

**ASSEMBLY OF THE REPUBLIC OF MACEDONIA**

Pursuant to Article 75 paragraphs 1 and 2 of the Constitution of the Republic of Macedonia, the President of the Republic of Macedonia and the President of the Assembly of the Republic of Macedonia issue this

**DECREE FOR PROMULGATION OF THE EGERGY LAW(\*)**

The Energy Law (\*),

adopted by the Assembly of the Republic of Macedonia, on its session held on 21 May 2018, is hereby promulgated.

No. 08-3424/1

21 May 2018

Skopje

President

of the Republic of Macedonia

Gjorge Ivanov, PhD

President

of the Assembly of the Republic

of Macedonia,

**Talat Xhaferi, M.A.,**

# **ENERGY LAW (\*)**

## **I. GENERAL PROVISIONS**

### **Subject of regulation**

#### **Article 1**

This Law shall regulate:

- 1) the objectives and the manner of implementing the energy policy;
- 2) the construction of energy facilities;
- 3) the status and competence of the Energy and Water Supply Regulatory Commission of the Republic of Macedonia;
- 4) electricity, natural gas, heat energy markets, as well as the crude oil, oil derivatives and transport fuels market;
- 5) the manner and procedure for determining and fulfilling the obligations for providing a public service on the electricity, natural gas and heat energy markets, as well as the rights and obligations of the energy consumers and the users of the energy systems;
- 6) the manner and conditions for encouraging the use of renewable energy sources and
- 7) other issues in the energy field.

### **Objectives of the Law**

#### **Article 2**

The objective of this Law shall be to provide:

- 1) secure, safe and quality energy supply to consumers in accordance with the strategic determinations in the energy field;
- 2) efficient, competitive and financially sustainable energy sector, based on the principles of non-discrimination, objectivity and transparency, which provides a high level of security in the energy supply;
- 3) safe, secure and efficient operation, maintenance and development of the electricity and natural gas transmission and distribution systems, as well as the heat energy distribution systems for the purpose of providing high level of services for the needs of the users of these systems;
- 4) application of the already established internationally harmonised rules for cross-border exchange of electricity and natural gas, as well as cooperation of the electricity and natural gas transmission systems operators with the respective operators from other countries within the organised forms of cooperation of the operators;

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\* In the Law, in accordance with the Decision of the Ministerial Council of the Energy Community No. O/2011/02/MS-EnC the following shall be transposed:

Directive 2009/72/EC concerning common rules for the internal market in electricity

Regulation 714/2009 on conditions for access to the network for cross-border exchanges in electricity

Directive 2009/73/EC concerning common rules for the internal market in natural gas

Regulation 715/2009 on conditions for access to the natural gas transmission networks

Directive 2005/89/EC concerning measures to safeguard security of electricity supply and infrastructure investment

Directive 2004/67/EC concerning measures to safeguard security of natural gas supply

Directive 2009/28/EC on the promotion of the use of energy from renewable sources and Regulation 543/2013 on submission and publication of data in electricity markets

- 5) ownership separation of electricity and natural gas transmission and distribution system operators in order to ensure that their operation is independent of the interests of their owners in the performance of activities related to the generation, supply and/or trade in electricity and/or natural gas;
- 6) fulfilment of the obligations for providing a public service on the energy markets, as well as effective protection of the rights and interests of the users of energy systems, energy consumer rights protection and especially the vulnerable consumers;
- 7) encouraging the use of energy from renewable sources through appropriate and effective financial and other support measures in order to achieve the goals of the renewable energy policy and to ensure the security of energy supply and
- 8) protection of the environment and mitigation of climate change from the negative impacts in the performance of energy activities.

## **Definitions**

### **Article 3**

The specific terms used in this Law shall have the following meaning:

- 1) "system balancing" shall mean all activities and processes through which the electricity transmission system operator or the natural gas transmission system operator, as the case may be, shall maintain the relevant system balance within a predefined stability range;
- 2) "balance energy" shall mean the amount of energy that is engaged by activating the system services for aligning deviations between available energy and energy consumption in real time;
- 3) "balance mechanism" shall mean a set of documents, procedures and methodology that define the rights and obligations of the participants in electricity market or in natural gas market in relation to balance responsibility;
- 4) "balance group" shall mean a group composed of one or more electricity market or natural gas market participants, from which one member of the balance group shall take the full balance responsibility and is a balance responsible party;
- 5) "balance responsibility" is the responsibility of the participants in the electricity market in terms of generation, consumption and/or transactions in electricity or consumption and/or transactions in natural gas, in accordance with the accepted physical schedules (nominations), and the financial responsibility to the electricity transmission system operator or the natural gas transmission system operator for any deviation and, if necessary, for settling the deviations (imbalances);
- 6) "balance responsible party" shall mean a participant in the electricity market or natural gas market, or his elected representative, who shall take balance responsibility and submit physical schedules (nominations) to the balance group in accordance with their mutual contractual obligations and who is responsible for the imbalances with the electricity transmission system operator or the natural gas transmission system operator;
- 7) "gross final energy consumption" shall mean the total energy consumption for energy purposes by all consumers (households, industry, agriculture, transport, fishery, service activities and public services), and shall include the consumption of electricity and heat energy in the energy

sector for production of electricity and heat energy, as well as the losses in the transmission and distribution of electricity and heat energy;

8) "vertically integrated trading company" shall mean a trade company (hereinafter: company) or related companies in which the same person or the same persons shall be entitled, directly or indirectly, to manage and where the company or related companies perform at least one energy activity - transmission or distribution of electricity/natural gas - or operation with natural gas storage plants and/or liquefied natural gas storage plants, and at least one of the activities for electricity generation, supply or trade in electricity/natural gas;

9) "virtual producer" shall mean a legal entity that commercially and technically integrates producers of electricity from renewable energy sources connected to the electricity distribution network, which shall enable centralised management of their generation and their treatment as one producer participating in the electricity market;

10) "guarantee of origin" shall mean a document aimed at providing evidence to consumers that a particular share or a certain amount of energy is generated from renewable energy sources;

11) "transport fuels" shall mean fuels intended for use in transport such as oil derivatives, biofuels or mixtures of biofuels and oil derivatives;

12) "balancing service provider" shall mean a participant in the market of balance energy that shall provide balancing services to the electricity transmission system operator or the natural gas transmission system operator on the basis of a contract for participation in the balancing market;

13) "electricity/natural gas derivatives" shall mean financial instruments such as options, futures, swaps, advance contracts and other derivative contracts that can be settled in cash, either physically or through recognised clearing houses, in order to protect participants in the organised electricity/natural gas market from possible fluctuations in prices;

14) "distributed producer" shall mean a producer of electricity connected to an electricity distribution network;

15) "electricity distribution" shall mean a transmission of electricity through high voltage, medium voltage and low voltage electricity distribution networks and management of the electricity distribution system in a particular area for the purpose of delivering electricity to consumers, excluding electricity supply;

16) "natural gas distribution" shall mean a transport of natural gas through a local or regional natural gas distribution system and a management of a natural gas distribution system for supply of natural gas to consumers, not including natural gas supply;

17) "heat energy distribution" shall mean a transport of hot water or steam through a distribution network and a management of heat energy distribution system in a particular area for the purpose of heat energy delivery to customers, not including heat energy supply;

18) "household" shall mean a consumer connected to an energy distribution system which shall purchase or generate energy for own consumption in the household, but not for commercial or professional purposes;

19) "electrical energy system" shall mean a system comprised of electricity generation plants, electricity transmission network, one or more electricity distribution networks

and electricity consumers;

20) "electricity distribution network" shall mean an electricity network of interconnected electrical lines, transformers and other equipment and plants

which are an integral part of the electricity distribution system and through which electricity is delivered through low, medium and high voltage;

21) "electricity distribution system" shall mean an energy system for electricity distribution through high, medium and low voltage networks in a particular area of the territory of the Republic of Macedonia and connected to the electricity transmission system;

22) "electricity transmission system" shall mean a system for transmission of electricity through the electricity transmission network in the Republic of Macedonia;

23) "electricity transmission network" shall mean a network used for transmission of high voltage electricity through high voltage overhead power lines, transformers and other high voltage equipment and installations, from the point of receipt from the electricity producers or interconnection electricity lines to the point of delivery;

24) "energy" shall mean all forms of energy and energy products, combustion fuels, heat energy, electricity, or other forms of energy that may originate from fossil, nuclear or renewable sources;

25) "energy facility" shall mean a part of an energy system intended for generation, transmission, distribution, consumption or storage of energy;

26) "energy system" shall mean a system of interconnected facilities, devices and plants for generation, transmission or distribution of energy which is an integrated technical-technological and functional whole and serves to supply consumers with energy from producers or energy sources;

27) "ENTSO-E" shall mean a European Network of Transmission System Operators for Electricity;

28) "ENTSO-G" shall mean a European Network of Transmission System Operators for Gas;

29) "congestion in a natural gas transmission system" shall mean a condition where the demand for real deliveries from the natural gas transmission system exceeds the technical capacity of the system at some point;

30) "congestion in the electricity transmission system" shall mean a condition in which it is impossible through an interconnection line for electricity to transfer all the physical flow required by the participants in the electricity market for realisation of the international trade in electricity, due to lack of capacity in the interconnection line for electricity and/or lack of capacity in the electricity transmission system of the Republic of Macedonia;

31) "interconnection line" shall mean an electricity line or pipeline for natural gas, including the associated equipment and plants, by which the electricity transmission system i.e. the natural gas transmission system of the Republic of Macedonia is connected to the corresponding transmission system of a neighbouring country;

32) "final daily schedule" shall mean a document prepared by the electricity transmission system operator for the entire electricity generation, internal and cross-border transactions through the electricity transmission system, on the basis of

physical schedules submitted by the electricity market participants, approved by the electricity transmission system operator;

33) "buyer" shall mean a natural or legal person which purchases energy for its own needs or for further sale;

34) "person" shall mean a natural or legal person performing an energy activity and registered in the trade register of the Republic of Macedonia;

35) "license" shall mean an act issued by the Energy Regulatory Commission on the basis of which the person to whom it is issued may perform an energy activity in the Republic of Macedonia;

36) "small consumer" of electricity i.e. natural gas shall mean an entity whose average number of employees in the last two fiscal years is less than 50 and has a total annual revenue of less than two million denar counter value of euro currency, with the exception of the producer of electricity and the electricity/natural gas transmission system and distribution system operator;

37) "oil pipeline" shall mean a pipeline with appropriate facilities and plants for transport of crude oil;

38) "renewable energy sources" shall mean non-fossil energy sources such as: hydro, wind, solar, aerothermal, hydrothermal and geothermal energy, biomass, landfill gas, biogas and gas obtained from wastewater and biomass treatment plants;

39) "electricity distribution system operator" shall mean a company that performs electricity distribution activities and manages the electricity distribution system in the Republic of Macedonia and is responsible for the operation of the system, its maintenance, development and connection to the electricity transmission system, as well as for ensuring long-term ability of the system for meeting the reasonable needs for electricity distribution;

40) "electricity transmission system operator" shall mean a company that performs electricity transmission, manages the electricity transmission system in the Republic of Macedonia and is responsible for the secure and stable operation of the system, its maintenance, development and connection to the electrical energy systems of the neighbouring countries;

41) "natural gas distribution system operator" shall mean a company that performs natural gas distribution and manages the natural gas distribution system for which it has been granted a license and is responsible for its operation, maintenance, development and connection with other natural gas systems and for ensuring the long-term ability of the system to meet the reasonable needs for natural gas distribution;

42) "natural gas transmission system operator" shall mean a company that manages the natural gas transmission system and is responsible for the operation, maintenance and development of the natural gas transmission system, as well as for connection to other natural gas transmission systems and ensuring the long-term ability of the system to meet reasonable needs for natural gas transmission;

43) "heat energy distribution system operator" shall mean a company that performs heat energy distribution and manages the heat energy distribution system in the Republic of Macedonia and is responsible for the operation of the system, its maintenance and development and for the provision of the long-term ability of the system to meet the reasonable needs for heat energy distribution, not including the heat energy supply;

- 44) "load" shall mean a power delivered to the system or part of the system or to the consumers and it is expressed in kW or kVA, i.e. MW or MVA;
- 45) "organised electricity market" shall mean an institutionally regulated relationship between supply and demand from electricity market participants with predetermined standardised products, as well as physical and financial settlements, which are determined one day in advance or on a current day;
- 46) "deviation (imbalance) of a balance group" shall mean a difference between the realised and nominated physical schedules for each accounting interval;
- 47) "energy market" shall mean an organised way of purchasing and selling energy on the basis of supply and demand, applying the requirements and procedures prescribed by this Law;
- 48) "balance energy market" shall mean a market-oriented management of the balancing of the electricity transmission system or natural gas transmission system by the electricity transmission system operator or the natural gas transmission system operator, respectively;
- 49) "market plan" shall mean a set of aggregated physical schedules on a daily basis from each balance group for each market participant, made by the electricity market operator;
- 50) "preferential producer of electricity" shall mean a producer of electricity from renewable sources which uses one of the measures for support set out in this Law;
- 51) "associated companies" shall mean associated companies in accordance with the Law on Trade Companies;
- 52) "consumer" shall mean an entity which uses the purchased energy for its own use, including electricity transmission and electricity distribution system operators when purchasing energy to cover losses in the relevant systems, as well as energy producers for their own consumption;
- 53) "premium" shall mean a form of financial support that is granted to a preferential producer of electricity from renewable sources as an additional amount of the price that it got by selling the generated energy on the electricity market;
- 54) "electricity transmission" shall mean a transmission of electricity through an electrical power transmission system and management of electrical energy system for supply of electricity to customers not including electricity supply;
- 55) "natural gas transmission" shall mean a transport of natural gas through the natural gas distribution system and management of a natural gas transmission system for supply of natural gas to consumers, not including natural gas supply;
- 56) "third party access" shall mean a right of the users to have access to the electricity, natural gas or heat energy transmission or distribution system in an objective and non-discriminatory manner, under regulated conditions and according to previously published tariffs;
- 57) "product pipeline" shall mean a pipeline with appropriate facilities and plants for transport of oil derivatives or transport fuels;
- 58) "vulnerable consumer" shall mean a household in which lives a person to whom, due to his social condition and/or health condition, the right to use the network and/or the supply of electricity, natural gas or heat energy is given under special conditions;

- 59) "available balance capacity" shall mean the amount of balance energy that can be available to the electricity transmission system operator by the production unit for dispatching or by the dispatching load during the dispatching interval;
- 60) "regulated energy activity" shall mean an energy activity which is performed in accordance with the conditions, manner and, if justified, according to the prices and tariffs set out or approved by the Energy Regulatory Commission, in accordance with the public service obligation of this Law;
- 61) "security" shall mean security in the supply and provision of energy, as well as the technical security of the energy systems;
- 62) "natural gas distribution system" shall mean a gas supply network for distribution owned and/or managed by a natural gas company and related companies which are necessary to enable access to the distribution;
- 63) "natural gas transmission system" shall mean a gas transmission system that is owned and managed by the natural gas system operator, and consists of high-pressure gas pipelines, operational reserve and other equipment and plants that represent an integral part of the natural gas transmission system;
- 64) "heat energy distribution system" shall mean an energy system for distribution of heat energy in a particular area or part of an area of a local self-government unit;
- 65) "electricity ancillary services" shall mean services provided by the producers or consumers of electricity which are necessary for secure and stable operation of the electricity transmission system, such as: operational reserve for frequency regulation, voltage regulation, the ability for black-start etc.;
- 66) "natural gas systemic services" shall mean necessary services for operation of the natural gas transmission system or distribution system for the purpose of ensuring secure and reliable operation and management of the systems, and they are defined in the relevant grid code;
- 67) "energy supply" shall mean the sale of energy to consumers, and may include trade in energy;
- 68) "energy supplier" shall mean a license holder who supplies energy to consumers and who can trade with energy;
- 69) "electricity supplier of last resort" shall mean an electricity supplier designated in accordance with the provisions of this Law which provides a public service for supply of electricity to consumers, other than small consumers and households, for a limited period of time and in the cases determined by this Law;
- 70) "natural gas supplier of last resort" shall mean a natural gas supplier which provides a public service for supply of natural gas to consumers within a limited period of time and in the cases determined by this Law;
- 71) "tariff" shall mean a price of the service provided by entities performing regulated energy activities for transmission and distribution of energy or natural gas, set pursuant to the pricing and tariff systems of the Energy Regulatory Commission, in accordance with the provisions of this Law;
- 72) "tariff system" shall mean a regulation which determines the elements for setting tariffs for certain regulated energy services;
- 73) "transit of energy" shall mean a transfer i.e. transport of energy that is carried out



through the territory of the Republic of Macedonia, originating from another country and intended for that country or a third country;

74) "transaction" shall mean a contract concluded for purchase or sale of certain quantities of power, electricity and ancillary services within a certain period of time between market participants;

75) "trader" shall mean a person who purchases energy for further sale;

76) "universal service for electricity supply" shall mean a right of all households and small consumers to be supplied with electricity of specified quality at reasonable, clearly comparable, transparent and non-discriminatory prices;

77) "balancing services" shall mean purchased reserve power and activated electricity that the electricity transmission system operator uses to balance the system;

78) "physical schedule" shall mean a document submitted to the electricity market operator and the electricity transmission system operator by the balance responsible party with a defined timetable of:

production, consumption and exchange of electricity, including cross-border transactions for a given day, in accordance with the bilateral agreements between market participants;

79) "final energy consumption" shall mean the total energy consumption in the energy sector by all consumers (households, industry, agriculture, transport);

80) "horizontally integrated electricity company" shall mean an electricity company that performs at least one of the following: generation, transmission, distribution, or supply of electricity, and performs other activity that is not related to electricity;

81) "horizontally integrated natural gas company" shall mean a natural gas company that performs at least one of the following: generation, transmission, distribution, supply or trade in natural gas, or operates with natural gas and/or liquefied natural gas storage plants, and performs other activity that is not related to natural gas.

## **Energy activities**

### **Article 4**

(1) Energy activities shall mean:

- 1) electricity transmission;
- 2) electricity market organisation and operation;
- 3) electricity distribution;
- 4) natural gas transmission;
- 5) natural gas market organisation and operation;
- 6) natural gas distribution;
- 7) regulated heat energy generation;
- 8) heat energy distribution;
- 9) heat energy supply;
- 10) electricity generation;
- 11) electricity supply;

- 12) trade in electricity;
- 13) natural gas supply;
- 14) trade in natural gas;
- 15) heat energy generation;
- 16) crude oil processing and oil derivatives production;
- 17) production of transport fuels by blending oil derivatives and biofuels;
- 18) transport of crude oil through an oil pipeline;
- 19) transport of oil derivatives through a product pipeline;
- 20) wholesale trade in crude oil, oil derivatives, biofuels and transport fuels.

(2) The activities referred to in paragraph (1) of this Article shall be performed pursuant to this Law, other laws and regulations, as well as the regulations and rules adopted or approved by the Energy and Water Supply Regulatory Commission of the Republic of Macedonia (hereinafter: Energy Regulatory Commission) and the conditions for performing the activities determined in the licenses issued for performing the relevant energy activity.

(3) The activities referred to in paragraph (1) of this Article may be performed by domestic and foreign persons on the basis of a license for performing the appropriate energy activity issued by the Energy Regulatory Commission or otherwise determined by this Law.

(4) The entities performing the energy activities referred to in paragraph (1) items 1) to 9) of this Article shall be obliged to provide public service in the performance of the activity in a manner and under the conditions determined by this Law (hereinafter: regulated activities).

### **Separate accounting**

#### **Article 5**

(1) In order to prevent discriminatory behaviour, cross-subsidisation and distortion of competition in cases where one company, independently of its ownership and legal form, performs one or more regulated energy activities or one or more regulated energy activities and other energy activity, or other activity that company shall be obliged to:

- 1) keep separate accounting for each individual regulated energy activity it performs;
- 2) include financial reports in its accounting on the energy activity for which it is obliged to provide a public service, if in accordance with this Law it has been granted a compensation for providing a service of general economic interest pursuant to the regulations on state aid;
- 3) keep separate accounting for the activities it performs and which are non-regulated energy activities or other activities it performs;
- 4) prepare and publish financial reports and other reports on the activities and obligations referred to in items 1) and 2) of this paragraph, in accordance with the regulations and rules for financial reporting and auditing.

(2) The company referred to in paragraph (1) of this Article shall be obliged to keep at its headquarters a copy of the documents referred to in paragraph (1) of this Article and make it available for inspection by the competent authorities.

(3) In addition to the obligations referred to in paragraphs (1) and (2) of this Article, the company that performs energy regulated activity shall submit to the Energy Regulatory Commission audited annual financial reports for each regulated activity separately, and publish them on its website. For non-regulated energy and other activities, the financial report that is submitted to the Energy Regulatory Commission may be in consolidated form. The financial statements should be prepared in accordance with the International Financial Reporting Standards.

(4) The Energy Regulatory Commission may prescribe an obligation for the companies performing regulated energy activities to keep, publish and submit other reports, accounts and records, and also to prescribe their form and content.

## **Public service**

### **Article 6**

(1) The Government of the Republic of Macedonia (hereinafter: the Government), upon previously obtained opinion from the Energy Regulatory Commission and an opinion or decision of the Commission for Protection of Competition, as well as upon previously obtained opinion or proposal by another competent authority or municipality or the City of Skopje (hereinafter: the local self-government unit), may take a decision by which a company that performs an energy activity, and which is not referred to in Article 4 paragraph (4) of this Law, may impose an obligation to provide a public service in certain time period in order to ensure: security, including reliability in supply, regularity, quality and price of supply, efficient and economical use of natural resources intended for energy generation, improvement of energy efficiency, greater utilisation of energy from renewable sources or environmental protection and mitigation of climate change.

(2) In the decision referred to in paragraph (1) of this Article, the public service obligation must be clearly defined, easily verifiable and non-discriminatory, to guarantee the equality of the access of consumers to the public service, not to distort the market competition, except to the extent necessary for the achievement of the general economic interest, as well as to determine the financial, technical and personnel requirements that must be met by the company to which a public service obligation is imposed.

(3) The Government shall immediately notify the Energy Community Secretariat of the adopted decision referred to in paragraph (1) of this Article, as well as of the possible impacts on the functioning of the electricity or natural gas market, and every two years it shall notify the need for extension of the obligation to provide a public service.

(4) The provider of energy activity to whom this Law or the decision referred to in paragraph (1) of this Article stipulates a public service obligation, may, if necessary, be awarded a compensation for performing a service of general economic interest in accordance with the state aid regulations.

(5) The Energy Regulatory Commission shall state the conditions and the manner for fulfilling the public service obligation determined in the decision referred to in paragraph (1) of this Article in the license that it issues to the performer of the energy activity, and in particular the scope and the content of the public service, the area where the public service is provided, as well as the duration and the necessary quality of the service when fulfilling the public service obligation.

(6) At least once a year, the Energy Regulatory Commission shall publish a report on

the assessment of the compliance of electricity supply prices with the obligations for providing a public service referred to in paragraph (1) of this Article and shall submit it to the Commission for Protection of Competition and the Consumer Protection Council. The report shall contain an assessment of the possible impacts of fulfilling the public service obligation on competition.

## **Universal service**

### **Article 7**

(1) For the purpose of exercising the right of households and small consumers connected to the electrical energy system of universal service in the electricity supply (hereinafter: universal service), the Government, on the basis of previously defined selection criteria by the Energy Regulatory Commission, in a procedure determined in the regulations governing the procurement of a public service, shall select a supplier which provides universal service (hereinafter: universal supplier) with a certain quality and reasonable, easily and clearly comparable, transparent and non-discriminatory prices.

(2) The universal supplier shall be obliged to provide a universal service for a period not exceeding five years.

(3) In the licence for electricity supply and in accordance with the rules for supply referred to in Article 30 of this Law, the Energy Regulatory Commission shall determine the obligations of the supplier for universal service provision, in particular regarding:

- 1) the ways of consumer protection in remote areas;
- 2) protection of vulnerable consumers in accordance with the measures contained in the programme for protection of vulnerable consumers referred to in Article 15 of this Law;
- 3) electricity supply as a universal service exclusively for the needs of households and small consumers;
- 4) application of electricity prices set in accordance with the tariff system referred to in Article 29 paragraph (2) of this Law exclusively when supplying households and small consumers.

(4) The universal supplier may, if necessary, be awarded a compensation for the performance of a service of general economic interest in accordance with the regulations on state aid.

(5) The Energy Regulatory Commission shall analyse electricity prices for households and small consumers every two years for the purpose of fulfilling the universal service obligation. The Energy Regulatory Commission shall deliver the findings from the analysis to the Commission for Protection of Competition, the Consumer Protection Council and the Energy Community Secretariat.

## **Security of supply**

### **Article 8**

(1) The security of supply of the relevant energy type shall be secured, in particular, by means of:

- 1) achieving balance of supply and demand on the relevant energy type market;
- 2) predicting the level of expected future need for a particular energy type and the

possibilities to address the forecast need with the available energy sources and facilities;

3) ensuring adequate level of generation capacity, by implementing measures to construct new energy facilities or by increasing the capacity of existing energy facilities;

4) ensuring a high quality and high level maintenance of the transmission and distribution networks for the respective type of energy;

5) applying measures for efficient use of energy and for reducing or limiting the consumption determined by law;

6) improving the level of interconnections for electricity and natural gas;

7) implementing measures to address the peak loads;

8) use of extraordinary energy supply services with neighbouring countries and regional centres for cooperation in the security of energy supply and

9) implementing extraordinary temporary measures in case of failure to deliver the respective type of energy, determined by this Law.

(2) In order to ensure security of supply, the Government may impose a public service obligation on all suppliers in the Republic of Macedonia to procure electricity from production capacities using domestic sources of energy, whereby the share of the purchased electricity must not exceed 15 % of the total primary energy used for production of electricity consumed in the Republic of Macedonia during one year.

(3) The authorities and entities performing regulated energy activities, within their rights, obligations and competences in accordance with this Law, shall propose and undertake measures for providing secure and reliable energy supply.

## **Security of supply**

### **Article 9**

(1) The Energy Regulatory Commission shall monitor the fulfilment of the obligations for ensuring security of supply by

the providers of regulated energy activities and in the annual work report referred to in Article 36 of this Law shall provide information regarding: 1) operational security of the operation of the systems;

2) a balance between the supply and demand of the energy markets during the reporting period;

3) the levels of the expected demand for energy and the predicted additional capacities that provide security in supply, which are under construction or whose construction is planned for the next five years;

4) measures for dealing with the inability to cover the top demand by one or more suppliers and the opportunities for providing energy supply security for a period of five to ten years after the year for which the report is prepared and

5) possible investments in interconnection capacities in the next five years.

(2) The Ministry competent for energy issues (hereinafter: the Ministry), every second year until 31 July at the latest, shall prepare and publish a report on the security of electricity supply and submit it to the Energy Community Secretariat, where it shall indicate data relating to:

- 1) the balance between supply and demand on the electricity market in the Republic of Macedonia;
- 2) the level of expected future demand and the envisaged additional capacities which are under construction or are planned to be built;
- 3) the quality and level of maintaining the networks;
- 4) measures for covering the top consumption and solving the shortcomings of one or more consumers;
- 5) principles for managing congestions, in accordance with this Law and the regulations adopted on the basis of this Law;
- 6) all existing electricity transmission lines, all planned electricity transmission lines for the next ten years, as well as all ongoing activities for construction of new electricity transmission lines planned to be constructed in the following five years;
- 7) the expected trends of generation, supply, cross-border exchanges and consumption of electricity and demand management measures and
- 8) the national, regional, European and global goals for sustainable development in accordance with the obligations of the Republic of Macedonia undertaken with the ratified international agreements.

(3) The Ministry, every year until 31 July at the latest, shall prepare and publish a report on the security of natural gas supply and submit it to the Energy Community Secretariat, where it shall indicate data relating to:

- 1) the balance between supply and demand on the natural gas market in the Republic of Macedonia;
- 2) the level of the expected future demand and the available natural gas reserves;
- 3) the envisaged additional capacities that are planned to be built or whose construction is in progress;
- 4) the quality and level of maintaining the networks;
- 5) measures for covering the top consumption and solving the shortcomings of one or more consumers;
- 6) the impact of the measures taken to ensure the security of natural gas supply to the competition and the position of the various participants in the natural gas market;
- 7) the validity of long-term natural gas supply contracts concluded by companies established and registered in the Republic of Macedonia, and in particular their remaining validity, based on information provided by the companies concerned, but excluding commercially sensitive information;
- 8) the level of liquidity of the gas market;
- 9) determining and fulfilling the security of supply standards for certain categories of consumers and
- 10) measures for providing appropriate mechanisms for supporting new investments in the natural gas transmission and distribution systems, in accordance with the provisions of this Law.

## **II. ENERGY POLICY**

## **Energy policy objectives**

### **Article 10**

(1) The energy policy of the Republic of Macedonia shall provide:

- 1) secure, safe and quality supply of all types of energy to the consumers;
- 2) stability, competitiveness and economic functionality of the energy sector;
- 3) efficient provision of services and protection and promotion of consumers rights;
- 4) reduction of energy poverty and protection of vulnerable consumers;
- 5) inclusion of the energy markets of the Republic of Macedonia in the regional and international energy markets;
- 6) use of energy sources in a manner that provides sustainable energy development;
- 7) promotion of energy efficiency;
- 8) reduction of the use of fossil fuels for energy generation;
- 9) promotion of the use of renewable energy sources:
- 10) protection of public health, the environment and mitigation of climate change from the harmful effects arising from the performance of energy activities and
- 11) fulfilment of commitments assumed by the Republic of Macedonia under ratified international agreements.

(2) In order to achieve the goals of the energy policy, the competent state authorities and the operators of the energy systems of the Republic of Macedonia shall cooperate with scientific, educational and professional institutions and organisations, the competent authorities and bodies of other countries, as well as with the authorities and bodies on the regional and international level established by international agreements ratified by the Republic of Macedonia.

## **Strategy on energy development**

### **Article 11**

(1) The energy policy of the Republic of Macedonia shall be determined in the Strategy on Energy Development (hereinafter: the Strategy), which shall be adopted by the Government upon a proposal of the Ministry.

(2) The Strategy shall determine:

- 1) the long-term objectives on the development of particular energy activities, for the purpose of ensuring security in the supply of different types of energy;
- 2) the priorities for the development of the energy sector;
- 3) the connection of the energy systems of the Republic of Macedonia to the energy systems of other countries;
- 4) the inclusion of the energy markets of the Republic of Macedonia in the regional and international energy markets;
- 5) the identification and use of energy resources and facilities of strategic importance for the country;
- 6) the sources and manner for securing the required energy quantities;

- 7) the long-term forecasting of investment needs in generation, transmission and distribution energy facilities, for the purpose of addressing energy demand;
- 8) the manner of providing the necessary funds for realisation of the envisaged investments;
- 9) the potential of renewable energy sources and measures to support the utilisation of renewable energy sources in order to increase the share of energy generated from renewable sources in the gross final energy consumption;
- 10) the incentive measures to increase energy efficiency;
- 11) the measures for reduction of the use of fossil fuels for energy generation;
- 12) the conditions and ways for ensuring environmental protection and mitigation of climate change, as well as the protection implementation measures;
- 13) the encouragement of competitiveness of energy markets according to the principles of objectivity, transparency and non-discrimination;
- 14) the consumer protection;
- 15) the fulfilment of the obligations undertaken with ratified international agreements including the obligations for adopting an integrated strategy on energy and climate change and
- 16) any other elements of importance for the development of the energy sector in the Republic of Macedonia.

(3) The Strategy shall be adopted every five years and shall apply for a further period of at least 20 years.

(4) The Strategy shall be published in the "Official Gazette of the Republic of Macedonia" and on the websites of the Government and the Ministry.

(5) The funds required for preparation of the Strategy shall be provided from the Budget of the Republic of Macedonia, grants or donations.

### **Programme for implementation of the Strategy**

#### **Article 12**

(1) On a proposal of the Ministry, the Government shall adopt a programme for implementation of the Energy Development Strategy for a period of five years, within six months from the day of adoption of the Strategy.

(2) The programme referred to in paragraph (1) of this Article shall determine:

- 1) the manner and dynamics for implementation of the Strategy;
- 2) the implementation measures for each year of the period for which the programme relates;
- 3) the activities of the state authorities, the bodies of the local self-government units and the entities performing regulated energy activities and the energy companies that are obligated to provide a public service;
- 4) measures for promotion of competition and for ensuring equal status of participants in the energy markets and
- 5) the necessary financial means for implementation of the programme, as well as the sources and the manner of providing the financial means.



(3) The manner of implementation of the measures referred to in paragraph (2) of this Article shall be appropriate, non-discriminatory and transparent and in accordance with the obligations of the Republic of Macedonia undertaken with the ratified international agreements.

(4) Before submitting the programme referred to in paragraph (1) of this Article to the Government, the Ministry shall notify the Energy Community Secretariat of the envisaged activities and measures referred to in paragraph (2) items 3) and 4) of this Article. If the Energy Community Secretariat has not given an opinion within 60 days from the date of receipt of the notification, it will be considered that there are no remarks.

(5) The implementation of the programme referred to in paragraph (1) of this Article shall be monitored by the Ministry which no later than 30 November each year shall prepare and submit to the Government a report on the implementation of the programme referred to in paragraph (1) of this Article for the previous year.

### **Planning energy balance**

#### **Article 13**

(1) The Government, with the energy balance as an indicative planning document, shall determine the total energy needs and the needs of certain types of energy, as well as the possibilities to meet the needs of domestic production and import for a period of one year.

(2) The Government shall, by the end of the current year, upon a proposal of the Ministry and upon previously received opinion from the Energy Regulatory Commission, adopt the energy balance for the following year.

(3) The Ministry shall monitor the implementation of the energy balance for the current year and, if necessary, propose appropriate measures to the Government.

(4) The Minister managing the Ministry (hereinafter: the Minister) shall adopt a Rulebook on energy balances and energy statistics, which shall prescribe:

- 1) the form, content and manner of preparing the energy balance;
- 2) the content, manner and deadline for submission of the data required for development and monitoring of the implementation of the energy balances and
- 3) the state administrative bodies and the local self-government units, the entities performing energy activities, as well as the energy consumers who are required to submit data necessary for preparation and monitoring of the implementation of the energy balance.

(5) Upon a request of the Ministry, the persons listed in the Rulebook on energy balances and energy statistics shall be obliged to submit data for preparation and monitoring of the energy balance and data necessary for preparation of the strategies, programmes and reports for implementation of the programmes, the adoption of which is prescribed by this Law.

### **Crisis**

#### **Article 14**

(1) On a proposal of the Ministry, the Government, by means of a regulation, shall determine in more detail the criteria and conditions for declaring a crisis, especially in cases of weather and natural disasters, accidents and disturbances on energy markets,

the manner of supplying the respective types of energy in crisis, the measures taken in a case of crisis, as well as the rights and obligations of the license holders for performing certain energy activity in accordance with the Law on Crisis Management.

(2) In order to protect the energy systems and secure reliability of supply of the relevant energy type in the Republic of Macedonia, the relevant energy transmission and distribution system operators shall be obliged, pursuant to the regulation referred to in paragraph (1) of this Article, to develop contingency plans and submit them to the Ministry for approval.

(3) The measures stipulated in the regulation referred to in paragraph (1) of this Article shall:

- 1) be of a temporary character and last until the end of the crisis;
- 2) not exceed the scope and intensity necessary for removing the consequences of the crisis and
- 3) limit or disrupt the competitiveness of the energy markets in the Republic of Macedonia and the Energy Community to the least extent possible.

(4) The Government, in accordance with the obligations undertaken with the Energy Community Treaty, shall notify the Energy Community Secretariat, the neighbouring countries and the other contracting parties of the Energy Community, which are affected by the effects of the measures undertaken in the regulation referred to in paragraph (1) of this Article.

(5) On a proposal of the Ministry or the Energy Regulatory Commission, as well as upon an elaborated request from the Energy Community Secretariat, the Government may amend or terminate the application of certain measures from the regulation referred to in paragraph (1) of this Article.

(6) In order to achieve security in the supply of electricity and natural gas in crisis, the competent authorities and the entities performing energy activities, within their rights, obligations and competences, shall cooperate with the appropriate competent authorities and entities performing energy activities from the other contracting parties and participants in the Energy Community Treaty and undertake measures for:

- 1) coordination and harmonisation of national crisis measures;
- 2) identification and, where necessary, development or upgrading of electricity and natural gas interconnections;
- 3) assistance and cooperation in crisis or disruptions in the energy supply with international and regional security supply centres and
- 4) determination of the conditions and methods for mutual assistance.

(7) The Government shall notify the Energy Community Secretariat and the other contracting parties of each type of regional cooperation stipulated in paragraph (6) of this Article.

### **Protection of vulnerable consumers**

#### **Article 15**

(1) By the end of the current year, on a proposal of the Ministry, the Government, upon previously received opinion from the Energy Regulatory Commission, shall adopt a Programme for protection of vulnerable energy consumers for the next year. The

Programme shall be prepared by the Ministry in cooperation with the Ministry in charge of social protection and, inter alia, it shall determine:

- 1) the consumers belonging to the category of vulnerable consumers;
- 2) the measures to be taken to protect vulnerable energy consumers, including energy consumption subsidies intended for households not provided for in the energy subsidy programme in accordance with the social security regulations;
- 3) the measures for energy saving and energy efficiency improvement;
- 4) the manner of implementation of the measures and the competent authorities responsible for their implementation;
- 5) the measures taken by the energy distribution systems operators;
- 6) the measures to be undertaken by the supplier with the obligation to provide a public service i.e. a universal service in the energy supply and
- 7) the necessary funds and financing sources.

(2) The measures from the programme referred to in paragraph (1) of this Article must not distort competition and impede the efficient functioning of the electricity, natural gas and heat energy markets and must not lead to cross-subsidisation of certain categories of consumers.

(3) Every two years, the Government shall notify the Energy Community Secretariat for the implementation of the measures from the annual programme referred to in paragraph (1) of this Article.

(4) The Ombudsman of the Republic of Macedonia, in the capacity of energy ombudsman, shall protect the rights and interests of consumers of electricity, natural gas and heat energy in a manner and in a procedure determined by law.

### **III. ENERGY REGULATORY COMMISSION OF THE REPUBLIC OF MACEDONIA**

#### **Legal entity**

#### **Article 16**

(1) The Energy Regulatory Commission shall be an independent, non-profit regulatory body which shall regulate and control the manner of performing the energy activities referred to in this Law.

(2) The Energy Regulatory Commission shall be independent in its operations and decision-making and shall exercise its competence in the regulation of the energy activities within the frames determined by this Law and the regulations adopted on the basis of this Law and in accordance with the principles of objectivity, transparency and non-discrimination, by applying the best international experiences and practices.

(3) The Energy Regulatory Commission shall act as a legal entity which is separated and functionally independent in terms of organisation and decision-making from the state and local government authorities and the entities performing energy activities.

(4) The Energy Regulatory Commission, as a legal entity, has a legal capacity to act independently in the legal transactions, especially when concluding agreements, initiating or being a party to legal proceedings and acquiring, managing, keeping and

disposing its immovable and movable property.

(5) The Regulatory Commission shall adopt a Statute regulating issues related to its internal organisation, as well as the manner of operation and decision-making, in accordance with this Law and other law.

(6) The Assembly of the Republic of Macedonia shall give consent for the Statute of the Energy Regulatory Commission.

(7) The Energy Regulatory Commission shall adopt Rules of Procedure regulating the manner of its operation.

### **Composition of the Energy Regulatory Commission**

#### **Article 17**

(1) The Energy Regulatory Commission shall be composed of seven members, one of which shall be the President.

(2) One member of the Energy Regulatory Commission shall be an expert on legal issues in the field of energy, one member - an expert on economic issues in the field of energy and/or water services, one member - an expert on technical issues in the field of water services and the other members shall be experts on technical issues in the field of energy.

(3) A citizen of the Republic of Macedonia who meets the following conditions may be appointed a member or a President of the Energy Regulatory Commission:

1) to have at least 240 credits according to ECTS or completed VII/1 degree in the field of electrical engineering, mechanical engineering, technological science, construction, economics or law;

2) in the last 15 years before the appointment, to have at least ten years of work experience in the field of energy i.e. in the provision of water services;

3) at least two years before the appointment of a member of the Energy Regulatory Commission, not to have been a member of a management body or an oversight body of a company which performs an energy activity or activity related to water services and

4) at the moment of appointment, a sentence or a misdemeanour sanction that prohibits him/her from performing an occupation, activity or duty has not been imposed by effective court verdict;

(4) The term of office of each member and the President of the Energy Regulatory Commission shall be five years, and no member may perform that function for more than two consecutive terms of office.

(5) The function member of the Energy Regulatory Commission shall be performed professionally and is incompatible with the performance of another public office, a public office in a political party or a job position. If any member of the Energy Regulatory Commission was employed prior to his/her appointment to the said public office, the previous employment shall be put on hold.

(6) The President of the Energy Regulatory Commission shall represent the Energy Regulatory Commission in the country and abroad and has other rights, obligations and authorisations determined by the Statute.

(7) The members of the Energy Regulatory Commission shall, in a procedure determined by the Statute, elect a Deputy President from among their ranks. The rights,

obligations and authorisations of the Deputy President shall be determined in the Statute of the Energy Regulatory Commission.

### **Appointment of a President and members**

#### **Article 18**

(1) The Assembly of the Republic of Macedonia (hereinafter: the Assembly), on a proposal of the Government, shall appoint and dismiss the members and the President of the Energy Regulatory Commission, taking into consideration the appropriate and equitable representation of the members of all communities. The decision for appointing the members and the President of the Energy Regulatory Commission shall be published in the "Official Gazette of the Republic of Macedonia".

(2) For the appointment of a member or a President of the Energy Regulatory Commission, the Government shall announce public announcement in three daily newspapers, published on the entire territory of the Republic of Macedonia, one of which is a newspaper that is published in the language spoken by at least 20% of the citizens who speak an official language other than Macedonian language.

(3) The applications submitted by the candidates for the announcement referred to in paragraph (1) of this Article shall be examined by a commission established by the Government, composed of five members, from the ranks of prominent experts in the field of energy, law and economy, who do not have a conflict of interests with the candidates.

(4) Within 15 days after the end of the announcement, the Commission shall submit to the Government a list of explanations for the candidates.

(5) The Government shall submit a proposal to the Assembly for appointment or reappointment of a member or a President of the Energy Regulatory Commission at least 90 days before the expiry of the term of office of the member or the President of the Energy Regulatory Commission.

### **Termination of a term of office of the members**

#### **Article 19**

(1) The function member or a President of the Energy Regulatory Commission shall terminate with the expiry of the term of office for which he/she has been appointed.

(2) The member, i.e. the President of the Energy Regulatory Commission, whose term of office has expired, shall perform the function until the appointment of a new member or President.

