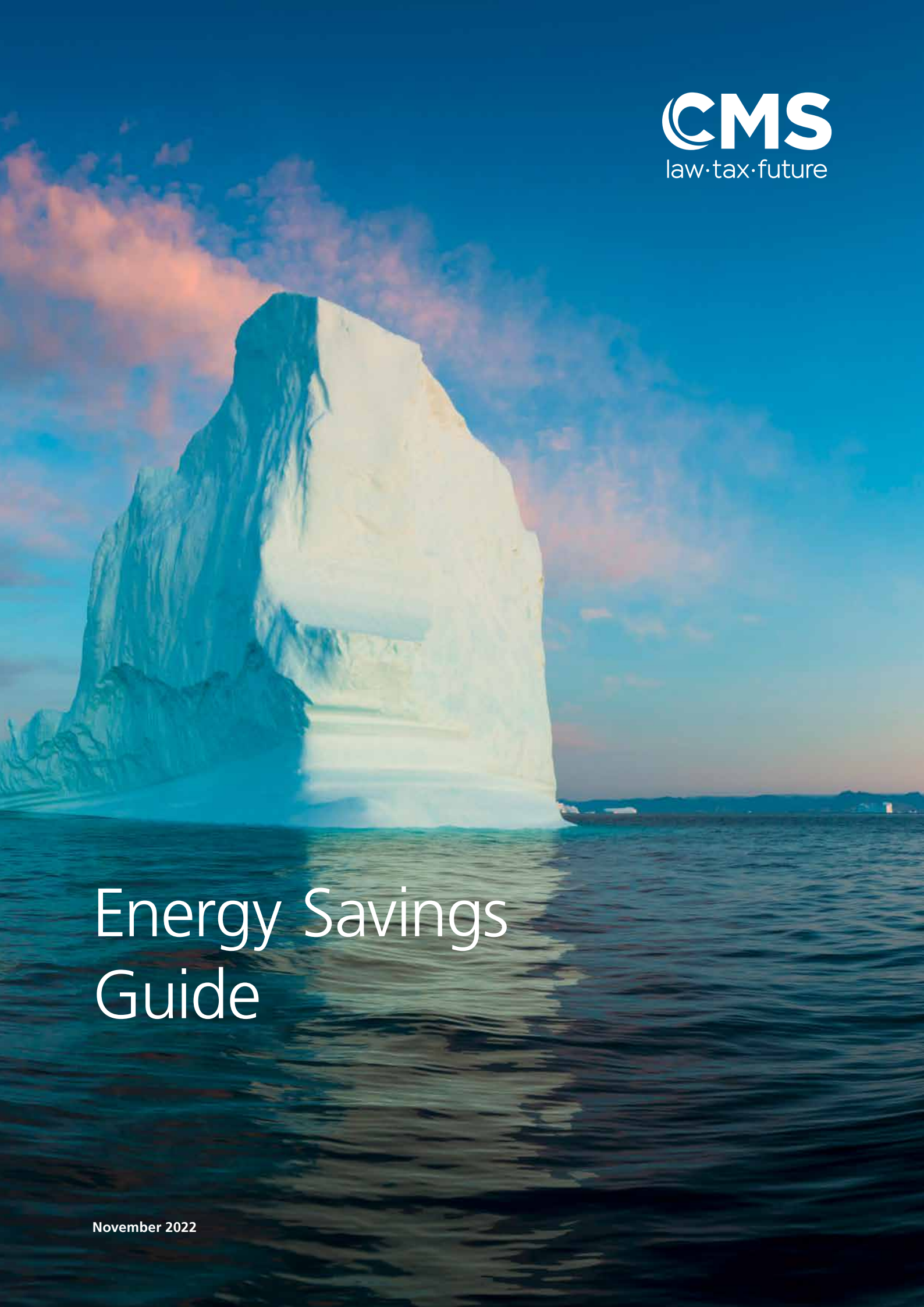

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Energy Savings Guide

November 2022

Contents

Introduction

Political and legal framework

Energy transformation requires building up new energy sources and that takes time. Saving energy, however, is the quickest and cheapest way to address the current energy crisis, which is mainly caused by Russia's invasion of Ukraine. Reducing energy consumption cuts households' and companies' high energy bills.

Building on the "Fit for 55" package of proposals and completing the actions on energy security of supply and storage, the European Commission's REPowerEU plan put forward a set of five actions, the first of which is energy saving. Union law sets forth mandatory saving goals for Member States but leaves them plenty of leeway to choose between a variety of measures. Applicant countries and many others have passed energy savings laws and targets too – offering additional flexibility.

As a framework, the Fit for 55 package and the European Climate Law (REG 2021/1119) sets out a binding, irreversible reduction of anthropogenic emissions. By 2030, 55% of the net GHG (greenhouse gas) emissions compared to 1990 must be saved. By 2050, the mandatory net zero emission goal must be achieved.

Regulation 2022/1032 requires that member states fill their gas storage facilities to at least 80-90% or that they store at least 35% of their average annual consumption in European storage facilities. Reducing consumption over the years reduces the filling obligation.

Since August 2022, obligatory reductions in gas consumption apply to EU member states (Regulation 2022/1032). The core innovation of this regime is the Union alarm that can be triggered by the European Council if there is a material risk of grave gas supply shortages, extraordinary gas demand or a national alarm pursuant to Directive 2017/1938 in at least five Member States.

Once a Union alarm has been triggered and for as long as it remains in force, member states must reduce their gas consumption by 15%. There is a partial exception if this would otherwise cause an electricity crisis in the respective member state. However, the steering measures to be taken and whether certain groups of gas consumers are granted more favourable conditions remain at the member state's discretion.

Regarding electricity, Regulation 2022/1854 on an emergency intervention to address high energy prices aims to reduce electricity consumption by 10% and ease the pressure on electricity prices through revenue caps. Again, Member States are free to choose the appropriate measures to reduce gross electricity consumption and meet the 10% target.

Additional rules apply to the fuel consumption of trucks or the energy consumption of district heating/cooling.

The CMS Guide

The result of these regulations concerning energy saving has been the introduction of a wide variety of energy saving laws in individual states; and many more measures are still to come. This CMS Guide is designed to shine a light on these regulations by explaining the most important legal measures and helping you to discover where your opportunities might lie.

For each jurisdiction, the guide is structured into:
(1) a country overview,
(2) national relief measures for high energy prices,
(3) national/regional/communal energy savings measures, and
(4) energy storage status and incentives.

The following measures have been chosen by the states represented in this guide:

- subsidies to end-consumers (Austria in general for energy prices; Croatia for gas consumption),
- price caps: electricity (Croatia for households, undertakings and certain public consumers; Ukraine for households),
- reduced VAT rate (Croatia, North Macedonia), tax incentives to privately store gas (Ukraine); exemption from steering measures for privately storing gas (Austria),
- subsidies to compensate for high energy prices (Bulgaria and Slovakia, in Slovenia for enterprises, in Türkiye for agriculture) and energy saving measures: (Croatia for SMEs);
- the reallocation of EU funds to support energy consumers (Slovakia);
- subsidies for energy storage solutions (Austria, Bulgaria and Ukraine) or for heat producers (Ukraine),
- energy efficiency measures incl. digitalisation (Bulgaria),
- reduced hours of electricity or heating supply (North Macedonia) or of gas supply (Slovakia),
- reduction of energy consumption by the public administration (Austria, North Macedonia, Slovenia), and
- obligations on gas storage operators to feed gas into the grid (Austria, Slovakia) or to supply heat producers at preferential prices (Ukraine).
- rewards for voluntary reduction of gas and/or electric energy consumption (Slovenia)
- reduced permitting requirements for PV and wind plants (Türkiye).