(3) The function of the member or the President of the Energy Regulatory Commission shall be terminated prior to the expiration of the term of office if he/she:

- 1) submits a resignation to the Assembly;
- 2) suffers from permanent or temporary inability to duly perform the public office for a period longer than six months or in cases of death;
- 3) a final sentence of imprisonment for a committed criminal act for a period longer than six months has been imposed with a final court verdict or a security measure for prohibiting performing a profession, activity or duty for a period longer than six months or
- 4) meets the requirements for acquiring the right to pension.

(4) The Energy Regulatory Commission shall notify the Assembly within eight days of the notification for fulfilment of the condition referred to in paragraph (3) items 2) and 3) of this Article, and at the latest 90 days prior to the fulfilment of the requirement referred to in paragraph (3) item 4) of this Article.

(5) After receiving the notification referred to in paragraph (4) of this Article, the Assembly shall conclude that the requirement referred to in paragraph (3) of this Article has been fulfilled and shall adopt a decision on termination of the function member or President of the Energy Regulatory Commission.

(6) Prior to the expiration of the term of office, the member or the President of the Energy Regulatory Commission may be dismissed from the function to which he/she has been appointed, if he/she:

- 1) performs the function unethically and unprofessionally;
- 2) violated the obligations of impartiality and independence;
- 3) abused the function;
- 4) acted contrary to the Law in another way.

(7) If the Energy Regulatory Commission determines that any of the conditions referred to in paragraph (6) of this Article has been fulfilled, it shall submit to the Assembly a proposal for initiating a procedure for passing a decision on dismissal from function before the expiry of the terms of office of the member or the President.

(8) The Government shall, within 60 days from the adoption of a decision on termination of function or dismissal from the function referred to in paragraphs (5) and (7) of this Article, submit a proposal to the Assembly for appointment of a new President or a member of the Energy Regulatory Commission.

### **Net salaries and salary compensations**

#### **Article 20**

(1) The net salary of the President and the members of the Energy Regulatory Commission cannot be higher than the sum of five average monthly net salaries paid in the Republic of Macedonia in the previous year, according to the data published by the State Statistical Office.

(2) The employees in the professional and administrative services of the Energy Regulatory Commission shall have a status of administrative officials and for the issues related to labour relations that are not regulated by this Law or collective agreement, the provisions of the Law on Public Sector Employees and the Law on Administrative Officers shall apply. For the assistant technicians employed in the Energy Regulatory Commission, the provisions of the Law on Public Sector Employees and the Law on Labour Relations shall apply.

(3) The Energy Regulatory Commission shall prescribe the method of determining the salaries and compensations of the employees in the professional and administrative services, as well as the amount of the salary base ratio, where the salaries and compensations are determined at a level comparable to the salaries and compensations in the energy companies which perform regulated energy activities.

### **Ethical behaviour**

#### **Article 21**

(1) The President, the members of the Energy Regulatory Commission and the employees of the professional service of the Energy Regulatory Commission in the performance of their duties and decision-making shall be obliged to act professionally, impartially, objectively and conscientiously, and in particular:

- 1) to act independently of any kind of market interests;
- 2) not to seek or receive direct instructions from state authorities or other public and private persons;
- 3) not to be led by their personal, business and financial interests;
- 4) not to abuse the authorisations and
- 5) to protect the reputation of the Energy Regulatory Commission.

(2) Notwithstanding paragraph (1) item 2) of this Article, the Energy Regulatory Commission may cooperate with the Government or with other state authorities in implementing policies that are not related to the competence of the Energy Regulatory Commission as defined in Article 24, Article 25 and Article 26 of this Law.

(3) The Energy Regulatory Commission shall adopt a Code of Ethics which shall regulate in detail the rights and obligations of the members of the Energy Regulatory Commission and the employees in the professional service and publish it on its website.

### **Conflict of interests**

#### **Article 22**

(1) A President, member or employee of the professional service of the Energy Regulatory Commission, as well as their spouses or relatives to the first immediate line, cannot be holder or applicant for a licensee for performing energy activity, a shareholder, a partner or a member of the managing and supervisory bodies of persons who are holders or applicants for license for performing energy activity.

(2) In cases of any violation of paragraph (1) of this Article, the persons referred to in paragraph (1) of this Article shall be obliged to terminate their interests with the entities holding or applying for licences for performing energy activities, by means of share sales or by means of withdrawing from the office and performance of activities referred to in paragraph (1) of this Article.

(3) For a period of two years from the day of termination of the term of office, the member or the President of the Energy Regulatory Commission cannot acquire stocks or shares or to establish a working relationship in a company that has acquired a license for performing energy activities in the period during which he/she was President or member of the Energy Regulatory Commission.

### **Objectives of regulation of energy activities**

#### **Article 23**

(1) In performing its competence determined by this Law, the Energy Regulatory Commission, in cooperation with other state authorities within their competence, as well as with the operators of the respective energy systems and markets and with the suppliers of other energy activities, while having in consideration the long-term objectives of the energy policy, shall provide:

- 1) competitive, secure and sustainable energy markets in the Republic of Macedonia and their inclusion in the regional and international energy markets in cooperation with

the institutions of the Energy Community, and in particular with the Energy Community Regulatory Board and the regulatory bodies of the other contracting parties and participants in the Energy Community, as well as effective opening of the markets for all consumers and suppliers in the Energy Community;

2) eliminating the restrictions on trade in electricity and natural gas, including appropriate cross-border transmission capacities to cover demand and facilitate electricity and natural gas flows in the Energy Community;

3) development of secure, reliable and competitive consumer-oriented energy systems, with as little cost as possible;

4) optimising the use of electricity and natural gas by electricity, natural gas and heat energy companies for the purpose of improving energy efficiency through the provision of energy management services, introduction of advanced measurement systems and smart networks;

5) facilitating the access for new participants to the energy markets and for energy generated from renewable energy sources;

6) adequate short-term and long-term facilitations of operators and users of transmission and distribution systems in order to increase system efficiency and accelerate market integration;

7) consumer protection and promotion of effective competition in order to enable consumers to benefit from the efficient and competitive functioning of the energy markets in the Republic of Macedonia and

8) achievement of high standards in fulfilling the obligation of the public and/or universal service in the supply of electricity, natural gas and heat energy and contributing to the protection of vulnerable consumers.

(2) In order to achieve the objectives referred to in paragraph (1) of this Article, the Energy Regulatory Commission shall:

1) cooperate with the competent state authorities, local self-government units, entities performing energy activities, users of energy systems and energy consumers and with other organisations and institutions and

2) initiate and propose adoption of new and amendment of the existing laws and other regulations in the field of energy.

### **Competence of the Energy Regulatory Commission**

#### **Article 24**

(1) For the purpose of exercising its competence, the Energy Regulatory Commission shall:

1) Adopt:

- Rulebooks and methodologies for pricing and tariffs for regulated energy activities,
- a Rulebook and methodology for the highest refinery and retail pricing of certain oil derivatives and transport fuels,
- a Rulebook on licenses,
- a Rulebook on the manner and procedure for monitoring the functioning of energy markets,



- a Rulebook on certification of energy transmission system operator and natural gas transmission system operator,
- a Rulebook for granting a status of closed system for distribution of electricity, closed system for distribution of natural gas and a combined operator for transmission and distribution of natural gas,
- tariff systems for energy transmission and distribution and for services provided by energy market operators, as well as for sale of electricity by the universal supplier and the supplier of last resort,
- rules for acting upon complaints and resolving disputes,
- rules for determining the indemnity caused to producers and consumers connected to the electricity transmission and distribution systems,
- rules for the electricity market,
- rules for purchase of electricity for the universal supplier,
- rules for the natural gas market,
- rules for the electricity supply,
- rules for the natural gas supply,
- rules for the heat energy supply,
- decisions on prices and tariffs for regulated energy activities and decisions on the highest selling prices of oil derivatives and transport fuels,
- licenses and decisions for changing, transferring, extension, suspending, seizure and termination of licenses for performing certain activities in the field of energy and for issuing a temporary license,
- decisions on using a preferential electricity tariff,
- decisions on exemption from the obligation to provide third party access to the lines and infrastructure for transmission of electricity and natural gas,
- decisions on entry in the register of foreign traders and electricity and natural gas suppliers,
- decisions on acquiring the temporary status of preferential producer that uses a preferential tariff and a status of preferential producer that uses a preferential tariff,
- a methodology and criteria used to evaluate investments and risks in electrical energy and gas infrastructure projects that are of mutual interest of the contracting parties and/or participants in the Energy Community Treaty, and publish the indicators and relevant reference values for comparison of the investment costs.

## 2) Approve:

- grid code for transmission and distribution of the appropriate type of energy adopted by the respective energy transmission and distribution system operators, which includes the methodologies for calculation of compensations for access and connection,
- rules for balancing of electricity and natural gas transmission systems, on the proposal of the respective operators,
- rules for coordination and mechanisms for exchange of information in the management of congestion in the electricity transmission system,

- rules for purchasing of electricity and natural gas for covering the losses in the transmission and distribution systems,
- rules for allocation of cross-border transmission capacities for electricity and managing congestions,
- rules for operation of an organised electricity market,
- a decision on the amount of compensations charged for participation in the organised electricity market and for the realisation of transactions,
- rules for allocation of transmission capacities for natural gas and management of congestions,
- rules for submission of information from the participants in the electricity market to the electricity transmission system operator,
- plans to reduce losses in the electricity and natural gas distribution systems,
- plans for purchasing of electricity and natural gas for covering the losses in the transmission and distribution systems,
- maintenance plans and investment plans for the development of transmission and distribution systems prepared by the operators for transmission and distribution of the appropriate type of energy,
- compliance programmes adopted by the operators of the relevant energy systems,
- appointment of the compliance officer and
- compliance officer's report for the implementation of the compliance plans.

3) Establish and keep:

- a Register of preferential electricity producers using a preferential tariff and
- a Register of foreign traders and suppliers of electricity and natural gas that can perform energy activity in the Republic of Macedonia.

(2) If the entity performing energy activity, who submitted an act referred to in paragraph (1) item 2) of this Article for approval to the Energy Regulatory Commission, does not act upon the requests of the Energy Regulatory Commission to regulate certain issues in the act on the basis of the principles of non-discrimination, transparency and competitiveness, as well as to provide public or universal service, the Energy Regulatory Commission shall make appropriate amendments to the proposal of the act submitted for approval, which shall become part of the act that has been approved, and if the act has to be published in the "Official Gazette of the Republic of Macedonia", it shall oblige the entity performing energy activity to publish the act in the "Official Gazette of the Republic of Macedonia".

### **Monitoring the conditions and the functioning of energy markets**

#### **Article 25**

(1) The Energy Regulatory Commission shall monitor the functioning of energy markets in order to:

- 1) strengthen the efficiency, competitiveness and transparency of the energy markets and
- 2) discover irregularities, distortions of competition and forms of unfair competition on

the market, as well as other activities in the energy markets contrary to the laws, other regulations and obligations stipulated in the licenses for performing energy activities.

(2) In order to effectively exercise the competence referred to in paragraph (1) of this Article, the Energy Regulatory Commission shall in particular monitor:

1) the implementation of legally stipulated obligations of all entities performing regulated energy activities, which are related to ensure the security and reliability of electricity, natural gas and heating energy supply;

2) the functioning of electricity markets in order to ensure their improvement and security in the energy supply;

3) the application of the rules for allocation of cross-border transmission capacities and for management of congestions in the electricity and natural gas transmission systems, including interconnection lines, in accordance with the obligations of the Republic of Macedonia undertaken with the ratified international agreements;

4) the application of the rules for organising the balancing of the power system and the rules for organising the balancing of the natural gas system, as well as the provision of services for balancing of electricity and natural gas;

5) the implementation of the plans prepared by the energy transmission and distribution systems operators related to the reduction of losses in the appropriate energy system and, if necessary, revision of these plans;

6) the access to the networks for new generating plants for electricity generation, in particular removing the obstacles that could prevent the access of new participants to the market of electricity produced from renewable energy sources;

7) priority dispatched amounts of electricity and the limitations of priority network access and/or priority dispatch;

8) conditions for access to storage capacities in the natural gas transmission system and other system services for natural gas;

9) the use of revenues generated from the management of congestion in the electricity and natural gas transmission and distribution systems;

10) the use of revenues from the compensation for access and connection to energy transmission and distribution networks and their investment in network sustainability;

11) the time it takes for the transmission and distribution system operators to connect new users and to eliminate defects;

12) the compliance of the operation of the electricity and natural gas transmission and distribution system operators with the rules on security and reliability of the systems;

13) the timely publication of all relevant information by the transmission and distribution system operators in accordance with the accepted international obligations and standards related to consumption, production, storage and energy losses, system and interconnection management, network usage and allocation of the capacities of the interested parties, the demand balancing, the estimated and planned quantities of energy and the changes in the structure of the capacities for generation, storage and transmission of energy;

14) the level of transparency of prices for electricity and natural gas in the respective markets;

15) the financial and the real volume of the planned and reappraised transactions by the energy transmission and distribution systems operators, as well as the retailers and the suppliers of energy;

16) changes in the ownership structure of the entities performing energy activities, and especially the energy transmission and distribution systems operators;

17) the application of the tariff systems and the prescribed tariffs; 18) application of the conditions and compensations for connection of new production plants in the network;

19) the operation of licence holders as regards their obligations stipulated in the licences issued, including issues related to the cross-border transmission of electricity and natural gas;

20) the occurrence of restrictive contractual obligations, including exclusivity provisions that may prevent consumers from concluding contracts simultaneously with multiple energy suppliers or which may restrict their right to choose a supplier;

21) the implementation of measures for consumer rights protection by the transmission and distribution systems operators, as well as suppliers, in particular with regard to:

- obtaining complete and comprehensible information regarding the prices and tariffs that are applied in the prices of energy for households,

- the ways of paying the bills for consumed energy,

- the disconnections of users from the systems,

- the compensations for repairs and maintenance of networks,

- the acting upon objections and complaints submitted by consumers,

- consumer rights to obtain data on their own consumption and

- providing information to consumers regarding their rights.

22) the achievement of the benefits for consumers arising from the efficient functioning of the energy markets, the promotion of effective competition and the measures taken for consumer protection;

23) the quality of services provided by entities performing energy activities, including the manner in which any complaints of the consumers are handled;

24) the implementation of the obligations for maintaining separate accounting for the persons performing one or more regulated energy activities or one or more regulated energy activities and other energy activity or other activity, as well as the effective separation of the accounting records in accordance with this Law;

25) the implementation of programmes for compliance of the operators of the respective energy systems in order to ensure non-discrimination, transparency and objectivity in the functioning of energy markets;

26) the regularity of publishing data on the conditions in the electricity transmission system and their submission to the relevant international bodies;

27) the investment in electricity generation capacities in relation to security of energy supply;

28) the implementation of protective measures in accordance with Article 14 and the measures laid down in the Programme for Protection of Vulnerable Consumers from Article 15 of this Law;

29) the technical cooperation between transmission system operators, electricity and natural gas market operators with the respective operators from the contracting parties and the participants in the Energy Community Treaty.

(3) The Energy Regulatory Commission shall adopt a Rulebook on the manner and procedure for monitoring the functioning of energy markets.

(4) On the basis of the data and information obtained from the monitoring of the conditions on the energy markets in the Republic of Macedonia, the Energy Regulatory Commission shall establish a database necessary for monitoring the markets functioning and shall prepare and publish a report on the conditions and functioning of the energy markets, as an integral part of the report referred to in Article 36 of this Law.

(5) The entities performing energy activities shall be obliged to submit to the Energy Regulatory Commission information and data necessary for monitoring the functioning of the energy markets in the Republic of Macedonia in the manner, form and periods determined by the Rulebook referred to in paragraph (3) of this Article.

### **Taking measures**

#### **Article 26**

(1) If during the monitoring of the conditions and functioning of the energy markets in accordance with Article 25 of this Law the Energy Regulatory Commission determines irregularity, it shall adopt a decision imposing undertaking of appropriate mandatory measures, including prohibition of the particular behaviour of the entity performing energy activity in order to provide security in the supply, efficient, competitive and non-discriminatory functioning of the energy markets, as well as consumers and consumers of energy systems rights protection. The decision shall specify the measures to be taken by the entity performing energy activity, as well as the deadlines in which these measures should be taken and the obligation to submit reports on the undertaken measures.

(2) When performing the activities referred to in paragraph (1) of this Article, the Energy Regulatory Commission shall cooperate with other competent state authorities and institutions, as well as with the Energy Regulatory Board, the energy regulatory bodies of the contracting parties and the participants in the Energy Community and with the Energy Community Secretariat.

(3) If the licence holders fail to act pursuant to the decision referred to in paragraph (1) of this Article, the Energy Regulatory Commission:

1) shall submit a request for initiating misdemeanour procedure in accordance with the provisions of this Law or another procedure before the competent state authority and

2) may initiate a procedure for suspending or revoking a license.

(4) If during the monitoring of the functioning of the electricity, natural gas and heat energy markets the Energy Regulatory Commission estimates that there is no effective competition, it may, in cooperation with the Commission for Protection of Competition and the Energy Community Secretariat, carry out additional surveys and take the necessary and appropriate measures to ensure competitiveness improvement and efficient functioning of energy markets.

### **Regional cooperation**

#### **Article 27**

(1) In order to include the energy markets of the Republic of Macedonia in the regional markets, the Energy Regulatory Commission shall:

1) participate in the work of appropriate regional and international organisations and cooperate, consult and exchange information with other regulatory bodies in the region, as well as with the Energy Community Regulatory Board and the Energy Community Secretariat and

2) conclude agreements for cooperation with other regulatory bodies in order to create a competitive regional market for electricity and natural gas and to harmonise the legal, regulatory and technical framework;

3) ensure harmonisation of the data exchange procedures for the energy markets within the Energy Community.

(2) The Energy Regulatory Commission, in cooperation with other state authorities, shall encourage and facilitate the cooperation of the transmission system operators and the electricity and natural gas markets operators within the Energy Community, and in particular:

1) for contractual arrangements in order to enable optimum management of the electricity and natural gas networks;

2) for joint electricity and natural gas exchanges and the allocation of cross-border transmission capacities;

3) to provide an appropriate level of interconnection capacity, including new interconnection lines, within the Energy Community and between

. the Energy Community and other regions;

4) to coordinate the drafting and implementation of the network rules for the relevant transmission system operators and other market participants and

5) to coordinate the preparation and application of the rules for managing congestions.

### **Pricing**

#### **Article 28**

(1) With the regulations and pricing methodologies, the Energy Regulatory Commission shall regulate the manner of calculation, approval and control over the realisation of the revenues for performing the energy activities - electricity and natural gas transmission and distribution and for organisation and management of the markets of electricity and natural gas.

(2) The Energy Regulatory Commission shall regulate the manner of pricing, approval and heat energy price control with the heat energy pricing regulation and methodology for consumers connected to the heat energy distribution system.

(3) The regulation and the methodology for the highest refinery and retail pricing of certain oil derivatives and transport fuels shall regulate the manner of pricing, approval and price control for processing crude oil and production of oil derivatives, as well as retail prices for oil derivatives and transport fuels.

(4) The regulations referred to in paragraphs (1), (2) and (3) of this Article shall be based on the principles of objectivity, transparency and non-discrimination and shall provide:

1) balancing the interests of the entities performing energy services and the consumers;

- 2) protection of consumers and users of the system from any abuse of the dominant position on the market;
- 3) creating incentive measures for efficient operation of the entities performing energy services;
- 4) the entities performing energy services to reimburse the eligible costs, as well as to acquire an adequate return of capital;
- 5) financial assets necessary for investments that will ensure sustainable and secure functioning of energy systems;
- 6) elimination of cross-subsidies between consumer groups and overflow of revenues and expenses in performing regulated and/or unregulated energy activities and
- 7) reimbursement of the costs of purchasing energy for covering the losses in the appropriate energy system, taking into consideration the plans and dynamics for reducing the losses that the system operators submit for approval to the Energy Regulatory Commission.

(5) The regulations referred to in paragraph (1) of this Article shall take into account:

- 1) the revenues generated by the transmission systems operators on the basis of cross-border electricity flows i.e. natural gas flows and compensations for congestions management in the transmission systems;
- 2) the revenues and expenses incurred by transmission system operators on the basis of balancing services and system services and
- 3) revenues realised on other grounds in accordance with this Law.

(6) In order to achieve the objectives referred to in paragraph (4) items 1), 2) and 3) of this Article, the electricity, natural gas and heat energy transmission and distribution systems operators shall be obliged, in a manner determined by the appropriate grid code, each year to submit to the Energy Regulatory Commission statistical reports on the indices of continuity of energy supply and quality of service, determined by the Energy Regulatory Commission, as well as the number of complaints from the users of the system and consumers regarding continuity of energy supply and quality of service.

## **Tariff systems**

### **Article 29**

(1) The tariff systems for electricity and natural gas transmission and distribution and heat energy distribution, as well as for the services provided by the electricity market operator and the natural gas market operator, shall determine the manner of establishing the tariffs for regulated services determined by applying the appropriate methodologies referred to in Article 28 of this Law.

(2) The Energy Regulatory Commission shall ensure that the electricity transmission and distribution tariffs are non-discriminatory, reflect the costs and take into account the long-term capital costs and operating costs of the distributed producers and the consumption management measures.

(3) The tariff system for selling electricity to consumers supplied by the universal supplier and supplier of last resort shall determine the manner of calculating the prices for the delivered electricity which should be based on the principles referred to in Article 28 paragraph (4) of this Law.

(4) The entities performing regulated energy activities, the universal supplier and the electricity supplier of last resort, as well as the natural gas supplier, shall be obliged to apply the prices determined in the price and tariff decisions adopted by applying the regulations and methodologies of the Article 28 of this Law and the tariff systems referred to in paragraphs (1) and (3) of this Article.

### **Rules for supply**

#### **Article 30**

(1) The Energy Regulatory Commission shall adopt special rules for supply of electricity, heat energy and natural gas.

(2) The rules for supply referred to in paragraph (1) of this Article shall closely regulate the general conditions and the manner of supply, as well as the mutual rights, obligations and responsibilities of the supplier and the consumer of the appropriate type of energy and the operator of the respective system, in particular:

- 1) the conditions, manner and deadline for concluding a contract for supply with the appropriate type of energy;
- 2) the manner of metering, calculation, invoicing and collection of the delivered energy;
- 3) the consumers to whom the delivery cannot be interrupted and the manner of providing guarantees for settling the expenses for the consumed energy;
- 4) the manner and procedure for changing the supplier by the consumers and exercising the right to a consumer without compensation to change the supplier;
- 5) the quality of services provided by energy suppliers;
- 6) the minimum conditions and the manner of organisational setup and technical equipment of the energy suppliers for providing communication with the consumers in order to ensure the prescribed quality of the services provided by the supplier;
- 7) the obligations of the supplier towards different categories of consumers and the specificity of each category of consumers in terms of their financial and negotiating ability;
- 8) the manner and procedures for communication and exchange of information between the energy supplier and the operator of the appropriate system in order to ensure the prescribed quality of the energy and services provided by the operators;
- 9) the conditions and procedure for excluding the consumers from transmission or distribution systems in cases where consumers do not fulfil the obligations determined by law, other regulation and/or contract;
- 10) the manner, the form and deadline for submission of reports, which energy suppliers and the respective operators are obliged to submit to the Energy Regulatory Commission;
- 11) the necessary information that suppliers are obliged to provide to consumers in their accounts in a timely manner, as well as information that should be publicly available and of interest to all consumers;
- 12) the conditions and ways to supply vulnerable consumers and
- 13) the specific measures on consumer protection.

(3) The rules for electricity supply shall regulate the rights and obligations of the



universal supplier, as well as the rights and obligations of the consumers it supplies.

(4) The rules for natural gas supply and the rules for heat energy supply shall regulate the rights and obligations of the natural gas supplier and the heat energy supplier which have an obligation to provide a public service in the supply, as well as the rights and obligations of consumers they supply.

(5) The rules for electricity supply and the rules for natural gas supply shall regulate the rights and obligations of the electricity supplier of last resort and the natural gas supplier of last resort.

## **Data collection**

### **Article 31**

(1) At a request of the Energy Regulatory Commission, the state authorities, the bodies of the local self-government units, as well as the legal entities that perform energy activities shall be obliged to submit the necessary documents, data and information, within a deadline determined by the Energy Regulatory Commission.

(2) The Energy Regulatory Commission shall use the documents, data and information that have a confidential character in a manner determined by law or other regulation.

## **Acts of the Energy Regulatory Commission**

### **Article 32**

(1) For the purpose of performing the tasks falling under its competences, the Energy Regulatory Commission shall adopt:

1) rulebooks and rules stipulating the issues whose regulation falls under its competences in accordance with this Law; 2) decisions by which it shall:

- decide upon individual issues in accordance with this Law and the regulations adopted in accordance with this Law,

- approve rules, plans and programmes adopted by the respective operators and

- instruct or impose certain behaviour on entities performing energy activities in order to ensure security of energy supply and/or effective competition on the respective energy markets;

3) instructions which shall point out the best practices as regards the performance of their legally stipulated obligations, in particular related to the public service provision, security of supply, consumer protection and public service users protection, as well as increased efficiency of their operations to the entities performing energy activities and

4) decisions on other issues falling under its competences and issues related to its internal operation.

(2) Unless otherwise provided by this Law, in the procedure for adopting decisions, the Energy Regulatory Commission shall apply the Law on General Administrative Procedure, accordingly.

(3) Against the license holders and other participants in the energy markets who do not apply the rulebooks, rules and decisions referred to in paragraph (1) items 1), 2) and 4) of this Article, the Energy Regulatory Commission shall initiate an appropriate procedure in accordance with the provisions of this Law.

(4) The regulations, rules and decisions of the Energy Regulatory Commission should

be fully elaborated, justified and based on objective and transparent criteria and cannot be subject to veto or audit by another state authority.

(5) The acts referred to in paragraph (1) items 1) and 2) of this Article shall be published in the "Official Gazette of the Republic of Macedonia" and on the website of the Energy Regulatory Commission, and the acts referred to in paragraph (1) items 3) and 4) of this Article shall be published on the website of the Energy Regulatory Commission.

(6) Against the decisions of the Energy Regulatory Commission referred to in paragraph (1), an administrative dispute may be initiated by the concerned entities performing energy activities and by other stakeholders.

### **Manner of work and decision-making**

#### **Article 33**

(1) The Regulatory Commission shall decide at sessions. The sessions of the Energy Regulatory Commission shall be public.

(2) In cases where confidential information and business secrets are discussed as part of a session of the Energy Regulatory Commission, the Energy Regulatory Commission may decide to hold the session in question in private.

(3) The Energy Regulatory Commission shall decide by a majority of the votes of the total number of members.

(4) Each member of the Energy Regulatory Commission shall have the right to explain in writing the reasons for his/her voting in the decision-making process and request the explanation to be published on the website of the Energy Regulatory Commission.

### **Publicity in the work**

#### **Article 34**

(1) The participation of the interested parties and the public in the decision-making procedure of the Energy Regulatory Commission shall be realised by means of participation in the preliminary sessions and in any other way in accordance with the provisions of this Law, the Statute and the Rules of Procedure of the Energy Regulatory Commission.

(2) The Energy Regulatory Commission shall be obliged to invite interested parties to the preliminary sessions, in particular to sessions concerning the following:

1) adopting regulations for pricing for regulated activities and regulations for tariffs for services related to performing regulated activities;

2) adopting rules, as well as approving the rules drafted by the license holders;

3) adopting tariff systems for electricity, natural gas and heat energy;

4) adopting decisions on prices and tariffs for certain types of energy, in accordance with the pricing regulations and tariff systems for certain types of energy and services related to the performance of certain regulated energy activities and

5) making decisions for issuing, changing, extending, transferring, suspending, seizure and termination of licenses for performing energy activities.

(3) The Energy Regulatory Commission shall, at least 20 days before the holding of a preparatory session, submit to the interested parties the invitations and materials referred to in paragraph (2) items 1), 2) and 3) and publish the materials on its website.

(4) The Energy Regulatory Commission shall publish the proposals of the acts that are in the procedure for adoption or approval on its website, including the explanations and estimates for the consequences of adoption, i.e. the approval of those acts, the summarised results of the public hearing, as well as the sublimated minutes of the preparatory sessions held and the sessions referred to in Article 33 paragraph (1) of this Law.

(5) The Rules of Procedure of the Energy Regulatory Commission shall regulate in detail:

1) the procedure and the manner of organising the preparatory sessions referred to in paragraph (1) of this Article, as well as other ways of participation of the interested parties and the public in the decision-making process;

2) procedure, manner and deadlines for publication of the documents referred to in paragraph (4) of this Article and

3) the manner and procedure for publishing public information about their work and the adopted acts.

## **Financing**

### **Article 35**

(1) The operation of the Energy Regulatory Commission shall be financed from own funds sources provided by:

1) collection of fee for issuing licenses for performing energy activities, or for registering in the register of foreign traders and suppliers of electricity and natural gas that can perform activity in the Republic of Macedonia;

2) fees from the procedure for determining the tariffs for water services i.e. the regulatory tariff for water services;

3) collection of annual fee from license holders for performing energy activities and from foreign companies that perform energy activity in the Republic of Macedonia and

4) a special annual fee determined as a scope rate of annual revenue of the water services providers, derived from the provision of water services.

(2) If one person is the holder of one or more licenses for performing energy activities, the annual fee shall be collected from the total revenue collected from the performance of the energy activities.

(3) If one person performs energy and non-energy activity, the annual fee shall be collected for the energy activities, provided that the license holder keeps a separate accounting records for each energy and non-energy activity in accordance with the requirements of Article 5 of this Law, and it is determined from the accounting paper which is an integral part of the annual account and from which the structure of revenues by activities can be determined.

(4) Every year by 31 October at the latest, the Energy Regulatory Commission shall submit to the Assembly for adoption a proposal financial plan for the next calendar year. The proposed financial plan shall contain the planned revenue and expenditures of the Energy Regulatory Commission, including the salaries of the Energy Regulatory Commission's members and employees.

(5) The Assembly shall adopt the proposal financial plan and with a decision shall determine the scope rate of the total annual revenue:

- which cannot be higher than 0.1 % for license holders for performing energy activity and for foreign companies that perform energy activity in the Republic of Macedonia and

- which cannot be higher than 0.1 % for the water services providers generated from the provision of water services, calculated according to the data from the Central Registry of the Republic of Macedonia or determined in accordance with Article 5, realised in the year preceding the year in which a proposal financial plan is submitted.

(6) The legal entities referred to in paragraph (5) of this Article shall pay the annual fee to the account of the Energy Regulatory Commission in two equal instalments, the first instalment no later than 30 May, and the second instalment no later than 30 September, in the year for which the financial plan referred to in paragraph (4) of this Article refers.

(7) If the Assembly does not adopt the financial plan until 31 December of the year in which it is submitted, the Energy Regulatory Commission shall adopt a decision on temporary financing, i.e. for the use of funds per month,

up to one third of the total realised expenditures in the first quarter of the previous year by 31 March at the latest, taking into account the cash flows. If the Assembly does not adopt the financial plan by 31 March of the current year, the Energy Regulatory Commission shall decide on the extension of the interim financing decision that applies until the adoption of the financial plan.

(8) If the revenue realised by the Energy Regulatory Commission in a given calendar year exceeds the expenditures, the difference in this amount shall be transferred for using in the next year and the revenue planned for the following proposed financial plan shall be reduced by this amount.

## **Annual report**

### **Article 36**

(1) By 30 April in the current year at the latest, the Energy Regulatory Commission shall submit to the Assembly for adoption an annual report on its operation for the previous year. The annual report shall contain information on the activities related to exercising the competence in accordance with this Law and other law and for the material and financial operation of the Energy Regulatory Commission.

(2) An integral part of the annual report referred to in paragraph (1) of this Article shall be the report on the conditions and functioning of the energy markets in the Republic of Macedonia referred to in Article 25 of this Law.

(3) The Energy Regulatory Commission shall do the following about the annual report referred to in paragraph (1) of this Article:

- 1) publish it on its website together with the summary of the annual report and
- 2) within 30 days of the announcement, submit it to the Energy Community Secretariat.

(4) The Energy Regulatory Commission shall submit the annual report referred to in paragraph (1) of this Article to the Government and the Ministry for their information.

(5) At a request of the Government or the Minister, the Energy Regulatory Commission shall timely submit other reports and information from the scope of its work that are of importance for the performance of the duties of the Government and the Ministry, prescribed by this Law.

## **Acting upon complaints and resolving disputes**

### **Article 37**

(1) The Regulatory Commission shall decide upon complaints submitted by:

1) the users of the electricity, natural gas and heat energy transmission and distribution systems:

- against the acts of the appropriate operators which refuse the access or the connection to the relevant system or against the acts determining the amount of the fee and other conditions for connection or

- due to damages caused by limitation or interruption of the delivery of electricity, natural gas and heat energy, from and to the electricity or natural gas transmission or distribution systems,

2) the consumers against suppliers who have an obligation to provide public or universal service, as well as against suppliers of last resort regarding:

- the quality of the supply service,

- restricting or disabling the right to change a supplier,

- the calculation of the energy consumed and the amount of the bill,

3) the providers of energy activities and consumers against the decision of the operator on the appropriate energy market for rejecting the energy market registration application, as well as rejecting the application for acquiring the status of a balance responsible party.

(2) The Energy Regulatory Commission shall decide upon a complaint referred to in paragraph (1) of this Article only in cases when the complainant used all means for exercising his/her right through the procedures established by the entity performing energy activity referred to in paragraph (1) of this Article.

(3) In the decision-making procedure in the cases referred to in paragraph (1) of this Article, the Energy Regulatory Commission shall accordingly apply the Law on General Administrative Procedure.

(4) The decisions adopted in the proceedings referred to in paragraph (1) of this Article shall be final and an administrative dispute may be initiated against them.

(5) The Energy Regulatory Commission shall decide in the procedure for resolving disputes arising from the performance of the agreements between entities performing energy activities, entities performing energy activities and consumers, as well as the transmission and distribution systems operators and the users of those systems, when the contracting parties agreed upon that.

(6) Any party to the dispute referred to in paragraph (5) of this Article may, before the adoption of the decision of the Energy Regulatory Commission, cancel the procedure and make a request the dispute to be resolved in another way.

(7) Decisions adopted in the proceedings referred to in paragraph (5) of this Article shall be considered final.

(8) The Energy Regulatory Commission shall adopt rules for acting upon complaints and resolving disputes regulating the procedure, the amount and the manner of covering the costs in the procedure.

### **IV. LICENCES**

## **General provisions**

### **Article 38**

(1) The entities performing energy activities cannot initiate performance of the activity without first to be issued a licence from the Energy Regulatory Commission.

(2) The conditions regarding the financial position, technical qualifications and non-existence of legal obstacles for performing an activity must be met for issuing the license referred to in paragraph (1) of this Article.

(3) License shall not be required for:

1) electricity or heat energy generation for a person's own use, provided that the relevant energy system is not used;

2) generation of electricity from renewable energy sources intended for own consumption, whereby the surplus of the produced energy shall be transferred to the power distribution network under conditions and in a manner determined in accordance with the regulations and rules adopted on the basis of this Law;

3) electricity or natural gas transmission and distribution through direct lines;

4) retail trade in oil derivatives and transport fuels;

5) trade in liquefied petroleum gas in pressure vessels of less than 5 kg;

6) trade in natural gas, in cases where the transport of the relevant natural gas is not carried out through the natural gas transmission or distribution system;

7) traders and suppliers from countries that are contracting parties or participants in the Energy Community Treaty for transactions they perform on the organised electricity and natural gas market and

8) activities performed by foreign persons referred to in Article 40 of this Law.

(4) The licence shall be issued for a period of 35 years depending on the type of the energy activity, the type and scope of the obligation on public service provision in the performance of the energy activity, the volume of assets needed to perform the energy activity, the duration of the right to use the relevant energy resource, as well as the application submitted by the entity performing the energy activity.

(5) The licence shall cease to be valid either upon the expiration of the period for which it was issued, or upon its revocation in accordance with this Law, or upon a request by the licence holder.

(6) The same person may be issued one licence for performing two or more energy activities in the following cases:

1) heat energy and electricity generation at co-generation plants for heat energy and electricity and

2) generation, distribution and supply of heat energy generated from geothermal sources.

(7) On his/her request, and without prejudice to the provisions on the unbundling and certification of the relevant transmission or distribution system operator, the same person may be issued more than one licence for performing the same energy activity when the activity in question is performed by means of energy facilities that represent separate technical-technological unit.

(8) The same person may be issued one or more licenses for performing unregulated energy activities.

(9) For the issuance, change, extension and transfer of the licenses for performing energy activities, as well as for issuing temporary licenses and licenses for trial work, the Energy Regulatory Commission shall charge a fee in accordance with the Rulebook from Article 41 of this Law, except when the change of the license is carried out ex officio.

### **Transfer of license**

#### **Article 39**

(1) The license may not be transferred to another person. (2) Notwithstanding paragraph (1) of this Article, the license may be transferred to another person in case:

1) when the energy activity for which the license has been issued is performed on the basis of a concession for use of a natural good or on the basis of an agreement for establishing a public-private partnership for construction of an energy facility where the grantor in accordance with this Law or other laws has made a decision for transferring concession rights;

2) when the plant for electricity or heat energy generation is a non-energy facility and cannot be separated from it, and the owner of the non-energy facility has been changed;

3) when a new company is established in course of implementation of a procedure of vertically integrated company in accordance with this Law or

4) of initiating bankruptcy procedure with own management, if a plan for reorganisation of the entity performing the activity to which the license was issued has been adopted.

(3) Attached to an application for the transfer of the licence, the new entity performing the energy activity shall be obliged to submit the relevant decision taken by the grantor referred to in paragraph (2) item 1) of this Article, or the purchase and sale contract for the facility referred to in paragraph (2) item 2) of this Article.

### **Foreign entities**

#### **Article 40**

(1) A branch of a foreign entity organised in the Republic of Macedonia the founder of which has been issued a license or other appropriate document for performing trade or supply of electricity or natural gas in a country that is a contracting party or participant in the Energy Community Treaty may, by application of the principle of reciprocity, perform these activities in the Republic of Macedonia once a decision is made for entry in the Registry of foreign traders and suppliers of electricity and natural gas which can perform energy activity in the Republic of Macedonia.

(2) The Registry referred to in paragraph (1) of this Article shall be established and kept by the Energy Regulatory Commission.

(3) In the procedure for entry in the Registry referred to in paragraph (1) of this Article, the Energy Regulatory Commission shall cooperate with the competent authority of the contracting party or the participating country in the Energy Community Treaty that has issued the license for which entry in the Registry is required, and with the competent authorities from other countries in which the foreign entity performs the activities of trade and supply of electricity or natural gas.

(4) The Energy Regulatory Commission shall submit a copy of the decision for entry in

the Registry referred to in paragraph (1) of this Article to the appropriate electricity or natural gas transmission system operator and to the appropriate electricity or natural gas market operator.

## **Rulebook on licenses**

### **Article 41**

(1) The Energy Regulatory Commission shall adopt a Rulebook on Licenses that shall prescribe in more detail:

- 1) the conditions, manner and procedure for issuing, changing, extending, transferring, suspending, revoking or terminating the validity of the licenses for performing energy activities, the temporary licenses and licenses for trial work for the operation of the energy facility, as well as the deadlines for taking certain actions in the appropriate procedure;
- 2) the procedure for entering in the Registry of foreign traders and suppliers with electricity and natural gas which can perform energy activity in the Republic of Macedonia, as well as for the suspension and termination of the decision for entry in the Registry;
- 3) the documentation submitted in the procedure;
- 4) the duration of the license, the temporary license and the license for trial work;
- 5) the forms used in the procedure for issuing, changing, extending, transferring, suspending or revoking the license, the temporary license and the license for trial work, as well as the forms applied in the procedure for entry into the Registry of foreign traders and suppliers of electricity i.e. natural gas which can perform activity in the Republic of Macedonia;
- 6) the contents of the license, the temporary license and the license for trial work, as well as the decision for entry in the Registry of foreign traders and suppliers of electricity i.e. natural gas which can perform activity in the Republic of Macedonia;
- 7) manner of keeping and publishing data from the records on issued licenses;
- 8) monitoring and controlling the fulfilment of the obligations contained in the license and other obligations arising from this Law and the regulations and rules adopted on the basis of this Law and
- 9) the amount of fee for the procedure of issuance, modification, extension and transfer of the license, as well as for the procedure for entry into the Registry of foreign traders and suppliers of electricity i.e. natural gas which can perform activity in the Republic of Macedonia.

(2) In the Rulebook referred to in paragraph (1) of this Article, the Energy Regulatory Commission shall prescribe simplified conditions, manner, procedure and shorter deadlines for issuing, changing, extending, transferring, suspending, revoking or terminating the validity of the licenses for performing energy activities whose performance is not related to the connection of transmission or distribution systems.

## **Decision on temporary license**

### **Article 42**

The Energy Regulatory Commission, at a request of the investor, shall make a decision on issuing a temporary license before obtaining an approval for the use of the power



facility or before receiving a report on the performed technical inspection by the supervising engineer for the facilities for which it is not necessary to issue an authorisation for use or before obtaining a decision for putting into use of the energy facility, if:

- 1) an energy facility has been issued an authorisation for construction in accordance with this Law or
- 2) the construction permit for the facility was issued, in cases where construction of a facility does not require construction authorisation for the energy facility or
- 3) the investor has acquired the right to construction based on the implemented tendering procedure by means of an open call for the construction of electricity or heat energy generation facilities or electricity and heat energy cogeneration or
- 4) the investor has acquired the right to construct a facility or system on the basis of the concession granted for goods of general interest, i.e. construction of a facility or system or performance of an energy activity based on a contract for establishing a public-private partnership or a public concession service.

### **License for trial work**

#### **Article 43**

(1) At a request of the investor, the Energy Regulatory Commission shall, within seven days from the day of receipt of the application, issue a license for trial work to the energy facility through which it should perform the activity.

(2) The manner, conditions and procedure for trial connection of the transmission or distribution network as well as the operation of the energy facilities with a license for trial work shall be regulated by the corresponding grid code.

(3) A trial work license shall be issued only once, valid for up to nine months, with the possibility for its extension under conditions, in a manner and in a procedure determined by the Rulebook on Licenses referred to in Article 41 of this Law, free of charge.

(4) The holder of a license for trial work, for the duration of the license, shall have all the rights and obligations regarding the operation of the facility, as if he/she is a license holder.

### **Issuing a license**

#### **Article 44**

(1) After the implementation of the procedure in accordance with the Rulebook referred to in Article 41 of this Law, which determines the existence of the conditions referred to in Article 38, paragraph (2) of this Law, the Energy Regulatory Commission shall issue a license for performing energy activity.

(2) The Energy Regulatory Commission shall issue a license after the holder of a temporary license or a license for trial work has submitted an approval for the use of the energy facility or a report on the performed technical inspection by the supervising engineer for the facilities for which it is not necessary to issue an authorisation for use or decision for putting into use of the equipment that is installed into an existing construction facility, built in accordance with this Law and the regulations adopted on the basis of this Law.