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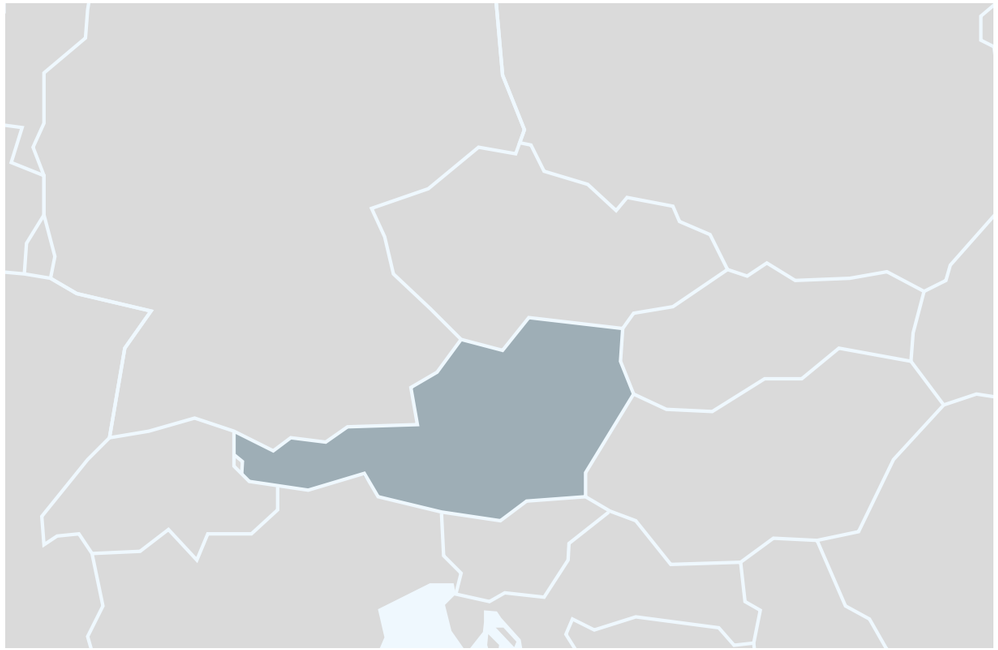


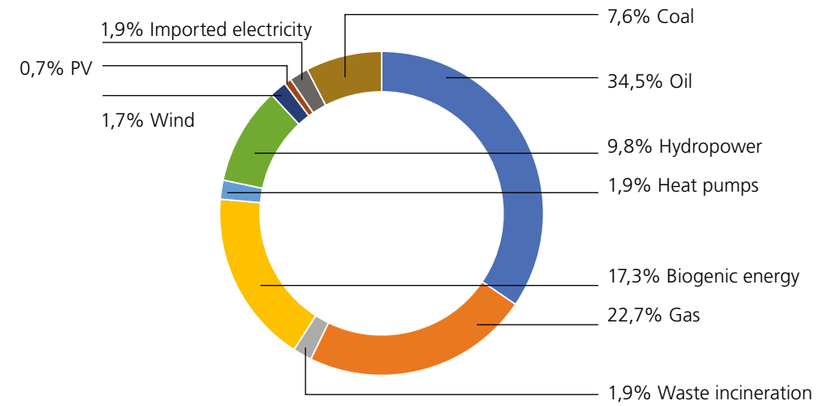
Austria

General overview

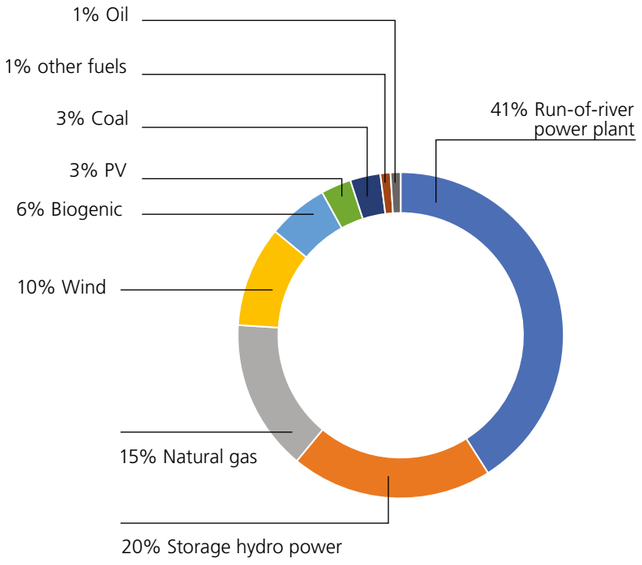
Roughly two thirds of the energy consumed in Austria comes from fossil fuels, the final third coming from renewable energy sources. The majority of electricity is already generated from renewable energy sources.

Although Austria covers roughly 23% of its energy consumption by burning gas, its level of dependence on Russian gas is particularly high. The government claims that, at the beginning
of the war in Ukraine, Austria was 80% dependent on Russian gas and this dependence has now been reduced to 50% (still one of the highest figures in Europe). Austria's fairly ambitious plan is not only to reduce its dependency further but also to convert its total electricity consumption to 100 % renewable energy sources by 2030 and become climate neutral by 2040.

Gross domestic consumption by energy source in 2020



Gross electricity production in 2021



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National relief measures

The cornerstone of the national relief measures in Austria is the energy cost subsidy (Energiekostenzuschuss, the "Subsidy"), which has a budget of EUR 1.3 billion. The most important facts have been communicated already; however, as of November 2022, the supporting directive outlining all details of the Subsidy is yet to be published. The general idea is to support companies with high energy consumption with compensation payments. In turn, those companies need to fulfil certain energy savings measures.

Enterprises are considered energy-intensive if their annual energy and electricity procurement costs amount to 3 % or more of the production value[1]. There are four funding levels with a maximum energy cost subsidy of EUR 400,000 to EUR 50 million. The level depends on the difference in the price of energy between 2021 and 2022, whether a loss was made and the company's sector. The eligible period is from 1 February to 30 September 2022, whereby the difference in price between 2021 and 2022 is generally subsidised at 30%.

National/Regional/Communal energy savings measures

The Austrian government has not yet imposed any obligations to save energy in direct connection with the energy price crisis. Currently, the government is relying on an educational campaign called "Mission 11" to motivate people and companies to save up to 11% energy through small changes in their behaviour.

[1] Essentially, production value is turnover plus/minus changes in the inventories of finished goods, work in progress and goods and services purchased for resale minus purchases of goods and services for resale.

Further, several municipalities have introduced saving measures, such as reducing the illumination of communal buildings at night, installing LED lights, evaluating plans to switch to renewable energy sources etc.

However, as mentioned under 2.3, to receive Subsidy payments companies must fulfil certain energy saving obligations. These include:

- Submitting an energy-saving concept (applicable to larger companies);
- Reducing facade and shop window illumination at night;
- Switching off heaters in the outdoor areas of businesses.
- Not keeping doors of businesses that are open to the public permanently open.

Two legislative acts are currently being drawn up that are expected to introduce extensive obligations regarding saving energy and reducing Austria's dependence on Russian gas. These are the Renewable Heating Act (Erneuerbare-Wärme-Gesetz), which for example will ban the installation of central or decentralised heating systems running on fossil fuels in new buildings in Austria from 2023, and the Austrian Energy Efficiency Act (*Energieeffizienzgesetz*).

Energy storage status and incentives

The gas storage facilities in Austria were 91% full on 27 October 2022. This corresponds to 87 terawatt hours and thus 95% of the average annual consumption.

This was achieved by introducing a strategic gas reserve through which Austria bought and stored 20 TWh of gas. The strategic gas reserve will only be available to Austrian consumers.

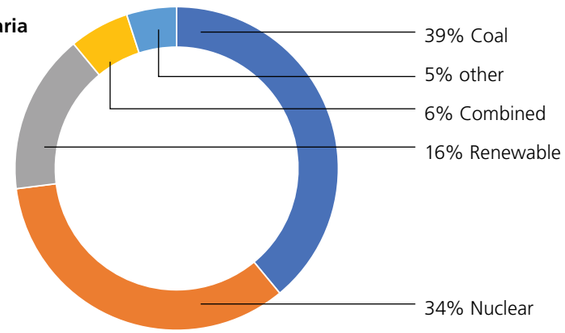
Austrian companies were further motivated to buy and store gas themselves through an amendment to the Energy Steering Act (Energielenkungsgesetz). The Energy Steering Act specifies the measures to be taken in an energy supply crisis, such as obliging companies to reduce their consumption. The amendment states that volumes of gas stored in storage facilities by end consumers, or third parties commissioned by them, will not be subject to certain national steering measures up to a share of 50% of their gas consumption in the previous calendar year.

Bulgaria

General overview

Energy has been one of the most active economic sectors in Bulgaria in the past few years. The reasons are the liberalization and the export potential in the region. The energy mix has been stable during the last decade with a minor but steady increase of energy from renewable sources. From the total of 43.5 terawatt hours (TWh) of electricity produced in the country, 16.49 TWh are from coal power plants, 16.58 TWh from nuclear power plants, and 7.5 TWh form renewables (including water).

Electricity mix in Bulgaria



Natural gas is used for a relatively smaller proportion of the electricity produced (6.6% from the mix), but also for heating (mainly by district heating companies, and less directly by households) and in industry. The share of natural gas in the total energy mix is 12.3%.

The annual consumption of natural gas in 2021 was 3,298 million cubic metres (out of which 99% was imported). 39% was used for electricity production (incl. heat), 25% in the chemical industry, and smaller amounts in other sectors.

National relief measures

To mitigate the negative economic consequences of the sudden price volatility in the energy sector, in October 2021 the Bulgarian government adopted a programme to compensate businesses for electricity costs as a part of a broader European Union campaign. This affected approximately 633,000 entities on the free market. All non-residential end consumers received compensation in the amount of BGN 110/MWh for a period of two months. Due to the continuing extreme electricity prices in 2022, the initial programme has been amended and extended.

Participation in the programme does not require an application. Compensation is achieved automatically by deducting the appropriate amount of compensation from the respective monthly invoice that the end non-residential consumer receives in accordance with contracts between the Ministry of Energy and the electricity suppliers concluded specifically for this purpose. The latest amendments, valid until the end of 2022, envisage that all non-residential end-consumers will be fully compensated for the difference between the real average monthly exchange price for the base load of the "day-ahead" segment of the Bulgarian Independent Electricity Exchange for the relevant month and the base price of BGN 250/MWh.

National/Regional/Communal energy savings measures

The Bulgarian Energy Efficiency Act is the main piece of legislation introducing energy savings measures. It introduces energy efficiency improvement activities such as the reduction of energy consumption and energy costs in energy production, transmission, distribution, as well as in final energy consumption; energy efficiency audits and certification of buildings; and energy efficiency audits of enterprises, industrial systems, and outdoor lighting systems.

Furthermore, Bulgaria's National Recovery and Resilience Plan ("NRRP") approved by the European Commission and adopted in 2022 devotes over 50% of its total allocation to measures in the energy sector such as creation of a clear framework for a coal phaseout; reduction of greenhouse gas emission; liberalization of the energy market; accelerated implementation of renewable energy projects and hydrogen. The NRRP also presents a sustainable mobility reform, encouraging the use of zero-emission vehicles by increasing public charging points, and introducing low-emission zones in the most polluted cities.

Some of the most important NRRP objectives are the decarbonization of the energy sector, power storage capacities, the energy efficiency of private and public buildings, smart industry, and digitalization and sustainability of rail transport. The NRRP focuses on supporting the businesses, in particular SMEs, through grants and financial instruments designed to promote digitalization and the use of renewables for their own consumption.

A good example is the recently implemented grant of up to EUR 200,000 to encourage companies to deploy energy-efficiency measures related to their industrial processes. Eligible applicants include enterprises from all sectors, which are allowed to apply independently or jointly with other enterprises from Bulgaria or from Norway, Iceland, Liechtenstein, Serbia, Türkiye, or North Macedonia. The applications must be submitted electronically by 21 October 2022. The grant provides funds for the implementation of energy-efficient solutions in the industrial systems of enterprises as well as heating and cooling systems and/or energy production from RES for self-consumption.

Energy storage status and incentives

The government is expected to introduce new incentive schemes for energy storage (batteries, water storage facilities) in accordance with the NRRP. More details are expected at the beginning of 2023.

Currently, there is one major underground gas storage facility – the "Chiren" storage. Its capacity is 550 million cubic metres which is equal to approx. 18% of the annual consumption in the country. It is planned to increase it by another 450 million cubic metres by 2024.

At the beginning of October 2022, approx. 77% of the "Chiren" facility's capacity was used, with the target of reaching the 80% minimum EU requirement by mid/end October.

There is no obligation for private companies to store additional volumes of natural gas, as this is apparently not on the government's agenda. The country's dependency on natural gas is limited (12% from the overall energy consumption) and it seems the government is now focused on compensation for high electricity prices and on diversification of the gas supplies (having received 95% of its supplies exclusively from Russia until April 2022). This policy is the first big success – a new gas pipeline to Greece was put into operation on 1 October 2022, which will allow Bulgaria to cover nearly 30% of its natural gas needs from alternative suppliers (like Azerbaijan).

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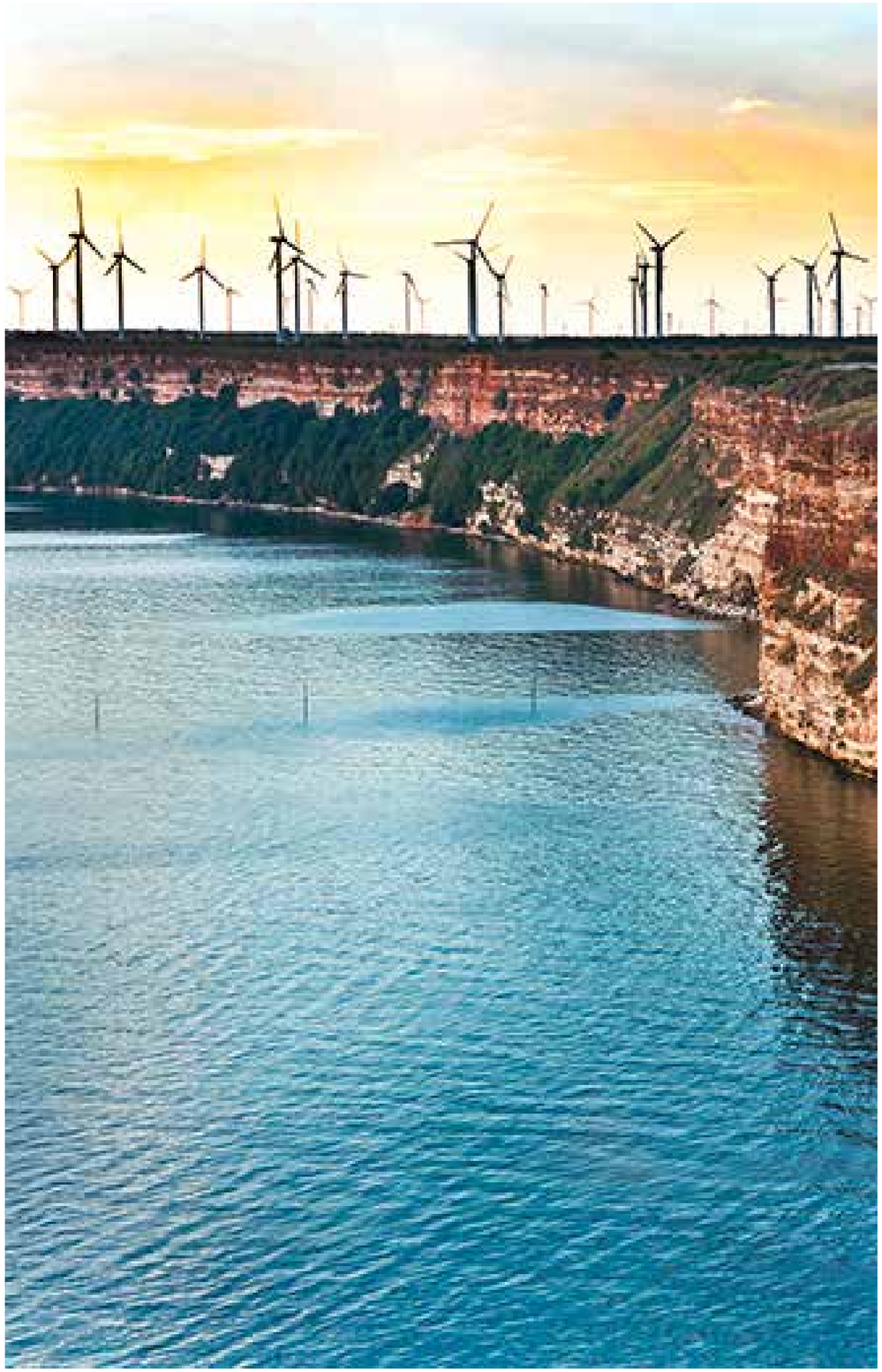
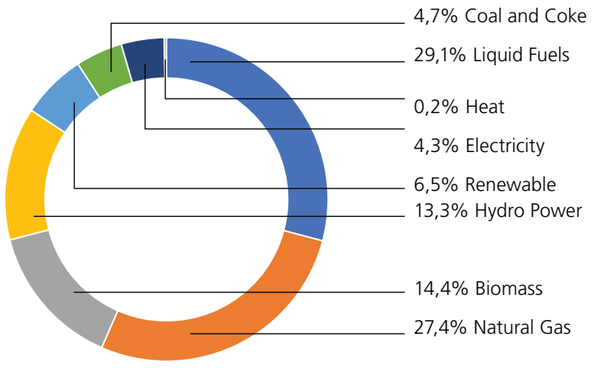