### **Change of the license**

### **Article 45**

(1) The license may be changed at a request of the license holder due to a change in the manner of performing the activity, if the change is not contrary to this and/or other Law.

(2) The Energy Regulatory Commission shall initiate a procedure for changing the license ex officio within 30 days from the occurrence of the change of the laws and other regulations or rules regulating the performance of the energy activity for which the license has been issued, as well as when a public service obligation is imposed to the license holder.

### **Extension of the license**

#### **Article 46**

(1) The duration of a licence can be extended on the written request submitted by the license holder, which should be submitted to the Energy Regulatory Commission at least 60 days prior to the date of the expiration of the validity of the license.

(2) The license holder performing regulated energy activity or having an obligation to provide public or universal service shall be obliged to notify the Energy Regulatory Commission, one year before the expiration of the license, for the intention to request the extension of the license.

### **Continuity of the service**

#### **Article 47**

The license holder may not stop to fulfil the obligation for performing the public service i.e. the universal service to individual users of the service, unless the affected user:

1) fails to fulfil its obligations determined by this Law, other regulations or rules, as well as the obligations arising from the agreements for use of the respective systems and/or energy supply agreements or

2) the manner of using the service may cause endangerment of the life and health of people, the environment and/or property or hinder the provision of the service to other users.

### **Permitted interruptions**

#### **Article 48**

(1) The license holder performing regulated energy activity or having an obligation to provide public or universal service may not temporarily interrupt the energy activity for which the license was issued without prior approval by the Energy Regulatory Commission.

(2) Notwithstanding paragraph (1) of this Article, the license holder performing regulated energy activity may temporarily interrupt the performance of the activity without prior approval from the Energy Regulatory Commission, if during the performance of the activity there may be or there is a danger for the life and health of people, the environment and/or the property or the danger to the operation of energy facilities or systems, or if the activity cannot be performed due to force majeure.

(3) In cases when the entity performing regulated energy activity should partially interrupt performing the relevant energy activity for the purpose of maintenance, upgrading or constructing networks and/or transmission and distribution plants, such interruption shall be made in accordance with the relevant grid code.

## **Suspension of a license**

### **Article 49**

(1) The Energy Regulatory Commission shall decide on suspension of the license if a competent misdemeanour body or a competent court imposes the license holder a prohibition on performing the energy activity for a certain period of time or in the cases referred to in Article 26 of this Law.

(2) The Energy Regulatory Commission shall adopt the decision referred to in paragraph (1) immediately after receiving the notification of imposed prohibition from the competent authority.

(3) The decision referred to in paragraph (1) of this Article shall specify the measures to be taken by the license holder deemed necessary for the provision of the required level of public or universal service during the period for which the license has been suspended.

(4) The suspension of the license shall last for the period for which the prohibition to perform an energy activity has been imposed.

(5) In order to ensure security in the supply and continuous operation of the energy system, the Government, at a request of the Energy Regulatory Commission, shall adopt a decision imposing an obligation on another energy activity to provide public or universal service for a period of which the license holder has been imposed a prohibition to perform the activity.

## **Revocation of a license**

### **Article 50**

(1) The licence may be revoked if the licence holder:

1) does not initiate a performance of energy activity, for which the licence was issued, within the deadline stipulated in the licence;

2) does not perform the activity for which the license was issued in a manner and under conditions prescribed by this and other laws, as well as the regulations and rules adopted on the basis of this Law;

3) in its operations, does not comply with the decisions, and/or fail to execute the individual acts adopted by the Energy Regulatory Commission;

4) fails to act upon the request of the competent authorities for elimination of defects in the operation that resulted or could lead to termination of the provision of the service in the manner prescribed by law, or to a decrease in the quality, continuity, confidentiality or security in providing the service or

5) has stopped to fulfil the conditions on the performance of the energy activity for which the licence was issued.

(2) Within eight days after the fact of the existence of the reasons referred to in paragraph (1) of this Article, the Energy Regulatory Commission shall inform the license holder in writing of the existence of reasons for initiating the procedure for revoking the license and shall oblige it to provide its explanation on the reasons for the revocation of the license within seven days of receipt of the notification.

(3) After the expiration of the deadline referred to in paragraph (2) of this Article, the Energy Regulatory Commission, taking into account the explanation of the license

holder, may take a decision on initiating the procedure for revoking the license that it publishes on its website.

(4) The decision referred to in paragraph (3) of this Article shall determine the procedures, measures and activities that the license holder is obligated to undertake in order to eliminate the reasons for initiating the procedure, the individual deadlines for their fulfilment, as well as the deadline for removal of the reasons, which cannot be longer than six months from the day of the decision.

(5) If after the deadline referred to in paragraph (2) of this Article the license holder fails to submit an explanation for the reasons for revoking the license, or if he/she fails to fulfil the obligations within the deadline specified in the decision referred to in paragraph 4 of this Article, the Energy Regulatory Commission shall make a decision to revoke the license.

### **Termination of a license**

#### **Article 51**

(1) If the license holder who has an obligation to provide a public or universal service has requested the Energy Regulatory Commission to terminate the license, or if the license has been revoked in accordance with Article 50 of this Law, the Energy Regulatory Commission shall immediately inform the Government for the decision with which the license terminates or with which it is revoked, and the Government in cooperation with the Ministry shall propose the necessary measures for the provision of the public or universal service.

(2) In the cases referred to in paragraph (1) of this Article, upon a proposal of the Ministry and the Energy Regulatory Commission, the Government shall, within a period not longer than 90 days from the day of the entry into force of the decision for termination or revocation of the license, in accordance with the provisions of this Law, implement a procedure for selecting an energy activity operator which will have an obligation to provide public or universal service.

(3) In the license of the entity performing the energy activity which is selected in accordance with paragraph (2) of this Article, the Energy Regulatory Commission shall specify the scope and the content of the public i.e. the universal service, the area in which the service is provided, as well as the duration and the necessary quality of the service in fulfilling the obligation for public i.e. universal service.

(4) Until the completion of the selection procedure referred to in paragraph (2) of this Article, the entity performing the energy activity who requested termination or to whom the license has been revoked shall be obliged to act in accordance with the measures referred to in paragraph (1) of this Article and to continue with the provision of the public i.e. the universal service, as well as to generate income by applying the applicable prices and tariffs.

## **V. CONSTRUCTION OF NEW ENERGY FACILITIES**

### **Authorisation for construction of new energy facilities**

#### **Article 52**

(1) New electricity generation facilities, electricity and heat energy cogeneration facilities or heat energy generation facilities may be built on the basis of authorisation

for construction of new or for increasing the installed capacity of existing electricity and/or heat energy generation facilities, issued in accordance with this Law.

(2) The authorisation referred to in paragraph (1) of this Article shall not be necessary if:

- 1) the new energy generation facility has a total installed electricity and/or heat energy capacity equal to or less than 10 MW;
- 2) with the expansion of the energy generation facility, the total installed electric and/or heat power of the facility is less than or equal to 10 MW or
- 3) the energy generated by the energy facility will be used only for its own use.

(3) The authorisation referred to in paragraph (1) of this Article shall not be necessary when the performance of the relevant energy generation activity is conditioned with the need to obtain concession rights for natural resources. The conditions for construction of any such energy facility shall be stipulated in the relevant concession agreement.

(4) The construction of new, or the expansion of existing electricity, and/or heat energy generation facilities shall be performed in accordance with the regulations governing the construction.

(5) The decision on authorisation for construction of new or expansion of the existing electricity generation facilities and electricity and heat energy cogeneration facilities shall be adopted by the Government.

(6) The decision on authorisation for construction of new or expansion of existing heat energy generation facilities shall be adopted by the Council of the local self-government unit.

(7) In order to protect and promote the environment, the plants for generation of electricity i.e. heat energy from renewable energy sources shall be considered as facilities of public interest.

### **Authorisation criteria**

#### **Article 53**

The authorisation referred to in Article 52 paragraph (1) of this Law shall be issued on the basis of criteria that take particular account of:

- 1) the security of supply of the relevant energy type;
- 2) safety and security of the electrical energy system, facilities and appropriate equipment;
- 3) the protection of public health and safety;
- 4) the environmental protection;
- 5) the use of land and locations;
- 6) the use of public area;
- 7) the energy efficiency;
- 8) the type of primary energy;
- 9) technical, financial and economic capability of the applicant;
- 10) compliance with the measures adopted in accordance with the public service obligations and consumer protection, in particular with regard to the quality and

continuity of the electricity supply;

11) the contribution of the production energy facility in terms of emission reduction or

12) the contribution of the energy generation facility in the share of energy generated from renewable sources in the total gross final energy consumption in accordance with the decision for determining the compulsory national targets referred to in Article 173 paragraph (1).

### **Issuing an authorisation**

#### **Article 54**

(1) The authorisation for construction of new or extension of existing electricity generation facilities, electricity and heat energy cogeneration facilities or heat energy generation shall be issued upon a previously conducted procedure, based on the principles of objectivity, transparency and non-discrimination.

(2) For the purpose of issuing an authorisation for construction of new or reconstruction of the generation facilities referred to in Article 52 paragraph (5) of this Law, interested domestic and foreign investors shall submit an application for issuing an authorisation to the Government, and for the generation facilities referred to in Article 52 paragraph (6) of this Law, to the local self-government unit.

(3) Within eight days from the day of the receipt, the Government shall publish the application in the "Official Gazette of the Republic of Macedonia" and submit it to the Ministry.

(4) The Mayor of the local self-government unit shall publish the application in the official bulletin of the local self-government unit within eight days from the receipt referred to in paragraph (2) of this Article.

(5) The Minister shall prescribe the form and the content of the application for issuing the authorisation referred to in Article 52 paragraph (5), and the Mayor shall prescribe the form and the content of the application referred to in Article 52 paragraph (6) of this Law.

### **Required documentation**

#### **Article 55**

With the application for obtaining the authorisation referred to in Article 54 paragraph (2), the applicant shall be obliged to submit the following documentation:

1) a design project and, where appropriate, an infrastructure project and an economic analysis;

2) a consent for connection to the electricity, natural gas or heat energy transmission or distribution system, in accordance with the relevant grid code;

3) a decision that approves the project implementation, i.e. a decision that approves the environmental study or environmental impact assessment study, when, in accordance with, in compliance with a law, the project requires a survey or a study;

4) a certificate from the urban planning documentation in accordance with the regulations governing spatial and urban planning;

5) a financial plan for the planned energy facility; 6) a certificate from a renowned financial institution or bank for its intention to provide the applicant with a loan for implementation of the project, if the implementation of the project provides the use of

credit funds;

7) a proof of the applicant's financial status, as regards its financial contribution in the project implementation;

8) references related to the implementation of projects of this type;

9) a certificate from the register where the applicant is registered;

10) documents issued by a competent authority that the applicant is not in a bankruptcy or liquidation procedure;

11) documents issued by a competent authority that no criminal or misdemeanour procedure is conducted against the applicant in relation to his/her professional activity and

12) statement from the applicant about the reliability of the submitted data.

### **Commission for assessment of applications for authorisations**

#### **Article 56**

(1) The procedure for issuing an authorisation for construction of new or reconstruction of existing energy facilities shall be conducted by the Commission for conducting a procedure for granting authorisations for facilities referred to in Article 52 paragraph (5) of this Law, which shall be established by the Minister, taking into account the adequate and equitable representation of members of all communities.

(2) The Commission referred to in paragraph (1) of this Article shall consist of nine members, two representatives from the Ministry, one representative from the Government, the ministries responsible for construction, finance, environment and agriculture, the electricity transmission system operator and the natural gas transmission system operator. The President of the Commission shall be a representative from the Ministry.

(3) The members of the Commission referred to in paragraph (1) of this Article should have at least 240 credits according to ECTS or completed VII/1 degree and at least three years of work experience and working tasks relevant to the work of the Commission.

(4) The members of the Commission shall be compensated for the work performed after each individual application, which should be reasonable and appropriate to the meaning, scope and complexity of the work. The compensation shall be determined by the Government, and the funds shall be provided from the Budget of the Republic of Macedonia.

(5) The procedure for issuing the authorisation for the construction of generation facilities referred to in Article 52 paragraph (6) of this Law shall be conducted by a Commission established by the Mayor of the local self-government unit, consisting of five members, experts in the field of energy, economy and law. The Mayor shall appoint the president of the Commission. The members of the Commission shall be compensated for the work done after each individual application, which is determined by the Council of the local self-government unit, and the funds shall be provided from the budget of the local self-government unit.

(6) The term of office of the members of the Commissions referred to in paragraphs (1) and (5) of this Article shall be four years and no member may be a member of the Commission for more than two successive terms of office. The Commissions shall adopt Rules of Procedure for their work.

## **Incomplete application**

### **Article 57**

(1) If the Commission referred to in Article 56 paragraph (1) or paragraph (5) of this Law determines that the application for authorisation is incomplete or unclear, within 15 days from the day of publication of the application in the "Official Gazette of the Republic of Macedonia" i.e. in the official bulletin of the local self-government unit, it shall propose to the Minister or the Mayor to oblige the applicant to complete the necessary documentation in accordance with Article 55 of this Law.

(2) The Minister or the Mayor, within seven days from the receipt of the proposal referred to in paragraph (1) of this Article, shall oblige the applicant with a decision to authorise the documentation in a period that cannot be shorter than 15 days and not longer than six months from the date of receipt of the decision.

(3) If the applicant does not complete the documentation within the deadline determined in the decision referred to in paragraph (2) of this Article, the Government shall, upon a proposal of the Minister i.e. the Council of the local self-government unit, and upon a proposal of the Mayor, make a decision for rejecting the application.

(4) The applicant may initiate an administrative dispute against the decision referred to in paragraph (3) of this Article.

## **Making a decision**

### **Article 58**

(1) The Government, upon a proposal of the Minister, i.e. the Council of the local self-government unit, and upon a proposal of the Mayor, shall issue a decision with explanation of the reasons for issuing or rejecting the application for constructing authorisation within 60 days from the day of receipt of the complete application.

(2) Before making the decision referred to in paragraph (1) of this Article, the Government shall request an opinion from the Energy Regulatory Commission.

(3) The decision for issuing the authorisation referred to in paragraph (1) of this Article shall be published in the "Official Gazette of the Republic of Macedonia", or in the official bulletin of the local self-government unit.

(4) An administrative dispute may be initiated against the decisions referred to in paragraph (1) of this Article.

## **Content of the authorisation**

### **Article 59**

The authorisation, which has been issued for the construction of new, or the expansion of existing, electricity or heat energy generation facilities and electricity and heating energy cogeneration facilities, shall stipulate in detail:

- 1) the type, features, installed capacity and expected annual energy generation, fuel type and necessary quantity;
- 2) the location of the facility, in compliance with the relevant urban planning documents;
- 3) the date until which the authorisation is valid;
- 4) the treatment with the object after the termination of its work;



- 5) the manner of use of public infrastructure;
- 6) the environmental protection requirements to be fulfilled pursuant to the law;
- 7) the efficiency requirements concerning the operation of the facility and
- 8) any other conditions related to the construction of the facility.

## **Validity and Termination of Authorisation**

### **Article 60**

- (1) The validity of the authorisation referred to in Article 58 of this Law shall be three years as of the day of its entry into force.
- (2) The authorisation ceases to be valid should the authorisation holder does not manage to obtain authorisation for construction of the facility within the deadline determined in paragraph (1) of this Article.
- (3) Upon demand of the authorisation holder, the authorisation may be transferred to another entity after obtained Government's consent, i.e. after obtained consent from the local self-government unit council.

## **Construction of New and Reconstruction of Existing Facilities**

### **Article 61**

- (1) If the given authorisations for the construction of new and reconstruction of existing electricity generation facilities or electricity and heat energy cogeneration are insufficient for ensuring security of electricity supplies, the Government, upon proposal of the Ministry, may adopt a decision on tendering procedure by means of an open call, for the construction of electricity generation facilities and facilities for electricity and heating energy cogeneration, based on the criteria referred to in Article 53 of this Law.
- (2) Before submitting the proposal adopting the decision referred to in paragraph (1) of this Article, the Ministry is obliged to determine whether the security of energy supply can be ensured with energy efficiency measures and consumption management, as well as to review the offers for possible electricity supply with guarantees for long-term dispatch of additional energy quantities from the existing generation capacities which are active on the market.
- (3) The tendering procedure for the construction of facilities for generation of electricity from renewable sources, for which the producers may acquire the status of preferential producer using a premium, shall be conducted according to Article 188 of this Law.
- (4) In the course of adoption of the decision referred to in paragraph (1), The Government has taken into account the strategic and development documents in the area of energy.
- (5) Should, based on the number of issued authorisations for the construction of new heat energy generation facilities and the forecasts on heat energy demand, after taking into account the measures on energy efficiency improvement and load management and the possibilities to address the heat demands, it has been assessed that the security of supply has not been secured, the local self-government unit may adopt a decision on conducting a tendering procedure by means of an open call for the construction of heat energy generation facilities.

(6) Upon proposal from the competent authority for conducting the tendering procedure by means of an open call, the Government of the Republic of Macedonia, or the council of the local self-government unit, shall adopt the decision on the selection of the most favourable bidder to which the right to construct the relevant energy facility, which shall be used for conducting the energy activities, will be awarded.

### **Construction of New Natural Gas Distribution Systems**

#### **Article 62**

(1) Construction of new natural gas distribution systems on a certain area on the territory of the Republic of Macedonia shall be done by legal entities on the basis of:

1) contract for establishing a public-private partnership awarded by the Government and

2) concession agreement for public services awarded by the Government, by which the concessionary shall be obliged to construct, use and manage a new natural gas distribution system.

(2) A new natural gas distribution system on a certain area on the territory of the Republic of Macedonia may be constructed and managed also by a public enterprise or by another legal entity established for that purpose by the local self-government unit.

(3) The Government, upon a proposal by the minister or by the local self-government unit, shall adopt a decision on initiating the procedure for awarding the contract referred to in paragraph (1) of this Article.

(4) The Government, in compliance with the Law on Local Self-Government, may conclude a contract for cooperation with the local self-government units on whose territories the natural gas distribution system is to be constructed.

(5) The procedure for constructing a new natural gas distribution system shall not be conducted should on that territory a natural gas distribution system is already in place and is not sufficiently used, or should a new natural gas distribution system is previously planned to be constructed.

### **Construction of Heat Energy Distribution Systems**

#### **Article 63**

(1) The construction of new heat energy distribution systems on the territory of a local self-government unit shall be conducted on the basis of a contract for establishing a public-private partnership awarded by the local self-government unit council or by public enterprises or other legal entities established for that purpose by the local self-government unit.

(2) The local self-government unit council, upon the proposal of the mayor, shall adopt a decision on the initiation of the procedure for awarding a contract for establishing a public-private partnership for the construction of a new heat energy distribution system.

### **Tendering Procedure**

#### **Article 64**

(1) The provisions of the Law on Concessions and Public-Private Partnership shall accordingly apply to the tendering procedure by means of a public call.

(2) The Ministry shall be in charge of the preparation of the tendering

documentation and of the conduct of the procedure by means of a public call, as referred to in Article 61, paragraph (1) and Article 62, paragraph (1) of this Law.

(3) The decision referred to in Article 61, paragraph (1) and Article 62, paragraph (3) of this Law shall determine the manner and required funds needed to prepare the tendering documentation.

(4) The Mayor shall be in charge of the preparation of the tendering documentation and of the conduct of the procedure by means of a public call, as referred to in Article 61, paragraph (5) and Article 63, paragraph (1) of this Law.

(5) The decision referred to in Article 61, paragraph (5) and Article 63, paragraph (2) of this Law shall determine the manner and required funds needed to prepare the tendering documentation.

(6) The Government, i.e. the Council of the local self-government unit shall adopt the tendering documentation referred to in paragraphs (2) and (4) of this Article.

### **Issuing and Contents of the Public Call**

#### **Article 65**

(1) The Ministry, i.e. the Mayor, shall issue the public call referred to in Article 61, Article 62 and Article 63 of this Law in at least two public media and in the Official Gazette of the Republic of Macedonia, i.e. in the official newsletter of the local self-government unit.

(2) The Ministry shall be obliged to submit the public call, referred to in Article 61, to the Energy Community Secretariat.

(3) The public call referred to in paragraph (1) of this Article shall contain in particular: 1) the type of facility for which the public call has been issued;

2) the planned capacity;

3) the deadline for the initiation of the construction of the facility;

4) the location where the facility is to be constructed, as determined on the basis of the excerpt from the urban planning documentation regulating the spatial and urban planning;

5) the required economic, technical and operational abilities of bidders;

6) the possible incentives offered;

7) availability to the tendering documentation and

8) the manner and deadline for bid submission.

(4) The deadline for bid submission for the construction of facilities referred to in Article 61 of this Law cannot be less than six months as of the day when the public call has been issued.

### **Contents of Tendering Documentation**

#### **Article 66**

The tendering documentation referred to in Article 64 of this Law, in particular, should contain:

1) the type of energy facility for which the public call has been issued;

- 2) the planned capacity;
- 3) a detailed description of the technical specifications of the relevant facility;
- 4) the deadline for the initiation of the construction of the facility;
- 5) the location where the facility is to be constructed;
- 6) the required economic, technical and operational abilities of bidders;
- 7) the manner and deadline for bid submission;
- 8) a thorough list of criteria on the selection of the most favourable bidder;
- 9) the manner and terms for the generation process, i.e. the distribution and for the connection to the relevant network(s);
- 10) the contract awarding the right to construction, stipulating the mutual rights and liabilities related to the construction of the facility;
- 11) the possible incentives offered;
- 12) the treatment of the facility after termination of its operation;
- 13) the manner of use of the public infrastructure;
- 14) the requirements regarding the environment protection to be fulfilled, pursuant to the law;
- 15) the requirements regarding the effective operation of the facility; and
- 16) other necessary data.

### **Direct Lines**

#### **Article 67**

- (1) Each electricity producer and supplier or natural gas supplier established in the Republic of Macedonia may supply its own premises and/or subsidiaries via direct lines.
- (2) Each electricity or natural gas consumer may be supplied via a direct line by a producer or electricity or natural gas supplier.
- (3) Electricity transmission and distribution or natural gas transmission and distribution direct lines shall be constructed based on an individual construction authorisation issued by the Government of the Republic of Macedonia, defining the rights and obligations of its holder.
- (4) The Government, upon the proposal by the Ministry, shall, by a decree, determine objective, transparent and non-discrimination criteria and a procedure for granting authorisation for construction of a direct line on the territory of the Republic of Macedonia.
- (5) The authorisation referred to in paragraph (3) of this Article may be issued both for natural gas supply and for consumers which fulfil the requirements for individual participation in the natural gas market.
- (6) Direct lines referred to in paragraph (3) of this Article may be constructed only in cases when:
  - 1) an end electricity or natural gas consumer or electricity producer was unable to obtain the right to connection or access to the existing electricity or natural gas

transmission or distribution system, or

2) a dispute settlement procedure pursuant to Article 37 of this Law has been initiated.

(7) The direct line shall not be considered an integral part of the electricity or natural gas transmission or distribution systems, as the case may be.

(8) The possibility for electricity or natural gas supply via a direct line shall not affect the possibility of conclusion of a contract for access by a third party and connection to electricity or natural gas networks, in accordance with the provisions of this Law.

(9) The Government may refuse a request for authorisation of construction of a direct line should the awarding of such authorisation has adverse effects on the conduct of public service tasks referred to in this Law. The decision on refusal should be elaborated in detail.

## **VI. ELECTRICITY MARKET**

### **VI.1. ELECTRICITY MARKET ORGANISATION**

#### **Electricity Markets**

##### **Article 68**

(1) The electricity market shall cover the wholesale electricity market and the retail electricity market.

(2) The retail electricity market shall cover the purchase and sale of electricity among electricity suppliers and their consumers which are not participants in the wholesale electricity market.

(3) The wholesale electricity market shall cover:

- 1) bilateral agreement market;
- 2) organised market, particularly dayahead and intraday market, and
- 3) balance energy market.

(4) The electricity market operator shall administer the market referred to in paragraph (3), item 1) of this Article and under terms determined by this Law may organise and manage the market referred to in paragraph (3), item 2) of this Article, and the electricity transmission system operator shall organise and manage the market referred to in paragraph (3), item 3) of this Law, based on the principles of transparency and non-discrimination.

#### **Wholesale Electricity Market Participants**

##### **Article 69**

(1) The wholesale electricity market participants are:

- 1) electricity producers;
- 2) electricity traders;
- 3) electricity suppliers;
- 4) electricity consumers which fulfil the requirements for individual participation on the market, as prescribed in the electricity market rules;

- 5) electricity transmission system operator;
- 6) electricity distribution system operator;
- 7) closed electricity distribution system operator and
- 8) electricity market operator.

(2) The electricity market participants referred to in paragraph (1) of this Article shall regulate their mutual rights and obligations by contracts in line with the rules stipulated in this Law and the rules and regulations adopted in line with this Law.

(3) Besides the electricity market participants referred to in paragraph (1) of this Law, the organised electricity market participants may be other domestic and foreign legal entities as well, in accordance with the rules on the operation of the organised market.

(4) The electricity market participants referred to in paragraph (1) of this Article shall be obliged to submit all the necessary information to the electricity transmission system operator, to the electrical distribution system operator, as well as to the electricity market operator, in accordance with the Electricity Transmission Grid Code, the Electricity Distribution Grid Code and the electricity market rules.

## **VI.2. ELECTRICITY GENERATION**

### **Electricity generation**

#### **Article 70**

(1) The electricity producer in accordance with the license issued, may sell the generated electricity and/or ancillary services on the electricity market of the Republic of Macedonia and abroad.

(2) The electricity producer, in accordance with this Law and regulations and rule adopted following this Law, shall:

1) offer ancillary services to the electricity transmission system operator for the purposes of balancing of the system, in accordance with the technical capacities and requirements determined in the rules on balancing of the electrical energy system and the Electricity Transmission Grid Code;

2) ensure availability of contracted electricity quantities and/or ancillary services at the point in the electricity transmission or distribution system, pursuant to the terms and conditions of its licence, as well as with the connection contract;

3) be equipped with all the necessary technical resources, including also devices for telemetering of the current generation;

4) submit reports, data and information to the electricity transmission system operator or distribution system operator, pursuant to the Grid Code;

5) supply to the electricity transmission system operator and to the electricity market operator data and information contained in the agreements for purchase and sell of electricity, the availability of the generation capacity and/or ancillary services, other than business-financial data.

(3) The electricity producer has the right to purchase energy on the market, with the aim to optimise its production and to minimise operation expenses.

(4) The electricity producer from a generation plant where at least one generation

unit has installed power equal or greater than 250 MW is obliged, in a period of at least five years, to keep all the data which refer to the entire generation plant, from which, for each hour, all its operational decisions in relation to the dispatching and bidding at organised electricity markets can be determined and checked, as well as the auctions for interconnection capacities, balance energy markets and bilateral agreements, which cover also data on the available generation capacities and the awarded ancillary services, as well as the distribution of the awarded ancillary services for each plant in periods when bidding and generation take place.

(5) The electricity producer is obliged the data referred to in paragraph (4) of this Article to present to the Energy Regulatory Commission, the Commission for Protection of Competition, as well as to the Energy Community Secretariat, in accordance with the obligations of the Republic of Macedonia which arise from the ratified international treaties.

(6) The producer of electricity from renewable energy sources connected to the electrical distribution network may be presented on the wholesale electricity market by a virtual electricity producer. The rights and obligations of the virtual electricity producer shall be determined with rules on the electricity market.

(7) With the aim to ensure electricity supply security, the Government, in accordance with Article 6 of this Law, may adopt a decision imposing obligation to the electricity producer to provide a public service encumbering the electricity producer, at any point of time, to have operational primary fuel reserves in quantity which is required for at least 15 days of operation at maximum capacity, in accordance with the rules on public service referred to Article 6 of this Law. The minimum operational primary fuel reserves are particularly noted in the license to perform the activity.

### **VI.3. ELECTRICITY TRANSMISSION**

#### **Ownership Unbundling of Electricity Transmission System Operator**

##### **Article 71**

(1) The electricity transmission system of the Republic of Macedonia shall be an undertaking which:

1) as a legal successor of Electric Power Company of Macedonia is the owner of the electricity transmission network which consists of transformer stations, line infrastructure objects - overhead power lines, plants, facilities and assets for performing energy activities - electricity transmission and electricity transmission management;

2) shall not be part of a vertically integrated undertaking;

3) shall be holder of a license for performing energy activity electricity transmission;

4) shall not perform and is independent from performing other activities in the energy sector, as determined by this Law and

5) has been certified and appointed as an electricity transmission system operator by the Energy Regulatory Commission, in a procedure determined by this Law.

(2) In order to ensure the independence of the electricity transmission system operator, the same person or persons shall not be entitled at the same time to:

1) directly or indirectly participate in the management of the undertaking that performs some of the activities of electricity generation and/or supply and at the same

time to directly or indirectly manage or exercise other right in the electricity transmission system operator;

2) directly or indirectly participate in the management of the electricity transmission system operator and at the same time to directly or indirectly manage or exercise other right in the undertaking performing one of the activities of electricity generation or supply and

3) appoint members of supervisory board, of the managing body of the electricity transmission system operator and at the same time to directly or indirectly manage or exercise other right in the undertaking performing one of the activities of electricity generation and/or supply.

(3) The restrictions referred to in paragraph (2) of this Article shall refer to in particular:

1) exercise of voting right;

2) election and appointment of members of the supervisory body and the managing body or

3) holding of majority share.

(4) The undertaking which owns a license for performing the activity of electricity transmission may not hold licenses and may not be included in performing activities of generation, distribution, trade and supply of electricity, nor may hold a license for organisation and management of the electricity market.

(5) In cases when the electricity transmission system operator was part of the vertically integrated electricity undertaking, the operator or its employees must not transfer business-sensitive information that they own to electricity generation and/or supply undertakings.

(6) As an undertaking that performs some of the generation or supply activities referred to in paragraph (2) of this Article shall also be considered an undertaking that performs some of the natural gas generation or supply activities, and shall not include consumers that perform some of the activities of electricity generation and/or supply, directly or through an undertaking in which they participate in the management, individually or together, provided that:

1) on annual average, they are net electricity consumers, taking into account their participation in the generated electricity by the undertakings that participate in management;

2) the economic value of electricity they sell to third parties is insignificant in proportion to their other business operations.

### **Owner of the Electricity Transmission System Operator**

#### **Article 72**

(1) The Ministry in charge of operations in the field of transport shall be the owner of the undertaking which is electricity transmission system operator.

(2) The Ministry referred to in paragraph (1) of this Article shall act individually in the course of adoption decisions on election of supervisory body, i.e. undertaking managing body referred to in paragraph (1) and must not accept directions and guidelines from the Government or other government body.



(3) The members of the supervisory body, i.e. the managing body of the electricity transmission system operator:

1) in a procedure adopting decision in line with the Law, must not request, nor accept directions or guidelines from the Government or other government body, except in cases determined by this Law and

2) must not be elected for members of a supervisory body, i.e. a managing body of undertakings performing generation, supply or trade in electricity or undertakings which have the opportunities for direct or indirect effect on decision-making in those undertakings.

### **Harmonisation Programme**

#### **Article 73**

The electricity transmission system operator, irrespective of the organisational form, upon prior approval by the Energy Regulatory Commission, shall adopt a harmonisation programme determining the measures to be undertaken for the purposes of non-discrimination of electricity transmission system users based on any ground, obligations of employees in the realisation of the programme shall be defined, and the manner of monitoring of harmonisation of operation of the electricity transmission system operator shall be determined, with the obligations determined by this Law and the programme.

### **Harmonisation Officer**

#### **Article 74**

(1) The realisation of the programme referred to in Article 73 of this Law shall be monitored by a harmonisation officer.

(2) The harmonisation officer referred to in paragraph (1) of this Article shall be appointed by the supervisory body of the electricity transmission system operator, after previous approval by the Energy Regulatory Commission.

(3) The Energy Regulatory Commission may not approve the appointment of the harmonisation officer should it determines that they do not meet the conditions on independence nor expertise.

(4) The supervisory body of the electricity transmission system operator may, after previously obtained approval by the Energy Regulatory Commission, dismiss the harmonisation officer. Upon request of the Energy Regulatory Commission, the supervisory body shall dismiss the harmonisation officer for reasons of lack of independence or expertise.

(5) The Energy Regulatory Commission shall authorise the conditions regulating the mandate and the employment terms for the harmonisation officer, including the duration of their mandate or employment, with the aim to ensure independence, as well as all the necessary conditions for exercising their authorisations and performing their tasks.

(6) In the course of their mandate, the harmonisation officer may not perform other professional activity, nor have benefits or business relations, directly or indirectly, in undertakings in the energy sector or in their partners or share holders.

(7) The electricity transmission system operator is obliged, to the harmonisation officer, to give all the data and information necessary for exercising of their

authorisation, and upon their request, to provide them with access to all the areas and premises in which they perform their activities.

(8) The harmonisation officer shall be obliged to:

- 1) monitor the implementation of the harmonisation programme and to prepare annual report on the measures undertaken for its implementation, which shall be submitted to the Energy Regulatory Commission;
- 2) submit reports to the supervisory body and to give recommendation in relation to the harmonisation programme and its implementation and
- 3) to notify the Energy Regulatory Commission on any substantial breaches with regard to the implementation of the harmonisation programme.

(9) The harmonisation officer shall submit to the Energy Regulatory Commission the proposed investment plan and the proposed decisions for individual investments in the electricity transmission system, simultaneously when the managing body of the electricity transmission system shall submit the decisions to the supervisory body.

(10) The managing body, the supervisory body and the managers of the electricity transmission system operator shall be obliged to invite the harmonisation officer to attend all the meetings and to submit to them all the necessary materials, especially when decision is made on:

- 1) the conditions related to the services for access and use of electricity transmission system that refer to the prices for use, allocation of transmission capacity and congestion management;
- 2) the projects related to management, maintenance and development of the electricity transmission system, including the investments in interconnection lines and
- 3) the purchase or sale of electricity necessary for the operation of the electricity transmission system, including also the ancillary balancing services.

### **Certification of the Electricity Transmission System Operator**

#### **Article 75**

(1) The doer of the activity for electricity transmission must be certified as an electricity transmission system operator in a manner, procedure and timeline determined by this Law.

(2) The certification procedure of the electricity transmission system operator shall be conducted:

- 1) upon request of the electricity transmission system operator which has been awarded a license for conducting the activity of electricity transmission and electricity transmission system management is in accordance with paragraph (4) of this Article or
- 2) *ex officio* by the Energy Regulatory Commission in cases when:
  - when the electricity transmission system operator does not submit a certification request or
  - when a violation of the obligations for ownership separation determined or referred to in Article 71 of this Law has occurred or may occur, or
  - after submitted elaborated request by the Energy Community Secretariat.

(3) If the electricity transmission system operator is not certified, it shall be obliged

to submit a certification request with the documents prescribed by the certification rules adopted by the Energy Regulatory Commission.

(4) Within four months as of the date of submission of a certification request by the electricity transmission system operator or as of the date on which the Energy Community Secretariat has submitted the reasoned request referred to in paragraph (2), item 2), indent 3 of this Article, the Energy Regulatory Commission shall draw up a proposed certification decision regarding the electricity transmission system operator and shall immediately submit it to the Energy Community Secretariat, together with all the information related to the proposed decision.

(5) Within 60 days after receiving the opinion by the Energy Community Secretariat, the Energy Regulatory Commission shall adopt a decision regarding the certification request. The Energy Regulatory Commission shall take into account the opinion of the Energy Community Secretariat and shall announce the reasons for the possible derogations from the opinion.

(6) The Energy Regulatory Commission shall publish the decision referred to in paragraph (5) of this Article in the "Official Gazette of the Republic of Macedonia" and on its website, on which it shall publish also the opinion issued by the Energy Community Secretariat.

(7) The Energy Regulatory Commission shall keep an official record of the communication made with the Energy Community Secretariat concerning the certification procedure of the electricity transmission system operator. The official records shall be presented to the operator of the electricity transmission system operator that requires the certification, and to the public sector institutions concerned. The Energy Regulatory Commission shall be obliged to keep sensitive business data confidential.

(8) The electricity transmission system operator, the electricity producers, the electricity distribution system operator, the electricity suppliers or the electricity traders during the certification procedure, at the request of the Energy Regulatory Commission and/or the Energy Community Secretariat, shall be obliged to immediately submit all the necessary data and information.

(9) After the implementation of the certification procedure, the Energy Regulatory Commission shall issue the electricity transmission system operator a certificate appointing it the electricity transmission system operator and shall confirm that it meets the requirements regarding ownership unbundling and independence, as well as the conditions regarding financial and material ability and technical and human resources, as well as other conditions prescribed by this Law.

### **Certification Procedure for Third Country Persons**

#### **Article 76**

(1) Upon a request from the electricity transmission system operator or its owner, the Energy Regulatory Commission shall carry out a certification procedure for the electricity transmission system operator that is under the control of a third country(ies) person or a group of persons.

(2) The operator or the owner referred to in paragraph (1) of this Article shall be obliged to immediately notify the Energy Regulatory Commission of the circumstances which may lead to the taking of control over it by a third country(ies) person or group of persons.

(3) The Energy Regulatory Commission shall be obliged to inform the Ministry and the Energy Community Secretariat immediately about the certification request referred to in paragraph (1) of this Article and the notification referred to in paragraph (2) of this Article, as well as about the consequences of the takeover of the electricity transmission system operator.

(4) Within 60 days as of the date of receipt of the notification referred to in paragraph (3) of this Article, the Ministry shall prepare an opinion containing an assessment whether the issuance of the certificate could jeopardise the security of supply in the Republic of Macedonia and/or the security of supply of the contracting party or the Energy Community Member State, in particular taking into account:

1) the rights and obligations of the Energy Community in respect of the country or countries referred to in paragraph (1) of this Article arising from the international law and ratified international treaties on security of supply, including other agreements relating to security of supply concluded with one or more third countries in which the Energy Community is a contracting party;

2) the rights and obligations of the Republic of Macedonia towards the country or countries referred to in paragraph (1) of this Article arising from ratified international agreements with that country or countries, to the extent that such agreements are in accordance with the legislation of the Energy Community; and

3) other specific circumstances.

(5) Within four months as of the date of receipt of the request referred to in paragraph (1) of this Article, the Energy Regulatory Commission shall prepare a proposed certification decision, i.e., rejection of the certification request.

(6) The Energy Regulatory Commission shall reject the certification request referred to in paragraph (1) of this Article if:

1) the electricity transmission system operator does not prove that it meets the conditions prescribed in the Rulebook referred to in Article 41 of this Law and in Article 71, paragraphs 2) and 4) of this Law;

2) the issuance of the certificate endangers the security of the supply of the Republic of Macedonia and/or the security of the supply of a contracting party or a member state of the Energy Community.

(7) The Energy Regulatory Commission shall immediately submit to the Energy Community Secretariat the proposed decision referred to in paragraph (5) of this Article, together with the accompanying documentation on the basis of which the decision was made, in order to obtain an opinion.

(8) The Energy Regulatory Commission shall, within 60 days as of the day of delivery of the opinion, i.e. the expiration of the deadline for submitting the opinion from the Energy Community Secretariat, issue a certification decision or rejection of the request for certification.

(9) When adopting the decision referred to in paragraph 8 of this Article, the Energy Regulatory Commission shall take full account of the opinion of the Ministry and the opinion of the Energy Community Secretariat.

(10) The decision of the Energy Regulatory Commission and the opinion of the Energy Community Secretariat shall be published in the Official Gazette of the Republic of Macedonia.

(11) If the decision of the Energy Regulatory Commission is not in accordance with the opinion of the Energy Community Secretariat, the decision shall also give an explanation.

## **Certification Review**

### **Article 77**

(1) The Energy Regulatory Commission shall initiate a procedure for certification reviews if during the supervision of the operation of the electricity transmission system operator, or if it was notified by the operator or the harmonisation officer referred to in Article 74 of this Law, or otherwise came to the knowledge that there has been or is planned a change in the ownership structure of the operator or another change that may affect the fulfillment of the obligations stipulated in Article 71, Article 72 and Article 78 of this Law.

(2) The Energy Regulatory Commission shall commence the procedure referred to in paragraph (1) of this Article upon request from the Energy Community Secretariat.

(3) The Energy Regulatory Commission shall submit to the electricity transmission system operator a notification on the commencement of the procedure for the certification review, which obligates it to provide the necessary documentation, data and information from which the planned or occurred change can be determined, as well as a deadline for their dispatch which can not be shorter than 15 days.

(4) Within 60 days after receiving the requested data, information and documentation, the Energy Regulatory Commission shall prepare a proposed decision for issuing a new or revocation of the existing certificate and shall submit it for an opinion to the Energy Community Secretariat.

(5) Within 60 days after receiving an opinion from the Energy Community Secretariat, the Energy Regulatory Commission shall adopt a decision on issuing a new or revoking the existing certificate and shall publish it in the Official Gazette of the Republic of Macedonia and on its website. When making the decision, the Energy Regulatory Commission shall take into account the opinion of the Energy Community Secretariat and on its website shall announce the reasons for the possible derogations from the opinion.

## **Duties of the Electricity Transmission System Operator**

### **Article 78**

(1) The electricity transmission system operator shall maintain, upgrade and expand the electricity transmission grid, operate the electricity transmission system of the Republic of Macedonia and shall ensure connection of the electricity transmission system to the electricity transmission systems in other countries.