Croatia

General overview

In 2020, natural gas constituted around 27% of the total primary energy supply in Croatia:

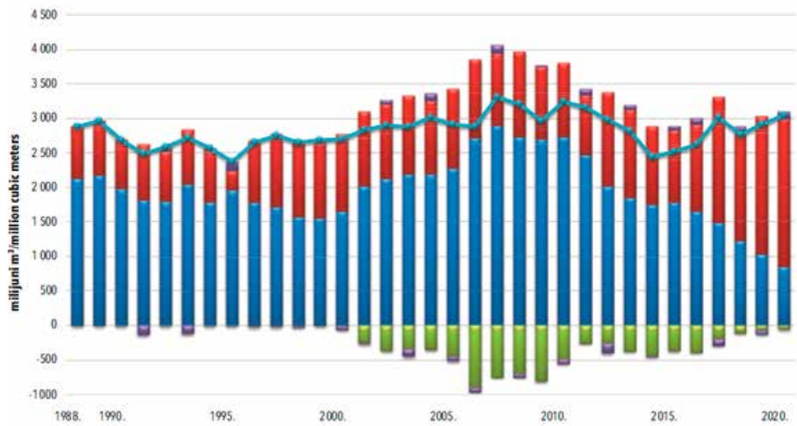
Total Primary Energy Supply in 2020



Other sources of energy were liquid fuels, wood and biomass, hydropower, renewables, coal and coke, electricity and heat.

Most of the natural gas in the Croatian market came from imports – around 70% of natural gas is imported, while 30% is locally produced:

Natural gas supply in Croatia



Source: Energy Institute Hrvoje Požar

The overall annual consumption of natural gas is around 3 billion cubic metres of natural gas; around 800 million cubic metres of natural gas is produced locally, while 2.2 billion cubic metres of natural gas must be imported. Croatia imported around 22% of the overall natural gas consumed from Russian sources, i.e. around 600 million cubic metres of natural gas annually. Gas imports to Croatia come from three entry points: the Croatia-Slovenia interconnection, the Croatia-Hungary interconnection and, since 2021, the LNG terminal on the island Krk. This LNG terminal has a capacity of 2.6 billion cubic metres annually, which means it could replace the entire Croatian natural gas import requirements. This leaves Croatia better prepared to handle the upcoming energy crises.

National energy saving measures – obligations and recommendations

The Croatian government has not enacted specific goals and obligations related to energy savings, but rather focused on decreasing energy costs and issuing recommendations on how to minimise energy consumption. The Government issued measures and recommendations for energy savings for households, the public sector and businesses.

The main national measures are (i) a decrease of VAT rate for natural gas, (ii) a subsidy for natural gas consumption and (iii) a curtailing of the electricity price.

The VAT rate on natural gas has temporarily been decreased from 25% to 5% for the heating season 2022/2023, and afterwards the VAT rate will be permanently decreased from 25% to 13%.

The Government will subsidise households with 0.1 HRK per kWh of the consumed natural gas, and small and medium sized entrepreneurs consuming up to 10 GWh of natural gas annually with 0.15 HRK per kWh of the natural gas consumed. The subsidy will be deducted from the monthly natural gas invoice and reimbursed by the Government to the natural gas suppliers.
Finally, electricity prices are to be curtailed based on a half-annual consumption of electric energy

for households (if consumption < 2500 kWh then it will cost EUR 59 /MWh, if consumption
> 2500 kWh then it will cost EUR 88 /MWh) and businesses (if consumption < 250,000 kWh then it will cost HRK 0,5295 /kWh, if consumption > 250,000 kWh then it will cost HRK 1,356210 /kWh). Certain public sector institutions (e.g., schools, kindergartens) are given a fixed price of EUR 62 / MWh.

The Croatian Energy Institute Hrvoje Požar, a government advisory body, issued a comprehensive guide for households, the public sector and businesses on achieving energy savings. Most recommendations focus on limiting heating and using tools, household objects, machines and other electricity-consuming equipment in the most energy-efficient manner.

Regional energy saving measures – obligations and recommendations

We are unaware of any regional or local energy savings measures, obligations or recommendations. So far, the counties have restricted themselves to promoting national public sector recommendations, rather than devising their own plans.

Energy storage status and incentives

By 3 October 2022, the Croatian natural gas storage Okoli reached 92% of its capacity of approximately 550 million cubic metres of natural gas. INA, the largest petroleum company
in Croatia, has been bound to sell all produced natural gas to HEP, the largest state-owned electricity company and one of the largest gas suppliers. Additionally, INA has to increase production of natural gas from the existing fields by 10%. Another method of energy storage used in Croatia is the capacity of pump storage plants (RHE) in the Velebit and Cetina valleys; however due to the poor hydrological conditions (extreme draught), these have not been utilised at their full capacity.

On 1 September 2022 the Croatian government opened a public call for financing energy savings projects in small to medium sized enterprises. The projects covered include introducing new energy efficient technologies, investment into businesses installing their own heating/cooling systems (e.g. heat pumps) and renewable energy systems (e.g., solar, wind and geothermal). Individual project financing for small and medium enterprises is from HRK 750,000 to 7,500,000 (approximately EUR 100,000 to 1,000,000). Individual project financing for medium-capitalized enterprises is from HRK 2,000,000 to 35,000,000 (approx. EUR 250,000 to 4,650,000).