(2) The electricity transmission system operator shall be obliged, in accordance with this Law and the regulations and rules adopted on the basis of this Law, to the following:

1) to contribute to the security of electricity supply, by ensuring the safe and reliable operation of the electricity transmission system of the Republic of Macedonia, as well as by providing adequate transmission capacity;

2) to enter into operational agreements with the operators of the neighbouring electricity transmission systems with which it is connected in order, in a

non-discriminatory and transparent way and in accordance with the prescribed quality, to ensure reliable, safe and quality transmission of electricity through the transmission network of the Republic of Macedonia and to provide optimum management of the electricity transmission network;

3) to organise and manage the balance energy market referred to in Article 68, paragraph (3), item 3) of this Law, and to adopt and implement the rules for balancing referred to in Article 79 of this Law;

4) to establish and maintain a registry of balancing services providers and a registry of balance parties and balance groups;

5) to have the material, technical and human resources at all times available, together with the financial resources needed to fulfil its obligations with regard to the development, upgrading and maintenance of the electricity transmission system;

6) to connect to the electricity transmission system the producers, consumers and the electricity distribution system operator;

7) to provide all users of the electricity transmission system with all the information necessary for access and to provide them with access in accordance with this Law;

8) to publish on its website the electricity transmission tariffs, approved by the Energy Regulatory Commission;

9) to construct new interconnection capacities with other countries and to upgrade the existing ones, taking into account the efficient use of existing interconnection capacities and the balance between investment costs and benefits for the consumers;

10) to provide cross-border electricity flow through the electricity transmission network of the Republic of Macedonia within the available transmission capacity;

11) to develop an annual plan for maintaining the interconnection and internal transmission lines of the electricity transmission network, harmonised with the electricity transmission system operators in the region, and to publish it on its website;

12) to develop an annual plan for maintaining the internal transmission lines of the electricity transmission network and, upon prior approval by the Energy Regulatory Commission, to publish it on its website;

13) to prepare a final daily schedule and to record and store the data obtained in the process of making the final daily schedule;

14) provide daily real-time dispatch and management of electricity flows, taking into account the overall electricity generation in the Republic of Macedonia and the internal and cross-border transactions through the electricity transmission system, based on the final daily schedule;

15) to provide synchronised operation of the energy system of the Republic of Macedonia and the neighboring energy systems, as well as data exchange with other transmission systems operators;

16) to encourage cross-border exchange of electricity by applying implicit auctions for short-term allocations of capacities and integration of balancing mechanisms and reserve power;

17) to publish data and in a timely manner to provide information from the operators of the adjacent electricity transmission systems for the available transmission capacities

of the interconnection lines in order to provide non-discriminatory, objective and transparent access and use of the electricity transmission system;

18) to provide installation and maintenance of metering devices and to measure the electricity at all metering points at the points of receipt and dispatch of the electricity transmission system and to submit measurement data to the system users and to the electricity market operator;

19) to provide the electricity transmission system users with access to the metering devices in its possession;

20) to procure ancillary services for balancing the electricity transmission system in accordance with the rules for balancing the energy system;

21) to participate in the regional balance energy market;

22) to develop rules for purchase of electricity for covering the losses in the electricity transmission system and to submit them to the Energy Regulatory Commission for approval;

23) to purchase electricity for covering the losses in the electricity transmission network and electricity for own needs, in order to ensure secure and reliable operation of the electricity transmission system, under market conditions, in a transparent and non-discriminatory manner;

24) to purchase and sell electricity for compensation, in order to ensure secure and reliable operation of the electricity transmission system, under market conditions, in a transparent and non-discriminatory manner;

25) to address peak loads in the electricity transmission system, pursuant to the Electricity Transmission Grid Code;

26) to ensure balancing of the energy system and alignment of the deviations and balancing services, as well as to provide the calculation, invoicing and collection of balancing services;

27) in the event of endangering the security of electricity supply, major accidents or major deviations in electricity consumptions from the envisaged quantities, within the technical possibilities for electricity transmission to establish the necessary changes in the timetable and the time window for engagement of generation capacities in the Republic of Macedonia and the purchase of electricity, whereby the costs for the purchased electricity, by applying the balance mechanism, will be compensated by the participants on the electricity market that caused deviation;

28) to secure the confidentiality of business data of the electricity transmission system users; and

29) to cooperate with the electricity transmission system operators of other countries and to participate in the work of the regional and international associations.

(3) The electricity transmission system operator shall be obliged to keep dispatch logs, records on the electricity transmission system's reliability, data on the supervision and management system and measurement data and to keep such data, logs and records for at least ten years.

(4) The electricity transmission system operator shall be obliged to keep records on electricity transmission system operation and to inform the Energy Regulatory Commission thereof, on request.

(5) Subject to Article 48, paragraphs (2) and (3) of this Law, the electricity transmission system operator can temporarily discontinue the electricity dispatch from the electricity transmission system in the course of planned inspections, testing, control metering, maintenance, reconstruction, expansion of grids, devices and installations, connection of new users to the electricity transmission system, as well as in case of need for the purpose of preventing risks from electricity system outages. The manner, procedure and notifications concerning the interruptions shall be based on the principles of objectivity, transparency and non-discrimination, and shall be stipulated in detail in the Electricity Transmission Grid Code.

## **Balancing Rules**

### **Article 79**

(1) Each electricity market participant referred to in Article 69 paragraph (1), items 1) to 7), shall have a balance responsibility.

(2) The electricity transmission system operator shall prepare the balancing rules, and after prior approval by the Energy Regulatory Commission, shall publish them in the Official Gazette of the Republic of Macedonia and on its website.

(3) The balancing rules shall be objective, transparent, non-discriminatory and market-oriented and shall regulate, in particular, the following:

- 1) the rights and obligations of the balancing service providers;
- 2) the procedure for purchasing of balancing services;
- 3) the pricing methodology for the balancing services, as well as the procedure for their calculation, invoicing and collection, which should be non-discriminatory, should reflect the real costs incurred and should allow for the minimisation of balancing costs;
- 4) the manner of determining the activated amounts of balancing services that are settled among the providers of balancing services;
- 5) financial settlement with the balancing service providers, including the contracts and financial guarantees required by the providers in relation to the settlement of balancing services;
- 6) the responsibilities of the balance responsible parties, including the conclusion of the balance responsibility contracts;
- 7) the form, content and manner of keeping a registry of balancing service providers and a registry of balance responsible parties and balance groups;
- 8) the method of calculating the imbalances between the nominated and the realised transactions based on the measurements made by the electricity transmission system operator and the electricity distribution system operator; and
- 9) financial settlement with the balance responsible party.

(4) In accordance with the provisions of this Law and the rules referred to in paragraph (2) of this Article, the electricity transmission system operator shall be obliged to:

- 1) determine the activated amounts of balancing services with each balancing provider;



- 2) determine all imbalances with balance responsible party;
  - 3) calculate the necessary quantities of ancillary services that it purchases at the balance energy market;
  - 4) calculate the settlement price for the deviations of the balance responsible parties and
  - 5) make financial settlement with the providers and users of balancing services.
- (5) The electricity transmission system operator shall invoice the electricity market participants any deviations occurred from announced physical transactions, under prices that will be calculated pursuant to the price-setting methodology for balancing services, specified in the rules on balancing of the electrical energy system.
- (6) The electricity transmission system operator shall submit to the electricity market operator data from the electricity metering systems, the activated amounts of balancing services for each balancing service provider, the settlement price and the final daily schedule. The electricity market operator shall calculate the imbalances of the balance responsible parties and a proposed calculation for the cost of the imbalances and shall submit them to the electricity transmission system operator.
- (7) The electricity transmission system operator shall quarterly inform the Energy Regulatory Commission of the agreements it has concluded with the balancing services providers and of their realisation.
- (8) In order to ensure operational safety and efficient functioning of the regional market of balancing services based on the principles of competition, non-discrimination and transparency within the Energy Community, the electricity transmission system operator shall cooperate with other transmission system operators from the contracting parties and the participants in the Energy Community Treaty.

### **Mutual Compensation of Electricity Transmission System Operators**

#### **Article 80**

- (1) The electricity transmission system operator, in accordance with the rules establishing the mechanism for mutual compensation of the electricity transmission systems operators, shall be responsible for:
- 1) payment of congestion charges and costs incurred as a result of the transmission of cross-border electricity flows to the electricity transmission networks of neighboring countries, in particular to the electricity transmission systems operators where these flows end up and
  - 2) collection of fees for congestion and expenses incurred due to the acquisition of the cross-border electricity flows in the electricity transmission network of the Republic of Macedonia, in particular from the electricity transmission systems operators from which these flows originate.
- (2) The electricity transmission system operator shall charge the costs referred to in paragraph (1) of this Article regularly at certain intervals in relation to a certain past period, whereby it may perform additional settlement of the collected fee when necessary to express the real costs incurred.
- (3) The electricity transmission system operator shall determine the volume of the cross-border flows that are taken or which originate and/or end up in the national electricity transmission systems, based on the measured physical flow of electricity

over a certain period of time.

(4) The electricity transmission system operator shall determine the amount of the charges referred to in paragraph (1) of this Article on the basis of progressive long-term average growth charges, taking into account the losses, the costs for the existing infrastructure and investments in new infrastructure used for cross-border flow transmission, taking into account the security of supply. The electricity transmission system operator shall be obliged, when determining the charges, to take into account the benefits for the network as a result of cross-border flows acquisition.

### **Electricity Transmission Network Usage Fee**

#### **Article 81**

(1) The fees charged by the electricity transmission system operator for access and connection to the electricity transmission network shall be determined in a transparent manner by applying the methodologies for calculation of connection costs determined in the Electricity Transmission Grid Code, taking into account the real costs incurred and the need for secure, uninterrupted and reliable transmission. Fees do not depend on the distance from the access point in the network, except for the fee for joining the network, and shall be applied in a non-discriminatory manner.

(2) The amount of charges paid by the network users shall be determined in proportion to the losses in the network and the occurrence of congestion, as well as the costs for infrastructure investments and shall provide information to the electricity transmission system operator on the locations where investments are needed in the existing infrastructure.

(3) When setting the charges for access to the electricity transmission system, the following shall be taken into account:

1) revenues and expenditures arising from the mechanism for mutual compensation of electricity transmission system operators; and

2) the actual incomes and expenditures, as well as the expected expenditures in the future period, estimated on the basis of the expenditures in the past period.

(4) The charge for the use of the electricity transmission system shall be borne by the electricity consumers in the Republic of Macedonia, pursuant to the published tariff. The electricity transmission system operator shall invoice the system use charge to:

1) consumers directly connected to the electricity transmission system that independently participate in the electricity market;

2) electricity producers directly connected to the electricity transmission system, for the electricity generated from the electricity transmission network for their own needs;

3) suppliers, for consumers directly connected to the electricity transmission system that do not participate independently in the electricity market, and

4) operators of electricity distribution systems or electricity suppliers for consumers connected to electricity distribution systems.

(5) Fees for using the electricity transmission system in individual transactions of electricity transit shall not be charged.

### **Coordination Rules**

## **Article 82**

(1) In order to ensure the network security in congestion management, the electricity transmission system operator shall establish coordination mechanisms and information exchange with system users and with the adjacent power transmission system operators in the Electricity Transmission Grid Code.

(2) The electricity transmission system operator shall be obliged to use a model for calculating the total transmission capacity for electricity through the electricity transmission network and for calculating the margin of confidentiality for electricity transmission based on the electrical and physical characteristics of the network.

(3) The electricity transmission system operator shall publish on its website an estimate of the available annual, monthly and daily transmission capacity.

(4) The electricity transmission system operator shall be entitled to request all data from any electricity market participant, which are related to the performance of its duties.

(5) The electricity market participants shall be obliged to provide the electricity transmission system operator with information and data necessary for determining the following:

- 1) the total load on the electrical energy system;
- 2) the unavailability of consumer units;
- 3) forecasts for a year in advance;
- 4) the transmission infrastructure, as well as the inability of the transmission infrastructure;
- 5) assessment and supply of capacities, as well as the use of capacities between trading zones;
- 6) the measures for managing congestions;
- 7) predicting the electricity generation, the unavailability of production facilities and the actual generation, and
- 8) balancing.

(6) The electricity transmission system operator shall, upon prior approval of the Energy Regulatory Commission, adopt and publish on its website rules on the form, content and dynamics of submitting and publishing the data referred to in paragraph (5) of this Article.

(7) The electricity transmission system operator shall publish the data referred to in paragraph (5) of this Article and shall submit it to ENTSO-E in accordance with the obligations undertaken with the ratified international agreements.

## **Development Planning**

### **Article 83**

(1) The electricity transmission system operator shall be obliged to prepare an annual plan for electricity transmission system development for the period of the next ten years in which, in accordance with the requirements laid down in the Electricity Transmission Grid Code, all the necessary information on the extension and the upgrade of the electricity transmission system, including the priorities for the

construction of new interconnection lines, harmonised with the electricity transmission system operators in the region. The electricity transmission system operator shall submit the plan for approval to the Energy Regulatory Commission no later than 31 October of each calendar year and after receiving the approval, it shall adopt the plan and shall publish it on its website.

(2) The electricity transmission system operator shall prepare and submit to the Ministry and to the Energy Regulatory Commission, no later than 31 October each calendar year, annual, five-year and ten-year forecasts for the electricity consumption in the Republic of Macedonia.

(3) For each regulated period, the electricity transmission system operator shall prepare and submit for approval to the Energy Regulatory Commission investment plans in the electricity transmission system, in which, as a result of the investments foreseen, the following should be shown:

- 1) the expected increase in the efficiency of the operation of the electricity transmission system by reducing the losses of electricity and
- 2) improvement of the quality of the delivered electricity from the electricity transmission network.

### **Electricity Transmission Grid Code**

#### **Article 84**

(1) The electricity transmission system operator shall be obliged, upon previously obtaining the approval of the Energy Regulatory Commission, to adopt the Electricity Transmission Grid Code and to publish them in the Official Gazette of the Republic of Macedonia and on its website. The Electricity Transmission Grid Code shall in particular regulate the following:

- 1) the technical and other terms and conditions on the secure and safe operation of the electrical distribution system;
- 2) the technical and technological conditions and the manner of connection of the electricity transmission system users;
- 3) the methodology for determining the fee for connection to the electricity transmission network;
- 4) the conditions and method of access of a third party to the electricity transmission system;
- 5) objective, no-discriminatory and transparent procedures on addressing peak loads in the electricity transmission system;
- 6) the technical and technological conditions for operation of the electricity generation facilities for which a license for trial work has been issued;
- 7) the maintenance and development planning of the electricity transmission system;
- 8) manner of harmonisation with the electricity transmission system users in cases of planned interruptions;
- 9) the contents of the electricity transmission system development plans, as well as the manner and procedure under which system users shall submit data required for the preparation of such development plans;

- 10) the manner and procedure for electricity consumption forecasting, as well as the obligations of the electricity transmission system users regarding the submission of the data necessary for the preparation of consumption forecasts;
  - 11) the measures to secure the required operation security of the electricity transmission system;
  - 12) the measures, activities and procedures in cases of outages and major accidents;
  - 13) the operational requirements and accuracy class of metering devices, as well as the electricity and power metering method;
  - 14) technical criteria for providing ancillary services;
  - 15) the manner of dispatch;
  - 16) the quality of electricity delivered through the electricity distribution system;
  - 17) the quality of services that transmission system operator provides for the users;
  - 18) mechanisms for coordination and exchange of information with system users and operators of adjacent electricity transmission systems;
  - 19) the communication protocols for the electricity transmission system supervision and management;
  - 20) the work of the operation management system;
  - 21) the manner of publishing information, which it is obliged to publish pursuant to this Law and
  - 22) the manner and procedure of provision of information to system users.
- (2) The ENTSO-E Grid Code shall be deemed to have been accepted and applied directly by the electricity transmission system operator in accordance with the obligations of the Republic of Macedonia undertaken with the ratified international agreements, as well as the obligations of the electricity transmission system operator arising from the membership in ENTSO- E.

### **Rules on Allocating Cross-Border Transmission Facilities**

#### **Article 85**

- (1) The electricity transmission system operator, upon previously obtaining approval of the Energy Regulatory Commission, shall adopt the rules on allocating cross-border transmission facilities which shall be published in the Official Gazette of the Republic of Macedonia and on its website.
- (2) The rules referred to in paragraph (1) of this Article shall be as follows:
  - 1) in accordance with the technical possibilities of the electricity transmission system;
  - 2) market oriented and applied in a transparent and non-discriminatory manner in relation to system users and
  - 3) in accordance with the obligations that the Republic of Macedonia has undertaken with the ratified international agreements, as well as with the obligations of the electricity transmission system operator arising from the membership in ENTSO-E and in other international organisations.
- (3) The rules referred to in paragraph (1) of this Article shall regulate the manner of:

- 1) calculation of the available cross-border transmission facilities;
- 2) allocation of cross-border transmission facilities, taking into account the congestion in the electricity transmission system;
- 3) payment for using the cross-border transmission facilities in case of congestions in the electricity transmission system and the interconnection line; and
- 4) publishing of data.

## **Managing Congestions**

### **Article 86**

(1) The electricity transmission system operator shall deal with network congestions by applying non-discriminatory and market oriented solutions that encourage market participants to rationally use interconnection lines and/or parts of the electricity transmission network affecting cross-border flows, as well as the involved transmission system operators for expanding and upgrading the existing and construction of new interconnection lines. Network congestions are primarily addressed using non-transaction-based methods, i.e. methods that are not based on the choice between the contracts of individual electricity market participants.

(2) The electricity transmission system operator shall apply procedures for limiting transactions in a non-discriminatory manner only in emergency situations when it must act immediately and when it is not possible to redispatch or short-term direct bargaining.

(3) In cases referred to in paragraph (2) of this Article, the electricity transmission system operator shall be obliged to compensate the electricity market participants for the restriction on the use of the allocated transmission capacity unless the reason for the restriction is an event of force majeure.

(4) The electricity transmission system operator shall make available to the electricity market participants the maximum available capacity of the interconnection lines and/or parts of the transmission network affecting the cross-border flows, in accordance with the standards for safe functioning of the electrical energy system of the Republic of Macedonia and the electricity transmission systems of the neighbouring countries.

(5) Electricity market participants shall be obliged to inform the electricity transmission system operator about the intention to use the allocated transmission capacity, within a reasonable time before the appropriate operational period. Any allocated but unused electricity transmission capacity shall be returned to the market and shall be allocated to a market participant in an open, transparent and non-discriminatory manner.

(6) The electricity transmission system operator, depending on the technical conditions, shall approve the capacity requirements for all energy flows in the opposite direction of the interconnection line in order to maximise the line capacity. The electricity transmission system operator shall always approve the capacity requirements for those energy flows that reduce the congestion, in order to ensure the safe operation of the electricity transmission system.

(7) When nominations for using the transmission capacity of the interconnection line by all electricity market participants are settled according to the directions of the energy flow, so that the total capacity required is lower than the available transfer

capacity and there is no congestion, the operator of the electricity transmission system shall allocate the unused transmission capacity without charging additional costs for managing congestions.

(8) All revenues derived from the use of interconnection lines shall be used by the electricity transmission system operator for:

- 1) guaranteeing the actual availability of the allocated capacity and/or;
- 2) maintaining or increasing the capacity of the existing interconnection lines or for investments in the electricity transmission network, and especially in new interconnection lines.

(9) If the revenues generated by the electricity transmission system operator from the use of interconnection lines can not be effectively used for the purposes referred to in paragraph (8), the Energy Regulatory Commission may decide to include part of those revenues, or in entirety, in the income of the electricity transmission system operator in the procedure for determining the electricity transmission tariff, and the rest of the revenues, if any, shall be deposited in a separate account in order to be used for the purposes referred to in paragraph 8, when necessary conditions are created.

(10) The Energy Regulatory Commission shall be obliged to notify the Energy Community Secretariat of the undertaken actions referred to in paragraph (9) of this Article.

(11) The electricity transmission system operator shall participate in a regional or other international body in order to ensure coordinated congestion management and implementation of a market allocation procedure on an annual and monthly level, as well as a day in advance.

### **Additional Revenues**

#### **Article 87**

(1) The electricity transmission system operator may sell the surplus electricity, that it has purchased pursuant to Article 78 paragraph (2) items 22) and 23) of this Law, at the organised electricity market or at the balance energy market and for each sale it shall be obliged to notify the Energy Regulatory Commission thereof.

(2) The electricity transmission system operator may generate revenues from renting the electricity transmission infrastructure in accordance with Article 198 of this Law.

(3) When determining electricity transmission tariff, the Energy Regulatory Commission shall include the revenues generated by the electricity transmission system operator in accordance with paragraphs (1) and (2) of this Article.

## **VI.4. ELECTRICITY MARKET OPERATOR**

### **Market Operator**

#### **Article 88**

(1) Electricity market operator is a company established by the electricity transmission system operator that performs the activities related to the organisation, efficient functioning and development of markets with bilateral agreements and balance energy, and if it meets the conditions provided for in accordance with the electricity market operator referred to in Article 90 paragraph (3) of this Law, it shall also perform the activities related to the organised electricity market in the Republic of Macedonia.

(2) The electricity market operator shall be obliged, in accordance with this Law and the regulations and rules adopted on the basis of this Law, to do the following:

- 1) administration of the electricity market operator with bilateral agreements;
- 2) calculation of the imbalances of the balance responsible parties and calculation of the cost of imbalances according to the measurement of electricity, the activated quantities of balancing services for each balancing service provider, the settlement price and the final daily schedule received from the electricity transmission system operator and the electricity distribution system operator;
- 3) timely submission to the electricity transmission system operator of all information necessary for the preparation of the final daily schedules for the purchase and sale of electricity in the Republic of Macedonia;
- 4) keeping records of all contracts for market participation concluded with the participants in the electricity market;
- 5) keeping records of all contracts for balance group creation concluded among the participants in the electricity market and the electricity market operator;
- 6) preparation of a daily market plan;
- 7) keeping a market participants registry;
- 8) publication of information necessary for the smooth organisation and management of the electricity market;
- 9) timely submission to the electricity transmission system operator of all information for the registered electricity market participants;
- 10) providing the necessary services to the electricity supplier of last resort, in order to adequately meet the needs of its consumers;
- 11) concluding contracts for purchase and sale, as well as undertaking a balance responsibility for the generated electricity from preferential producers using a privileged tariff in accordance with this Law.

(3) The electricity market operator must not trade electricity, except in the case of trading with electricity generated by preferential producers using a preferential tariff.

(4) The electricity market operator shall cooperate with the electricity markets operators of other countries and all regional and international organisations and associations.

(5) The electricity market operator, the electricity transmission system operator and the electricity distribution system operator shall keep records of the physical electricity transactions, which are regulated by the electricity market rules.

(6) The Energy Regulatory Commission may decide to provide electricity market participants with access to the information referred to in paragraph (5) of this Article, provided that business sensitive information for individual market participants or for individual transactions is not disclosed.

(7) The electricity market operator shall be responsible for recording the participants in the electricity market.

(8) The electricity market operator shall be obliged to provide confidentiality of the business data that the electricity market participants must submit to it.



## **Separation of Activities**

### **Article 89**

(1) The company that holds a license to perform the activity of the organisation and management of the electricity market can not be a license holder and can not participate in the generation, transmission of electricity and management of the electricity transmission system, distribution, trade, electricity supply.

(2) In cases when the electricity market operator is owned by the electricity transmission system operator, the electricity transmission system operator shall ensure its functional independence from the electricity market operator in terms of the legal form, organisation and decision-making in accordance with the program referred to in Article 73.

## **Organised Electricity Market Operator**

### **Article 90**

(1) Organised electricity market operator in the Republic of Macedonia shall be a company designated or elected by the Government, which meets the requirements of the regulation referred to in paragraph (3) of this Article and has the exclusive right to establish and manage this market through :

1) concluding agreements with the participants in the organised electricity market, with the electricity transmission system operator and with the nominated electricity market operators in the region, which regulate the mutual rights and obligations, the manner of securing the confidentiality of the market transactions data, as well as the publication of the data necessary for the functioning of the market;

2) implicit auction of transmission capacities;

3) creating curves of electricity supply and demand and

4) financial settlement with the organised market participants in accordance with the concluded contracts and the obtained results.

(2) The organised electricity market operator shall:

1) in cooperation with the electricity transmission system operator perform market merger with the other nominated electricity market operators in the region;

2) ensure equal treatment of all market participants;

3) not use the fees for participating in that market for the purposes of financing activities on another organised market;

4) in cooperation with the electricity transmission system operator and upon prior approval by the Energy Regulatory Commission, adopt rules for the operation of the organised electricity market and shall publish them on its website and

5) each year, upon prior approval by the Energy Regulatory Commission, make a decision on the amount of fees for participation in the organised electricity market and shall publish it on its website.

(3) The Government shall, by regulation, prescribe the operation of the organised electricity market operator, as well as the necessary technical, staffing and financial conditions to be met.

(4) The Government may, on proposal of the Energy Regulatory Commission and

upon prior opinion of the electricity system operator submitted to the Energy Regulatory Commission, adopt a decision on:

- 1) the appointment of the electricity market operator referred to in Article 88 of this Law as an organised electricity market operator or
- 2) conducting a tendering procedure by means of a public call in accordance with the regulations governing the public service procurement for the selection of an organised electricity market operator.
- (5) The Energy Regulatory Commission shall issue, to the operator designated in accordance with paragraph (4) of this Article, a license for carrying out energy activity - electricity market operator in which the rights and obligations of the organised electricity market operator are determined.

### **Electricity Market Usage Fees**

#### **Article 91**

- (1) The electricity market operator shall calculate and invoice the electricity market usage fee on the basis of the announced transactions, applying the tariff determined in the decision adopted by the Energy Regulatory Commission.
- (2) The electricity market operator shall be obliged, in the invoice referred to in paragraph (1) of this Article, to provide information on the percentage share of the cost of preferential tariff as a measure to support the generation of electricity from renewable sources.
- (3) The electricity market usage fee, on behalf of the consumers in the Republic of Macedonia, shall be paid by the suppliers or traders with whom the consumers have concluded contracts for electricity supply or sale, as well as consumers who, in accordance with the electricity market rules are registered for market participation. The electricity market usage fee shall be paid by the electricity transmission system operator and the electrical distribution system operator when they buy electricity for compensating the losses of electricity.

### **Electricity Market Rules**

#### **Article 92**

- (1) The Energy Regulatory Commission shall adopt rules for the electricity market, based on the principles of transparency, non-discrimination and competitiveness, which shall regulate, in particular:
  - 1) the electricity market organisation and operation;
  - 2) the terms and conditions to be met by electricity market participants;
  - 3) the elements of the contracts for participation in the electricity market;
  - 4) the establishment, organisation and control of electricity trading, including cross-border trading, in accordance with the obligations arising from the membership in international organisations;
  - 5) the conditions, the manner and the procedure for purchasing electricity by the regulated energy entities in order to ensure that the procurements are implemented in a competitive, transparent and non-discriminatory manner and to ensure all interested domestic and foreign bidders equal access;

6) purchase of electricity from privileged producers using preferential tariffs for generation of electricity from renewable energy sources and its sale to suppliers or traders, as well as the manner of regulating the rights and obligations of the electricity transmission operators and the electricity distribution system operators and the preferential electricity producers.

(2) The Energy Regulatory Commission shall cooperate with the electricity market operator and the electricity transmission system operator in the preparation of the electricity market rules.

## **VI.5. ELECTRICITY DISTRIBUTION**

### **Duties of the Electricity Distribution System Operator**

#### **Article 93**

(1) The electricity distribution system operator or vertically integrated company that is the founder of the electricity distribution system operator on the territory of the Republic of Macedonia as a legal successor of the Electric Power Company of Macedonia shall be the owner of the electricity distribution network consisting of transformer stations, line infrastructure objects - overhead power lines, facilities and assets that are in function of performing the energy activity - electricity distribution.

(2) The electrical distribution system operator shall be responsible for maintaining, upgrading and expanding the electrical distribution network as well as for the functioning of the electrical distribution system and shall be obliged to ensure its connection to the electricity transmission system.

(3) The electricity distribution system operator shall be obliged, in accordance with this Law and the regulations and rules adopted on the basis of this Law, to the following:

1) to ensure secure and reliable functioning of the electricity distribution system it manages;

2) to ensure secure, safe and quality distribution and dispatch of electricity through the electricity distribution system it manages, in a non-discriminatory and transparent manner and in accordance with the prescribed quality;

3) to incorporate the producers and consumers of the electricity distribution system it manages in economical and technical optimal points, as well as to allow a third party access to the electricity distribution system;

4) to provide the electricity distribution system users in a timely manner with the information they need to access the electricity distribution system it manages;

5) to provide suppliers with electronic access to the list of consumers, other than households, by assigning the connection category according to the distribution system tariff, as well as their consumption during the last 12 months;

6) to publish on its website all the fees for each consumer category previously approved by the Energy Regulatory Commission;

7) to develop, upgrade and maintain the electricity distribution system it manages, and to ensure the long-term ability of the system to meet the justified requirements for electricity distribution;

8) to publish on its website a plan for maintenance of the electricity distribution network in accordance with the Electricity Distribution Grid Code, upon prior approval

by the Energy Regulatory Commission;

9) to harmonise the operation of the electricity distribution system with the operation of the electricity transmission system;

10) to procure ancillary services and electricity for covering the losses in the electricity distribution network under market conditions in a transparent, non-discriminatory and competitive manner in accordance with the electricity supply rules;

11) to measure the electricity taken from the producers and from the electricity transmission system and the electricity delivered to the consumers connected to the electricity distribution system it manages, as well as to deliver measurement data to the producers, suppliers or traders, the electricity transmission system operator, the electricity market operator and, in accordance with this Law and the regulations adopted on the basis of this Law, to any other party that may request them;

12) to provide users with access to metering devices owned by the electricity distribution system operator or by a vertically integrated company;

13) to keep a dispatch book, records on the confidentiality of the communication systems, data from the surveillance and management system, measurement data and to keep such data, books and records for at least ten years, and

14) to ensure the confidentiality of business data of the electricity distribution system users and to prevent a discriminatory way of disclosing information about its activities with which a commercial advantage can be achieved for the related companies.

(4) The usage fee of the electricity distribution system shall be paid by the electricity consumers connected to the electricity distribution network. The electricity distribution system operator, to the consumers connected to its system, shall invoice the usage fee for the electricity distribution system, as well as the usage fee for the electricity transmission system in accordance with the published tariffs.

(5) The electricity distribution system operator may enter into contracts with suppliers or traders with electricity authorising them to collect the fees, referred to in paragraph (4) of this Article, from consumers connected to the electricity distribution network.

(6) The electricity distribution system operator shall be obliged to request prior approval from the Energy Regulatory Commission for each change in the connection category for a single consumer listed in paragraph (3) item 5) of this Article, and if the change is approved, to update the list and to specify the reason for changing the category of the connection. Changing the connection category can not be performed if the consumer has initiated a procedure for supplier change.

(7) The electricity distribution system operator may sell the surplus electricity to the organised electricity market in order to optimise the electricity procurement.

(8) The electricity distribution system operator shall be obliged to prepare and submit for approval to the Energy Regulatory Commission, the electricity supply rules referred to in paragraph (3) item 10) of this Article.

(9) The electricity distribution system operator may temporarily discontinue the dispatch of electricity from the electricity distribution network while performing the planned inspections, tests, control meterings, maintenance, reconstructions, network

extensions, devices and installations, as well as in cases of need for prevention of risks of disturbances in the electrical energy system. The electrical distribution system operator shall notify the notifications of such interruptions in accordance with the Electricity Distribution Grid Code.

## **Electrical Distribution System Planning**

### **Article 94**

(1) The electricity distribution system operator shall be responsible for the long-term development planning of the electricity distribution system in the area where it performs its activity.

(2) The electricity distribution system operator shall be obliged, annually, to prepare a system development plan for the period of the next five years. The plan should include information on the electricity distribution system development, in accordance with the requirements set in the network distribution rules and the information supplied by the competent institutions for the purposes of connecting new electricity distribution network users. The electricity distribution system operator shall submit the plan for approval to the Energy Regulatory Commission no later than 31 October of each calendar year and after receiving the approval, it shall adopt the plan and shall publish it on its website.

(3) The electricity distribution system operator shall prepare and submit to the Ministry and the Energy Regulatory Commission, no later than 31 October each year, annual, five-year and ten-year forecasts for the electricity consumption of the electricity distribution system it manages.

(4) For each regulated period, the electricity distribution system operator shall develop an investment plan for the electricity distribution system in accordance with the plan referred to in paragraph (2) of this Article and shall submit it for approval to the Energy Regulatory Commission. The plan should in particular show the expected increase in the efficiency of the operation of the electricity distribution system by reducing the losses of electricity and improving the quality of the delivered electricity from the electricity distribution network as a result of the envisaged investments.

(5) The investment plan in the electricity distribution system referred to in paragraph (4) of this Article shall contain a technical and economic assessment of all costs and benefits for the market and for the individual consumers, as well as for increasing the energy efficiency from the introduction of advanced metering systems and smart networks.

## **Measuring Electricity**

### **Article 95**

(1) The electricity distribution system operator shall be obliged to measure the electricity received and delivered to users connected to the distribution network by means of metering devices, pursuant to this Law and the Electricity Distribution Grid Code.

2) Metering devices shall be owned by the electricity distribution system operators or by the vertically integrated company.

(3) The newly installed metering devices, which replace the existing ones, shall be owned by the electricity distribution system operator or by a vertically integrated company. The electricity distribution system operator shall bear the costs for the

installation and replacement of metering devices and such costs shall be recovered through the electricity distribution tariff.

(4) The location of the metering devices shall be determined by the electricity distribution system operator, depending on the technical possibilities at the site and any such device can be located on or outside the property belonging to the users connected to the distribution network. If the electricity distribution system operator determines that when replacing an existing metering device it is necessary to dislocate the metering point, it shall be obliged to carry out a disposition at its own expense with minimal disturbance of the service provision to the user, and with minimal damage to the property of the user. The electricity distribution system operator shall be obliged to reimburse any damages caused to the property of the user as a result of the disposition of the metering point.

(5) If the metering device is located on the property of the system user, the user shall be obliged to enable the authorised person of the electricity distribution system operator the right to access every part of the property or the facility where the metering device is, for the purposes of:

- 1) reading metering devices;
- 2) control, installation, supervision, change and maintenance of metering equipment;
- 3) disconnecting the system user, when it has acted contrary to the terms and conditions governing the use of the electricity distribution system, as stipulated in the Electricity Distribution Grid Code; and
- 4) disconnecting the final consumer, on the request from the supplier, pursuant to the provisions of the Electricity Supply Rules.

### **Distribution Grid Code**

#### **Article 96**

(1) The electricity distribution system operator shall be obliged, upon previously obtaining the approval of the Energy Regulatory Commission, to adopt the Electricity Distribution Grid Code and to publish them in the "Official Gazette of the Republic of Macedonia" and on its website. The Electricity Distribution Grid Code shall in particular regulate the following:

- 1) the conditions and manner of use and access to the electricity distribution system by a third party;
- 2) the technical and technological conditions and the manner of connection of the consumers and the electricity producers to the electricity distribution network;
- 3) the technical and other terms and conditions on the secure and safe operation of its distribution system and on the provision of quality services;
- 4) the technical and technological conditions, the manner of connection and the manner of using and access to the electricity distribution system by users who generate electricity from renewable energy sources for own consumption, as well as the manner in which the generated electricity is delivered to the electricity distribution network;
- 5) the technical norms and standards in relation to the equipment, devices and materials used for the execution of connections;
- 6) the technical and technological conditions for operation of the electricity

generation facilities in a work regime with license for performing trial work;

7) the planning, maintenance and development of the electricity transmission system;

8) the manner of harmonisation with the electricity distribution system users in cases of planned interruptions;

9) the measures, activities and procedures in cases of outages and major accidents;

10) the methodology for determining the fee for connection to the electricity distribution network;

11) the confidentiality of the business data belonging to the users of the services of the electrical distribution system;

12) the operational requirements and accuracy class of metering devices, as well as the electricity and power metering method;

13) the quality of electricity delivered through the electricity distribution system;

14) the quality of services that electricity distribution system operator provides for the users;

15) the contents of electricity distribution system development plans, as well as the manner and procedure under which the system users shall submit data required for creation of development plans;

16) the submission of data on long-term electricity demand forecasting to the electricity transmission system operator;

17) the communication protocols for the distribution system supervision, operation and management of electricity distribution system; and

18) the manner and procedure of provision of information to system users.

(2) In the event that there are several electricity distribution system operators, the Energy Regulatory Commission shall ensure mutual harmonisation of the individual Electricity Distribution Grid Code.

### **Separation of Activities**

#### **Article 97**

(1) A company that holds a license for performing electricity distribution activity shall not have a license and shall not participate in the performance of the activities of generation, transmission, organisation and management of the electricity market, trade and/or electricity supply.

(2) In cases where an electricity distribution system operator is part of a vertically integrated electricity company, it shall, in terms of its legal personality, organisation and decision-making, be independent of - and act independently from - other activities not related to electricity distribution. The independence of the electricity distribution system operator shall not include the obligation to separate the ownership of the distribution system assets from the vertically integrated electricity company.

(3) In order to fulfil the obligations referred to in paragraphs (1) and (2) of this Article, the vertically integrated company may make a change to another legal form, whereby any form of transfer of assets from the vertically integrated company to the newly formed company shall not be deemed to be a transaction in accordance with the

taxation regulations.

(4) For the purposes of securing independence in the performance of the activity of electricity distribution and for the purposes of performing the obligation for the provision of public service in a non-discriminatory, objective and transparent manner, the electricity distribution system operator shall ensure that:

- 1) the persons participating in the management of the electricity distribution system operator shall not participate in the managerial structures in the legal entities that perform generation, transfer, trade and/or supply activities;
- 2) persons participating in the management of the electricity distribution system operator are independent in their work and decision-making from the vertically integrated company and
- 3) the decision-making of the electricity distribution system operator regarding the means necessary for the functioning, maintenance and development of the system are independent from the interests of the vertically integrated electricity company it belongs to, for which the electricity distribution system operator should have the necessary human, technical, financial and material resources available.

(5) In the event that the electricity distribution system operator is part of a vertically integrated electricity company:

- 1) its independence shall not preclude the right of the vertically integrated electricity company to approve the annual financial plan of the concerned distribution system operator and to determine global debt limits for the said electricity distribution system operator;
- 2) vertically integrated electricity company shall not have the right to instruct the electricity distribution system operator in relation to its day-to-day operations, nor in relation to its individual decisions

for the construction or upgrading of electricity distribution lines within the approved financial plan or an appropriate planning document; and

3) the electricity distribution system operator shall not take advantage of its vertical integration in order to distort competition, and in particular it must not allow in its communication and the use of its firm to create confusion regarding the specific identity of the supply company which is part of the vertically integrated electricity company.

(6) The electricity distribution system operator, irrespective of the organisational form, after previous approval by the Energy Regulatory Commission, shall appoint a harmonisation officer, and also shall adopt a harmonisation programme determining the measures to be undertaken for the purposes of non-discrimination of electricity distribution system users based on any ground, obligations of employees in the realisation of the programme shall be defined, and the manner of monitoring of harmonisation of the operation of the electricity distribution system operator with the programme.

(7) The harmonisation officer of the electricity distribution system operator shall submit to the Energy Regulatory Commission an annual report specifying the measures undertaken during the previous year and the measures to be taken in the next year within the compliance program referred to in paragraph (6) of this Article. The report of this paragraph shall be published on the website of the electricity distribution system



operator.

(8) The harmonisation officer of the electricity distribution system operator shall have access to all the necessary information from the electricity distribution system operator, as well as to any associated company with the electricity distribution system operator in order to fulfil its tasks.

(9) Notwithstanding paragraph (1) of this Article, the company that performs the electricity distribution activity may also perform electricity supply activity if less than 100.000 consumers are connected to its power distribution system.

## **Closed Electricity Distribution System**

### **Article 98**

(1) The Energy Regulatory Commission may grant the status of a closed electricity distribution system to a system in which electricity is distributed within a geographically limited area where industrial production is carried out, trade activities are performed or joint services are provided and no electricity supply is provided to households, if:

1) due to specific technical or safety reasons, the activities or the generation process of that users network are integrated; or

2) electricity is distributed via the system primarily to the system owner or its operator or its related undertakings.

(2) The Energy Regulatory Commission shall, by means of a rulebook, regulate the conditions and criteria for granting the status of a closed electricity distribution system.

(3) The Energy Regulatory Commission shall issue, to the system operator referred to in paragraph (1) of this Article, a license for performing an energy activity - electricity distribution in which the rights and obligations of the closed operator shall be determined.

The Energy Regulatory Commission may exempt the closed distribution system operator from the obligations regarding:

1) purchase of electricity for covering the losses of electricity and reserve capacities in its system according to procedures based on the principles of transparency, non-discrimination and competitiveness and/or

2) approval of tariffs, as well as the methodologies on the basis of which tariffs are established before their entry into force.

(5) When the exemption referred to in paragraph (4) of this Article is approved, the closed electricity distribution system user may request from the Energy Regulatory Commission to review and approve the tariffs or methodologies for determining the calculation of the applied tariffs.

(6) The exemption referred to in paragraph (4) of this Article shall apply when the closed distribution system is occasionally used by a small number of households in the area where the closed system is located, although a member of the household is employed or is otherwise engaged with the closed distribution system owner.

## **Additional Revenues**

### **Article 99**

(1) The electricity distribution system operator may sell the surplus electricity

purchased in accordance with Article 93 paragraph (3) item 10) of this Law at the organised electricity market and shall therefore notify the Energy Regulatory Commission once a month.

(2) The electricity distribution system operator may generate revenues from renting the electricity distribution infrastructure in accordance with Article 198 of this Law.

(3) When determining electricity distribution tariff, the Energy Regulatory Commission shall include the revenues generated by the electricity distribution system operator in accordance with paragraphs (1) and (2) of this Article.

## **VI.6. ELECTRICITY SUPPLIERS, TRADERS AND CONSUMERS**

### **Electricity Supplier**

#### **Article 100**

(1) The electricity supplier shall purchase electricity in the Republic of Macedonia and/or from abroad for the purpose of selling to its consumers, other suppliers, traders, electricity transmission or distribution system operators and other electricity market participants.

(2) The electricity supplier which has committed itself to deliver electricity shall provide the necessary transmission and/or distribution capacity from the respective operators.

(3) The electricity supplier, on the basis of the measurements for the consumed electricity carried out by the operator of the respective system, shall invoice to its consumers invoices for the delivered electricity at the agreed price, whereas the invoice shall include the charge for the electricity from renewable energy sources generated from preferential producers using preferential tariffs.

(4) If the electricity supplier has concluded a contract with the electricity distribution system operator in accordance with Article 93 paragraph (5) of this Law, the invoice referred to in paragraph (3) of this Article shall include the fee for using the electricity distribution and/or electricity transmission system.

(5) The electricity supplier shall be obliged, in accordance with this Law and the regulations and rules adopted on the basis of this Law, to do the following:

- 1) to fulfill its obligations towards consumers in terms of reliability and volume of supplies,
- 2) to provide for its consumers quality service as determined in the electricity supply rules,
- 3) to ensure non-discriminatory treatment of all consumers, and especially of consumers from remote areas,
- 4) to publish on its website the general conditions of its electricity supply contracts for small consumers and households,
- 5) to enable consumers to receive regular and accurate notifications of real consumption and electricity costs so that they can manage their consumption,
- 6) to enable the supplier to be changed in a transparent and non-discriminatory manner, at no cost to the consumer, within a period not longer than three weeks from the day when the consumer has submitted a request for supply to the new electricity supplier,

- 7) to ensure that for every change of the electricity supplier, the consumer obtains final closure of the account within six weeks from the occurrence of the change of the supplier,
- 8) to establish procedures for the efficient settlement of complaints from its consumers within 60 days, including the possibility of out-of-court settlement of disputes and the obligation to reimburse and/or compensate for assets when justified,
- 9) to pay for the purchased electricity quantities, as well as the reserved capacity and regulated services from the electricity transmission system operator and/or the operators of the electricity distribution systems,
- 10) to submit to the electricity transmission system operator data on the transactions and plans for electricity consumption for its consumers, necessary for calculation of imbalances and
- 11) to publish general statistics related to its consumers, taking into account confidentiality protection.

## **Universal Supplier**

### **Article 101**

(1) The universal supplier is obliged to supply electricity to households and small consumers located in the area where it is obliged to provide a universal service and which have chosen it to be their supplier, in accordance with the obligations established by this Law and the supply rules, and in particular:

- 1) to provide the supply and protection of consumers in remote areas;
  - 2) to provide protection of vulnerable consumers in accordance with the measures contained in the Programme for Protection of Vulnerable Consumers referred to in Article 15 of this Law;
  - 3) to apply the electricity prices established in accordance with the tariff system referred to in Article 29 paragraph (3) of this Law exclusively when supplying households and small consumers;
  - 4) to inform consumers about their rights and the conditions under which they can be supplied by a universal supplier;
  - 5) to inform consumers about the conditions for supply and price of electricity, as well as to inform them about the right to change the supplier;
  - 6) to purchase electricity at market terms by selecting the most favourable bid, in accordance with the electricity purchase rules adopted by the Energy Regulatory Commission;
  - 7) to publish on its website the electricity supply prices.
- 2) Electricity prices applied by the universal supplier shall be determined in accordance with the tariff system referred to in Article 29 paragraph (3) of this Law and shall:
- 1) be objective and transparent;
  - 2) be cost-reflective in respect of electricity purchase and supply;
  - 3) be readily comparable with the prices of the other electricity suppliers; and
  - 4) not discriminate against consumers of the same category.

(3) The Government, upon previously received opinion from the Energy Regulatory Commission, shall adopt a decision for conducting a tender procedure by means of a public call in accordance with the regulations regulating the procurement of a public service for the selection of a universal supplier.

(4) The decision referred to in paragraph (3) of this Article shall determine:

- 1) the criteria for selecting a universal supplier;
- 2) the tender terms and conditions;
- 3) the deadline for adopting a decision on the selection of the most favourable bidder or for annulment of the procedure and
- 4) the time frame for which the universal supplier will be appointed.

(5) In the procedure referred to in paragraph (3) of this Article, bids may be submitted by companies that possess a license for electricity supply issued by the Energy Regulatory Commission.

(6) In the event when a universal supplier is not selected after the tender procedure is conducted within the deadline specified in the decision referred to in paragraph (4) of this Article, the Government, within three months as of the completion of the first procedure, shall initiate a new tender procedure by means of a public call, to choose a universal supplier.

(7) In the event that the second tender procedure fails, the Government, upon the receipt of an opinion from the Energy Regulatory Commission, shall decide on the appointment of a universal supplier in which it shall determine all the conditions for fulfilling the universal service obligation, in accordance with Article 7 of this law.

(8) The chosen or designated universal supplier is at the same time a supplier of last resort.

(9) The selected, or designated universal supplier shall be obliged to establish a new company to which a license for electricity supply is issued, specifying the obligations for providing electricity supply as a universal service and for electricity supply of last resort, in accordance with the provisions of this Article and Article 102 of this Law, as well as the obligations stipulated in the rules for supply referred to in Article 30 of this Law.

### **Electricity Supplier of Last Resort**

#### **Article 102**

(1) The electricity supplier of last resort shall be obliged to supply consumers that have been left without electricity supplier in the event that:

- 1) the previous supplier has discontinued the fulfilment of its supply obligations under existing electricity supply contracts;
- 2) a bankruptcy procedure has been initiated for the previous supplier with personal management or at the request of a creditor, as well as liquidation;
- 3) the licence of the previous supplier has been temporarily or permanently revoked or ceased to be valid and
- 4) the consumers have not concluded a new supply contract after the termination or expiration of the existing supply contract.

(2) In the cases referred to in paragraph (1) of this Article, if a consumer means a household or a small consumer, they shall be supplied by the universal supplier.

(3) The electricity supplier that is unable to supply electricity to its consumers in the cases referred to in paragraph 1, items 1) and 2) of this Article, shall be obliged within the deadline set by the supply rules to inform the electricity supplier of last resort, its consumers, the Energy Regulatory Commission, the electricity transmission system operator and the electricity distribution system operator regarding the day when it shall discontinue the electricity supply. In such a case, the consumer shall be automatically supplied by the electricity supplier of last resort.

(4) When the electricity supplier that is unable to supply electricity to its consumers in the cases referred to in paragraph 1, item 3) of this Article, the Energy Regulatory Commission shall inform its consumers, the electricity supplier of last resort, the electricity transmission system operator and the electricity distribution system operator regarding the discontinuation of electricity supply.

1) at least 15 days prior to the day of entry into force of the decision to terminate the validity of the license or

2) at least three days prior to the day of entry into force of the decision to suspend or permanently revoke the license.

(5) The electricity supplier that has not concluded a new electricity supply contract after the current electricity supply contract ceases to be valid, in the cases referred to in paragraph (1), item 4) of this Article, shall be obliged within the deadline set by the supply rules to inform the electricity supplier of last resort and the Energy Regulatory Commission, the electricity transmission system operator and the electricity distribution system operator regarding the day and the hour when it shall discontinue the electricity supply.

(6) The contract for electricity supply of last resort to consumers shall be deemed to be concluded on the day when the conditions for exercising the right to supply of last resort, referred to in paragraph (1) items 1), 2) and 3) of this Article, are fulfilled.

(7) The electricity supply of last resort, in accordance with paragraph (1) items 1), 2) and 3) of this Article shall begin with:

1) termination of supply by the previous supplier, or

2) supply to the consumer who has not concluded a supply contract with another supplier.

(8) The electricity supplier of last resort shall sell electricity at the market at market prices, which it shall publish and update on its website at least once a month. The electricity supplier of last resort has the right to request an instrument for securing payment from consumers who are not entitled to universal service.

(9) The electricity supply of last resort can not last beyond 90 days.

10) In the event that a consumer supplied through an electricity supplier of last resort does not conclude a supply contract with a new electricity supplier within the deadline specified in paragraph 9 of this Article, the electricity transmission operator or the electricity distribution system operator shall be obliged to discontinue the electricity supply to the consumer in question.

(11) The electricity transmission system operator and the electricity distribution

system operator shall provide information to the electricity supplier of last resort for the consumers which initiated supply of last resort within five days as of the day of the notification referred to in paragraphs (3) and (4) of this article.

### **Data Submitting and Publishing**

#### **Article 103**

(1) The electricity supplier and trader shall, to provide the Energy Regulatory Commission, the Commission for Protection of Competition and the Energy Community Secretariat with insight into the data relating to all its transactions arising from the purchase and sale of electricity and derivatives to consumers fulfilling the conditions for individual electricity market participation, as well as relating transactions with the electricity transmission system operator, the electricity distribution system operator or the electricity market operator, realised in the last five years.

(2) The universal supplier of the Energy Regulatory Commission, the Commission for Protection of Competition and the Energy Community Secretariat shall provide insight into the data related to all its realised transactions in the last five years as of the day of its registration as an electricity market participant.

(3) The data referred to in paragraphs (1) and (2) of this Article shall contain detailed indicators of the characteristics of each transaction such as duration, dispatch and settlement rules, quantities, dates and time of execution and transaction prices and identification means regarding the relevant wholesale consumer, as well as the more important details of all outstanding contracts for supply in electricity and electricity derivatives.

(4) The electricity supplier of last resort shall provide the Energy Regulatory Commission, the Commission for Protection of Competition and the Energy Community Secretariat with insight into the data relating to all the purchase and sale of electricity and electricity derivatives with consumers which independently participate in the electricity market, the electricity transmission system operators or electricity distribution system operators or the electricity market operator, which have been contracted at least for a period of the last five years.

(5) The electricity supplier of last resort, shall, on its website, at least once a year, publish information on:

- 1) the number of customers supplied;
- 2) the total quantity of electricity supplied and the manner of balancing;
- 3) the average period of supply; and
- 4) prices and ways of purchasing electricity.

### **Communication with Consumers**

#### **Article 104**

(1) The electricity supplier shall introduce a single contact centre that is staffed and technically equipped, through which it shall provide its customers, in a timely, transparent and non-discriminatory manner, without paying a fee, with all the necessary information regarding their rights and obligations, the application of the applicable regulations and the ways of acting upon complaints and settling disputes. The supplier shall provide the consumers, in particular, with information on:

- 1) applicable electricity prices and standard conditions, with regard to access to

and use of services;

- 2) different payment methods preventing discrimination between consumers;
- 3) the procedure, conditions and manner of changing the supplier;
- 4) the conditions, manner and procedure for inclusion in the category of vulnerable consumers and
- 5) the conditions, the manner and the procedure for initiating electricity supply of last resort.

(2) The electricity supplier, in relation to the single contact centre referred to in paragraph (1) of this Article, shall also be obliged to:

- 1) establish local consumer contact centres through which it will provide information in a timely manner, address requests, investigate consumer complaints by phone, e-mail or in person,
- 2) adjust the working hours of the consumer contact centres according to the needs of the consumers.
- (3) The electricity supplier shall, upon prior approval by the Energy Regulatory Commission, provide a copy of the consumer's reminder to its customers, containing practical information on consumer rights, and shall publish it in a timely manner on its website.

## **Electricity Supply Traders**

### **Article 105**

(1) The electricity trader, in accordance with this Law and the regulations and rules adopted pursuant to this Law, shall purchase electricity in the Republic of Macedonia and abroad for the purposes of sale to other traders, suppliers, the electricity transmission system operator, the electricity distribution system operator, the electricity consumers that meet the requirements for independent market participation, as well as for the purposes of sale abroad.

(2) The electricity trader shall be obliged to submit, to the electricity transmission system operator and the electricity market operator, timely information on the quantities of electricity and the corresponding timetables from all contracts for the purchase and sale of electricity, as well as from the contracts for cross-border transactions through the electricity transmission network, in accordance with the electricity market rules and the rules for granting cross-border transmission capacities.

(3) The electricity trader, in cases when it performs cross-border electricity transactions, shall be obliged to rent sufficient cross-border transmission and/or electricity distribution capacity in accordance with this Law and the regulations for the electricity which he has committed to deliver to his consumers and the rules adopted on the basis of this law.

(4) The electricity trader shall be obliged to ensure confidentiality of the data and quantities of the electricity delivered to consumers.

(5) The electricity trader, on the basis of the measurements for the consumed electricity carried out by the operator of the respective system, shall invoice to its consumers invoices for the delivered electricity at the agreed price, whereas the invoice for consumers directly connected to the electricity distribution system shall also include the charge for the electricity from renewable energy sources generated from preferential

producers using preferential tariffs.

(6) If the electricity trader has concluded a contract with the electricity distribution system operator in accordance with Article 93 paragraph (5) of this Law, the invoice referred to in paragraph (3) of this Article shall include the fee for using the electricity distribution system.

## **Electricity Consumers**

### **Article 106**

(1) Every electricity consumer may, at its discretion, be supplied with electricity from a supplier, in accordance with the conditions determined by this Law and the electricity supply rules.

(2) Notwithstanding paragraph (1) of this Article, consumers that fulfill the conditions for independent electricity market participation may purchase electricity from electricity traders or producers.

(3) Consumers fulfilling the conditions for independent electricity market participation may purchase electricity from a supplier or electricity trader from another country which has acceded to all valid international agreements in the area of electricity that the Republic of Macedonia has ratified, if such electricity supplier complies with the regulations and the rules adopted on the basis of this Law.

(4) The corresponding system operator shall discontinue the electricity dispatch to consumers that do not have an electricity supply contract or have not regulated their balance responsibility in accordance with the requirements of this Law and the regulations and rules adopted pursuant to this Law, except to households and small electricity consumers that will be supplied by the universal supplier.

## **VII. NATURAL GAS MARKET**

### **VII.1. NATURAL GAS MARKET ORGANISATION**

#### **Natural Gas Markets**

##### **Article 107**

(1) The natural gas market shall cover the wholesale electricity market and the retail electricity market.

(2) The retail electricity market shall cover the purchase and selling of electricity among electricity suppliers and their consumers which are not participants in the wholesale electricity market.

(3) The wholesale natural gas market shall cover:

- 1) bilateral agreement market;
- 2) organised market, particularly day ahead market, and
- 3) balance energy market.

#### **Market Participants**

##### **Article 108**

(1) Participants on the wholesale natural gas market are:

- 1) natural gas traders;
- 2) natural gas suppliers;



- 3) the natural gas consumers which fulfil the requirements for individual participation on the market, as prescribed in the natural gas market rules;
  - 4) natural gas transmission system operator;
  - 5) natural gas distribution system operator;
  - 6) closed natural gas distribution system operator and
  - 7) the natural gas market operator.
- (2) The natural gas market participants shall regulate their mutual rights and obligations with contracts in accordance with this Law and the rules and regulations adopted on the basis of this Law.

## **VII. NATURAL GAS TRANSMISSION**

### **Ownership unbounding of the operator of the natural gas transmission system**

#### **Article 109**

- (1) The natural gas transmission system operator in the Republic of Macedonia is a company which:
- 1) is the owner of the natural gas transmission system operator;
  - 2) shall not be part of a vertically integrated undertaking;
  - 3) is holder of a license for performing energy activity natural gas transmission;
  - 4) does not perform and is independent from performing other energy activities, as determined by this Law;
  - 5) has been certified and appointed as a natural gas transmission system operator by the Energy Regulatory Commission, in a procedure determined by this Law.
- (2) In order to ensure the independence of the natural gas transmission system operator, the same person or persons shall not be entitled in the same time to:
- 1) to participate directly or indirectly in the management and supervision of a company that carries out some of the natural gas generation and/or supply activities and directly or indirectly manages or exercises another right with the operator of the natural gas transmission system;
  - 2) to directly or indirectly participate in the management of the natural gas transmission system operator and at the same time to directly or indirectly manage or exercise other right in the undertaking performing one of the activities natural gas generation and/or supply and
  - 3) to appoint members of supervisory board, managing body of the natural gas transmission system operator and at the same time to directly or indirectly manage or exercise other right in the undertaking performing one of the activities natural gas generation and/or supply.
- (3) The restrictions referred to in paragraph (2) of this Article shall refer to in particular:
- 1) exercise of voting right;
  - 2) election and appointment of members of the supervisory body and the managing body of the company or
  - 3) holding of majority share.

(4) A company that holds a license for performing natural gas distribution activity shall not have a license and shall not participate in the performance of the activities of generation, organisation and management of the natural gas market, distribution, trade in natural market or natural gas supply.

(5) If the natural gas transmission system operator was part of a vertically integrated natural gas company, the operator or its employees must not transfer business sensitive information that they own to natural gas generation and/or supply companies.

(6) A company that carries out some of the activities of generation or supply referred to in paragraph (2) of this Article shall also be considered a company that carries out some of the activities generating or supplying electricity.

(7) An operator of a system referred to in paragraph (2) of this Article shall also be an electricity transmission system operator.

### **Owner of the natural gas transmission system operator**

#### **Article 110**

(1) The Ministry is the owner of the company that is a natural gas transmission system operator.

(2) The Ministry acts individually in the course of adoption decisions on election of supervisory body, i.e. undertaking managing body referred to in paragraph (1) and must not accept directions and guidelines from the Government or other government body.

(3) The members of the supervisory body, i.e. the managing body of the natural gas transmission system operator:

1) in a procedure adopting decision in line with the Law, must not request, nor accept directions or guidelines from the Government or other government body, except in cases determined by this Law and

2) must not be elected for members of a supervisory body, i.e. a managing body of undertakings performing generation or supply/trade in natural gas or undertakings which have the opportunities for direct or indirect effect on decision-making in those undertakings.

### **Harmonisation Programme**

#### **Article 111**

The natural gas transmission system operator, irrespective of the organisational form, after previous approval by the Energy Regulatory Commission, shall adopt a harmonisation programme determining the measures to be undertaken for the purposes of non-discrimination of natural gas transmission system users based on any ground, obligations of employees in the realisation of the programme shall be defined, and the manner of monitoring of the harmonisation of the operation of the natural gas transmission system operator shall be determined, with the obligations determined by this Law and programme.

### **Harmonisation Officer**

#### **Article 112**

(1) The realisation of the programme referred to in Article 111 shall be monitored by a harmonisation officer.

(2) The harmonisation officer referred to in paragraph (1) of this Article shall be

appointed by the supervisory body of the natural gas transmission system operator, after previous approval by the Energy Regulatory Commission.

(3) The Energy Regulatory Commission may not approve the appointment of the harmonisation officer due to lack of independence or expertise.

(4) The surveillance body may dismiss the harmonisation officer upon prior approval by the Energy Regulatory Commission. Upon request of the Energy Regulatory Commission, the supervisory body shall dismiss the harmonisation officer for reasons of lack of independence or expertise.

(5) The Energy Regulatory Commission shall authorise the conditions regulating the mandate and the employment terms for the harmonisation officer, including the duration of their mandate or employment, with the aim to ensure independence, as well as all the necessary conditions for exercising their authorisations and performing their tasks.

(6) In the course of their mandate, the harmonisation officer may not perform other professional activity, nor have benefits or business relations, directly or indirectly, in company in the energy sector or in its partners or share holders.

(7) The natural gas transmission system operator is obliged to give the harmonisation officer all the data and information necessary for exercising of their authorisation, and upon their request, to provide them with access to all the premises in which the operator performs their activities.

(8) The harmonisation officer shall be obliged to:

1) monitor the implementation of the compliance programme and prepare and submit to the Energy Regulatory Commission an annual report on the measures undertaken for its implementation;

2) submit reports to the supervisory body and to give recommendation in relation to the harmonisation programme and its implementation;

3) notify the Energy Regulatory Commission on any substantial breaches with regard to the implementation of the harmonisation programme.

(9) The harmonisation officer shall submit to the Energy Regulatory Commission the proposed investment plan or the proposed decisions for individual investments in the natural gas transmission system, simultaneously when the managing body of the natural gas transmission system shall submit the decisions to the supervision body.

(10) The managing body, the supervisory body and the managers of the natural gas transmission system operator are obliged to invite the harmonisation officer to attend all the meetings and to submit to him all the necessary materials, especially when decision is made on:

1) conditions related to the services for access and use of natural gas, and particularly regarding usage fees, allocation of transmission capacity and congestion management;

2) projects related to the management, maintenance and development of the natural gas transmission system, including investments in connections and interconnection capacities, and

3) purchase or sale of natural gas necessary for the operation of the natural gas transmission system, including ancillary balancing services.

## **Certification of the Natural Gas Transmission System Operator**

### **Article 113**

(1) The doer of the activity for natural gas transmission must be certified as a natural gas transmission system operator in a manner, procedure and timeline determined by this Law.

(2) The certification procedure for the natural gas transmission system operator shall be implemented:

1) at the request of the natural gas transmission system operator to whom a license has been issued for the activity of natural gas transmission or

2) ex officio by the Energy Regulatory Commission in cases when:

- when the natural gas transmission system operator has not submitted a certification request or

- when a violation of the provisions for ownership separation prescribed by this Law has occurred or may occur, or

3) after submitted elaborated request by the Energy Community Secretariat.

(3) The natural gas transmission system operator shall be obliged to:

(1) if not certified, to submit a certification request, along with the documents prescribed by the certification rules adopted by the Energy Regulatory Commission and

2) notify the Energy Regulatory Commission of all planned transactions which might necessitate its re-certification.

(4) Within four months as of the date of submission of a certification request by the natural gas transmission system operator or as of the date on which the Energy Community Secretariat has submitted the reasoned request referred to in paragraph (2), item 3) of this Article, the Energy Regulatory Commission shall draw up a proposed certification decision regarding the natural gas transmission system operator and shall immediately submit it to the Energy Community Secretariat, together with all the information related to the proposed decision.

(5) Within 60 days after receiving the opinion by the Energy Community Secretariat, the Energy Regulatory Commission shall adopt a decision regarding the certification request. The Energy Regulatory Commission shall take into account the opinion of the Energy Community Secretariat and shall announce the reasons for the possible derogations from the opinion.

(6) The Energy Regulatory Commission shall publish the decision referred to in paragraph (5) of this Article in the "Official Gazette of the Republic of Macedonia" and on its website, on which it shall publish also the opinion issued by the Energy Community Secretariat.

(7) The Energy Regulatory Commission shall keep an official record of the communication made with the Energy Community Secretariat concerning the certification procedure of the natural gas transmission system operator. The official records are presented to the operator of the natural gas transmission system operator that requires the certification, as well as to the public sector institutions concerned. The Energy Regulatory Commission is obliged to keep business sensitive data confidential.

(8) The natural gas transmission system operator, the distribution system operators

and the natural gas suppliers or traders shall, upon the request of the Energy Regulatory Commission and/or the Energy Community Secretariat, submit all the necessary data and information.

(9) After the implementation of the certification procedure, the Energy Regulatory Commission issues the natural gas transmission system operator a certificate appointing it the natural gas transmission system operator and confirms that it meets the requirements regarding ownership unbundling and independence, as well as the conditions regarding financial and material ability and technical and human resources, as well as other conditions prescribed by this Law.

### **Certification Procedure for Third Countries Persons**

#### **Article 114**

(1) Upon a request from the natural gas transmission system operator or its owner, the Energy Regulatory Commission shall carry out a certification procedure for the natural gas transmission system operator that is under the control of a third country(ies) person or a group of persons.

(2) The operator or the owner referred to in paragraph (1) of this Article shall be obliged to immediately notify the Energy Regulatory Commission of the circumstances which may lead to the taking of control over it by a third country(ies) person or group of persons.

(3) The Energy Regulatory Commission shall be obliged to inform the Ministry and the Energy Community Secretariat immediately about the certification request referred to in paragraph (1) of this Article and the notification referred to in paragraph (2) of this Article, as well as about the consequences of the takeover of the natural gas transmission system operator.

(4) Within two months of the date of receipt of the notification referred to in paragraph (3) of this Article, the Ministry shall prepare an opinion containing an assessment whether the issuance of the certificate could jeopardise the security of supply in the Republic of Macedonia and/or the security of supply of the contracting party or the Energy Community Member State, in particular taking into account:

- 1) the rights and obligations of the Energy Community in respect of the country or countries referred to in paragraph (1) of this Article arising from the international law and ratified international treaties on security of supply, including other agreements relating to security of supply concluded with one or more third countries in which the Energy Community is a contracting party;
- 2) the rights and obligations of the Republic of Macedonia towards the country or countries referred to in paragraph (1) of this Article arising from ratified international agreements with that country or countries, to the extent that such agreements are in accordance with the legislation of the Energy Community; and
- 3) other specific circumstances.

(5) Within four months as of the date of receipt of the request referred to in paragraph (1) of this Article, the Energy Regulatory Commission shall prepare a proposed certification decision, i.e., rejection of the certification request.

(6) The Energy Regulatory Commission shall reject the certification request referred to in paragraph (1) of this Article if:

- 1) the operator of the natural gas transmission system does not prove that it meets the conditions prescribed in Article 41 of this Law, in Article 109, paragraphs 3) and 5) of this Law, or
- 2) the issuance of the certificate endangers the security of the supply of the Republic of Macedonia and/or the security of the supply of a contracting party or a member state of the Energy Community.
- (7) The Energy Regulatory Commission shall immediately submit to the Energy Community Secretariat the proposed decision referred to in paragraph (5) of this Article, together with the accompanying documentation on the basis of which the decision was made, in order to obtain an opinion.
- (8) The Energy Regulatory Commission shall, within 60 days as of the day of dispatch of the opinion, i.e. the expiration of the deadline for submitting the opinion from the Energy Community Secretariat, issue a certification decision or rejection of the request for certification.
- (9) When adopting the decision referred to in paragraph 8 of this Article, the Energy Regulatory Commission shall take full account  
of the opinion of the Ministry and the opinion of the Energy Community Secretariat.
- (10) The decision of the Energy Regulatory Commission and the opinion of the Energy Community Secretariat shall be published in the "Official Gazette of the Republic of Macedonia".
- (11) If the decision of the Energy Regulatory Commission is not in accordance with the opinion of the Energy Community Secretariat, the decision shall also give an explanation.

### **Certification Review**

#### **Article 115**

- (1) The Energy Regulatory Commission shall initiate a procedure for certification reviews if during the supervision of the operation of the natural gas transmission system operator, or if it was notified by the operator or the harmonisation officer referred to in Article 112 of this Law, or otherwise came to the knowledge that there has been or is planned a change in the ownership structure of the operator or another change that may affect the fulfilment of the obligations stipulated in Articles 109, 110, 116 of this Law.
- (2) The Energy Regulatory Commission shall commence the procedure referred to in paragraph (1) of this Article upon request from the Energy Community Secretariat.
- (3) The Energy Regulatory Commission shall submit to the natural gas transmission system operator a notification on the commencement of the procedure for the certification review, which obligates it to provide the necessary documentation, data and information from which the planned or occurred change can be determined, as well as a deadline for their dispatch which can not be shorter than 15 days.
- (4) Within 60 days after receiving the requested data, information and documentation, the Energy Regulatory Commission shall prepare a proposed decision for issuing a new or revocation of the existing certificate and shall submit it for an opinion to the Energy Community Secretariat.
- (5) Within 60 days after receiving an opinion from the Energy Community Secretariat, the Energy Regulatory Commission shall adopt a decision on issuing a new

or revoking the existing certificate and shall publish it in the "Official Gazette of the Republic of Macedonia" and on its website. When making the decision, the Energy Regulatory Commission shall take into account the opinion of the Energy Community Secretariat and on its website shall announce the reasons for the possible derogations from the opinion.

### **Duties of the Transmission System Operator**

#### **Article 116**

(1) The natural gas transmission system operator shall maintain, upgrade and expand the natural gas transmission network, manage the natural gas transmission system, and provide connection to other systems including natural gas transmission systems of other countries.

(2) The natural gas transmission system operator shall be obliged, in accordance with this Law and the regulations and rules adopted on the basis of this Law, to the following:

- 1) to contribute to the security of natural gas supplies by providing secure, safe, economically cost-effective and quality transmission and dispatch of natural gas through the transmission system;
- 2) to ensure the reliable and secure operation of the natural gas transmission system and the improvement of the operation;
- 3) to have the material, technical and human resources at all times available, together with the financial resources needed to fulfil its obligations with regard to the development, upgrading and maintenance of the natural gas transmission system;
- 4) to provide them with all the information necessary for access and use of the natural gas transmission system and to provide access to the users of the natural gas transmission system;
- 5) to approve the users' requests for connection to the transmission system in accordance with the Grid Code on natural gas transmission, if this is economically justified;
- 6) to publish on its website the electricity transmission tariffs, already approved by the Energy Regulatory Commission;
- 7) to construct new interconnection capacities with other countries and to upgrade the existing ones, taking into account the efficient use of existing interconnection capacities and the balance between investment costs and benefits for the consumers;
- 8) to provide cross-border natural gas flows through its transmission network within the available transmission capacity;
- 9) to develop an annual plan for maintaining the transmission system and, upon its approval by the Energy Regulatory Commission, to publish it on its website;
- 10) to prepare a final daily schedule on transmission and load of the natural gas transmission system and to record and store the data obtained in the process of making the final daily schedule;
- 11) to provide daily real-time dispatch and management of natural gas flows, taking into account internal and cross-border transactions through the natural gas transmission system, based on the final daily schedule;

- 12) to provide synchronised operation of the natural gas transmission system with the transmission systems with which it is directly connected, and to cooperate and exchange data with the other natural gas transmission system operators;
  - 13) to publish data and in a timely manner to provide information from the operators of the adjacent natural gas transmission systems for the available transmission capacities of the interconnection lines or transnational gas lines in order to provide efficient, non-discriminatory, objective and transparent access and use of the natural gas transmission system;
  - 14) to provide installation and maintenance of metering devices and to measure the natural gas flow at all metering points at the points of receipt and dispatch in the transmission system and to submit measurement data to the system users and to the natural gas market operator;
  - 15) to provide the natural gas transmission system users with access to the metering devices in its possession;
  - 16) to procure ancillary services for balancing the natural gas transmission system in accordance with the rules for balancing the natural gas transmission system;
  - 17) to establish and maintain a registry of balancing services providers and a registry of balance parties and balance groups;
  - 18) to develop rules for purchase of natural gas for covering the losses in the natural gas transmission system and to submit them to the Energy Regulatory Commission for approval;
  - 19) to procure natural gas to cover losses in the natural gas transmission system in order to ensure safe and reliable operation of the natural gas transmission system under market conditions in a transparent, non-discriminatory and competitive manner;
  - 20) to address peak loads in the natural gas transmission network, pursuant to the Natural Gas Transmission Grid Code;
  - 21) to ensure balancing of the natural gas transmission system and alignment of the deviations and balancing services, regarding providers and users of balancing services as well as to provide the calculation, invoicing and collection of balancing services;
  - 22) to keep records and schedule of physical transactions and to determine the necessary changes in the schedule of natural gas dispatch in case of endangering natural gas supplies, major accidents or major deviations in the consumption of natural gas from the determined quantities within the technical possibilities of the natural gas transmission system, whereas the costs for the purchase of natural gas, using the balance mechanism, shall be compensated by the participants in the natural gas market that caused deviation;
  - 23) to secure the confidentiality of business data of the natural gas transmission system users;
  - 24) to participate in the work of regional and international organisations and
  - 25) to promptly provide information to the transmission and distribution system operators to which it is connected, for the purpose of securing reliable and efficient operation of the systems and interconnectors;
- (3) The natural gas transmission system operator shall make available to all participants at the natural gas market at all points of entry and exit, the overall system



capacity, taking into account the integrity of the system and the efficient functioning of the network.

(4) The natural gas transmission system operator shall be obliged to keep dispatch logs, records on the natural gas transmission system's reliability, data on the supervision and management system and measurement data and to keep such data, logs and records for at least ten years.

(5) The natural gas transmission system operator shall, in a manner determined by the Natural Gas Transmission Grid Code, keep a record of the operation of the transmission system and shall notify the Energy Regulatory Commission, upon its request.

(6) The natural gas transmission system operator may temporarily discontinue the natural gas dispatch from the transmission network that it manages during the execution of planned inspections, tests, control measurements, repairs, maintenance, reconstructions and extensions of the facilities, devices and installations, connection of new users, as well as in case of need, to prevent the risks of disruption in the natural gas transmission system. The manner, procedure and notifications on such interruptions shall be performed by the relevant transmission system operator pursuant to the Natural Gas Transmission Grid Code.

(7) The natural gas transmission system operator for the purposes of supervision, control and maintenance, shall have the right to access installations and measuring-regulation stations that are integral part of the transmission network which it operates, and which are located on the consumers property, in a manner and under the conditions laid down in the Natural Gas Transmission Grid Code.

## **Development Planning**

### **Article 117**

(1) The natural gas transmission system operator shall be obliged to prepare an annual plan on the development of the natural gas transmission system covering the period of the next ten years. The content of the plan shall be regulated by the Natural Gas Transmission Grid Code and shall contain all the necessary information on the expansion and upgrading of the natural gas transmission system, including the priorities for the construction of new interconnection lines harmonised with the natural gas transmission system operators in the region. The natural gas transmission system operator shall submit the approval plan to the Energy Regulatory Commission no later than 31 October in the calendar year and after the approval has been received, it shall adopt and publish the plan on its website.

(2) The natural gas transmission system operator shall prepare and submit to the Ministry and to the Energy Regulatory Commission, no later than 31 October each calendar year, an annual, five-year and ten-year forecasts for the natural gas consumption in the Republic of Macedonia.

(3) For each regulated period, the natural gas transmission system operator shall prepare and submit for approval to the Energy Regulatory Commission investment plans in the transmission system, in which the expected increase in the efficiency of the system operation in particular should be shown as a result of the foreseen investments.

## **Natural Gas Transmission Contracts**

### **Article 118**

- (1) The natural gas transmission system operator shall be obliged to:
  - 1) to provide services for permanent or disruptive third party access and to ensure that the price for interruptible capacity reflects the likelihood of interruptions;
  - 2) to offer system users long-term and short-term services.
- (2) The natural gas transmission system operator shall be obliged to provide natural gas transmission services to system users by applying equal contractual conditions, previously approved by the Energy Regulatory Commission and published on its website.
- (3) Tariffs applied by the natural gas transmission system operator for transmission contracts with non-standard dates of commencement of the transmission or shorter duration than the standard annual natural gas transmission contracts shall be determined in accordance with the tariff system for the natural gas transmission, by applying the principles laid down in Article 29, paragraph (4) of this Law.
- (4) The natural gas transmission system operator shall grant access to a third party if the access request provides guarantees for the payment of the service, which are determined on the basis of the principles of non-discrimination, transparency and proportionality and shall not be an obstacle to the entry into the natural gas market.

### **Capacity Rights Trading**

#### **Article 119**

- (1) The natural gas transmission system operator shall, in accordance with the Natural Gas Transmission Grid Code and the natural gas market rules, establish transparent and non-discriminatory procedures and conditions in the trading agreements allowing the system users to sell the unused natural gas transmission capacity purchased on the primary market to sell it on the secondary capacity market, as well as the manner of reporting and recognising the right to capacity, purchased on the secondary market.
- (2) The natural gas transmission system operator shall be obliged, upon prior approval by the Energy Regulatory Commission, to publish on its website the procedures and conditions of the agreements referred to in paragraph (1) of this Article for trading capacities of the primary and secondary market.

### **Balance Responsibility**

#### **Article 120**

- (1) Each natural gas market participant referred to in Article 108 paragraph (2), items 1) to 6), shall have a balance responsibility.
- (2) The natural gas market participant may organise its own balance liability by concluding a balance responsibility agreement with the natural gas transmission system operator, after which it acquires the status of a fully-accountable party.
- (3) A natural gas market participant may organise its balance responsibility by transferring the balance responsibility to its elected representative, which is a fully-accountable party, thus becoming a member of the balance group of the balance responsibility party.

### **Balancing Rules**

#### **Article 121**

- (1) The natural gas transmission system operator shall prepare the balancing rules,

and after prior approval by the Energy Regulatory Commission, shall publish them in the "Official Gazette of the Republic of Macedonia" and on its website.

(2) The rules referred to in paragraph (1) of this Article shall be objective, transparent, non-discriminatory and market-oriented and shall reflect the needs of the system taking into account the resources available to the natural gas transmission system operator, and they shall regulate in particular:

- 1) the rights and obligations of the balancing service providers;
- 2) the procedure for purchasing of balancing services;
- 3) the methodology for pricing balancing services, as well as the procedure for their calculation, invoicing and collection, which should be non-discriminatory, shall reflect the real costs incurred and shall allow for the minimisation of the balancing costs;
- 4) the manner of determining the activated amounts of balancing services that are settled among the providers of balancing services;
- 5) financial settlement with the balancing services providers and with the balance responsible parties;
- 6) the responsibilities of the balance responsible parties, including the conclusion of the balance responsibility contracts;
- 7) the form, content and manner of keeping a registry of balancing service providers and a registry of balance responsible parties and balance groups; and
- 8) the method of calculating the imbalances between the nominated and the realised transactions based on the measurements made by the natural gas transmission system operator and the natural gas distribution system operator.

(3) In order to enable timely corrective measures taken by system users, the natural gas transmission system operator shall provide on its website free of charge, timely, sufficient and reliable information on the balance status of the system users.

(4) In accordance with the provisions of this Law and the rules referred to in paragraph (1) of this Article, the natural gas transmission system operator shall be obliged to:

- 1) determine the activated amounts of balancing services with each balancing provider;
- 2) determine all imbalances with balance responsible party;
- 3) calculate all the necessary quantities of ancillary services that it purchases at the balance energy market;
- 4) calculate the settlement price for the deviations of the balance responsible parties and
- 5) make financial settlement with the providers and users of balancing services.

(5) The natural gas transmission system operator shall quarterly inform the Energy Regulatory Commission of the agreements it has concluded with the balancing services providers and of their realisation.

(6) The fees for imbalances charged by the natural gas transmission system operator:

- 1) shall reflect balancing costs and shall provide appropriate incentive measures for system users to balance their dispatch and takeover of natural gas;
- 2) shall not contain cross subsidies between system users and
- 3) shall not hinder the entry of new market participants.
- (7) The natural gas transmission system operator shall provide the natural gas market operator with all the data necessary for the calculation of the imbalances.
- (8) The natural gas transmission system operator shall be obliged to:
  - 1) to harmonise the balance mechanism established in the rules referred to in paragraph (1) of this Article with the appropriate balance mechanisms of the other contracting parties and participating countries in the Energy Community and to optimise the balance mechanism and the levels of balancing fees in order to facilitate the trade with gas and
  - 2) to cooperate with other natural gas transmission system operators in order to facilitate the development of the market for balancing services at the regional level.

### **Access Charges for the Natural Gas Transmission System Operator**

#### **Article 122**

- (1) The fees charged by the natural gas transmission system operator for access to the natural gas transmission system shall be determined on the basis of the tariffs approved by the Energy Regulatory Commission.
- (2) In the determination of the charges referred to in paragraph (1) of this Article, the natural gas transmission system operator shall be obliged to allow the fees:
  - 1) to ensure the maintenance and improvement of the integrity of the natural gas transmission system;
  - 2) to reflect the real costs of access, if such costs are transparent;
  - 3) to be applied in a non-discriminatory manner;
  - 4) to include an appropriate return on investments in the natural gas transmission system;
  - 5) not to limit the liquidity of the natural gas market;
  - 6) not to violate cross-border trade between natural gas transmission systems and
  - 7) not to be calculated on the basis of the length and duration of the natural gas transportation.
- (3) In accordance with the tariff systems referred to in Article 29 of this Law, the Energy Regulatory Commission may decide, when determining tariffs, to use market mechanisms such as auctions, provided that such mechanisms and revenues deriving from them are approved by it.
- (4) The fees for each entry or exit point of the transmission system that the operator charges to the natural gas transmission system users shall be determined in accordance with the mechanisms and methodologies for determining and allocating the costs in relation to the incoming and outgoing points, previously approved by the Energy Regulatory Commission and applied in a non-discriminatory manner.
- (5) If differences in tariffs or balancing mechanisms established by the operators of

natural gas transmission systems in the region impede the natural gas trade in the region, the natural gas transmission system operator, in cooperation with the Energy Regulatory Commission, will request from the Energy Community Secretariat to undertake measures for appropriate harmonisation of balancing tariffs and mechanisms at the regional level.

(6) The operator shall invoice the fee for using the natural gas transmission system to:

- 1) consumers connected to the transmission system that independently act on the natural gas market and
- 2) suppliers or traders who provide natural gas to consumers connected to the natural gas transmission system that do not act independently on the natural gas market and to the operators of the natural gas distribution systems.

### **Natural Gas Transmission Grid Code**

#### **Article 123**

(1) The natural gas transmission system operator shall, upon prior approval by the Energy Regulatory Commission, adopt and publish in the "Official Gazette of the Republic of Macedonia" and on its web site the Natural Gas Transmission Grid Code. The Natural Gas Transmission Grid Code shall in particular regulate:

- 1) the technical and other conditions for secure and safe operation of the natural gas transmission system;
- 2) the technical and technological conditions and the manner of connection of the facilities, devices and installations of the natural gas transmission system;
- 3) the procedure for granting consent to the users for connection to the transmission network, as well as the cooperation and obligations of the transmission system operator;
- 4) the methodology for determining the fee for connection to the distribution network;
- 5) the conditions and the manner of access of a third party to the transmission system, as well as the manner of determining the guarantees for payment of the services for natural gas transmission;
- 6) the manner of harmonisation with the natural gas transmission system users in cases of planned interruptions;
- 7) the contents of the plans for development and maintenance of the transmission system, as well as the manner and procedure according to which the system users submit the necessary data for the preparation of those plans;
- 8) the manner and procedure forecasting the needs of natural gas forecasting , as well as the obligations of the natural gas transmission system users regarding the submission of the data necessary for the preparation of forecasting the needs of natural gas;
- 9) the measures, activities and procedures in cases of outages and major accidents;
- 10) the functional requirements and the accuracy class of the measuring devices, as well as the manner of measuring the quantities of natural gas;
- 11) the technical criteria for providing ancillary services;

- 12) the manner and procedure for publication and allocation of the available transmission capacity and management of peak loads in the natural gas transmission system;
  - 13) the manner and procedure for access to installations and measurement-regulation stations that are integral part of the transmission system and are owned by consumers or users;
  - 14) the quality of services that natural gas transmission system operator provides for the users;
  - 15) the work of the operation management system;
  - 16) the manner of publishing information, which it is obliged to publish pursuant to the provisions of this Law;
  - 17) the manner and procedure of information provision to system users and
  - 18) the manner of cooperation with the natural gas transmission systems operators to which it is connected, as well as with the distribution system operators connected to the natural gas transmission system.
- (2) The ENTSO-G Grid Code shall be deemed to have been accepted and applied directly by the natural gas transmission system operator in accordance with the obligations of the Republic of Macedonia undertaken with the ratified international agreements, as well as the obligations of the natural gas transmission system operator arising from the membership in ENTSO- G.

### **Rules on Allocating Cross-Border Transmission Facilities**

#### **Article 124**

- (1) The natural gas transmission system operator, upon previously obtaining approval of the Energy Regulatory Commission, shall adopt the rules on allocating natural gas transmission facilities which shall be published in the "Official Gazette of the Republic of Macedonia" and on its website.
- (2) The rules referred to in paragraph (1) of this Article shall be:
  - 1) market oriented and applied in a transparent and non-discriminatory manner in relation to system users;
  - 2) comply with market rules and are able to adapt to market changes and
  - 3) be in accordance with the technical specifications of the natural gas transmission system in the Republic of Macedonia and the natural gas transmission system of the contracting parties of the Energy Community.
- (3) Appropriate economic indicators for efficient and maximum use of technical capacity shall be provided for in the rules referred to in paragraph (1) of this Article, investments in new natural gas infrastructure shall be facilitated and the cross-border exchange of natural gas shall be facilitated.
- (4) The rules referred to in paragraph (1) of this Article shall in particular ensure that:
  - 1) in case of contracted congestion in the natural gas transmission system, the transmission system operator shall offer the unused capacity of the primary market at least one day in advance or as a interruptive capacity;

- 2) when a natural gas system user sells or transfers unused contractual capacity in the system on the secondary market, he shall notify the natural gas transmission system operator that has allocated the capacity and
- 3) in cases when there is a physical congestion in the natural gas transmission system, the natural gas transmission system operator shall apply a non-discriminatory and transparent mechanism for allocation of capacities.

### **Communication with Users**

#### **Article 125**

(1) In order to ensure transparency, objectivity and non-discrimination in the application of tariffs, as well as efficient use of the natural gas system by users, the natural gas transmission system operator shall be obliged to constantly update its website and publish detailed information available, relating to:

- 1) the services, as well as the conditions under which an effective third party access to the system is ensured, including the technical information needed to provide access;
- 2) the technical, agreed and available capacities for all relevant points on a numerical basis, including the incoming and outgoing points, on a regular and permanent basis, in a standardised, easy-to-use manner;
- 3) the methodology for the establishment and structure of tariffs, as well as the deviation from the tariffs;
- 4) the supply and demand before and after the realised transactions, on the basis of nominations, forecasts and realised natural gas flows, in and out of the natural gas transmission system; and
- 5) the undertaken measures, as well as the incurred costs and revenues for balancing the natural gas transmission system.