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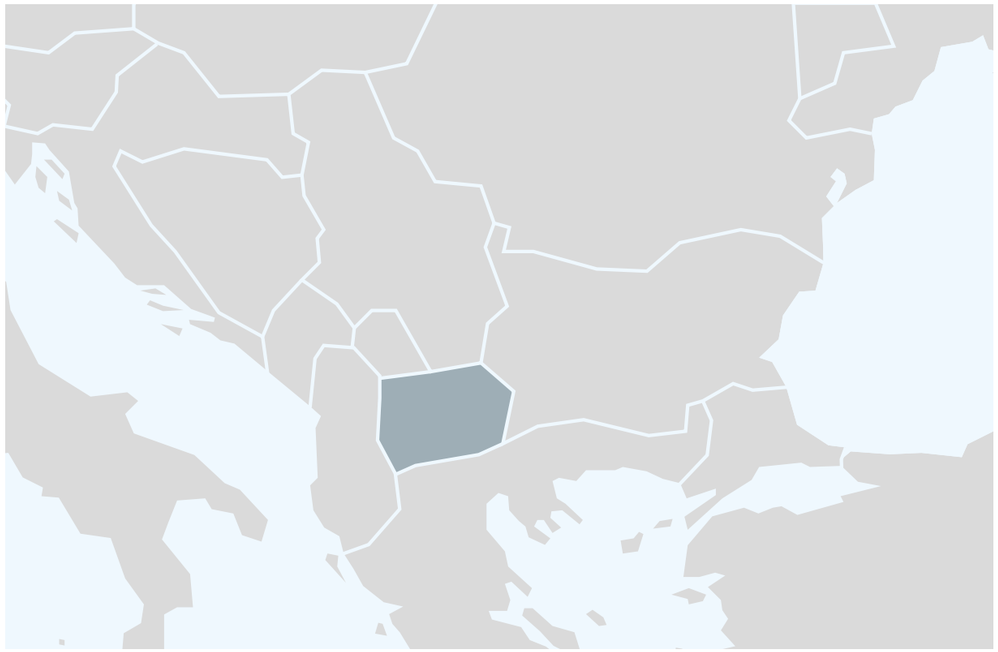


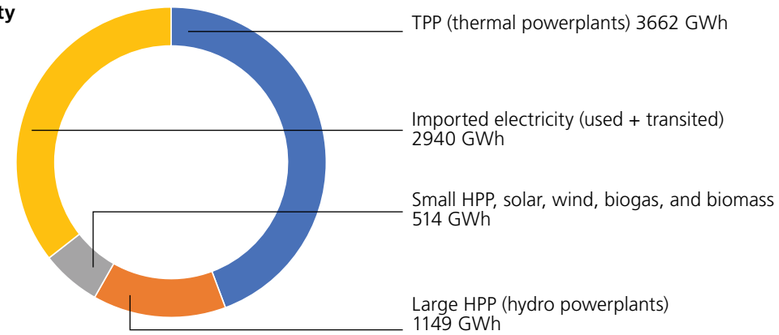
North Macedonia

General overview

Most of the electricity in North Macedonia is produced from thermal power plants (mainly coal). The share of the RES (including large hydro) in the total installed capacity in North Macedonia is 38%. In 2021, the newly installed capacity connected to the electric power system was 14.2 MW (almost exclusively photovoltaics). The electricity imported into North Macedonia constitutes around 30% of the overall gross consumption. A larger number of projects for the development of new private renewable energy capacities (mostly photovoltaic and wind power plants) are underway.

Regarding natural gas, North Macedonia is highly underdeveloped – it doesn't produce anything domestically, and all its natural gas is imported. Until today, almost all its natural gas came from Russia, and was delivered via the sole active gas pipeline system that North Macedonia has – with the Republic of Bulgaria. The capacity of the Macedonian natural gas transmission system is 800 million nm3 (annually).

Total produced electricity (used and exported) in North Macedonia in 2021



National relief measures due to high energy prices for companies

There are still no active national relief measures due to high energy prices for companies in North Macedonia; however, VAT exemptions for the import of natural gas, electricity, thermal and cooling energy were announced. The commerce/economic chambers stress the need for immediate measures and have announced a plan for increasing energy independence and efficiency. They have also called for both energy price regulation (i.e. the price to a certain level to be paid by the companies, and above that level, to be paid by the government), as well as deregulation of the procedure for connection of photovoltaics, cutting-out VAT for photovoltaics and inverter air conditioners, etc.

National/Regional/Communal energy savings measures for companies

As of 1 September 2022, a crisis in the electricity and in the heating energy supply was announced by the Government of North Macedonia due to the lack of electricity and heating energy and due to the conditions of the electricity and heating energy markets. Based on these decisions and other relevant legislation, specific measures and activities could be taken, e.g., limitation of electricity consumption, reduction of the time of delivery of heating energy (by two hours per day), reduction of the supplied heating energy (by 30%), etc.

The Government has also announced "recommendations for the business community". The recommendations suggest private companies i) turn off the decorative lighting on the facades of all buildings; ii) not use lighting in the interior rooms, halls, and offices during while there is enough daylight; iii) turn off all computers after finishing work; iv) install intelligent management systems for the management of capacities with electric motors; etc. Additionally, there are mandatory measures for public institutions (ministries, agencies, state administration bodies) and other state companies/enterprises. These recommendations and measures will be active until 31 March 2023.

Energy storage status and incentives

Beside the stored hydropotential in the hydropower plants, North Macedonia does not yet have active "classic" large electricity storage capacity. However, some projects for development of such storage capacities are underway.

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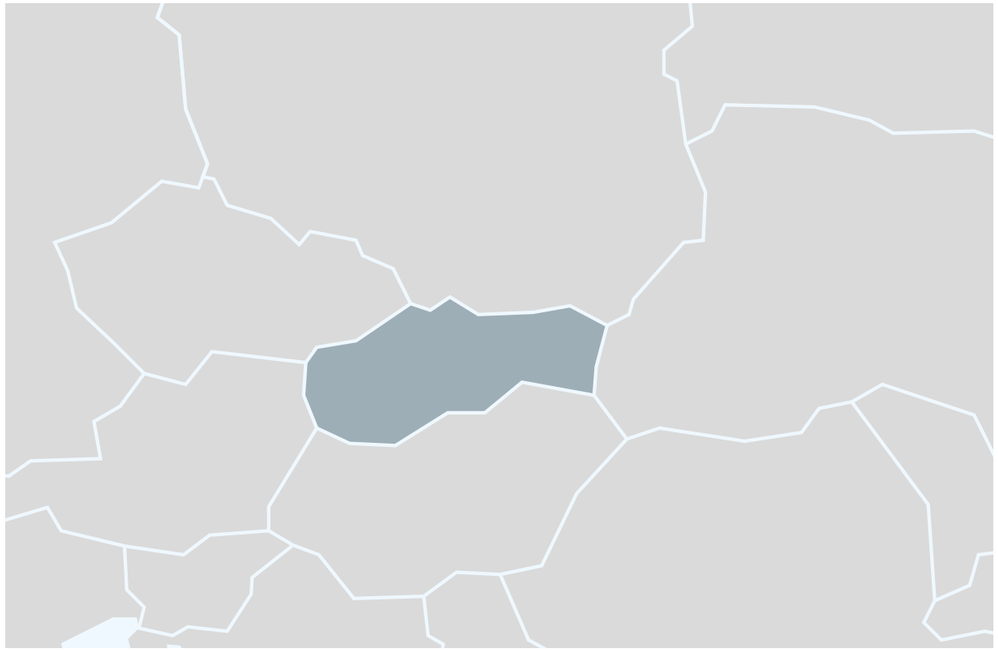

Slovakia

General overview

According to the press releases of the state authorities, the Slovak Republic has reduced its dependence on Russian gas by 65% since the beginning of June 2022. Slovenský plynárenský priemysel, a.s. (SPP), a major energy supplier in Slovakia, signed a contract for the supply of Norwegian gas, which is expected to cover approx. 32% of Slovak gas consumption. In addition, SPP also concluded a contract for the supply of LNG which will cover 34% of gas consumption in Slovakia. At the same time, Slovakia still purchases gas from Russia. According to state representatives, gas supplies for Slovakia are secure until the end of 2023.

Most of the electricity produced in Slovakia (more than 70%) is produced from sources such as nuclear or hydro power. Slovenske elektrárne, the largest electricity producer in Slovakia, is starting to produce electricity in a new block of the nuclear power plant in Mochovce. In 2023 Slovakia will thus become energy self-sufficient in terms of electricity production.