(2) The Energy Regulatory Commission shall, after consulting the users of the system, approve the information referred to in paragraph (1) item 2) of this Article published by the operator of the natural gas transmission system.

(3) The Energy Regulatory Commission shall ensure that the information referred to in paragraph (1) of this Article is available on time and without compensation.

### **VII.3. NATURAL GAS MARKET OPERATOR**

#### **NATURAL GAS MARKET OPERATOR**

#### **Article 126**

(1) The natural gas market operator shall be a company that carries out activities related to the organisation, efficient operation and development of the organised natural gas market.

(2) The natural gas market operator shall be obliged, in accordance with this Law and the rules and regulations adopted on the basis of this Law, to do the following:

- 1) administration of the natural gas market operator with bilateral agreements;
- 2) organising and managing the organised natural gas market for natural gas trade in the Republic of Macedonia and/or joining with other organised natural gas markets;
- 3) calculation of the quantities of the required balance energy for the purposes of determining the price of the imbalance energy, and in accordance with the data obtained

from the natural gas transmission system operator;

- 4) calculation of the imbalances of the balance responsibility parties in accordance with the final daily schedule and the measurements obtained from the natural gas transmission system operator, the natural gas distribution system operators;
  - 5) financial settlement and control of the financial coverage of the recognised imbalances on the basis of quantitative settlement of imbalances;
  - 6) timely submission to the natural gas transmission system operator of all information necessary for the preparation of the final daily schedules for the purchase and sale of natural gas in the Republic of Macedonia and beyond;
  - 7) keeping records of all contracts concluded with the participants in the natural gas market;
  - 8) keeping records of all contracts for balance group creation concluded among the participants in the natural gas market and the natural gas market operator;
  - 9) preparation of a daily market plan;
  - 10) establishment and keeping a natural gas market participants registry;
  - 11) publication of information necessary for the smooth organisation and management of the natural gas market and
  - 12) providing the necessary services to the natural gas supplier of last resort, in order to adequately meet the needs of its consumers;
- (3) The natural gas market operator, the natural gas transmission system operator, the natural gas distribution system operators and supply companies shall provide the competent state authorities with access to the records on natural gas transactions, which are regulated by the natural gas market rules.
- (4) The Energy Regulatory Commission may decide to provide the natural gas market participants with insight into the registries referred to in paragraph (3) of this Article, provided that business sensitive information for individual market participants or for individual transactions is not disclosed.
- (5) The applicable tariffs for the natural gas market organisation of the natural gas market operator shall be approved by the Energy Regulatory Commission.
- (6) The natural gas market operator shall be obliged to ensure confidentiality of the business data that the participants in the natural gas market are obliged to submit to it.

### **Separation of Activities**

#### **Article 127**

- (1) The company that holds a license to perform the activity of the organisation and management of the natural gas market cannot be a license holder and can not participate in the transmission of natural gas and management of the natural gas system, distribution, trade and natural gas supply.
- (2) In the event that a natural gas market operator is an entity owned by the natural gas transmission system operator, the natural gas transmission system operator shall ensure its independence from the natural gas market operator in terms of the legal form, organisation and decision-making, in accordance with the program referred to in Article 111.



## **Natural Gas Market Rules**

### **Article 128**

(1) The Energy Regulatory Commission shall adopt rules for the natural gas market, based on the principles of transparency, non-discrimination and competitiveness, which regulate, in particular:

- 1) the natural gas market organisation and operation;
- 2) the conditions to be fulfilled by the natural gas market participants;
- 3) the elements of the contracts for participation in the natural gas market;
- 4) the establishment, organisation and control of natural gas trading and ancillary services, including cross-border trading;
- 5) the procedure and the manner of collecting and submitting data to the Energy Regulatory Commission in relation to the states and occurrences at the natural gas market.

(2) The Energy Regulatory Commission shall cooperate with the natural gas market operator and the natural gas transmission system operator in the preparation of the natural gas market rules.

## **VII. 4. NATURAL GAS DISTRIBUTION**

### **Natural gas Distribution System Operator**

#### **Article 129**

(1) The natural gas distribution system operator for a certain area of the territory of the Republic of Macedonia in which it distributes natural gas, shall maintain and, when economically viable, upgrade and expand the distribution system it manages and shall connect it to the natural gas transmission system.

(2) The natural gas distribution system operator shall be obliged, in accordance with this Law and the regulations and rules adopted on the basis of this Law, to the following:

- 1) to ensure secure, reliable, economically feasible and safe operation of the distribution system it manages;
- 2) to ensure secure, safe and quality dispatch of natural gas through the distribution system it manages, in a non-discriminatory and transparent manner and in accordance with the prescribed quality;
- 3) to join consumers on the distribution network, and to allow third party access to use of the distribution system;
- 4) to provide timely information to other distribution system operators as well as the natural gas transmission system operator;
- 5) to provide users of the natural gas distribution system, in a timely manner, with the information necessary for efficient access to the system;
- 6) to provide suppliers with electronic access to the list of consumers, other than households, according to the distribution system tariff, as well as their consumption during the last 12 months;
- 7) to publish on its website the list of fees for each consumer category previously

approved by the Energy Regulatory Commission;

8) to develop, upgrade and maintain the distribution system it manages, and to ensure the long-term ability of the system to meet the justified requirements for natural gas distribution;

9) to harmonise the operation of the natural gas distribution system with the operation of the natural gas transmission system;

10) to develop a plan for maintaining the distribution network and, upon approval by the Energy Regulatory Commission, to publish it on its website;

11) to procure ancillary services and natural gas for covering the losses in the distribution network under market conditions in a transparent, non-discriminatory and competitive manner in accordance with the natural gas supply rules;

12) to measure the quantities of natural gas taken from the natural gas transmission system and which are delivered to the consumers and to deliver the data from the measurements to the natural gas suppliers or traders, to the operator of the natural gas transmission system, to the operator of the natural gas market and in accordance with this Law and the regulations adopted on the basis of this Law, to any other party that may request them;

13) to enable users access to the metering devices owned by the distribution system operator in accordance with this Law and the Natural Gas Distribution Grid Code;

14) to keep a dispatch book, records on the confidentiality of the communication systems, data from the surveillance and management system, measurement data and to keep such data for a period of at least ten years, and

15) to ensure the confidentiality of business data of the distribution system users and to prevent a discriminatory way of disclosing information about its activities with which a commercial advantage can be achieved for the related companies and

16) not to abuse the confidential information obtained from a third party regarding the provision of access to the natural gas distribution system.

(3) The usage fee for the natural gas distribution system shall be paid by consumers connected to the natural gas distribution system. The natural gas distribution system operator, to consumers connected to its system, shall invoice the system usage fee, and it may also invoice the usage fee for the natural gas transmission system in accordance with the published tariffs.

(4) The natural gas distribution system operator may enter into contracts with natural gas suppliers or traders that may authorise them to charge the natural gas consumers connected to the distribution system the fees referred to in paragraph 3 of this Article.

(5) The natural gas distribution system operator shall be obliged to prepare and submit for approval to the Energy Regulatory Commission, the natural gas supply rules referred to in paragraph (2) item 11) of this Article.

(6) The natural gas distribution system operator may temporarily discontinue the natural gas dispatch from the distribution network that it manages during the execution of planned inspections, tests, control measurements, maintenance, reconstructions, extensions of the networks, devices and installations, as well as in case of need, to prevent the risks of disruption in the natural gas distribution system. The temporary

interruption may be carried out at a time when at least damage is caused to the system users, in accordance with the natural gas distribution code.

(7) Notwithstanding paragraph (1) of this Article, if the distribution system operated by the natural gas distribution system operator is not connected to the natural gas transmission system and is powered by compressed natural gas, the system operator is obliged to regulate the ancillary services procurement procedure in the Natural Gas Distribution Grid Code and to balance the deviations between the actual and planned natural gas consumption in real time.

## **Natural Gas Distribution System Planning**

### **Article 130**

(1) The natural gas distribution system operator shall be responsible for the long-term development planning of the natural distribution system in the area where it performs its activity.

(2) The the natural gas distribution system operator shall be obliged to prepare an annual plan for the development of the natural gas distribution system for the period of the next five years, with the content set out in the Natural Gas Distribution Grid Code, and no later than 31 October in the current year shall submit it to the Energy Regulatory Commission for approval, and after obtaining the approval, it shall adopt the plan and shall publish it on its website. The plan should contain all the necessary information on the expansion and upgrading of the system, and should be aligned with the ten year plan for the development of the natural gas transmission system.

(3) The natural gas distribution system operator shall notify the Ministry and the Energy Regulatory Commission no later than 31 October of the current year, annual, five-year and ten-year forecasts for the needs of natural gas in the distribution system it manages.

(4) For each regulated period, the natural gas distribution system operator shall develop an investment plan for the natural gas distribution system in accordance with the plan referred to in paragraph (2) of this Article and shall submit it for approval to the Energy Regulatory Commission. The plan should in particular present the expected increase in the efficiency of the operation of the natural gas distribution system as a result of the expected investments.

## **NATURAL GAS QUANTITIES MEASUREMENT**

### **Article 131**

(1) The natural gas distribution system operator shall be obliged to measure the natural gas quantities it overtakes and delivers to the users of the system it manages with metering devices in accordance with this Law and with the Natural Gas Distribution Grid Code.

(2) The metering devices referred to in paragraph (1) of this Article shall be owned by the natural gas distribution system operator.

(3) The location of the metering devices shall be determined by the natural gas distribution system operator, whereas depending on the technical possibilities of the location the metering devices may be located within or outside the property boundaries of the system user.

(4) If the metering device is located on the property of the system user, the user

shall be obliged to enable the authorised person of the natural gas distribution system operator the right to access to every part of their property or facility where the metering device is, for the purposes of:

- 1) reading metering devices;
- 2) control, installation, supervision, change or maintenance of metering equipment;
- 3) disconnection of the user from the system when they act contrary to the conditions for using the natural gas distribution system prescribed in the Natural Gas Distribution Grid Code and
- 4) disconnecting the consumer, on the request from the supplier, pursuant to the provisions of the Natural Gas Supply Rules.

### **Distribution Grid Code**

#### **Article 132**

(1) The natural gas distribution system operator shall be obliged, upon previously obtaining approval of the Energy Regulatory Commission, to adopt the Natural Gas Distribution Grid Code for the system it manages and to publish it in the "Official Gazette of the Republic of Macedonia" and on its website. The Natural Gas Distribution Grid Code shall specify, in particular:

- 1) the technical conditions for connection of the natural gas users to the natural gas distribution system;
- 2) the methodology for determining the fee for connection to the natural gas distribution system;
- 3) the conditions and method of access of a third party to the system;
- 4) the technical and other conditions for the reliable and safe operation of the distribution system and for the provision of quality services to the users of the system;
- 5) the measures, activities and procedures in case of outages and crisis situations;
- 6) the manner and procedure for supervision and testing of the natural gas distribution network;
- 7) the manner and procedure for regulating the flow and pressure of natural gas through the distribution network;
- 8) the manner and procedure for harmonisation of the activities in the natural gas distribution system with the activities in the natural gas transmission system;
- 9) the functional requirements and the accuracy class of the measuring devices, as well as the manner of measuring the quantities of natural gas;
- 10) the planning for the maintenance and development of the natural gas distribution system;
- 11) the manner of harmonisation with the users of the natural gas distribution system in cases of planned interruptions;
- 12) the contents of the natural gas distribution system development plans, as well as the manner and procedure under which the system users shall submit data required for creation of development plans;

- 13) the quality of the natural gas dispatch service;
- 14) the forecast of the needs for natural gas, based on the data obtained from the suppliers and the plans for the development of consumers;
- 15) the manner and procedure for providing information to the system users and
- 16) the manner of cooperation with the transmission system operator and the remaining natural gas distribution system operators.

(2) In cases when there are multiple natural gas distribution system operators, the Energy Regulatory Commission shall ensure the mutual harmonisation of the individual Natural Gas Distribution Grid Codes.

### **Separation of Activities**

#### **Article 133**

(1) A company that holds a license for performing natural gas distribution activity shall not have a license and shall not participate in the performance of the activities of natural gas transmission, organisation and management of the natural gas market, natural gas trade and/or supply.

(2) In cases where the natural gas distribution system operator is part of a vertically integrated natural gas company, it shall, in terms of its legal personality, organisation and decision-making, be independent of - and act independently from - other activities not related to natural gas distribution. The independence of the natural gas distribution system operator shall not include the obligation to separate the ownership of the distribution system assets from the vertically integrated natural gas company.

(3) In order to fulfill the obligations referred to in paragraphs (1) and (2) of this Article, the vertically integrated company may make a change to another legal form, whereby any form of transfer of assets from the vertically integrated company to the newly formed company shall not be deemed to be a transaction in accordance with the taxation regulations.

(4) For the purposes of securing independence in the performance of the activity of the energy activity - natural gas distribution and for the purposes of performing the obligation for the provision of public service in a non-discriminatory, objective and transparent manner, the natural gas distribution system operator shall ensure that:

1) the persons participating in the management of the natural gas distribution system operator may not participate in the administrative and executive bodies of the natural gas transmission license holders, organisation and management of the natural gas market, natural gas trade and/or supply;

2) persons participating in the management of the natural gas distribution system operator are independent in their work and decision-making from the vertically integrated company and

3) the decision-making of the natural gas distribution system operator regarding the means necessary for the functioning, maintenance and development of the system are independent from the interests of the vertically integrated natural gas company it belongs to, for which the natural gas distribution system operator should have the necessary human, technical, financial and material resources available.

(5) In the event that the natural gas distribution system operator is part of a vertically integrated natural gas undertaking:

1) its independence shall not preclude the right of the vertically integrated natural gas company to approve the annual financial plan of the concerned natural gas distribution system operator and to determine global debt limits for the said natural gas distribution system operator;

2) the vertically integrated natural gas company shall not have the right to instruct the natural gas distribution system operator in relation to its daily operation, nor in relation to its individual decisions for the construction or expansion of distribution lines that are within the approved financial plan or equivalent instrument;

3) the natural gas distribution system operator shall not use its vertical integration in order to distort competition, and in particular it must not allow in its communication and the use of its firm to create confusion regarding the specific identity of the supply company which is part of the vertically integrated natural gas company.

(6) The natural gas distribution system operator, irrespective of the organisational form, upon previous approval by the Energy Regulatory Commission, shall appoint a harmonisation officer and shall adopt a harmonisation programme determining the measures to be undertaken for the purposes of non-discrimination of natural gas distribution system users based on any ground, obligations of employees in the realisation of the programme shall be defined, and the manner of monitoring of the harmonisation of the operation of the natural gas distribution system operator with the programme.

(7) The harmonisation officer of the natural gas distribution system operator shall submit an annual report for approval to the Energy Regulatory Commission, which shall indicate the measures undertaken in the previous year and the measures to be taken in the forthcoming period under the harmonisation programme referred to in paragraph (6) of this Article. The report referred to in this paragraph shall be published on the website of the natural gas distribution system operator.

(8) The harmonisation officer of the natural gas distribution system operator should have access to all information of the natural gas distribution system operator, as well as to any associated company with the operator of the natural gas distribution system in order to fulfill its tasks.

(9) Notwithstanding to paragraph (1) of this Article, the company that performs the activity of natural gas distribution may also perform activities of natural gas supply, natural gas supply with a public service obligation and natural gas supply of last resort if less than 100,000 consumers are connected to its system.

### **Closed Natural Gas Distribution System**

#### **Article 134**

(1) The Energy Regulatory Commission may grant the status of a closed natural gas distribution system, to a system in which natural gas is distributed within a geographically limited area where industrial production is carried out, trade activities are performed or joint services are provided and no natural gas supply is provided to households, if:

1) due to specific technical or safety reasons, the activities or the generation process of that users network are integrated; or

2) via the system distributes natural gas primarily to the owner or to the operator of the system or to their related companies.

(2) The Energy Regulatory Commission shall, by means of a rulebook, regulate the conditions and criteria for granting the status of a closed natural gas distribution system.

(3) The Energy Regulatory Commission shall issue, to the system operator referred to in paragraph (1) of this Article, a license for performing an energy activity - natural gas distribution in which the rights and obligations of the closed operator shall be determined.

The Energy Regulatory Commission may exempt the closed distribution system operator from the obligations regarding:

1) purchase of natural gas for covering the losses of natural gas and reserve capacities in its system according to procedures based on the principles of transparency, non-discrimination and competitiveness and/or

2) approval of tariffs, as well as the methodologies on the basis of which tariffs are calculated before their entry into force.

(5) When the exemption referred to in paragraph (4) of this Article is approved, the closed natural gas distribution system user may request from the Energy Regulatory Commission to review and approve the tariffs or methodologies for determining the calculation of the applied tariffs.

(6) The exemption referred to in paragraph (4) of this Article shall apply when the closed distribution system is occasionally used by a small number of households in the area where the closed system is located, although a member of the household is employed or is otherwise engaged with the closed distribution system owner.

### **Combined Operator**

#### **Article 135**

(1) Notwithstanding to Article 113 paragraph (1) and Article 133 paragraph (1) of this Law, the company may function as a combined natural gas transmission and distribution system operator, to which a license for natural gas transmission and distribution is issued, pursuant to this Law.

(2) The combined operator referred to in paragraph (1) of this Article shall have the same rights and obligations as the natural gas transmission system operator and the distribution system operator in accordance with this Law.

(3) The combined operator referred to in paragraph (1) of this Article may not be issued a license to perform the activities of organising and managing the natural gas market, natural gas trading or natural gas supply.

(4) The Energy Regulatory Commission shall, by means of a rulebook, regulate the conditions and criteria for granting the status of a closed natural gas transmission and distribution system.

## **VII.5. SUPPLIERS, TRADERS AND CONSUMERS OF NATURAL GAS**

### **Natural gas suppliers**

#### **Article 136**

(1) The natural gas supplier shall purchase natural gas in the Republic of Macedonia and/or from abroad for the purpose of sale to its consumers, including electricity and/or heat producers, other suppliers, traders, the natural gas transmission or distribution system operator and other participants in the natural gas market.

(2) The natural gas supplier who has committed to deliver natural gas shall provide the necessary transmission and/or distribution capacity of the respective operators.

(3) The natural gas supplier, on the basis of the measurements performed by the appropriate distribution system operator, shall invoice its consumers for the delivered natural gas at the agreed price, whereby the invoice will include the fees for using the transmission system, the fee for the use of the natural gas market and/or the fee for using the natural gas distribution system.

(4) The natural gas supplier shall be obliged in accordance with this Law and the regulations and rules adopted on the basis of this Law, to:

- 1) fulfil its obligations to consumers in terms of security and volume of supply;
- 2) provide for its consumers quality service specified in the rules for the natural gas supply;
- 3) provide non-discriminatory treatment to all consumers;
- 4) submit to the natural gas transmission system operator data on the transactions and plans for consumption of natural gas for its consumers, necessary for the calculation of the imbalances;
- 5) enable consumers to receive regular and accurate notifications of actual consumption and costs for natural gas in order to be able to manage their consumption;
- 6) pay the purchased quantities of natural gas, as well as the system services provided by the operator of the natural gas transmission system and/or the operator of the natural gas distribution system;
- 7) enable a supplier to be changed in a transparent and non-discriminatory manner, at no cost to the consumer, within a period not longer than three weeks from the day when the consumer has submitted a request for supply to the new natural gas supplier;
- 8) provide for each change of a natural gas supplier, the consumer to receive a final closure of the account within six weeks of the occurrence of the change of the supplier;
- 9) establish procedures for the efficient resolution of complaints to its customers within 60 days, including the possibility of out-of-court settlement of disputes and the obligation for reimbursement and/or compensation of assets when justified;
- 10) publish on its website the terms of the natural gas supply contracts for each category of consumers and
- 11) work on the principles of objectivity, transparency and non-discrimination and publish general statistics related to its consumers, as well as its activities, taking into account the protection of confidentiality.

(5) The natural gas supplier, the Energy Regulatory Commission, the Commission for Protection of Competition and the Secretariat of the Energy Community shall provide insight into the data relating to its transactions and derivatives for the purchase of natural gas with the eligible customers for independent participation in the natural gas market, as well as with the operator of the natural gas transmission system or the operator of the natural gas distribution system or the natural gas market operator realized in the last five years.

(6) The data referred to in paragraph (5) of this Article shall include details on the characteristics of the relevant transactions such as duration, delivery and settlement rules, the quantity, the dates and times of execution and the transaction prices and



means of identifying the wholesale customer concerned, as well as specified details of all unsettled natural gas supply contracts and natural gas derivatives.

### **Public service for the natural gas supply**

#### **Article 137**

(1) Natural gas supplier under public service obligation to ensure public service of natural gas supply, who shall be selected in accordance with paragraphs (3) to (7) of this Article, shall be obliged:

- 1) to inform the customers about their rights and the conditions for being supplied natural gas under public service;
- 2) to apply the price of natural gas established in accordance with the tariff system referred to in Article 29 paragraph (1);
- 3) to notify the customers on the terms and conditions of supply and price of the natural gas, and inform them that they have the right to switch to another natural gas supplier;
- 4) to supply natural gas as a public service to household customers and small non-household customers within the territory for which it is licensed to perform its public service obligation to ensure public service of natural gas supply;
- 5) to procure natural gas under market conditions and select the best offer that enables it to provide efficient provision of the public service;
- 6) to publish on its website the supply prices within the public service for the supply of natural gas.

(2) Natural gas prices charged by a natural gas supplier that has a public service obligation shall:

- 1) be objective and transparent;
- 2) be cost-reflective in respect of the charges relating to natural gas supply;
- 3) be readily comparable with the prices of the other natural gas suppliers; and
- 4) not discriminate consumers of the same category.

(3) On proposal of the Ministry or local self-government unit, the Government, upon previously received opinion from the Energy Regulatory Commission, shall adopt a decision for conducting a tender procedure by means of a public call in accordance with the regulations regulating the procurement of a public service for the selection of a natural gas supplier with a public service obligation.

(4) The decision referred to in paragraph (3) of this Article shall stipulate in particular:

- 1) the criteria for selecting a natural gas supplier with a public service obligation;
- 2) tender conditions;
- 3) the deadline for adopting a decision on the selection of the most favourable bidder or for annulment of the procedure and
- 4) the duration for which the natural gas supplier is appointed with a public service obligation that cannot be longer than five years.

(5) In the procedure referred to in paragraph (3) of this Article, bids may be

submitted by companies that have a license for natural gas supply issued by the Energy Regulatory Commission.

(6) In the event that a natural gas supplier with a public service obligation is not selected after conducted tender procedure referred to in paragraph (3) of this Article, the Government shall, within three months from the completion of the first procedure, initiate a new tender procedure by way of a public call for the selection of a natural gas supplier with a public service obligation.

(7) In the event that the second procedure fails, the Government, upon a proposal from the Ministry, upon a previously received opinion from the Energy Regulatory Commission, shall decide on the appointment of a natural gas supplier with a public service obligation for a period that cannot be longer from five years, in accordance with Article 6 of this Law.

(8) The obligations referred to in Article 136 paragraphs (5) and (6) of this Law shall also apply to the supplier of natural gas with a public service obligation.

### **Natural gas last resort supply**

#### **Article 138**

(1) A natural gas supplier of last resort shall be obliged to supply consumers who have not been provided with a natural gas supplier in cases when:

- 1) the previous supplier has terminated the fulfilment of its supply obligations under the existing supply contracts;
- 2) a bankruptcy procedure has been initiated by the previous supplier by personal management, or at the request of a creditor, as well as liquidation;
- 3) the license of the previous supplier has been suspended, permanently revoked or has ceased to exist; and
- 4) consumers have not concluded a new contract for the supply of natural gas after the termination or expiration of the existing supply contract.

(2) The natural gas supplier who is unable to provide natural gas supply to its consumers, in the cases referred to in paragraph 1 items 1) and 2) of this Article, shall within the deadline set in the supply rules inform the supplier of natural gas of last resort, its consumers, the Energy Regulatory Commission and the operators of the natural gas transmission and distribution system for the day when the natural gas supply will be ceased. In this case, the consumer shall be automatically supplied through a natural gas supplier of last resort.

(3) When a natural gas supplier is unable to supply natural gas to its consumers, in the cases referred to in paragraph (1) item 3) of this Article, the Energy Regulatory Commission shall notify its consumers, the natural gas supplier of last resort, and the operators of the natural gas transmission and distribution system for the day when the natural gas supply will be ceased:

- 1) at least 15 days before the day of entry into force of the decision to terminate the validity of the license or
- 2) at least three days before the day of entry into force of the decision to suspend or permanently revoke the license.

(4) The natural gas supplier who has not concluded a new natural gas supply contract after the termination of the existing natural gas supply contract, in the cases

referred to in paragraph (1) item 4) of this Article, shall within the deadline determined by the rules for the supply notify the natural gas supplier of last resort and the Energy Regulatory Commission, the operator of the natural gas transmission system and the natural gas distribution system operator for the day and hour when the natural gas supply will be ceased.

(5) The contract for the natural gas last resort supply shall be deemed to have been concluded on the day when the conditions for exercising the right to last resort supply in paragraph (1) items 1), 2) and 3) of this Article are met.

(6) The natural gas last resort supply in accordance with paragraph (1) items 1), 2) and 3) of this Article, shall begin with:

- 1) cease of the supply by the previous supplier or
- 2) supply to the consumer who has not concluded a supply contract with another supplier.

(7) The natural gas supplier of last resort shall sell natural gas at market prices, which will be published on its website and shall be updated at least once a month. A natural gas supplier in the last resort shall have the right to request an instrument for securing payment from consumers who are not eligible for public service.

(8) The natural gas supplier of last resort, in order to meet the needs of its customers, shall provide the necessary transmission and/or distribution capacity and other services from the operators of the transmission and distribution systems by tariffs previously approved and published by the Energy Regulatory Commission, if such obligation is transferred by the consumer under the conditions laid down in the natural gas supply contract.

(9) The natural gas last resort supply cannot last more than 90 days.

(10) Where a consumer supplied by a natural gas supplier of last resort fails to conclude a supply contract with a new natural gas supplier within the period specified in paragraph 9 of this Article, the transmission system operator or the operator of the natural gas distribution system shall be obliged to cease the natural gas supply to the affected consumer.

(11) The natural gas transmission system operator and the natural gas distribution system operator shall be obliged to provide an information to the natural gas supplier of last resort for consumers who have started last resort supplying within a period of five days from the date of the notification referred to in paragraphs (3) and (4) of this Article.

(12) The obligations referred to in Article 136 paragraphs (5) and (6) of this Law shall also apply to the natural gas supplier of last resort.

### **Procedure for election of a supplier of last resort**

#### **Article 139**

(1) After conducting the tender procedure with a public call, the Government, in accordance with the regulations regulating the procurement of a public service, shall adopt a decision on the choice of the supplier with the obligation to provide natural gas last resort supply.

(2) The supplier referred to in paragraph (1) shall be elected for a period of five years.

(3) On proposal of the Energy Regulatory Commission, the Government shall adopt

the tender documentation and adopt a decision on the implementation of the procedure referred to in paragraph (1) of this Article within 12 months before the expiration of the period for which the existing supplier is selected to provide a natural gas last resort supply.

(4) The procedure referred to in paragraph (1) of this Article shall be carried out by a Commission established by the Government.

(5) In evaluating the bids the following criteria shall be taken into account:

1) the offered price for natural gas for the first year of supply and the manner of determining the prices for the next four years;

2) availability of sources for providing the necessary quantities of natural gas specified in the tender documentation, as well as the possibility and conditions for providing additional necessary quantities and

3) References of the bidder, in particular financial capacity, technical and personnel capability, experience in the performance of the energy activity natural gas supply.

(6) The Commission referred to in paragraph (4) of this Article shall collect evaluate and rank the tenders of the Government and submit a report on the conducted procedure with a proposal, a decision on the selection of the most favourable bid or annulment of the procedure.

(7) In the procedure referred to in paragraph (1) of this Article, the provisions of the Law on Concessions and Public-Private Partnerships shall also be applied accordingly.

(8) If, in the procedure referred to in paragraph (1) of this Article, a supplier who is obliged to provide a natural gas last resort supply is not selected, the last resort supply shall be performed by the existing supplier of last resort.

### **Communicating with consumers**

#### **Article 140**

(1) The natural gas supplier shall establish a single contact centre that is staffed and technically equipped, through which it shall promptly provide its customers, in a transparent and non-discriminatory manner, without payment of compensation, with all necessary information regarding their rights and obligations, the application of the applicable regulations and the ways of acting upon complaints and settling disputes. The supplier shall in particular provide the customers with information on:

1) the applicable prices for natural gas and for the standard conditions, with regard to access to and use of services;

2) different payment methods that prevent discrimination between consumers;

3) the procedure, conditions and manner of changing the supplier;

4) the conditions, manner and procedure for starting the natural gas last resort supply.

(2) The natural gas supplier in relation to the single contact centre referred to in paragraph (1) of this Article shall:

1) adjust the working hours of the consumer contact centres according to the needs of the consumers;

2) mediate with the operator of the natural gas transmission system or the relevant natural gas distribution system operator in relation to complaints and/or information concerning issues regulated by the contact for use of the natural gas transmission and distribution networks.

(3) The natural gas supplier shall, upon prior approval by the Energy Regulatory Commission, provide a copy of a consumer reminder to its customers, containing practical information on consumer rights and publish it on its website.

### **Natural gas traders**

#### **Article 141**

(1) The natural gas trader in accordance with this Law and the regulations and rules adopted on the basis of this Law, shall purchase natural gas in the natural gas market in the Republic of Macedonia or abroad for the purpose of sale to other traders, suppliers, consumers who fulfill the conditions for independent market participation, the natural gas transmission system operator and the natural gas distribution system operator, as well as for sale abroad.

(2) The natural gas trader shall be obliged to submit to the natural gas transmission system operator and the natural gas market operator timely information on the quantities of natural gas and the corresponding timetable determined in all contracts for the purchase and sale of natural gas, as well as from the agreements on cross-border transactions through the natural gas transmission system, in accordance with the rules for the natural gas market and the rules for granting cross-border transmission capacities.

(3) In case of cross-border natural gas transactions, the natural gas trader is obliged to provide sufficient transmission capacity, including cross-border and/or distribution capacity and ancillary services, in accordance with this Law and the regulations and rules adopted on the basis of this Law.

(4) The natural gas trader shall be obliged to perform its duty in accordance with this Law and the regulations and rules adopted on the basis of this Law, and in particular:

1) fulfill the financial guarantee requirements stipulated by the natural gas transmission system operator and related to the obligations on balancing between anticipated and realized natural gas transactions;

2) upon request of the Energy Regulatory Commission, timely submit information and reports on the transactions in natural gas and business activities in the Republic of Macedonia;

3) invoice its customers the natural gas delivered, as well as transmission and/or distribution capacity secured, provided it was authorized to secure the capacity in question by the customer;

4) ensure the confidentiality of the data and quantities of natural gas delivered to consumers.

(5) The trader, shall provide to the Energy Regulatory Commission, the Commission for Protection of Competition and the Secretariat of the Energy Community an insight into the data relating to all its transactions for the purchase of natural gas with the eligible customers for independent participation in the natural gas

market, as well as with the operator of the natural gas transmission system or the operator of the natural gas distribution system or the natural gas market operator for at least the period of the last five years.

6) The data referred to in paragraph (5) of this Article shall contain details of the characteristics of transactions such as duration, delivery and settlement rules, quantity, dates and timing of execution and transaction prices and means of identification of the wholesaler concerned, as well as details of all unsettled contracts for natural gas supply.

### **Natural gas consumers**

#### **Article 142**

(1) Any natural gas consumer may, by choice, be supplied with natural gas from a supplier in accordance with the conditions laid down by this Law and the rules for the supply of natural gas.

(2) Notwithstanding paragraph (1) of this Article, consumers who fulfill the conditions for independent participation on the natural gas market may also purchase natural gas from natural gas traders.

(3) The consumers referred to in paragraph (2) of this Article may purchase natural gas from a supplier or trader registered in another country that has acceded to all valid international agreements in the field of natural gas that the Republic of Macedonia has ratified, provided that such supplier is to comply with the regulations and rules adopted on the basis of this law.

(4) Natural gas consumers, in order to meet their needs, shall provide adequate transmission and/or distribution capacity or may delegate that obligation to their suppliers or traders.

(5) Natural gas customers shall be entitled to receive all relevant consumption data from their respective natural gas suppliers. The specific content of the data referred to in this paragraph shall be further elaborated in the Natural Gas Supply Rules.

## **VII. CRUDE OIL, OIL DERIVATIVES AND FUELS FOR TRANSPORT MARKET**

### **The entities performing energy activities on:**

#### **Article 143**

(1) The entities performing energy activities on:

- 1) crude oil processing and oil derivatives production;
- 2) production of fuels for transport by blending oil derivatives and biofuels;
- 3) transport of crude oil through an oil pipeline;
- 4) transport of oil derivatives through a product pipeline and
- 5) wholesale trade of crude oil, oil derivatives, biofuels and fuels for transport, they shall use and maintain the facilities, devices and installations for performing energy activities in accordance with the technical regulations and standards and other regulations for safe and safe operation and environmental protection.

(2) The technical regulations referred to in paragraph (1) of this Article shall be adopted by the Minister, upon previously obtained consent from the Minister competent for matters in the field of transport and communications, the Minister competent for

matters in the field of environmental protection and the Minister competent for matters in the field of internal affairs.

(3) New facilities for the transport of crude oil and new facilities for the transport of oil derivatives and transport fuels shall be constructed by legal entities on the basis of an authorisation issued by the Government by applying the provisions of Articles 52 to 60 of this Law.

### **Rules for operating an oil pipeline**

#### **Article 144**

(1) The operator of the activity transporting crude oil through an oil pipeline shall be obliged, upon prior approval by the Ministry, to adopt the operating rules of the pipeline and publish them on its website. These rules shall govern in particular:

- 1) technical conditions for the transport of crude oil;
- 2) the technical conditions for the maintenance and safe operation of the oil pipeline;
- 3) the measures and procedures to be implemented in cases of major accident;
- 4) the manner, conditions and procedure for the agreed access of a third party to the crude oil transport system;
- 5) the functional requirements and the accuracy class of the metering devices, as well as the manner of metering the transported quantities of crude oil and
- 6) any other terms and conditions required for safe and reliable transport.

(2) The operator of the activity transporting crude oil through an oil pipeline shall be obliged to prepare the rules referred to in paragraph (1) of this Article in accordance with the technical regulations referred to in Article 143 of this Law. The rules referred to in paragraph (1) of this Article shall be submitted to the Ministry for approval, upon previously received opinions from the ministries referred to in Article 143 paragraph (2) of this Law. The ministries are obliged to submit the opinions to the Ministry within a deadline not longer than 30 days.

### **Rules for work on the product pipeline**

#### **Article 145**

(1) The operator of the activity transporting oil derivatives through a product pipeline shall be obliged, upon prior approval by the Ministry, to adopt the operating rules of the product pipeline and publish them on its website. These rules shall govern in particular:

- 1) technical conditions for the transport of oil derivatives;
- 2) the technical conditions for the maintenance and safe operation of the product pipeline;
- 3) the measures and procedures to be implemented in cases of major accident;
- 4) the manner, conditions and procedure for the agreed access of a third party to the oil derivatives transport system;
- 5) the functional requirements and the accuracy class of the metering devices, as well as the manner of metering the transported quantities of oil derivatives and

- 6) any other terms and conditions required for safe and reliable transport.
- (2) The operator of the activity transporting crude oil through a product pipeline shall be obliged to prepare the rules referred to in paragraph (1) of this Article in accordance with the technical regulations referred to in Article 143 of this Law. The rules referred to in paragraph (1) of this Article shall be submitted to the Ministry for approval, upon previously received opinions from the ministries referred to in Article 143 paragraph (2) of this Law. The ministries are obliged to submit the opinions to the Ministry within a deadline not longer than 30 days.

### **Trader**

#### **Article 146**

Any wholesale trader in fuels shall purchase crude oil, oil derivatives, biofuels, bioliquids and/or fuels for transport from the producers, trade with other wholesale traders in fuels and supply the retail traders and customers with fuels.

- (2) Any wholesale trader in fuels should own or have the right to use the storage premises for crude oil, oil derivatives, biofuels, bioliquids and/or fuels for transport.
- (3) Any wholesale trader in fuels shall be obliged to hold operational reserves in oil derivatives and fuels for transport
- (4) The Minister shall prescribe the level and method of calculation of the operational reserves referred to in paragraph (3) of this Article by a Rulebook.
- (5) In the case of supply difficulties and certain technical problems, the Government, upon a request of the Ministry, may, by a decision authorise the use of the operational reserves referred to in paragraph (3) of this Article.
- (6) The retail trader in fuels shall perform its activity at petrol stations or appropriate facilities that meet the requirements stipulated by law or other regulation.
- (7) Consumers can purchase oil derivatives, biofuels and fuels for transport also from abroad, provided that the oil derivatives or fuels for transport are used for their own use, and this activity shall not require a licence on wholesale trade in crude oil, oil derivatives, biofuels or fuels for transport.

#### **Sale of liquefied petroleum gas and compressed natural gas**

##### **Article 147**

- (1) The wholesale trader in crude oil, oil derivatives and fuels for transport can fill and distribute pressure vessels with liquefied petroleum gas (LPG) i.e. compressed natural gas for single or multiple use provided it has already constructed or obtained the right to use the LPG filling facilities which fulfill the stipulated requirements and standards related to construction, maintenance and safe operation.
- (2) The firm or part of the trader's firm must be indicated on each individual pressure vessel for liquefied petroleum gas and compressed natural gas.

#### **Storage facilities**

##### **Article 148**

- (1) A facility for storing crude oil, oil derivatives, biofuels or transport fuels shall represent a technical-technological and functional whole intended for storage consisting of tanks and auxiliary plants, which must fulfill the prescribed conditions for construction, maintenance, fire protection, environmental protection, as well as the



conditions for recording the quantities and the required capacity.

(2) The Minister shall prescribe the conditions for recording the quantities and the required capacity of the facilities referred to in paragraph (1) of this Article by a Rulebook.

### **Pricing**

#### **Article 149**

Upon a request from the company that carries out energy activity processing of crude oil and production of oil derivatives, the Energy Regulatory Commission shall adopt a decision on the highest refinery and retail prices of certain oil derivatives and transport fuels in accordance with the regulation referred to in Article 28 of this Law.

### **Quality**

#### **Article 150**

(1) Upon a proposal by the Ministry, the Government shall adopt a decree on the quality of liquid fuels, which, in particular, shall regulate:

- 1) type of liquid fuels that can be marketed, as well as their characteristics;
- 2) manner of determining the liquid fuel quality;
- 3) manner and procedure on monitoring the liquid fuel quality;
- 4) rights and obligations of the crude oil, oil derivatives and fuels for transport market participants referred to in paragraphs (2) and (3) of this Article, and
- 5) rights and obligations of market participants and state authorities in the transitional period required for replacing the reserves of blends of oil derivative and biofuels for transport.

(2) The liquid fuels market participants shall be obliged to comply with the obligations stipulated in the act referred to in paragraph (1) of this Article.

(3) The quality of oil derivatives and transport fuels shall be confirmed by a declaration of conformity that the manufacturers, wholesalers of the derivative or transport fuel, retailers of fuels, as well as consumers who procure oil derivatives, biofuels and fuels for transport from abroad shall obtain from legal entities accredited in accordance with the standard MKS EN ISO/IEC 17020 on the basis of a report for testing the quality of the derivative or fuel for transport by laboratories accredited in accordance with the standard MKS EN ISO/IEC 17025.

(4) In the Republic of Macedonia, crude oil, oil derivatives, biofuels and/or fuels for transport the market cannot be imported and traded, unless a declaration of conformity referred to in paragraph (3) this Article has been issued for those products.

## **IX. HEAT ENERGY MARKET**

### **Energy activities**

#### **Article 151**

For the purpose of reliable, safe, uninterrupted and quality heat energy supply to the customers on their territories, the local self-government units shall be obliged to enable the performance of the following energy activities:

- 1) heat energy generation;

- 2) heat energy distribution; and
- 3) heat energy supply.

### **Producer**

#### **Article 152**

The heat energy producer shall:

- 1) be the owner or be entitled to use and manage the operation of a heating energy production plant in accordance with this Law and the regulations and rules adopted on the basis of this Law and the conditions and obligations stipulated in the license and
  - 2) perform heat sale to the operator of the heat distribution system to which it is connected, under conditions determined by this Law and the regulations and rules adopted on the basis of this Law.
- (2) The producer of heat energy may sell heat energy to consumers directly connected to its production plant.
- (3) The heating energy producer shall be obliged to submit to the Energy Regulatory Commission and the Mayor of the Local Self-Government Unit annual reports on the equipment, facilities, maintenance plans, as well as the planned capacity, pursuant to the licence issued.

### **Regulated heat energy production;**

#### **Article 153**

- (1) The perpetrator of the regulated energy activity production of heat energy shall be obliged to provide a public service production of heat for the needs of the consumers and to provide energy for covering the losses in the system, system reserve and ancillary services for maintaining the necessary operating parameters within the heating system to which it is connected.
- (2) The Energy Regulatory Commission shall issue a license to the performer of the energy activity regulated production of heat energy (hereinafter: regulated producer) of the manufacturer of heat energy that meets the following conditions:
  - 1) to own or to be entitled to use facilities that are intended for production of heat energy and are not less than two thirds of the total installed capacity of the connected consumers;
  - 2) to be able to maintain the stipulated temperature mode of its heat energy generation plants and required pressure of the heat carrier as stipulated under the Heating Energy Distribution Grid Code;
  - 3) to be financially capable of supplying the necessary fuel for the production of heat energy and
  - 4) to have a staffing that enables reliable, safe and uninterrupted production of thermal energy with prescribed quality.
- (3) Notwithstanding paragraph (2) of this Article, in the systems for distribution of thermal energy to which only one producer of heat energy has been connected, that producer shall be issued a license for regulated production of heat energy.
- (4) The regulated thermal energy producer shall be obliged during the heating

season to provide operational reserves of alternative fuel in an amount that is required for at least 15 days of work with maximum capacity. Minimum operational reserves of alternative fuel shall be specified in the license for performing the activity.

(5) The Energy Regulatory Commission shall adopt a Rulebook on determining the prices for heat energy and ancillary services, which shall regulate the manner, procedure and methodology for determining the charges for ancillary services and system reserve, the regulated price for the produced heat, the manner of determining the price at which the operator of the heat distribution system purchases the heat energy produced by the heat energy producer, as well as the period for which it is calculated according to the weighted price of heat energy.

### **The heat energy distribution system operator**

#### **Article 154**

(1) Distribution of heat energy shall be performed by a company that owns a heat energy distribution system or on the basis of an agreement for establishing a public private partnership for the construction of a new system or public service contract, management, use, maintenance and expansion/upgrading of an existing heat energy distribution system or by public enterprises or other legal entities established by the Local Self-Government Units.

(2) Based on the licence issued, the heat energy distribution system operator shall perform the heating energy distribution activity and shall operate the heating energy distribution system.