National relief measures due to high energy prices for companies

According to the National Bank of Slovakia, without any compensation measures, the number of businesses incurring losses due to increased energy prices may rise significantly. Despite this well-known fact, Slovakia has not yet adopted any compensation scheme for high energy prices. The Slovak Government awaits results of discussions on the EU-level on which basis it plans to introduce national measures. Various possible solutions are under discussion and promoted in the media. For example, on 24 October 2022, the Slovak Government announced its plans for capping electricity prices and gas prices for companies until the end of the first quarter of 2023. It is planned that gas prices will be capped at EUR 99 per MWh and electricity prices will be capped at EUR 199 per MWh and that companies shall be reimbursed with up to 80% of the amount paid above the capped prices. Compensation will be awarded regardless of the size, profitability or business activity of the company up to the maximum amount of €500,000. A new scheme covering industries with high energy consumption is expected to be announced soon.

The European Commission promised to allow Slovakia to use billions of euros of unused cohesion funds from the 2014-2020 period to help with the energy crisis. Slovakia will receive EUR 366,9 million from RepowerEU programme to reduce energy dependence on Russian fossil fuels and promote renewables. An alternative, source of funding compensation seems to be the Environmental Fund operating under the supervision of the Ministry of the Environment of the Slovak Republic. Compensation to be paid from the Environmental Fund, however, falls within the state aid scheme which needs approval of the European Commission (which is pending).

National/Regional/Communal energy savings measures for companies

Thanks to a new law, which became effective on 7 October 2022, the Slovak Government is empowered to declare a state of emergency due to increases in electricity prices and gas prices. During the state of emergency, the Ministry of Economy of the Slovak Republic will adopt measures through a generally binding legal regulation. Such measures for the participants in the gas market may include an obligation to limit or interrupt gas consumption, designating a group of gas end-users to whom gas may be supplied, an obligation on the operator of a storage facility to ensure the production of gas from the storage facility at a specified price for a gas supplier designated by the Ministry, restriction of energy consumption or any other measure to ensure energy saving by final gas customers other than household. The law also envisages a reimbursement mechanism connected with the measures.

The Slovak Republic has not declared a state of emergency as of the date of writing.

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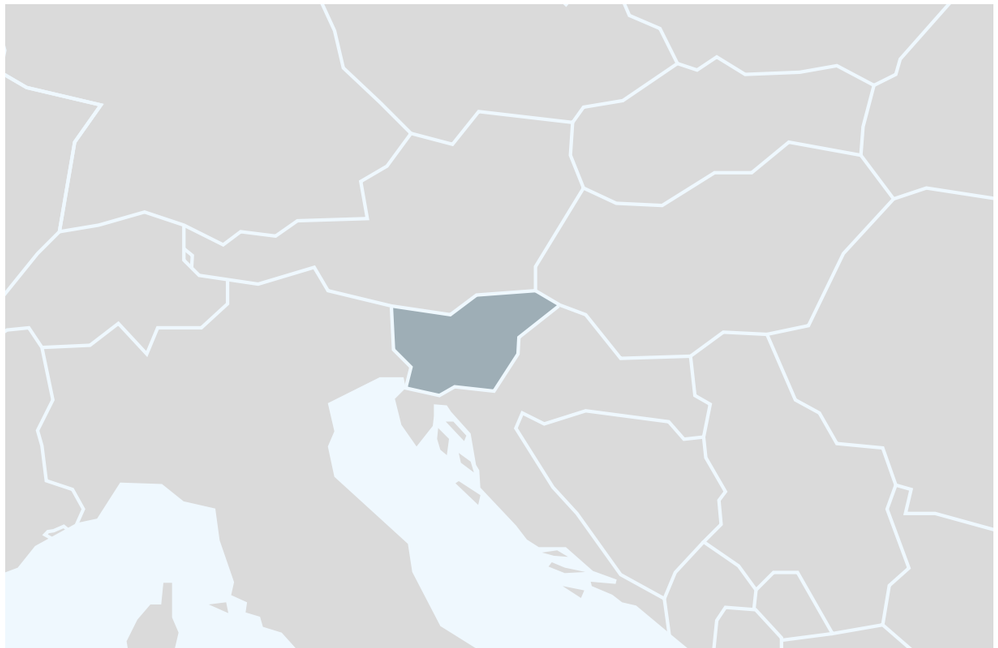
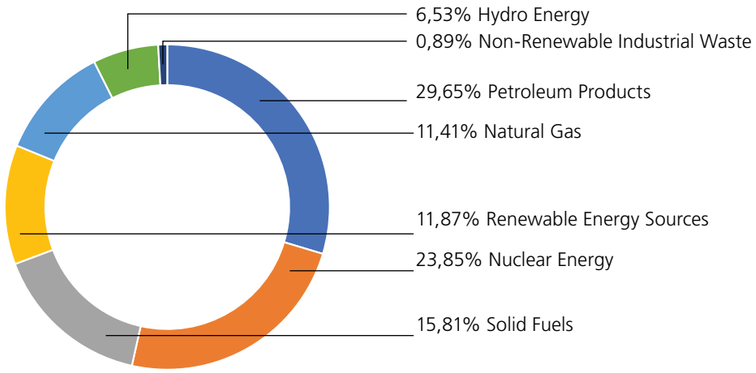


Slovenia

General overview

Slovenia covers over half of its energy consumption (ca. 54.3%) from domestic energy sources, while the rest is imported. In 2021, the largest share of total available energy supply in Slovenia represented petroleum products (29.65%), followed by nuclear energy (23.85%), renewable energy sources including hydro energy (18.4%), solid fuels – mainly coal (15.81%), and natural gas (11.41%). The entire quantity of petroleum products, that prevailed in the energy supply in 2021, was imported.

Energy Supply in 2021



In 2020, Slovenia imported 17.6% of its total available energy from the Russian Federation (mostly via Austria), which was below the average imported by other EU Member States (ca. 24.4%). The majority of the total amount of natural gas (81%) available to Slovenia, as well as some of the total quantity of petroleum products (24.9%) supplied to Slovenia, was imported from the Russian Federation in 2020[2].

National relief measures due to high energy prices for companies

Slovenia implemented energy price mitigation measures and measures for a reliable energy supply and intends to support the integration of solar power plants in Slovenia. Enterprises affected by high energy prices may apply for the financial support offered by the Slovenian Government, which will be available for that portion of the costs of electricity and natural gas that exceeds a doubling of the energy prices in the period between 1 June and 31 December 2022. Small and medium-sized enterprises will be able to apply for financial support in the amount of up to 50% of eligible costs and large enterprises, up to 30% of eligible costs, or if proving an operating loss, energy-intensive enterprises will be able to apply for the reimbursement of up to 70% of eligible costs, but up to a maximum of EUR 2 million. The total estimated value of financial support offered by the Slovenian Government amounts to EUR 86 million. Furthermore, a 50% reduction in the contribution for ensuring support for the production of electricity from renewable energy sources and high-efficiency cogeneration ("RES + CHP contribution"), paid by those not using renewables, was implemented as an additional energy price mitigation. In addition, other measures were implemented. Among the other measures, for the period from 1 September until 31 August 2023, the maximum resale prices of electricity and natural gas, that can be offered to certain categories of users (i.e., households, small enterprises, users from public sector, etc.), were determined by recently adopted laws as well as the prices of certain petroleum derivatives (i.e., 95-octane unleaded petrol, diesel fuel, extra-light fuel oil) are restricted due to a one-year statutory limitation on the margins of traders of the petroleum derivatives concerned.

[2] Statistical Office of the Republic of Slovenia ("SURS") - SURS (stat.si)

National/Regional/Communal energy savings measures for companies

Energy suppliers are obliged to achieve energy savings at final consumers in accordance with the Slovenian National Energy and Climate Plan ("NEPN"), based on Directive No. 2018/2002 on energy efficiency. Additional measures to reduce energy import dependency have been recently implemented by the new Slovenian act on measures for the management of the energy crisis, such as the promotion of energy self-sufficiency, the Slovenian Government`s right to limit the lighting and heating in public buildings, the right of natural gas users to disconnect from the natural gas distribution system if they use renewable energy sources for heating, the opportunity to be rewarded for the voluntary reduction of gas and/or electric energy consumption by 15%.

As part of the energy saving measures, the Slovenian Government ordered that the premises of the state administration may not be cooled to less than 25 °C during the summer and not be heated to more than 20 °C during the heating season to follow directions from the Council Regulation on coordinated demand-reduction measures for gas. To ensure a stable gas supply, the Slovenian Government adopted the Guarantee Act, which places obligations on the Slovenian companies GEN energija, HSE and Geoplin to ensure their liquidity. Nevertheless, the Slovenian Government intends to prepare an action plan to abandon the use of natural gas of Russian origin by 2025. To ensure a green transition and households` energy independence, the Slovenian Government intends to prepare appropriate measures to initially enable one third of Slovenian households to access community solar power plants with the aim of ensuring all households in Slovenia are fully independent of fossil fuels by 2030.

Energy storage status and incentives

In Slovenia, the Energy Agency of the Republic of Slovenia is in charge of natural gas storage. In the event of a high energy risk, the required state reserves of oil and petroleum products may be used below the minimum level of the required reserves as determined in the Slovenian Commodity Reserves Act. The Slovenian Government lowered the VAT rate to 9.5% for electric energy, natural gas, district heating and firewood for the period between 1 September 2022 and 31 May 2023. The recent statutorily determined lower excise duty on electricity, solid fuels, biofuels, and other energy products used for heating will be maintained. The mandatory and alternative gas supply will be ensured for certain protected customers (households, hospitals, etc.) if they are suddenly left without a supplier.

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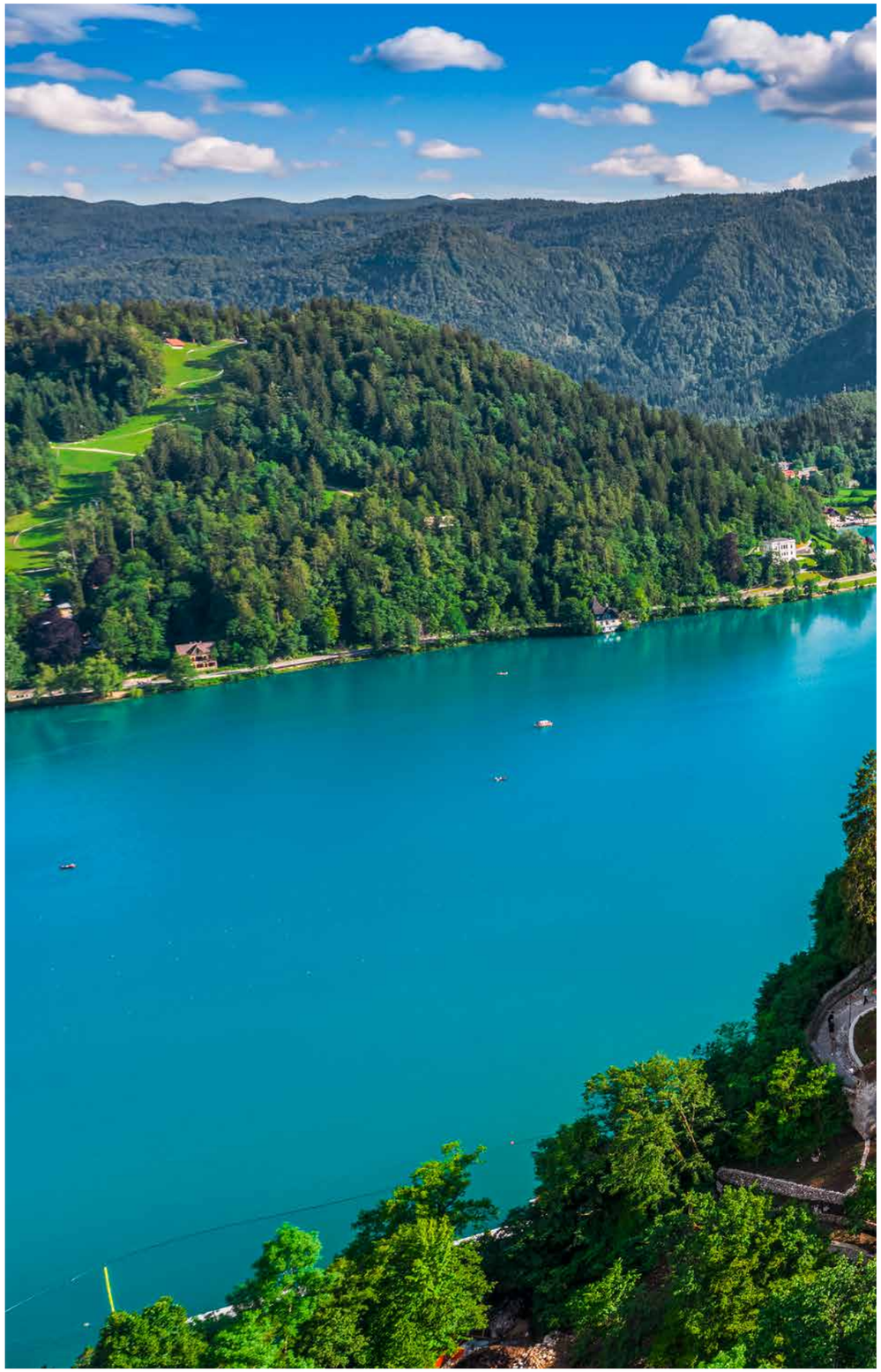

Türkiye

General overview

Attributing great importance to investments in the energy sector, the installed capacity of Türkiye has increased, as has its demand for energy.

According to the latest Electricity Market Sector Report published by the Energy Market Regulatory Authority ("EMRA"), natural gas is the most widely used resource for electricity generation with a share of 32.71%:

Installed Capacity and Production by Resources by the end of 2021

Resource Type	Total Installed Capacity* (MW)	Share in %	Total Production* (MWh)	Share in %
Hydraulic	31.492,58	31,55	55.695.231,65	16,80
Natural Gas	25.964,56	26,01	108.438.726,84	32,71
Wind	10.606,98	10,63	31.137.427,23	9,39
Lignite	10.119,92	10,14	43.400.430,26	13,09
Import Coal	8.993,80	9,01	54.888.840,62	16,56
Solar	7.815,63	7,83	13.294.280,97	4,01
Geothermal	1.676,17	1,68	10.770.879,81	3,25
Biomass	1.644,52	1,65	7.616.648,91	2,30
Hard Coal	840,77	0,84	3.539.791,50	1,07
Asphaltite	405,00	0,41	2.372.954,47	0,72
Fuel-oil	251,93	0,25	336.644,04	0,10
Naphtha	4,74	0,00	0,00	0,00
LNG	1,95	0,00	0,00	0,00
Diesel	1,04	0,00	78,33	0,00
Total	**99.819,57**	**100,00**	**331.491.934,64**	**100,00**

Licensed and unlicensed power plants are included.

Natural Gas Importation Amounts for the Years 2011-2021 (Million Sm3)

Country	**Russia**		**Iran**		**Azerbaijan**		**Algeria**		**Nigeria**		**Other****		**Total**
Years	Amount	Share %	Amount	Share %	Amount	Share %	Amount	Share %	Amount	Share %	Amount	Share %	**Amount**
2011	25.406	57,91	8.190	18,67	3.806	8,67	4.156	9,47	1.248	2,84	1.069	2,44	43.874
2012	26.491	57,69	8.215	17,89	3.354	7,3	4.076	8,88	1.322	2,88	2.464	5,37	45.922
2013	26.212	57,9	8.730	19,28	4.245	9,38	3.917	8,65	1.274	2,81	892	1,97	45.269
2014	26.975	54,76	8.932	18,13	6.074	12,33	4.179	8,48	1.414	2,87	1.689	3,43	49.262
2015	26.783	55,31	7.826	16,16	6.169	12,74	3.916	8,09	1.240	2,56	2.493	5,15	48.427
2016	24.540	52,94	7.705	16,62	6.480	13,98	4.284	9,24	1.220	2,63	2.124	4,58	46.352
2017	28.690	51,93	9.251	16,74	6.544	11,85	4.617	8,36	1.344	2,43	4.804	8,7	55.250
2018	23.642	47,02	7.863	15,64	7.527	14,97	4.521	8,99	1.668	3,32	5.061	10,21	50.282
2019	15.196	33,61	7.736	17,11	9.585	21,2	5.678	12,56	1.756	3,88	5.260	11,63	45.211
2020	16.166	33,59	5.321	11,06	11.548	24,00	5.573	11,58	1.358	2,82	8.159	16,95	48.126
2021	26.343	44,87	9.434	16,07	7.986	13,60	5.987	10,20	1.249	2,13	7.706	13,13	58.704

** The countries where Spot LNG imports are made until 2020 and the countries where spot LNG/pipeline gas imports are made in 2020.