(3) The users of the heat distribution system shall be the producers, suppliers and consumers of heat energy.

(4) The operator of the heat distribution system may temporarily discontinue the delivery of energy from the heat energy system when performing the planned inspections, tests, control measurements, maintenance, reconstructions, extensions of networks, devices and installations, as well as remediation of defects that caused unplanned interruptions in the delivery of heat energy, in order to protect the system.

The operator of the heat distribution system shall notify for such interruptions in accordance with the network rules for heat energy distribution.

### **Duties of the distribution system operator**

#### **Article 155**

(1) The heat energy distribution system operator shall be obliged to maintain, upgrade and expand the heat energy distribution network in the system and shall be obliged to:

1) secure safe and reliable heat energy distribution system operation, pursuant to the Heat Energy Distribution Grid Code and under terms and conditions stipulated in the licence;

2) maintain, develop and, when deemed cost-effective, expand the distribution system, pursuant to the Heat Energy Distribution Grid Code, as well as by means of system development plans, harmonized with the energy development plans and programs of the Local Self-Government Units;

3) join the producers and consumers of the distribution system it manages and to allow third party access to use of the distribution system in accordance with this Law

and the network rules for heat energy distribution on the basis of the principles of objectivity, transparency and non-discrimination, applying the prices and tariffs previously approved and published by the Energy Regulatory Commission;

- 4) secure the heat energy required to cover losses occurred in the distribution network and ancillary services from the regulated producer;
- 5) purchase, install and maintain metering devices on the exit points of generation plants and at heat substations connected to customers' facilities and to measure the heat energy received from or delivered to the heat system, pursuant to the Heating Energy Distribution Grid Code;
- 6) take all stipulated safeguard measures in the course of heat energy distribution system use, as well as environmental protection measures;
- 7) deliver heat energy from the connection point with the generation plants to the connection points with customers connected to the system (heating substation), pursuant to the Heat Energy Distribution Grid Code and the terms and conditions stipulated in the licence;
- 8) secure quality heat energy delivery through the distribution system;
- 9) harmonize the operations in the system with the producers, for the purpose of uninterrupted heat energy distribution;
- 10) supervise and test the heat energy distribution system;
- 11) monitor the technical and operational status at the heat energy distribution facilities; and
- 12) prepare a long-term forecast of the demand for heat energy for the needs of the regulated heat energy producer.

### **Obligations of the distribution system operator**

#### **Article 156**

- (1) The operator of the heat distribution system shall purchase the heat produced by the producers connected to the heat energy distribution system that it manages.
- (2) The heat energy distribution system operator shall be obliged, upon previously obtained approval from the Energy Regulatory Commission, to sign contract with the regulated heat energy producer for a period not shorter than one year and concerning:
  - 1) the provision of ancillary reserve;
  - 2) the provision of ancillary services required to secure the heat energy distribution system's operational parameters;
  - 3) the provision of heat energy to cover distribution system losses; and
  - 4) the provision of heat energy to address customers demand.
- (3) The contract referred to in paragraph (2) shall stipulate in particular:
  - 1) the manner and procedure on ancillary reserve and services provision, pursuant to the Heating Energy Distribution Grid Code; and
  - 2) the payment manner for services and heat energy provided by the regulated producer in the heat energy distribution system.
- (4) The heating energy distribution system operator shall be obliged to purchase the

heat energy delivered by the heat energy producers to the distribution system, provided that the heat energy price offered by the producer is lower than the regulated price for the heat energy generated by the regulated producer.

(5) The heat energy distribution system operator shall be obliged, upon previously obtained approval from the Energy Regulatory Commission, to sign contracts with heat energy suppliers on heat energy sale intended to address the customers demand.

(6) The price at which the operator of the heat distribution system sells the heat energy to the suppliers is calculated as the weighted price determined on the basis of the percentage shares of the energy from the regulated producer and the energy from the other producers and includes the fee for providing the system reserve and the ancillary services provided by the regulated producer.

(7) The heat energy distribution system operator shall be obliged to submit the Energy Regulatory Commission all documents related to the implementation of contracts signed with heat energy producers and suppliers, as well as the financial reports and audited financial reports developed by a certified auditor, operation reports and other data, pursuant to the terms and conditions stipulated in the licence issued by the Energy Regulatory Commission.

### **Network rules on the Heat Energy Market**

#### **Article 157**

The heat energy distribution system operator shall be obliged, upon previously obtained approval of the Energy Regulatory Commission, to adopt and publish in the “Official Gazette of the Republic of Macedonia“ and on its website the network rules on the heat energy distribution, which shall stipulate in particular:

- 1) the technical and technological terms and conditions for connecting customers and heat energy producers to the heat energy distribution system, based on the principles of non-discrimination, objectivity and transparency;
- 2) the technical and other terms and conditions that should be secured by the heat energy distribution system users;
- 3) the measures, activities and procedures in cases of major accidents;
- 4) the terms and conditions and manner of third party access to the heat energy distribution system, based on the principles of non-discrimination, objectivity and transparency;
- 5) the operational requirements and accuracy class of metering devices, as well as the metering and billing method for the heat energy delivered; and
- 6) the contents of distribution system development plans, as well as the manner and procedure under which the system users shall submit data required for the development plans;
- 7) the manner and procedure on ancillary reserve and services provision by the regulated producer;
- 8) the manner and procedure on data exchange between the heat energy distribution system operator, regulated producer, producers and suppliers; and
- 9) the manner and procedure on the provision of information to system users.

#### **|Heat energy supplier**

## **Article 158**

- (1) The heat energy supplier shall be obliged to supply the customers with whom it has signed supply contracts for reliable, uninterrupted and quality heat energy supply, pursuant to the Heat Energy Supply Rules, the supply contracts signed and the licence issued.
- (2) For all heating energy systems where it supplies the customers, the heat energy supplier shall be obliged to sign annual contracts with the heat energy distribution system operator as regards the heat energy purchase intended to address the customers demand, under prices and tariffs previously approved and published by the Energy Regulatory Commission.
- (3) The contracts referred to in paragraph (2) of this Article shall be approved by the Energy Regulatory Commission and shall stipulate in detail the mutual rights and obligations of suppliers and distribution system operators, based on the Heat Energy Distribution Grid Code and the Heat Energy Supply Rules.
- (4) The supplier of heat energy, on the basis of the readings of the metering devices and the readings of the devices for local distribution referred to in Article 159, paragraphs (4) and (5) of this Law, shall collect the delivered heat energy to the consumers at the price determined by the Regulatory Energy Commission.
- (5) The heat energy supplier shall be obliged to submit to the Energy Regulatory Commission annual reports on heat energy sold, pursuant to the terms and conditions stipulated in the licence.
- (4) The heat energy supplier shall be obliged to submit the annual reports referred to in paragraph (5) of this Article to the Ministry and Mayor of the Local Self-Government Unit on the territory of which it performs the activity.

## **Metering devices**

### **Article 159**

- (1) Metering devices at the exit points of the generation plant and the metering devices in the heat substations through which the consumer objects are connected to the distribution network are owned by the operator of the heat distribution system, including the metering devices in the heat substations in the buildings connected to the distribution network for the first time.
- (2) The location of metering devices shall be determined by the heat energy distribution system operator, depending on the technical possibilities at the site and they can be located inside or outside the customer's property.
- (3) When the metering device is located on the user's property, the user shall be obliged to allow the authorised person from the heat energy distribution system operator access to metering devices or connection on any property or facility, for the purpose of:
  - 1) reading metering devices;
  - 2) control, installation, supervision, change and maintenance of metering equipment;
  - 3) disconnecting the user in cases when it has acted in violation to terms and conditions for distribution network use as stipulated in the Heat Energy Distribution Grid Code, and

4) disconnecting the final customer, upon a request of the supplier, pursuant to the provisions of the Heat Energy Supply Rules.

(4) The device whose measurement serves to determine the local distribution of the heat energy between the various consumers in a facility in which only one such metering device is located shall be an integral part of the metering system of the heat energy consumed in the facility and is owned by consumers.

(5) Every facility with multiple consumers that joins the heat distribution system must have built-in metering devices of the local distribution of heat energy for each consumer individually.

(6) The procedure for the installation of devices whose measurement serves to determine the local distribution of heat energy in the new and existing buildings shall be regulated by the rules for heat energy supply, while the method for allocation and calculation of the consumed heat energy shall be regulated with the tariff system for heat energy sale.

(7) The method for reading the devices referred to in paragraph (4) of this Article shall be stipulated in the supply contract signed between the supplier and the customer, pursuant to the Heat Energy Supply Rules.

(8) The Heat Energy Supply Rules shall regulate the conditions, the manner and the procedure under which the consumer gives them to the supplier for managing and use the devices referred to in paragraphs (4) and (5) of this Article.

### **Consumer rights**

#### **Article 160**

The heat energy customers connected to the heat energy distribution system shall be entitled to choose their supplier at own preference.

### **Separation of activities**

#### **Article 161**

(1) The licence holder of the activity regulated heat energy generation cannot hold licence on heat energy distribution and supply activities.

(2) The licence holder of the activity heat energy distribution cannot hold licences on heat energy generation and supply activities.

(3) Notwithstanding paragraphs (1) and (2) of this Article, when the total installed capacity of final customers within a heat energy system is lower than 80 MW, the licences for performing activities for heat energy generation or regulated heat energy generation, heat energy distribution system operator and heat energy supply can be issued to one entity.

## **X. THIRD PARTY ACCESS AND CONNECTION TO NETWORK**

### **General provisions**

#### **Article 162**

(1) Transmission system operators and energy distribution systems operators shall be obliged, on the basis of previously approved and published tariffs applicable to consumers, to provide access to the appropriate system for all users of the system in an objective and transparent manner with which discrimination between system users will be disabled.

(2) Transmission system operators and energy distribution systems operators shall, in accordance with the relevant network rules, enable the connection of the respective system:

- 1) for all electricity customers and other users of the electricity transmission and distribution systems on the territory of the Republic of Macedonia;
- 2) for all consumers of natural gas or heat energy and all users of the natural gas transmission system and the distribution systems for natural gas or heat energy in the area where the service is provided.

### **Priority access**

#### **Article 163**

(1) The electricity transmission operator and the electricity distribution system operator shall be obliged, in an objective, transparent and non-discriminatory manner, to ensure priority of access to the systems and priority in the dispatching of electricity produced from renewable energy sources or from highly efficient combined plants in a manner and under conditions determined in the network rules, taking into account the limitations arising from the operational possibilities of the power system.

(2) If the electricity transmission operator and the electricity distribution system operator, in order to ensure the security of the supply or security of the relevant system, undertake measures that significantly limit the priority of access to the systems and/or priority when dispatching electricity produced from renewable sources energy and/or high-efficiency combined plants shall be obliged to notify the Energy Regulatory Commission of these measures, as well as for the operative market-oriented measures that they will undertake for the purpose of eliminating or reducing the restrictions and the pace of taking such measures.

### **Access and connection obligation**

#### **Article 164**

(1) The electricity and natural gas transmission and/or distribution system operator shall be obliged to allow the existing and new system users access to the relevant transmission or distribution network.

- 1) in an objective, transparent and non-discriminatory manner;
- 2) based on the principles of regulated third party access; and
- 3) under prices and tariffs previously approved and published by the Energy Regulatory Commission.

(2) The operator of the electricity transmission and/or distribution system shall not be entitled to refuse to connect:

- 1) a new electricity producer on the grounds that it will cause possible future restrictions on the available capacities, such as congestion in parts of the transmission and/or distribution system and
- 2) a new user with the explanation that it will cause additional costs to increase the required capacity of the system elements near the connection point.



(3) The operator of the natural gas transmission or distribution system shall not be entitled to refuse to connect a new industrial consumer on the grounds that it will cause restrictions on the available capacities in the network or because of additional costs related to the required capacity increase. The operator of the natural gas transmission and/or distribution system shall be obliged to provide sufficient input and output capacity for the new connection.

### **Denial of access**

#### **Article 165**

(1) The operator of the energy transmission or distribution system may take a decision denying the request for access only if:

- 1) it lacks the necessary transmission or distribution capacity;
- 2) the provision of access to some user would put at risk the safety of electricity supply in the Republic of Macedonia or
- 3) the provision of access to the relevant system would prevent the relevant system operator from carrying out its public service obligation; and/or

2) The operator who has refused the access in accordance with paragraph 1 of this Article shall be obliged to submit the decision on the denial and the explanation of the decision to the person who requested access in writing, and in the explanation of the decision to state the reasons for the denial, which must be based on technically and economically justified criteria, defined in the network rules for the transmission or distribution of the respective system.

(3) A person whose access to the system for transmission or distribution of electricity or natural gas was denied by the decision referred to in paragraph (1) of this Article or who is dissatisfied with the conditions for access to the system may submit a complaint to the Energy Regulatory Commission.

(4) The operator of the system for transmission and/or distribution of energy shall be obliged, for an appropriate fee approved by the Energy Regulatory Commission, to provide the person with denied access to the system, upon his request, with necessary information on the measures to be taken to improve the conditions in the system.

### **Principle "take-or-pay"**

#### **Article 166**

(1) The Energy Regulatory Commission may authorise the operator of the natural gas transmission and/or distribution system to be exempted from the obligation to grant access to a third party and deny the request for access to the transmission or distribution system for natural gas if the operator assesses that approval of the access will cause serious economic or financial difficulties due to previously assumed obligations arising from contracts based on the "take-or-pay" principle.

(2) The operator referred to in paragraph (1) of this Article shall request from the Energy Regulatory Commission an exemption from the obligation to grant access to a third party before taking the decision on denial of the access. The request shall be accompanied by all necessary information and data on the need of the access denial, including the nature and extent of the difficulties, as well as the measures taken by the operator to overcome them.

(3) If, on the basis of the information and data referred to in paragraph (2) of this

Article, the Energy Regulatory Commission considers that it is necessary to accept the request for exemption from the obligation to grant access to a third party, it shall adopt a detailed reasoned decision based of the following criteria:

- 1) the need to ensure a competitive, transparent and non-discriminatory natural gas market;
- 2) the need to fulfil the provision of public service obligations and to ensure the security of natural gas supply;
- 3) the position of the operator in the gas market and the actual state of competition in that market;
- 4) the seriousness of the economic and financial difficulties encountered by the operator of the transmission and/or distribution of natural gas or consumers;
- 5) the dates of signature and terms of the contract or contracts based on the "take-or-pay" principle, including the extent to which they permit changes in the market;
- 6) the measures undertaken by the operator of the natural gas transmission and/or distribution system to overcome the problem;
- 7) the level of connection of the natural gas system with other natural gas systems and the degree of interoperability of those systems; and
- 8) the effects that the exemption may have on the application of the provisions of this Law with regard to the smooth functioning of the natural gas market.

(4) The Energy Regulatory Commission shall reject the request for exemption from the third party's access obligation concerning contracts based on the "take-or-pay" principle concluded before 1 July 2006, if it finds that:

- 1) the sale of natural gas is not below the level of the minimum guarantee for takeover contained in the natural gas purchase contracts based on the "take-or-pay" principle, or
- 2) the natural gas purchase contracts of the "take-or-pay" principle can be adjusted or
- 3) the applicant is able to find alternative solutions.

(5) The Energy Regulatory Commission shall immediately submit to the Secretariat of the Energy Community the decision on the request for exemption from the third party's access obligation, to which all data and information on the basis of which the decision is made will be attached.

(6) The natural gas companies, which in accordance with the provisions of this Article did not allow the Energy Regulatory Commission to exempt from the obligation of access to a third party, shall accept all requests for access, despite the obligations from the contracts for the natural gas purchase based on the "take-or-pay" principle.

### **New interconnection line for electricity**

#### **Article 167**

(1) The operator of a new direct current interconnection line may request from the Energy Regulatory Commission an exemption for a specified period of time from the obligation to provide third party access to the new interconnection line. The request may apply for all or part of the capacity of the interconnection line. The Energy

Regulatory Commission will approve the request if the following conditions are met:

- 1) the investment in question results in increased competition in, and reliability of, electricity supply;
- 2) the risk associated with the investment is such that an investment cannot be realised if the exemption from the obligation to provide access to a third party is not allowed;
- 3) the interconnection line for which an exemption from the obligation of access to a third party is required must be owned by the person who is independent, at least in its legal form, from the operator of the electricity transmission system of the Republic of Macedonia and from the electric power system operator in whose system the interconnection line will be build;
- 4) the users of the interconnection line to be charged;
- 5) from 1 July 2007 not a single part of the capital or of the operating costs of the interconnection line can be recovered through fees for the use of electricity transmission or distribution systems related to the interconnection line and
- 6) the exemption from the obligation to provide access to a third party shall not affect the competition and the efficiency of the electricity market in the region, as well as the efficient operation of the regulated transmission system that connects the interconnection line.

(2) The request for exemption from the obligation to provide third party access for alternating current interconnecting line for may be submitted to the Energy Regulatory Commission provided that the costs and risks associated with the investments are significantly higher compared to the usual costs and risks for connection of two electric power transmission systems with alternating current interconnection line, as well as with significant increase of the capacity of the existing interconnection lines.

(3) For each individual request for exemption from the obligation to provide access to a third party to an interconnection line, the decision shall be jointly adopted by the Energy Regulatory Commission and the competent regulatory authority of the other country concerned. By this decision, the exemption may be granted to all or part of the capacity of the new interconnection line or the existing interconnection line whose capacity has been substantially increased.

(4) The Energy Regulatory Commission shall immediately inform the Energy Community Regulatory Board and the relevant regulatory authority of the other country concerned for each received request for exemption from the obligation to provide access to a third party in order to reach an agreement within a time period of no more than six months for the adoption of a joint decision on exemption.

(5) If, within 60 days from the date on which the request for exemption was submitted by the Energy Regulatory Commission, the Energy Regulatory Board has delivered an advisory opinion to the Energy Regulatory Commission and to the relevant regulatory body of the other country concerned, the Regulatory Commission on Energy and the competent regulatory body of the other country concerned may accept the advisory opinion as the basis for making the decision.

(6) The Energy Regulatory Commission and the competent regulatory authority of the other country concerned shall, when deciding upon each individual request for

exemption from the obligation to provide access for third parties, take into account:

- 1) the need for a limited duration of the exemption;
- 2) non-discriminatory access to the interconnection line;
- 3) the duration of the construction of the interconnection line;
- 4) any additional facilities to be constructed or existing facilities to be upgraded and
- 5) the conditions on the electricity market in the Republic of Macedonia, the other country concerned and the region.

(7) Before the decision to approve the exemption is made, the Energy Regulatory Commission and the competent regulatory authority of the other country concerned shall lay down the rules and mechanisms for the management and allocation of the capacity of the interconnection line, whereby in relation to the management of congestions an obligation is established:

- 1) unused capacity to be offered on the market and
- 2) the users of the facility have the right to offer their agreed capacities on the secondary market.

(8) In the assessment of the criteria referred to in paragraph (1), items 1), 2) and 6) of this Article, the results of the capacity allocation procedure shall be taken into account.

(9) Upon reaching the agreement, the Energy Regulatory Commission and the competent regulatory authority of the other country concerned shall adopt and publish the decision on the exemption from the obligation to provide access to a third party with an explanation and the conditions referred to in paragraph 6 of this Article, and they shall inform the Energy Community Regulatory Board about this.

(10) The Energy Regulatory Commission shall notify the Energy Community Regulatory Board and the Energy Community Secretariat about the decision adopted and shall submit the decision with a detailed explanation to the notification as well as all the information and data necessary for its adoption, which relates in particular to:

- 1) the reasons for the granting or refusal of exemption, as well as the financial data justifying the need for exemption;
- 2) analysis of the impact of the decision taken and the consequences arising from the decision on the competition and on the effective functioning of the electricity market;
- 3) the reasons for determining the time period during which the exemption will apply and the portion of the total capacity of the interconnection line for which the exemption is granted; and
- 4) the result of consultations of the Energy Regulatory Commission with the competent regulatory authority of the other country concerned.

(11) Before the adoption of the final decision, the Energy Regulatory Commission and the competent regulatory authority of the other country concerned shall be obliged to consider the opinion of the Secretariat of the Energy Community requesting the amendment or withdrawal of the decision to grant the exemption. If the final decision differs from the opinion of the Secretariat of the Energy Community, the final decision

shall give the explanation for its adoption.

(12) If the interconnection line has not begun to be built within two years, or if it is not put into service within five years from the day when the Secretariat for the Energy Community has delivered an opinion granting consent to the decision to grant exemption, The Energy Regulatory Commission shall request from the Energy Community Secretariat to prepare a new opinion or to extend the validity of the existing opinion if the delay in the commencement of the construction or putting into operation of the interconnection line occurred due to reasons which are beyond the control of the person who has been granted the right of exemption from the obligation to provide third party access.

(13) The Energy Regulatory Commission shall apply the decision on the exemption request issued by the Energy Community Regulatory Board if:

1) no agreement has been reached within six months from the date of submission of the request for exemption with the competent regulatory authority of the other State concerned or

2) The Energy Regulatory Commission and the competent regulatory authority of the other country concerned have jointly requested the Energy Community Energy Regulatory Council to make a decision on the request for exemption.

### **New natural gas infrastructure**

#### **Article 168**

(1) The operator of a new natural gas interconnection line or another large infrastructure facility for natural gas (hereinafter referred to as: infrastructure) may request the Energy Regulatory Commission for a certain period of time such infrastructure to be exempted from the application of the provisions of this Law which regulate the access for a third party to the infrastructure. The Energy Regulatory Commission may approve the application if:

1) the investment in infrastructure increases competition in natural gas supply and improves security of supply;

2) the risk associated with the investment is such that the investment will not be realised if the exemption from the obligation to provide access to a third party is not allowed;

3) the infrastructure is owned by a person who is independently, at least in its legal form, from the operators of the natural gas systems in whose systems the infrastructure will be built;

4) users will pay the fee for using the infrastructure and

5) the exemption does not affect the competition and the efficiency of the functioning of the natural gas market or the efficient functioning of the regulated system with which the infrastructure is connected.

(2) The exemption referred to in paragraph (1) of this Article shall also apply in cases of significant increase in the capacity and upgrading of the existing natural gas infrastructure, thus enabling the development of new sources for gas supply.

(3) The Energy Regulatory Commission shall be obliged to immediately submit any request for exemption to the Secretariat of the Energy Community.

(4) The Energy Regulatory Commission shall make a decision on the request for exemption from the obligation to provide access to a third party for each individual case referred to in paragraphs (1) and (2) of this Article.

(5) Depending on the type of infrastructure, when deciding upon the request for exemption, special conditions may be determined regarding the duration of the exemption and non-discrimination in the access to the infrastructure, whereby the Energy Regulatory Commission should take into account:

- 1) additional facilities to be constructed;
- 2) the increase or upgrading of the existing infrastructure;
- 3) the duration of the project and
- 4) the situation on the natural gas market in the Republic of Macedonia and in the region.

(6) The infrastructure operator for which an exemption from the obligation of access to a third party has been granted shall be obliged, prior to the approval of the exemption, to determine the Energy Regulatory Commission to submit the rules for the management and allocation of the facilities which particularly establish:

- 1) The obligation of potential users to express an interest in an agreed capacity before the allocation of infrastructure capacity is started;
- 2) Obligation to offer unused capacity and
- 3) The right of infrastructure users to trade with the unused capacity of the secondary market.

(7) The Energy Regulatory Commission shall be obliged to submit the proposal for the decision on the approval of the exemption to the Commission for Protection of Competition.

(8) The Energy Regulatory Commission shall immediately submit to the Secretariat of the Energy Community the decision on exemption together with an explanation which it should contain in particular:

- 1) the reasons on which basis the Energy Regulatory Commission rejected, i.e. approved the request for exemption, including the financial data justifying the need for exemption;
- 2) analysis of the impact of the granting of exemption on competition and the efficient functioning of the natural gas market;
- 3) the reasons for determining the time period during which the exemption will apply and the determination of the part of the total capacity of the water infrastructure for which the exemption was granted;
- 4) the result of consultations of the Energy Regulatory Commission with the competent regulatory authority of the other State concerned, in cases where the exemption relates to an interconnection line for natural gas; and
- 5) the contribution of the infrastructure to the diversification of natural gas supplies.

(9) At the request of the Energy Community Secretariat, the Energy Regulatory Commission shall submit additional information regarding the submitted decision

referred to in paragraph (4) of this Article.

(10) If within the deadline determined by the Energy Community Secretariat, the Energy Regulatory Commission fails to submit the requested additional information, it will be considered that the decision on the exemption together with the accompanying documentation has been withdrawn by the Energy Regulatory Commission; unless the Energy Regulatory Commission confirms that the accompanying documentation has been submitted in full.

(11) The Energy Regulatory Commission shall be obliged, within 30 days from the day of receiving the opinion of the Secretariat of the Energy Community, to act in accordance with that opinion and to inform the Energy Community Energy Regulatory Board thereof as well as to announce the decision in the "Official Gazette of the Republic of Macedonia".

(12) If the interconnection line has not begun to be built within two years, or if it is not put into service within five years from the day when the Secretariat for the Energy Community has delivered an opinion granting consent to the decision to grant exemption, The Energy Regulatory Commission shall request from the Energy Community Secretariat to prepare a new opinion or to extend the validity of the existing opinion if the delay in the commencement of the construction or putting into operation of the interconnection line occurred due to reasons which are beyond the control of the person who has been granted the right of exemption from the obligation to provide third party access.

## **Connection**

### **Article 169**

(1) Operators of transmission systems and systems for distribution of electricity or natural gas and distribution of heat energy shall be obliged to establish in the relevant network rules the rules for connection to the network and the methodology for calculating the connection fee. Connection rules should take into account, in a transparent, objective and non-discriminatory manner, the connection consequences that other network users will suffer, the point of connection to the plants, the facilities and devices for which connection is required, and the type of installation necessary for connection to the network.

(2) The fee for connection to the network, as well as the fee for changing the energy parameters defined in the consent for connection to an existing user, is paid by the user and it is consisted of a fee for construction of a connection or upgrade of the existing connection, as well as participation

in the costs of creating technical conditions in the system for connecting new users or increasing the capacity of existing connections.

(3) The compensation referred to in paragraph (2) of this Article:

- 1) shall be calculated pursuant to the methodology stipulated in the relevant Grid Code;
- 2) should provide revenue for the necessary investments that should ensure the viability of the respective networks and
- 3) is published on the operator's website of the appropriate transmission or

distribution system.

(4) The operator referred to in paragraph (1) of this Article shall be obliged to provide the persons requesting connection to the respective network detailed assessment of the costs for connection construction and estimation of the costs for creating the technical conditions in the network.

(5) The Energy Regulatory Commission shall oblige the respective operators at their own expense to construct the connections of the electricity producers from renewable sources on the network and to recover the connection costs incurred through the tariff for the regulated service, when necessary to fulfill the national mandatory purposes from Article 173 of this Law.

(6) The Energy Regulatory Commission shall prescribe the period for which the obligations of the operators referred to in paragraph (5) of this Article shall apply and the conditions to be met by the electricity producers from renewable sources to be connected to the corresponding system in accordance with paragraph (5) of this Article, as well as shall approve the project for each individual connection.

### **Compliance for connection**

#### **Article 170**

(1) The persons who are seeking connection of the transmission systems and the systems for distribution of electricity or natural gas and heat energy distribution, as well as users who require modification of an existing connection for the purpose of increasing the capacity are obliged to submit a request for connection to the network the appropriate transmission or distribution system operator in the manner and procedure specified in the relevant Grid Code.

(2) The persons referred to in paragraph (1) of this Article may join the appropriate system only on the basis of a decision on the consent for connection, issued by the operator of the system on which they are calling for connection in accordance with the respective Grid Code.

(3) The operator of the system for transmission or distribution of electricity, natural gas or heat in the relevant Grid Code shall provide for the deadlines for the adoption of the decision on the consent for connection.

(4) The decision referred to in paragraph (2) of this Article shall stipulate in particular:

- 1) technical terms and conditions for the connection;
- 2) the connection fee to be paid by the user;
- 3) the period during which the operator performs the connection and
- 4) the obligations of the operator regarding the connection.

(5) The decision on connection approval shall cease to be valid if the connection construction has not been initiated within the deadline set in the decision on connection construction approval.

### **Rights and obligations regarding connections**

#### **Article 171**

(1) The new facilities for expanding an existing energy system, including the construction of new or upgrade of existing connections owned by the operator of the



respective system or vertically integrated company, when provided for by this Law, shall be constructed by the operator of the respective system or vertically integrated company and are in their possession. When an operator of the appropriate system on behalf of a vertically integrated company builds new facilities for extending the existing system, including the construction of new or upgrading existing connections, they are owned by a vertically integrated company.

(2) Notwithstanding paragraph (1) of this Article, in cases when the connection is intended for one user (final customer, electricity or energy system or generation plant or heat energy), upon previously obtained approval from the operator, the connection in question can be constructed and owned by the user, pursuant to the relevant Grid Code.

(3) As part of the approval referred to in paragraph (2) of this Article and based on the relevant Grid Code, the relevant system operator shall determine the terms and conditions and the manner of connection construction.

(4) Against the decision of the appropriate system operator rejecting the request of the user for the construction of the connection referred to in paragraph (2) of this Article, the user may file a complaint to the Energy Regulatory Commission.

(5) If the user builds the connection at his own expense, he is obliged to pay the part of the connection fee related to the creation of technical conditions in the appropriate system for connection of new users or increasing the capacity of the existing connections, whereas the user pays only for the capacity specified in the request for connection referred to in Article 170 paragraph (1) of this Law.

(6) The user who has built the connection may transfer ownership of the connection of the system operator without compensation.

(7) If the user keeps the connection in his own possession, he/she shall be obliged:

1) enable the appropriate operator of the system to manage the connection on the operator's side in the manner and procedure provided for in the corresponding network rules;

2) ensure that the connection is maintained according to the criteria defined in the respective network rules.

(8) The connection charges paid by the operator of the respective system, the fees referred to in paragraph (5) of this Article, as well as the connections and other parts of the network that the users transfer to the appropriate system operator shall be taken into account in the determination of the regulated income of the appropriate system operator. The Energy Regulatory Commission, as part of the regulations referred to in Article 28, paragraph (1) of the present Law, shall stipulate in detail the manner and procedure on record keeping for the connection charges and assets the users transfer under operator's tenure without reimbursement.

(9) For the electrical energy facilities that are part of the electrical energy system, built with assets and owned by the users of the system, and not an integral part of the connection that is used exclusively by the owner of the electrical energy facilities, the appropriate system operator and the owner of the facility will conclude an agreement that will regulate the mutual rights and obligations arising from the use of the facility by the appropriate operator of the system in a manner and under conditions determined in the corresponding network rules.

(10) In order to fulfill the obligation to provide a public service, in accordance with

the provisions of this Law, the relevant transmission system operator and the system for distribution of electricity or natural gas or distribution of heat energy shall be obliged to maintain and manage the facilities for electricity or natural gas whose owner is unknown and which are an integral part of the respective system, and the costs for maintaining of these facilities are recognized by the Energy Regulatory Commission when determining the regulated operator`s revenue.

## **XI. RENEWABLE ENERGY SOURCES**

### **Action Plan for Renewable Energy Sources and a report on its implementation**

#### **Article 172**

(1) On the proposal of the Ministry, the Government, within six months from the day of adopting the Strategy, shall adopt an Action Plan for renewable energy sources for a period of ten years.

(2) The Action Plan for Renewable Energy Sources shall contain, in particular: review and assessment of the situation in the energy sector and the market for renewable energy sources, comparative analyzes, objectives and dynamics of the indicative trajectory, sectoral goals and annual forecasts and measures for achieving the objectives by determining the holders, deadlines and means of implementation.

(3) The adopted Action Plan for renewable energy sources shall be published on the web pages of the Government and the Ministry and in the "Official Gazette of the Republic of Macedonia".

(4) The Ministry shall monitor the implementation of the Action Plan for Renewable Energy Sources and every two years prepares a report on the realization in the previous two calendar years, which submits to the Government no later than November 30.

(5) If the share of energy from renewable sources in the last two years is less than the dynamics of the indicative trajectory, the Government shall adopt a revised Action Plan for renewable energy sources by 31 March of the following year and submit it to the Secretariat of the Energy Community.

The revised Action Plan for renewable energy sources determines measures that enable realization of the indicative trajectory.

(6) The Government shall immediately notify the Energy Community Secretariat in cases where due to force majeure, the percentage of participation of energy from renewable sources in the gross final energy consumption determined in the decision referred to in Article 173 paragraph (1) of this Law is not possible.

#### **National mandatory goals**

#### **Article 173**

(1) On the proposal of the Ministry, the Government shall adopt a decision determining:

- 1) national mandatory targets for the share of energy produced from renewable sources in the gross final energy consumption and
- 2) national mandatory targets for the participation of energy produced from renewable sources in the final energy consumption in transport.

(2) The mandatory objectives referred to in paragraph (1) of this Article and the periods to be achieved shall be determined in accordance with the national strategic and

planning documents and the obligations of the Republic of Macedonia undertaken with the ratified international agreements and shall be calculated in accordance with this Law and the regulations adopted on the basis of this Law.

(3) In order to fulfill the objectives referred to in paragraph (1) of this Article, the Government shall:

1) introduce and apply measures ensuring that the share of energy produced from renewable sources is equal to or greater than the national mandatory target determined by the Government decision referred to in paragraph 1 of this Article; and

2) determine the amount of support for energy from renewable sources produced in the contracting party of the Energy Community in a manner determined by the provisions of this Law and in accordance with the regulations on state aid.

(4) The Minister shall prescribe the methodology for calculating the share of energy produced from renewable sources in the gross final energy consumption in accordance with the rules, the application of which is obligatory in accordance with the ratified international agreements.

### **Statistical transfers**

#### **Article 174**

(1) The Government, upon a proposal of the Ministry, and in accordance with the obligations of the Republic of Macedonia undertaken with the ratified international contracts, shall request from the Council of Ministers of the Energy Community approval for concluding a contract for the statistical transfer of a certain amount of energy from renewable sources to a contracting party or a participating country of the Energy Community Treaty.

(2) In case when the Republic of Macedonia is included in the statistical transfer referred to in paragraph (1) of this Article, in any direction, the amount of energy that is subject to the statistical transfer, depending on the direction, shall be deducted from or added to the quantity of energy from renewable sources in the calculation of the fulfilment of the national mandatory objectives determined in the decision referred to in Article 173 paragraph (1) of this Law.

(3) The statistical transfer contracts referred to in paragraph (1) of this Article shall be for a period of at least one year.

(4) For every statistical transfer referred to in paragraph (1) of this Article, the Government shall notify the Energy Community Secretariat within 90 days after the end of the year in which the statistical transfer was made, indicating the quantity and the price of the energy included. The amount of energy that is subject to the statistical transfer can be used for the calculations referred to in paragraph (2) of this Article after the submission of the notification to the Energy Community Secretariat.

(5) The Government and the other Contracting Party for statistical transfer may agree conditions which are more stringent than those laid down in the provisions of this Article.

### **Joint projects with the Contracting Parties of the Energy Community**

#### **Article 175**

(1) The Government may cooperate with one or more Contracting Parties of the Energy Community in the implementation of joint projects involving the electricity

generation or heating or cooling energy produced from renewable sources. The realization of joint projects can involve private sector employees.

(2) For the produced energy from renewable sources within the joint project referred to in paragraph (1) of this Article, the Government shall submit a notification to the Energy Community Secretariat. The notification cannot be changed or withdrawn without the consent of the participating country in the joint project.

(3) The Government, within 90 days after the end of each year from the period determined in the decision referred to in Article 173 of this Law, shall notify the Energy Community Secretariat and the participating country in the joint project.

(4) The percentage or quantity of the produced energy referred to in paragraph (1) of this Article in the framework of a joint project shall be counted in the overall national target of the Republic of Macedonia. For the purpose of calculating the fulfilment of the national mandatory objectives determined by the decision referred to in Article 173 of this Law, the amount of electricity, heating or cooling energy from renewable energy sources shall be:

1) deducted from the amount of energy referred to in paragraph (1) of this Article which is taken into account when calculating the fulfilment of the objectives of the country submitting the notification referred to in paragraph 3 of this Article, and

2) added to the amount of energy referred to in paragraph (1) of this Article which is taken into account when calculating the fulfilment of the objectives of the country receiving the notification referred to in paragraph (3) of this Article.

(5) The duration of the joint project may continue after 2020, but the calculation in accordance with paragraph (4) of this Article must not continue after 2020.

### **Joint projects with a Member State of the European Union or a third country**

#### **Article 176**

(1) The Government may cooperate with a Member State of the European Union or a third country in the implementation of joint projects that cover the generation of electricity from renewable energy sources. The realization of joint projects can involve private sector employees.

(2) Electricity produced from renewable sources in a Member State of the European Union or a third country may be taken into account when calculating the fulfilment of the national mandatory objectives laid down in the decision referred to in Article 173 of this Law if the following conditions are met:

1) electricity is used in the Energy Community, provided that:

- the amount of electricity equivalent to the recorded electricity is permanently nominated in the assigned interconnection capacity of the operators of the electronic transmission systems in: the country of origin, the country where it is used and, where necessary, in each Member State of the European Union or a third country of transit,

- the amount of electricity equivalent to the recorded electricity is permanently registered in the balancing schedule of the operator of the electronic transmission system of the Republic of Macedonia; and

- the nominated capacity and production of electricity from renewable sources from the facility referred to in item 2) of this paragraph refer to the same time period.

2) electricity is produced in a new plant that has been built or an existing plant whose capacity has increased after 18 December 2012, within the framework of a joint project in accordance with paragraph 1 of this Article; and

3) the amount of produced and exported electricity has not been supported by a support measure from an EU Member State or a third country, other than investment aid granted for the construction or increase of the capacity of the plant.

(3) In accordance with the obligations of the Republic of Macedonia undertaken with the ratified international contracts, the Government shall notify the Energy Community Secretariat of:

1) the percentage or quantity of electricity produced from plants in the territory of an EU Member State or a third country which is counted in the national targets set out in the decision referred to in Article 173 of this Law or in the overall national target of each other country participating in the joint project referred to in Article 175 of this Law, and

2) the allocation of the percentage or the quantity referred to in paragraph (2) of this Article between the Republic of Macedonia and any other Member State of the European Union or a third country, which must not exceed the percentage or quantity exported and used in the European Union or the Energy Community, which meet the conditions set out in paragraph (2) point 1) of this Article.

(4) The Government, within 90 days after the end of each year within the period determined in the decision referred to in Article 173 of this Law, shall submit notification to the European Union Member State or the third State party to the joint project and to the Energy Community Secretariat in compliance with the provisions of this Article and stating:

1) the total amount of electricity or energy for heating or cooling produced from renewable sources during the year of the plant that was the subject of the notification; and

2) the amount of electricity produced from renewable sources during the year in that plant which is calculated in the total national targets determined in the decision referred to in Article 173 of this Law and in accordance with the conditions for notification referred to in paragraph (3) of this Article; and

3) the evidence for fulfilling the conditions set out in paragraph (2) of this Article.

(5) Notifications submitted pursuant to this Article may not be changed or withdrawn without the joint consent of the Government and the Member State of the European Union or of the third country party to the joint project.

(6) The amount of electricity produced from renewable energy sources notified in accordance with the provisions of this Article shall be added to the recorded quantity of energy from renewable sources for the purpose of calculating the fulfilment of the total national mandatory targets determined by the decision referred to in Article 173 of this Law.

(7) The duration of the joint project may continue after 2020, but the calculation in accordance with paragraph (3) of this Article must not continue after 2020.

### **Coordination of support measures**

#### **Article 177**

(1) In accordance with the obligations of the Republic of Macedonia undertaken with the ratified international contracts, the Government may decide to join or partially coordinate its measures to support the use of renewable energy sources with one or more EU Member States and/or with the Contracting Parties of the Energy Community, in which case, a certain amount of energy from renewable sources produced in the territory of the country participating in the joint support measures may be counted in the total national goal of the Republic of Macedonia and vice versa, if the country concerned:

1) makes a statistical transfer of certain quantities of energy from renewable sources in the Republic of Macedonia in accordance with Article 174 of this Law; or

2) in agreement with the other participating countries, establishes distribution rules according to which the quantities of produced energy from renewable sources will be distributed. The rules referred to in this item shall be submitted to the Energy Community Secretariat not later than 90 days after the end of the first year when the rules entered into force.

(2) Within 90 days after the end of each year, the Government shall submit the Energy Community Secretariat a notification of the total amount of electricity or energy for heating or cooling from renewable energy sources produced during the year subject to the rules for the distribution referred to in paragraph (1) item 2) of this Article.

(3) In order to calculate the fulfilment of the national mandatory objectives determined by the decision referred to in Article 173 of this Law, the amount of electricity or energy for heating or cooling from renewable energy sources notified in accordance with paragraph 2 of this Article shall be redistributed among the countries involved in accordance with the distribution rule referred to in paragraph (1) item 2) of this Article.

### **Calculation of energy produced when increasing capacity**

#### **Article 178**

In carrying out the calculations under Articles 175 and 176 of this Law, the amount of electricity produced from renewable sources, resulting from the increase in the capacity of the installation is considered to have been produced in a separate installation from the moment when the capacity increase occurred.

### **Technical specifications for equipment and systems for renewable energy sources**

#### **Article 179**

(1) Support measures shall be granted if the applicant installs equipment and systems for the production of energy from renewable sources that meet the relevant technical specifications.

(2) The Minister shall prescribe the technical specifications that the equipment and systems of renewable energy sources must fulfill in order to be able to use the support measures.

(3) The technical specifications referred to in paragraph (2) of this Article shall not restrict competition.

### **Obligation to publish information**

#### **Article 180**

The Ministry shall prepare and publish information on its website related to the use of renewable energy sources, support measures for the use of energy from renewable sources, as well as the licensing procedure for installers of renewable energy systems and equipment for the production of energy in Article 181 of this Law.

### **Licensing for installers**

#### **Article 181**

- (1) The installation of boilers and stoves of biomass, photovoltaic systems, solar thermal systems, shallow geothermal systems and heat pumps shall be carried out by installers licensed by the Ministry.
- (2) The Ministry shall recognize any license or certificate of the installers referred to in paragraph (1) of this Article issued by another country in accordance with the obligations of the Republic of Macedonia undertaken with the ratified international contracts.
- (3) The Ministry establishes and maintains a register of licensed installers who publishes it on its website.
- (4) The Minister, by Rulebook, shall prescribe:
  - 1) training programs and taking an expert exam for acquiring a license for installing the equipment and devices referred to in paragraph (1) of this Article;
  - 2) the criteria and procedure for licensing the installers;
  - 3) the procedure for recognizing a license or certificate of installers issued by another country and the necessary documentation and
  - 4) the form, content and manner of keeping the register of licensed installers.