Natural Gas Importation Amounts for the Years 2011-2021 (Million Sm3)

As indicated in the Turkish Natural Gas Market Report 2021 published by the EMRA, natural gas is the primary source for electricity production. On the other hand, according to the Turkish Natural Gas Market Report for 2021, the majority of natural gas used in Turkey is imported from Russia. Therefore, Turkey's dependency on Russian gas is considerable.

However, several crucial steps have been taken in recent years aimed at decreasing the level of dependency on energy imports and increasing supply security, such as gas exploration and storage activities (i.e. discovery of natural gas reserves and floating storage regasification units).

National relief measures due to high energy prices for companies

In the past one (1) year, several sectoral relief packages have been adopted by the Turkish government due to high energy prices. For example, regulation was enacted to help with the cost of agricultural electricity (e.g. electricity used for irrigation) by introducing zero-interest loans up to 10 million Turkish Liras.

In addition, the Eleventh Development Plan (2019-2023) of Turkey, published by the Presidency of Strategy and Budget of Presidency of the Republic of Turkey, which sets national plans and policies in various areas from economy to sustainable environment, introduced several targets that could be achieved through various relief packages. For example, according to the Plan, unlicensed solar power plants and wind power plant applications will be supported with the purpose of encouraging communities to generate electricity for domestic use.

Also, the Sustainability Principles Compliance Framework published by the Capital Markets Board in 2020 sets environmental principles for companies; it is of an advisory nature but requires an explanation in case of non-compliance, including explaining energy consumption data, conducting studies on increasing renewable energy use & switching to zero or low-carbon electricity, and conducting energy efficiency projects.

National/Regional/Communal energy savings measures for companies

As per the Regulation on Increasing Efficiency in the Use of Energy Resources and Energy, it is obligatory to establish an energy management system (i.e. training, measurement, observation, and planning activities etc. conducted with the aim of increasing efficiency in energy & energy resources use) and to appoint energy managers to monitor the energy management activities for industrial enterprises that have an energy consumption of more than 1000 TOE per year and commercial and service buildings with a total construction area that exceeds 20,000 m2 or an energy consumption of more than 500 TOE per year. Also, those obliged to appoint an energy manager must submit their energy consumption information to the Ministry of Energy and Natural Resources.

According to the National Energy Efficiency Action Plan ("NEEAP"), published by the Ministry of Energy and Natural Sources with the aim of reducing energy consumption by means of action in categories such as buildings & services, energy, and industry & technology, the National Energy Efficiency Financing Mechanism is expected to be established with the aim of providing financial support for the implementation of energy efficiency investments. In that context, energy distribution and/or retail companies will be obliged to implement some energy efficiency measures.

Energy storage status and incentives

According to the information provided by the Ministry of Energy and Natural Sources, in 2021, the total natural gas consumption was 58.8 bcm, whereas the total underground storage capacity was 4.04 bcm. On the other hand, only 0.1% of the total natural gas was produced domestically in 2021. Although it is foreseen that the total storage capacity will reach 11 bcm by 2023 due to new investments, considering the figures and the fact that the natural gas consumption is also expected to increase and the domestic production only corresponds to less than 1% of the demand, the term for Türkiye to use its storage capacity is not excessive.

A broad range of incentives are available for strategic investments, the primary ones being VAT exemption and customs duty exemption.

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Ukraine

General overview

Since the summer of 2021, Ukraine, like the European Union, has been facing the effects of a reduced gas supply to the European market, leading to increased energy prices. Moreover, gas and electricity prices reached record levels once the Russian war against Ukraine began in February.

Due to Russian aggression, the Ukrainian energy sector has faced threatening new challenges, such as nuclear terrorism (through the seizure of nuclear power plants in Zaporizhzhya and Chornobil), considerable harm to critical infrastructure (electricity and gas networks), critical consumption due to the departure of residents and the cessation of companies, an even more crucial reduction in the level of payments for energy.

Even so, the Ukrainian energy system is part of the unified European electricity system ENTSO-E. Currently, Ukraine has the following interconnections with the ENTSO-E countries:

Hungary	650 MW / 450 MW (export/import capacity)
Slovakia	600 MW / 600 MW (export/import capacity)
Romania	400 MW / 400 MW (export/import capacity)
Poland	210 MW / 0 MW (export/import capacity)

Such a connection to the continental system allows Ukraine to export electricity to the EU. E.g., the revenues from the sale of the interstate crossing for the export of electricity to Romania and Slovakia from 30 June to 31 August was up to UAH 2.94 billion.

As for now, it is challenging to predict the energy balance for 2022 and 2023 and the necessary amount of natural gas that needs to be imported.However, for 2021 the following numbers are available: for the heating season,Ukraine had to import 2.6 bcm of natural gas from Europe.

Energy balance for 2021 (by type of resources)

Coal	28 %
Own natural gas	23.8 %
Imported natural gas	2.2 %
Nuclear energy	24 %
Oil products	12 %
Other	10 %

Energy resources consumption in Ukraine

Industry	19 %
Transport	10 %
Energy sector	44 %
Other	27 %
Total in a million tons	100%

National relief measures due to high energy prices for companies

In the energy and gas market, special obligations have been imposed on the participants in the respective markets to secure supply and stabilize the price.

The government has adopted a regulation on the imposition of special duties on Naftogaz Trading (the most significant gas supplier) compelling it to supply natural gas to heat producers at preferential prices until 31 March 2023. The amount of natural gas to be provided at such a regulated price will be limed for each heat producer by the Ministry of regional development.

Moreover, the Government established the regulated price for an approved amount for electricity that individuals use.

As for now, no other special national relief measures due to high energy prices for companies have been adopted.

Energy storage status and incentives

Ukraine has one of the biggest networks of underground gas storage (UGS) facilities in Europe. The gas storage operator (Ukrtransgaz) operates 11 underground storage facilities with an active capacity of 31 billion cubic metres, up to 21% of the whole European capacity. The volume of free gas storage capacities, subject to the annual capacity allocation procedure, starting from 1 April 2022, is 14 billion cubic metres. Currently, customers can use one of the two options without needing customs to clear the gas: customs warehouse and customs warehouse + short haul.

In the customs warehouse option, Ukrainian and foreign customers can store gas in Ukrainian storage facilities without paying taxes or customs duties for 1095 days—the subsequent sale in Ukraine takes place through customs clearance or it is re-exported to the EU.

In the customs warehouse + short-haul option, customers access storage facilities at reduced tariffs for transportation between specific entry or exit points on interstate connections. The service is available in a “customs warehouse” gas storage facility and is defined as local capacity.

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Facts & Figures

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Lawyers
> 5,000

Partners
> 1,200

52 new partners in 2021, taking the total to over 1,200

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73 cities

Across
43 countries

EUR 1.746bn
turnover for 2021

19 Practice and Sector Groups working across offices

Top rankings in M&A league tables by deal count
(Bloomberg, Mergermarket and Thomson Reuters)

» **#1 Germany, DACH, Austria**

» **#2 Europe, UK, Switzerland, Benelux**

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Cúcuta
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Rio de Janeiro
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