### **Guarantees of origin**

#### **Article 182**

- (1) The Energy Agency shall keep a register of issued, transferred and revoked guarantees of origin of electricity produced from renewable energy sources (hereinafter: guarantee of origin), which is published on its website.
- (2) The guarantee of origin shall be of a standard size of 1 MWh and only one guarantee of origin shall be issued for each produced unit of energy. The Energy Agency shall provide the same unit of energy from renewable sources to be considered only once.
- (3) Guarantees of origin may be obtained by a producer of electricity from renewable energy sources that has not acquired the status of preferential generator referred to in Article 187 paragraph (1) of this Law for the power plant.
- (4) For the issuance of a guarantee of origin referred to in paragraph (1) of this Article, the producer of electricity from renewable sources shall be obliged to pay a fee on the account of the Energy Agency according to the tariff which upon prior approval by the Government, is adopted by the Energy Agency.
- (5) Guarantees of origin issued by foreign countries shall be recognized only with evidence that contains the elements prescribed in the Rulebook adopted on the basis of Article 185 of this Law. Recognition of the guarantee of origin may be refused if there is doubt as to the accuracy and reliability of the data for which the Ministry submits a

notification with an explanation to the Energy Community Secretariat.

(6) The issued guarantee of origin shall not be taken into account in the fulfilment of the total national goals determined in the decision referred to in Article 173 of this Law.

The transfer of guarantees of origin, separately or together with the physical energy transfer, will not have an impact on the Government's decision to use statistical transfers, joint projects or joint support measures to meet the targets or calculate the gross final energy consumption of renewable energy sources in accordance with the Article 173 of this Law.

### **Use of guarantees of origin by electricity suppliers and traders**

#### **Article 183**

(1) The supplier and/or trader who sell electricity to consumers can prove the share or quantity of electricity from renewable energy sources sold with guarantees of origin.

(2) The amount of energy from renewable sources, which is specified in the guarantee of origin transferred from the supplier and/or the electricity trader to third parties, shall be deducted from the share of energy from renewable sources in the energy mix of the supplier and/or the trader.

### **Competence of the Energy Agency**

#### **Article 184**

(1) The Energy Agency shall:

- 1) adopt a decision approving the measurement of the wind potential for electricity generation;
- 2) enact a decision for entry in the register of power plants that generate electricity from renewable energy sources;
- 3) adopt a decision on issuing guarantees of origin;
- 4) issue a certificate that the power plant that produces electricity from renewable sources has been built and that it fulfils the conditions determined by this Law and the regulations adopted on the basis of this Law.

(2) The Energy Agency shall keep:

- 1) register of power plants that generate electricity from renewable energy sources;
- 2) records of issued approvals for metering the wind potential for electricity generation and
- 3) register of guarantees of origin.

### **Rulebook on renewable energy sources**

#### **Article 185**

The Minister, by means of the Rulebook on Renewable Energy Sources, shall stipulate in detail:

- 1) types of electricity generation plants using renewable energy sources;
- 2) the conditions and the manner in which the surplus from the produced energy from renewable energy sources intended for own consumption is transferred to the



electricity distribution network;

- 3) manner of issuing approvals for wind potential metering, for the purpose of electricity generation;
- 4) metering method for wind potential, for the purpose of electricity generation;
- 5) the manner of issuance, transfer and revocation of guarantees of origin and their content;
- 6) manner, procedure and terms and conditions for recognition of the guarantees of origin issued by other countries;
- 7) the content, form and manner of keeping the register of power plants that generate electricity from renewable energy sources and
- 8) the content, form and manner of keeping the register of guarantees of origin.

### **Support Measures**

#### **Article 186**

(1) The following measures shall be achieved with the support measures for renewable energy sources defined in the Strategy and Action Plan on Renewable Energy Sources:

- 1) development of the power system, including interconnection lines, introduction of smart networks and systems and devices for storing electricity in order to enable its safe operation in conditions of increasing the share of electricity produced from renewable sources;
- 2) harmonisation of urban planning documents with the need for construction of facilities for generation of electricity from renewable sources for the purpose of efficient implementation of the procedures for issuing approvals for construction or reconstruction of power facilities;
- 3) expanding the existing gas infrastructure in order to facilitate the inclusion of gas from renewable energy sources and to connect producers of biogas to the gas infrastructure;
- 4) reducing the costs of electricity generated from renewable sources and for production of biofuels and bioliquids;
- 5) increasing the share of renewable energy sources in gross final energy consumption.

(2) The support measures referred to in paragraph (1) of this Article may include:

- 1) investment support;
- 2) tax and customs relief;
- 3) bringing special obligations to electricity suppliers for the purchase of electricity produced from renewable sources;
- 4) imposing obligations on traders with oil derivatives and transport fuels for the sale of biofuels on the market;
- 5) issuing guarantees of origin of electricity produced from renewable sources;
- 6) preferential tariffs and premiums for sold electricity produced from renewable

energy sources;

- 7) introduction of the possibility for production of electricity from renewable sources intended for own consumption and transfer of the surplus in the electricity distribution system; and
- 8) compensation for encouraging the participation of renewable energy sources.

### **Preferred manufacturer**

#### **Article 187**

(1) A producer of electricity from renewable sources may acquire the status of preferential electricity generator from renewable sources (hereinafter: preferential producer) that gives him the right to use the premium or preferential tariff, in a manner and in a procedure prescribed by this Law, the regulations and the rules adopted on the basis of this Law and the regulations on state aid.

(2) The right to use a premium or a privileged tariff is acquired through the application of procedures based on the principles of objectivity, transparency and non-discrimination.

(3) Upon a proposal by the Ministry, the Government shall adopt Decree on measures to support the production of electricity from renewable energy sources, in which it is specifically prescribed:

- 1) the types of technologies for which a premium is granted or a preferential tariff;
- 2) the special conditions that the power plant needs for the manufacturer to acquire the status of preferential generator for that power plant;
- 3) the upper limit of the installed power of the power plant for which the producer can acquire the status of preferential generator for that power plant;
- 4) the amount and period of use of preferential tariffs;
- 5) the manner of determining the amount of premiums, the manner of payment, as well as the period of their use;
- 6) the contents of the decision and the public announcement for conducting the tender procedure for awarding premiums;
- 7) the manner of conducting the tender procedure and auction for awarding premiums;
- 8) the mandatory elements of the agreement for acquiring the right to use the premium and the contract for using the premium;
- 9) the documents submitted in the procedure for concluding the contract for acquiring the right to use the premium and for concluding a contract for using a premium between the Ministry and the preferential producer that uses the premium and
- 10) the content, form and manner of keeping records of preferential producers using the premium.

(4) The Government, upon a proposal from the Ministry, decides on the total installed capacity of the preferential producers, whose determination takes into account the indicative trajectory for fulfilling the goals foreseen in the Action Plan for renewable energy sources.

(5) On a proposal of the Ministry, upon a proposal from the Commission for

Protection of Competition, the Government adopts an annual program for financial support for the production of electricity from preferential producers using a premium, which shall regulate, in particular:

- 1) the total installed power of the power plants by type of technology for which a premium will be granted to a renewable source after the conducted tender procedure;
  - 2) the total installed capacity of the existing power plants of preferential producers that use the state aid award premium and
  - 3) the volume of state aid for generated electricity.
- (6) The funds for the financial support provided for in the annual program referred to in paragraph (5) of this Article shall be provided from the Budget of the Republic of Macedonia and/or other sources of financing.

### **Granting the right to use the premium**

#### **Article 188**

- (1) The preferential producer that uses the premium shall be selected by conducting a tender procedure with an auction for granting the right to use premiums for preferential producers (hereinafter: tender procedure).
- (2) For the implementation of the tender procedure referred to in paragraph (1) of this Article, the Ministry shall:
  - 1) make a decision to initiate a tender procedure;
  - 2) establish a Commission for conducting a tender procedure;
  - 3) approve the tender documentation;
  - 4) publish the announcement and
  - 5) make a decision on the selection of the most favourable bidder or a decision for annulment of the tender procedure.
- (3) The Commission referred to in paragraph (2) item 2) of this Article shall:
  - 1) prepare the announcement and the tender documentation;
  - 2) conduct the tender procedure;
  - 3) conduct the evaluation of the bids;
  - 4) organises the auction and
  - 5) submit a proposal to the Ministry for adoption of the decision for selection of the most favourable bidder or decision for annulment of the tender procedure.
- (4) Against the decision referred to in paragraph (2) item 5) of this Article, an appeal may be submitted to the State Appeals Commission on public procurement within 15 days from the date of receipt of the decision.
- (5) After the decision on selection is finalised, the Ministry shall conclude an agreement on the right to use the premium with the most favourable bidder.
- (6) In the contract referred to in paragraph (5) of this Article, a deadline shall be determined in which the power plant should be put into service.
- (7) The Ministry may terminate the contract referred to in paragraph (5) of this Article if the power plant is not put into service within the deadline specified in the

contract.

(8) The preferential producer who has acquired the right to use the premium and who has built the power plant within the deadline in accordance with the contract referred to in paragraph (5) of this Article shall submit a request to the Ministry for concluding a contract for using the premium. The request shall be accompanied by a license for performing an energy activity production of electricity for the power plant.

(9) If the conditions of the contract for the right to use the premium referred to in paragraph (5) of this Article and the conditions determined by the regulation referred to in Article 187 of this Law are fulfilled, the Ministry shall, within 30 days from the day of submitting the request referred to in paragraph (8) of this Article, conclude a contract for using the premium with the preferential producer and record it in the inventory of preferential producers who use the premium.

(10) The Ministry shall prepare and publish on its website the forms for the agreements referred to in paragraphs (5) and (8) of this Article.

(11) A preferential producer who has acquired the right to use a premium for a particular power plant cannot use a preferential tariff and is not guaranteed by the guaranteed purchase of the produced energy for the same power plant by the electricity market operator.

(12) The provisions of the Law on Public Procurement shall be applied in the tender procedure accordingly.

### **Obligations of the preferential producer who uses the premium**

#### **Article 189**

(1) The preferential producer who uses the premium, in addition to the obligations referred to in Article 70 of this Law, shall be obliged to:

- 1) sell the produced energy on the electricity market;
- 2) submit forecasts for the production of electricity to the Ministry in the periods determined in the contract and
- 3) comply with the obligations under the contract for using the premium during the operation.

(2) The provisions of Article 70 paragraphs (3), (4) and (7) shall not apply to the preferential producer who uses the premium.

### **Obligations of the Ministry regarding the contracts for using the premium**

#### **Article 190**

The Ministry shall:

- 1) monitor the fulfilment of the obligations arising from the contracts for using the premium;
- 2) pay premiums to the preferential producer in accordance with the concluded agreement for using the premium;
- 3) determine the total amount of funds for payment of premiums for the following year in the annual program referred to in Article 187 paragraph (5) of this Law on the basis of the forecasts for electricity generation from preferential producers using premiums and power plants, according to technologies for which a premium will be

granted to a renewable source after the conducted tender procedure and

4) keep records of the concluded contracts with the privileged producers using the premium referred to in Article 188 paragraph (9) in which the paid premiums are recorded, as well as the information proving the fulfilment of the conditions for payment of premiums held for the period for which the contract for paying premiums has been concluded and another ten years since its expiry.

### **Acquisition of the right to use preferential tariff**

#### **Article 191**

(1) The Energy Regulatory Commission shall adopt a Rulebook on preferential producers who use a preferential tariff, which specifically prescribes:

- 1) the manner and procedure for adopting a decision on the temporary status of preferential producer;
- 2) the manner and procedure for adopting a decision for acquiring the status of preferential producer;
- 3) the manner and the procedure for adopting a decision for using a preferential tariff;
- 4) the deadline in which the power plant should be put into service;
- 5) the form and content of the decisions referred to in items 1) and 2) of this paragraph and the decision referred to in item 3) of this paragraph; and
- 6) the form, content and manner of keeping the register of preferential producers using a preferential tariff.

(2) The Energy Regulatory Commission shall keep a Registry of preferential producers using a preferential tariff and publish it on its website.

(3) The interested party shall submit a request for adoption of a decision for acquiring the temporary status of preferential generator to the Energy Regulatory Commission and submit the necessary documentation prescribed by the Rulebook referred to in paragraph 1 of this Article.

(4) If the conditions for acquiring the status of preferential producer which is entitled to use a preferential tariff, determined by the decree and the decision from Article 187 of this Law, are fulfilled, the Energy Regulatory Commission shall, within 30 days from the day of submitting the request, adopt a decision on obtaining the temporary status of preferential producer and register it in the Register of preferential producers who use a preferential tariff. The decision also prescribes a deadline in which the power plant should be put into service.

(5) At the request of the holder of the decision referred to in paragraph (4) of this Article, the Energy Regulatory Commission may extend the validity of the decision for acquiring the temporary status of preferential generator for the purpose of extending the deadline for putting the power plant into service, in a procedure determined in the Rulebook referred to in paragraph (1) of this Article.

(6) The Energy Regulatory Commission shall issue a decision on termination of the decision for acquiring the temporary status of preferential producer, if

the power plant is not put into service within the deadlines determined in the decision

referred to in paragraphs (4) and (5) of this Article and deletes the power plant from the Register of preferential producers using a preferential tariff.

(7) The preferential producers shall use the preferential tariff in accordance with the conditions that were valid on the day of reaching the decision referred to in paragraph (4) of this Article.

(8) The person to whom the decision referred to in paragraph (4) of this Article has been issued in order to acquire the status of preferential producer and to use a privileged tariff shall submit to the Energy Regulatory Commission a request for issuing a decision for acquiring the status of preferential producer and request for using a preferential tariff for electricity.

(9) In the procedure for adopting a decision for acquiring the status of preferential producer and a decision on using a preferential tariff, the Energy Regulatory Commission submits to the Energy Agency a request for issuance of a certificate that the power plant has been built and meets the conditions and the installed power determined with the regulation referred to in Article 187 of this Law. The Energy Agency shall be obliged to issue the certificate within 15 days from the date of submission of the request.

(10) If the Energy Agency confirms that the power plant fulfils the conditions and the installed capacity determined by the regulation referred to in Article 187 of this Law and is put into service within the deadlines determined in the decision referred to in paragraphs (4) and (5) of this Article, and the applicant holds a license for performing an energy activity electricity production for the power plant for which the status of preferential generator is required; the Energy Regulatory Commission adopts a decision for acquiring the status of a preferential generator and a decision for use and the preferential tariff of electricity, thus the preferred generator which uses preferential tariff shall acquire all rights and obligations under this law.

(11) The decisions and decisions adopted by the Energy Regulatory Commission in accordance with paragraphs (4), (5), (6) and (10) of this Article shall be published in the "Official Gazette of the Republic of Macedonia".

### **Obligations of the preferential producer who uses the preferential tariff**

#### **Article 192**

(1) In addition to the obligations referred to in Article 70 of this Law, the preferential producer who uses a preferential tariff in accordance with the electricity purchase contract referred to in Article 193 paragraph (2) of this Law shall be obliged to:

- 1) sell the generated electricity only to the operator of the electricity market and
- 2) submit plans for electricity generation to the electricity market operator.

(2) The provisions of Article 70 paragraphs (3), (4) and (7) shall not apply to the preferential producer who uses a preferential tariff.

### **Purchase and sale of electricity from preferential producers using preferential tariffs**

#### **Article 193**

(1) The electricity market operator shall be obliged to redeem the electricity produced by the preferential producers using the preferential tariff.

(2) The electricity market operator shall, at the request of the preferential producer, conclude a contract for the purchase of electricity at preferential tariffs within 30 days from the day of submitting the request. The contract should be in accordance with this Law, the decision for acquiring the status of preferential generator and the decision for using a preferential tariff for electricity and the rules for the electricity market.

(3) The agreement referred to in paragraph (2) of this Article shall have validity as of the day of entry into force of the decision for using a preferential tariff for electricity.

(4) The electricity market operator shall be obliged to prepare the template for the agreement referred to in paragraph (2) of this Article and, on prior approval by the Energy Regulatory Commission, to publish it on its website.

(5) The preferential producer has the right to terminate the contract referred to in paragraph (2) of this Article even before the expiration of the term for which the contract was concluded, and in that case it loses the status of preferential producer who uses a preferential tariff without the right to re-acquire that status.

(6) The electricity market operator shall be a wholly responsible party for the preferential producers referred to in paragraph (1) of this Article and shall be obliged to compensate the costs for balancing and the necessary ancillary services related to the operation of the preferential producers to the electricity system operator using preferential tariffs

(7) Merchants and suppliers are obliged to buy from the electricity market operator the electricity that the market operator has purchased from the preferential generator that uses a preferential tariff.

(8) Consumers shall be obliged to purchase the electricity referred to in paragraph (1) of this Article through their suppliers and/or traders.

(9) The rules for the electricity market regulate the manner of sale, the quantities and the average price at which the suppliers and retailers purchase the electricity referred to in paragraph (7) of this Article, as well as the manner of payment to the preferential producers using the preferential tariffs for the electricity purchase by the electricity market operator.

## **Promotional materials and information in accounts and invoices**

### **Article 194**

Suppliers and/or electricity traders shall be obliged to provide information on the percentage of participation of electricity produced by preferential producers using preferential tariffs and the average price from Article 193 paragraph (8) of this Law in the accounts, invoices and promotional materials that they submitted to their consumers, as well as in the publicly accessible summary with information on the quantity or share of energy from renewable sources produced by installations or increased facilities of existing installations that have been put into service after December 18, 2012 to indicate the environmental benefits or other benefits of energy from renewable sources.

## **XII. SPECIAL PROVISIONS**

### **Article 195**

- (1) The energy system user shall be obliged:
  - 1) to use and manage its energy facilities, devices or installations in accordance with this and other laws, other regulations and the corresponding network rules and to not endanger the life and health of people, the environment and property;
  - 2) to eliminate in the determined deadline the shortcomings of its energy facilities, devices or installations determined by the State Inspectorate for Technical Inspection;
  - 3) not to connect its facility, device or installation of an energy system, that is, through its facilities, devices or installations to not allow connection to another user without the prior consent of the energy system operator;
  - 4) not to manipulate the metering devices;
  - 5) not to hinder the energy supply of other users;
  - 6) to pay the delivered energy to the supplier, within the agreed time limit;
  - 7) in case of a crisis situation, to comply with the measures prescribed in accordance with Article 14 of this Law.
- (2) For the equipment for production of electrical and/or thermal energy, incorporated in a newly built energy facility or built into an existing building, the investor should have a decision for putting into service of the equipment for the first time, issued in accordance with the Law on Technical Inspection.
- (3) The Minister shall adopt technical regulations for the design, construction, putting into operation, operation and maintenance of energy facilities, devices and installations.

#### **Article 196**

- (1) The system user is obliged to provide the operator of the system that uses it, as well as the suppliers and traders with their contact information (name and surname/name of the user, address/head office, personal/tax number, identification number, telephone number, fax, e-mail).
- (2) The performers of the energy activities referred to in paragraph (1) of this Article, in order to fulfill the obligations arising from this Law and the regulations and rules adopted on the basis of this Law, shall keep records of the users of the system containing the data from paragraph (1) of this Article and have the right to process, update and exchange the data among themselves, as well as to submit them at the request of state bodies and courts.
- (3) Users data referred to in paragraph (1) of this Article may be used only for the purposes of:
  - 1) regulation of contractual relations (connection to energy systems or natural gas systems, energy or natural gas delivery, etc.);
  - 2) collection of receivables;
  - 3) conducting judicial or administrative proceedings, and
  - 4) communication with users for the purposes of fulfilment of obligations arising from the present Law and the regulations adopted on the basis of the this Law.
- (4) The entities performing the energy activities referred to in paragraph (1) of this



Article shall be obliged to act in accordance with the law regulating the protection of personal data.

(5) After the termination of the contractual relations, users data referred to in paragraph (1) of this Article shall be kept for a period of three years starting from the date of issuance of the last bill to the users for the services provided pursuant to the this Law.

(6) The users of the system shall be obliged, within 30 days from the occurrence of the data change referred to in paragraph (1) of this Article to inform the providers of the energy activities referred to in paragraph (1) of this Article for the change of such data.

#### **Article 197**

(1) The operator of the appropriate system for transmission or distribution of energy shall have the right to compensation for the damage that has occurred as a result of unauthorised energy taken or unregistered quantities of energy due to unauthorised manipulation of the metering devices.

(2) The procedure for determining the reasons for the damage incurred, as well as the manner of calculation of the damage and the compensation that the user should pay, shall be determined by the corresponding network rules.

(3) Energy consumers shall be entitled to compensation for damage caused by reduced delivery or interruption in energy delivery by the operator of the relevant transmission or distribution system, under the conditions and in a manner determined in the rules for compensation for damages adopted by the Regulatory Energy Commission.

(4) Energy producers shall have the right to compensation for the damage caused by the operator due to reduced delivery or discontinuance in the delivery of energy to the system under conditions and in a manner determined in the rules for compensation for damages adopted by the Energy Regulatory Commission.

#### **Article 198**

(1) The operators of the electricity transmission and distribution systems may use the existing power lines of an operator providing public electronic communications services for the transmission of communication signals, broadcasting networks and cable television networks, regardless of the type of information being transmitted, for which conclude appropriate contracts, provided that the transmission and distribution of electricity is not disturbed and the user does not use the electricity lines for performing electricity activities.

(2) If the operator providing public electronic communication services for the transmission of communication signals, broadcasting networks and cable television networks needs to provide electricity for the equipment placed on the infrastructure of the energy operators, it shall provide a decision for consent for connection of the system in accordance with the corresponding network rules.

#### **Article 199**

(1) Operators with energy devices and plants must have passed the professional qualification examination (hereinafter: exam).

(2) The Minister shall prescribe the program and the procedure for taking the exam referred to in paragraph (1) of this Article by a Rulebook.

(3) The exam referred to in paragraph (1) of this Article shall be carried out by a Commission established by the Minister. The members of the Commission receive financial compensation for the work performed, which shall not exceed the level of three average monthly net salaries paid in the Republic of Macedonia for the previous year, published by the State Statistical Office.

(4) For passing the exam referred to in paragraph (1) of this Article, the operators with energy devices and installations pay a fee for passing the exam determined by the Minister, and which cannot be higher than 15% of the average monthly net salary paid in the Republic of Macedonia in the previous calendar year.

(5) The expenses for taking the exam shall be paid on the account for proper revenues of the Ministry.

(6) If the expenses are not paid on the respective account of the Ministry, at least 15 days before the day defined for the beginning of the exam session, the candidate shall not be allowed to take the exam.

(7) If the candidate fails to take the exam within 1 year from the payment of the fee, the paid amount shall be reimbursed in accordance with the Law.

(8) Upon a proposal of the Commission the Minister shall issue a certificate to the candidate who passed the exam.

(9) The operators of specific types of power devices and plants shall have the right to take an exam, provided they fulfil the following conditions for:

1) Operation of steam turbines:

- Above 10MW, four-year vocational education in the field of energy, electrical or mechanical engineering, and twelve-month work under supervised operation of turbine plants; and

- Up to 10MW, four-year vocational education in the field of energy, electrical or mechanical engineering, and nine-month work under supervised operation of turbine plants;

2) Operation of gas turbines used for generation of electricity, four-year vocational education in the field of energy, electrical or mechanical engineering, and twelve-month work under supervised operation of turbine plants;

3) Operation of hydro turbines used for generation of electricity, four-year vocational education in the field of energy, electrical or mechanical engineering, and twelve-month work under supervised operation of turbine plants;

4) Operation of boiler rooms with ATC (automatic thermal control) with installed power:

- Above 20MW, four-year vocational education in the field of energy, electrical or mechanical engineering, and twelve-month work under supervised operation of boiler plants;

- Up to 20MW, four-year vocational education in the field of energy, electrical or mechanical engineering, and twelve-month work under supervised operation of boiler plants; and

- Up to 5MW, two-year vocational education in the field of energy, electrical or mechanical engineering, and twelve-month work under supervised operation of boiler plants;

- 5) Operation of boilers:
  - With mechanised ignition, four-year vocational education in the field of energy, electrical or mechanical engineering, and twelve-month work under supervised operation of boiler plants; and
  - With manual ignition, two-year vocational education in the field of energy, electrical or mechanical engineering, and six-month work under supervised operation of boiler plants;
- 6) Operation of piston steam engines, with two-year vocational education in the field of energy, electrical or mechanical engineering, and twelve-month work under supervised operation of piston steam engines;
- 7) Operation of internal combustion engines with a total power:
  - Above 200kW, with four-year vocational education in the field of energy, electrical or mechanical engineering, and twelve-month work under supervised operation of engines; and
  - Up to 200kW, with two-year vocational education in the field of energy, electrical or mechanical engineering, and twelve-month work under supervised operation of engines;
- 8) Operation of compressors and cooling facilities:
  - With total power above 200kW, four-year vocational training in the field of energy, electrical, mechanical or chemical-technological engineering, and twelve-month work under supervised operation of compressors and cooling facilities; and
  - With total power of up to 200kW, two-year vocational training in the field of energy, electrical, mechanical or chemical-technological engineering, and twelve-month work under supervised operation of compressors and cooling facilities;
- 9) Operation of pumping stations:
  - With total power above 200kW, four-year vocational education in the field of energy, electrical or mechanical engineering, and twelve-month work under supervised operation of pumping stations; and
  - With total power of up to 100kW, two-year vocational training in the field of energy, electrical, mechanical or chemical-technological engineering, and twelve-month work under supervised operation of pumping stations;
- 10) Operation of gas producers, with two-year vocational education in the field of energy, electrical or mechanical engineering, and twelve-month work under supervised operation of gas producers;
- 11) Operation of central heating boilers:
  - With installed power above 1 MW, operating pressure of 0,5 bar, temperature up to 110 C of the output water, four-year vocational education in the field of energy, electrical or mechanical engineering, and twelve-month work under supervised operation of boilers; and
  - With installed power between 0,2 and 1 MW, operating pressure of up to 0,5 bar, temperature of 110 C of the output water, two-year vocational training in the field of energy, electrical or mechanical engineering, twelve-month supervised work out of

which six months operating boilers or completed elementary education and eighteen-month work under supervision out of which six months operating boilers;

12) Operation of air conditioning, with two-year vocational training in the field of energy, electrical or mechanical engineering, and six-month work under supervised operation of air conditioning;

13) Operation of devices for preparation of feed, boiler, and cooling water above 15m<sup>3</sup>/h, with two-year vocational training in the field of chemical-technological or mechanical engineering, and six-month work under supervised operation of devices for preparation of feed, boiler, and cooling water;

14) Operation of devices for charging and manipulation of technical gases, with two-year vocational training in the field of electrical or mechanical engineering, and six-month supervised work or completed elementary education, and twelve-month supervised work;

15) Operation of class-1 and class-2 pressurised vessels, with two-year vocational training in the field of energy, electrical or mechanical engineering, and six-month work under supervised operation for workers in the field of energy, that is to say, twelve-month work for the workers in the field of electrical and mechanical engineering;

16) Operation of transformer stations and distribution power plants, with four-year vocational education in the field of electrical engineering or energy, and twelve-month work under supervised operation of transformer stations and distribution power plants;

17) Operation of dispatching centres and electrical commands, with four-year vocational education in the field of electrical engineering or energy, and twelve-month work under supervised operation of dispatching centre and electrical commands;

18) Operation of a power block for generation of electricity, with four-year vocational education in the field of energy, electrical or mechanical engineering, and twelve-month work under supervised operation of power blocks;

19) Operation of heat effect desiccators:

- Above 500kW, four-year vocational education in the field of energy, electrical or mechanical engineering, and six-month work under supervised operation of desiccators; and

- Up to 500kW, two-year vocational education in the field of energy, electrical or mechanical engineering, and six-month work under supervised operation of desiccators;

20) Handling of technology furnaces with effect above 0,5MW, ignited by liquid of gaseous fuel, with four-year vocational education in the field of energy, electrical or mechanical engineering, and twelve-month work under supervised operation of technology furnaces.

## **Article 200**

(1) A Certificate on performance, i.e. welding of polyethylene and steel pipes for gas systems issued by a competent authority of another State may be recognised in the Republic of Macedonia at the request of the holder of the Certificate.

(2) The recognition of the Certificate referred to in Paragraph (1) of this Article shall be performed by the Commission for Recognition of Performance Certificates -

welding of polyethylene and steel pipes for gas systems issued by a competent authority of another State, established by the Minister, taking into account the appropriate and equitable representation of the members of all communities.

(3) The Commission shall be comprised of five members, of which one representative from the Ministry, the Ministry responsible for the issues in the area of construction, the State Inspectorate for Technical Inspection, the Chamber of Authorised Engineers and an external expert in the field of gas technology. The term of service for the members of the Commission shall be four years.

(4) The Commission shall adopt Rules of Procedure for its work.

(5) The holder of the certificate issued by the competent authority of another country shall submit a request for recognition of the certificate to the Ministry and in addition to the request shall submit:

1) original certificate and verified translation of the certificate for carrying out-welding of polyethylene or steel pipes for gas pipeline systems in Macedonian language and

2) a certified translation of a written document on the basis of which the competent body may issue such type of certificates.

(6) If the Commission determines that the application for recognition of the certificate is complete, it shall recommend to the Minister to adopt a decision for recognition of the certificate within a period not longer than 30 days from the day of receipt of the request.

(7) If the Commission finds that the request for recognition of the certificate is incomplete, it shall propose to the Minister to adopt a decision rejecting the request within a period not longer than 30 days from the day of receipt of the request. An administrative dispute can be initiated against the decision.

### **Article 201**

(1) The Minister, by means of the Rulebook on the Control of Electricity Quality, shall stipulate the manner and procedure on metering the quality of electricity delivered through the electricity transmission system or electricity distribution systems.

(2) On the request of the electricity transmission or distribution system user, the State Technical Inspectorate or any other inspection authority accredited in compliance with the Law on Accreditation shall measure the quality of electricity delivered from the electricity transmission system or electricity distribution system operators under normal operation mode in the relevant system.

(3) The electricity consumer shall submit a request for metering the quality of the delivered electricity to the State Inspectorate for technical inspection through its supplier or trader, or conclude a contract with an accredited inspection body.

(4) The Government shall, upon a proposal by the Minister, determine the compensation for the metering of the quality of electricity performed by the State Inspectorate for Technical Inspection, depending on the type of network and the specific requirements for quality metering.

(5) The charge on metering the electricity performed by a certified inspection authority shall be stipulated in the contract referred to in paragraph (3) of this Article.

(6) When the results of measurements performed are in compliance with the quality

stipulated under the Electricity Supply Rules and Electricity Transmission or Distribution Grid Code, the charge on measurement performed shall be settled by the user.

(7) If the results of measurements performed by the State Technical Inspectorate or by an accredited inspection authority are not in compliance with the quality stipulated under the Electricity Supply Rules and Electricity Transmission or Distribution Grid Code, the charge on measurement performed shall be settled by the respective system operator where the charge cannot be higher than the amount stipulated in the regulation referred to in paragraph (4) of this Article.

(8) The electricity transmission system operator and distribution system operators shall control the electricity quality and check whether users of the relevant system use the system pursuant to the terms and conditions and criteria stipulated in the relevant Grid Code.

(9) The Director of the State Technical Inspectorate, no later than December 31 shall adopt the plan on electricity quality measurement, including the metering points and implementation dynamics for the next calendar year.

(10) By 15th March in the calendar year the latest, the State Inspectorate for Technical Inspection shall submit the Ministry and the Energy Regulatory Commission the report on implementation of the plan referred to in paragraph (9) of this Article for the previous calendar year.

#### **Article 202**

(1) The entities performing energy activities shall be obliged to provide and guarantee confidentiality of business data and information obtained from the users in the course of performance, in accordance to the Law, except for the information:

- 1) available for the public;
- 2) for which there is a written consent for disclosure by the user and
- 3) which the energy provider is obliged to provide in accordance with the obligations stipulated in the license, decision of the competent court or at the request of a state body.

(2) The entities performing energy activities shall not be allowed to misuse business secrets and information obtained when performing the activity, for the purpose of acquiring business benefits, as well as for undertaking discriminatory activities for the benefit of third parties.

#### **Article 203**

(1) Construction and carrying out of other works, planting of plants and trees on land under, above and beyond energy facilities, devices and plants, which violates the process of production, transmission and distribution of energy, or endanger the safety of people and property.

(2) Notwithstanding paragraph (1) of this Article, if the performance of the works is necessary for the fulfilment of a public interest, the energy performer at the request of the contractor shall be obliged to give written consent for the performance of the works within a period of 15 days from the day of submitting the request, in which it determines the necessary protective measures for the facilities, devices and plants.

(3) The entity performing the works shall cover the costs incurred for the safeguard

measures determined in the consent referred to paragraph (2) of this Article.

#### **Article 204**

(1) The owner or the land user is obliged to allow temporary passage through that land for performing surveying, recording, designing and performing works on the maintenance and reconstruction of energy facilities, as well as for performing inspection supervision of the facilities that are located on that land.

(2) The owner, i.e. the land user, has the right to compensation for the damage caused by the activities referred to in paragraph (1) of this Article.

#### **Article 205**

(1) When the performer of an energy activity who has an obligation to provide a public service requires the opening of a bankruptcy procedure with personal management, before submitting the request for opening a bankruptcy procedure, he/she is obliged to submit the personal management plan to the Energy Regulatory Commission for opinion.

(2) The Energy Regulatory Commission shall, within 30 days from the day of receipt of the plan referred to in paragraph (1) of this Article, submit the opinion on the plan to the performer of the energy activity. In addition to the obligations stipulated in the license, in its opinion, it may also determine other obligations for the performer of the energy activity during the implementation of the personal management plan.

(3) The Bankruptcy Judge shall immediately submit to the Energy Regulatory Commission the decision for opening a bankruptcy procedure with personal management.

(4) Within seven days from the receipt of the decision referred to in paragraph (3) of this Article, the Energy Regulatory Commission shall, ex officio, perform the registration of the open bankruptcy procedure in the license for carrying out an energy activity.

(5) If a bankruptcy procedure is initiated upon a request of a creditor against an entity that carries out an energy activity:

1) the bankruptcy judge shall be obliged to submit the decision for opening of the bankruptcy procedure to the Energy Regulatory Commission;

2) the bankruptcy manager shall be obliged, in a period of three days as of the day of adoption of the decisions, to submit to the Energy Regulatory Commission all decisions adopted by the bankruptcy judge, bankruptcy manager, the board and assembly of creditors;

3) Within seven days from the receipt of the decision referred to in item 1), the Energy Regulatory Commission ex officio shall register the open bankruptcy procedure in the license for performing the energy activity of the company.

(6) The bankruptcy manager shall be obliged to provide through the company in bankruptcy the uninterrupted performance of the energy activity referred to in paragraph (1) of this Article until the adoption of a decision by the Assembly of Creditors.

(7) If a decision on reorganisation of the company is made in the bankruptcy procedure, the Bankruptcy Judge shall immediately submit the plan for reorganisation to the Energy Regulatory Commission.

(8) Within 30 days from the day of receipt of the plan for reorganisation referred to in paragraph (7) of this Article, the Energy Regulatory Commission shall submit the opinion on the plan for reorganisation of the company to the Bankruptcy Judge and the Assembly of Creditors.

(9) After the approval of the plan for reorganisation, and if the opinion on the reorganisation plan of the Energy Regulatory Commission is positive, the Energy Regulatory Commission shall, within seven days from the day of receiving the notification from the Bankruptcy manager for approval of the plan for reorganisation, adopt decision for transfer of the license for performing energy activity to the entity that implements the plan for reorganisation of the company.

### **XIII. SUPERVISION**

#### **Article 206**

(1) The Ministry shall supervise the implementation of this Law and the regulations adopted on the basis of this Law, except the regulations and rules adopted or approved by the Energy Regulatory Commission.

(2) The Ministry shall supervise the work of the Energy Agency in accordance with this Law.

(3) The Ministry shall supervise the legality of the work of the local self-government units in accordance with this Law.

(4) The Energy Regulatory Commission shall supervise the work of the entities carrying out regulated energy activities as well as the entities carrying out energy activities to which the obligation to provide universal or public service is imposed in accordance with this Law.

(5) The Energy Regulatory Commission shall supervise the implementation of the provisions of this Law concerning the obligations for ownership separation of system operators and third party access and the connection of users of the corresponding systems.

(6) The performance of the supervision referred to in this Article shall be based on the principle of legality, responsibility and autonomy in the exercise of the competencies determined by this and other law.

#### **Article 207**

(1) If during the supervision referred to in Article 206 of this Law irregularities are established, the supervisory authority shall be obliged to notify the entities that have been supervised of the established irregularities and deficiencies and shall determine a deadline for their removal.

(2) If the entities that have been subject to supervision do not remove the established irregularities and deficiencies within the determined deadline, the supervisory authority shall take measures for their removal.

(3) In the case where the established irregularities and deficiencies can cause harmful consequences for the interests of the citizens or the work of the supervisory authority, the authority shall notify the Government of the Republic of Macedonia thereof immediately, and, if necessary, other authorities as well, and shall propose measures for their removal.

(4) Where the irregularities and deficiencies referred to in paragraph (3) of this Article



are established during the performance of supervision in the entities carrying out regulated energy activities, and are not removed within the deadline determined by the notification referred to in paragraph (1) of this Article, the Energy Regulatory Commission shall initiate a procedure for suspension, i.e. revocation of the license.

### **Article 208**

(1) In the performance of the supervision referred to in Article 206 paragraph (3) of this Law, the Ministry shall:

- 1) monitor the legality of the work of the council and mayor of the local self-government unit, take measures and activities and raise initiatives for exercise of their competences in accordance with law;
- 2) assess whether the authorities of the local self-government units ensure that the activities within their competence are carried out in accordance with the procedures determined by this Law;
- 3) indicate to the council and mayor of the local self-government unit that they have overstepped their powers determined by law or by other regulation, and propose adequate measures for dealing with such circumstances;
- 4) indicate certain substantial and procedural deficiencies in the work of the council or mayor of the local self-government unit that might prevent the performance of public interest activities of local significance;
- 5) give recommendations for consistent exercise of the competences of the council and mayor of the local self-government unit of this Law, upon their request;
- 6) monitor the timely adoption of the acts determined by this Law by the council and mayor of the local self-government unit;
- 7) submit initiatives and proposals to the council and mayor of the local self-government unit, should it establish failure to implement the law as a result of conflict of competences between the municipal authorities;
- 8) monitor the legality of the decisions the mayor adopts in the decision-making process in administrative matters regarding the rights, obligations and interests of natural persons and legal entities adopted on the basis of this or other law, and take measures for which it is authorised by law and
- 9) notify the authorities of the council and mayor of the local self-government unit in a timely manner of the established state of play regarding their work and of the measures taken in the performance of the supervision.

(2) The Ministry shall inform the council and the mayor of the local self-government unit of the measures and activities taken referred to in paragraph (1) of this Article.

(3) If, despite the indications and the measures and activities taken, the council and the mayor of the local self-government unit do not ensure the performance of the activities referred to in paragraph (1) of this Article, the exercise of the relevant competence shall be limited or revoked by force of law.

(4) The revoked competences of the council and mayor of the local self-government unit shall be performed by the Ministry on behalf of and for the account of the local self-government unit, for a period of maximum one year from the day of their taking over.

### **Article 209**

(1) The State Inspectorate for Technical Inspection and the State Market Inspectorate shall conduct inspection of the implementation of this Law.

(2) The inspection shall include supervision over the implementation of the provisions of this Law and other law, regulations, rules, standards, technical specifications and quality norms referring carrying out energy activities by the entities carrying out energy activities, the energy system users and the consumers.

(3) In the conduct of the inspection, the inspection authorities referred to in paragraph (1) of this Article may authorise experts from other bodies and institutions, i.e. other legal entities to carry out certain activities related to the inspection, if special expertise or equipment is necessary for their performance.

(4) The state administration authorities, which within their competences conduct inspection over the work of the entities carrying out energy activities for which a licence is necessary, upon request of the Energy Regulatory Commission shall be obliged to immediately submit all information relevant for the issuing or revoking a license, including information on the current work of the holder of license.

#### **Article 210**

The Minister may order conduct of joint inspection by the inspection authorities referred to in Article 209 paragraph (1) of this Law, in the case if:

- 1) it is necessary for elimination of a direct risk to the human life and health or to the property of greater value;
- 2) it is necessary for taking urgent measures that cannot be delayed;
- 3) it is necessary due to the complexity of the supervision or the significance of removing the deficiencies;
- 4) it is necessary for the control of facilities of special significance in the field of energy;
- 5) it is necessary for consideration of allegations in an initiative or complaint, which is in the competence of both inspection authorities or
- 6) it is necessary for more efficient conduct of supervision.

#### **Article 211**

The entities carrying out energy activities, the energy systems users and the consumers shall be obliged to act upon the request, i.e. the order from the inspection authorities referred to in Article 209 of this Law, and in particular:

- 1) to allow smooth conduct of the inspection;
- 2) to allow insight into documents and data necessary for the conduct of the supervision;
- 3) to allow, in a determined deadline, access to the premises, products, documents or any other means which is subject to inspection;
- 4) upon a written request of the inspection authority, to stop the work during the inspection, if it is necessary for the conduct of the supervision and determination of the actual state of play and
- 5) upon a written request of the inspection authority, within a deadline determined by the request, to submit to or prepare for the inspector accurate and complete data, reports, materials or other documents necessary for the conduct of the inspection.

## **Article 212**

(1) If during the conduct of the inspection the inspector from the State Inspectorate for Technical Inspection establishes that the provisions of this Law of other law, other regulations, rules, standards, technical specifications and quality norms are not applied or are not properly applied, it shall adopt a decision to:

- 1) order removing of the established deficiencies that affect the operation of the plants and devices and to determine a deadline for their removal;
- 2) prohibit the use of the facility, plant, device or installation, if the entity does not remove the established irregularities and deficiencies within the determined deadline and
- 3) prohibit the use, i.e. building and construction of the facility, plant, device or installation until the established deficiencies and irregularities are removed.

(2) The inspector shall be obliged to notify the Energy Regulatory Commission of the adopted decision referred to in paragraph (1) of this Article that concerns a holder of license for carrying out an energy activity and to request revocation or suspension of the license for carrying out the energy activity.

## **Article 213**

(1) If during the inspection the state market inspector establishes that:

- 1) the rules regulating the supply of energy to consumers are not applied or are not properly applied, it shall adopt a decision to determine a deadline for removing the deficiency and to determine an inspection measure or
- 2) the participants in the liquid fuels market do not comply with the obligations determined by the regulation on the quality of liquid fuels, it shall adopt a decision to order withdrawal from circulation of the liquid fuels the quality of which do not correspond to the prescribed quality and to determine an inspection measure.

(2) If during the inspection the state market inspector establishes that there is an irregularity referred to in paragraph (1) point 2) of this Article, the state market inspector shall be obliged to prepare minutes to establish the irregularity and to indicate removing the established irregularity within a period of eight days.

(3) If during the control supervision the state market inspector establishes that the irregularities referred to in paragraph (1) of this Article have been removed, it shall adopt a conclusion to terminate the inspection procedure.

(4) If during the control supervision the state market inspector establishes that the irregularities referred to in paragraph (1) of this Article have not been removed, it shall file a motion for initiation of a misdemeanour procedure to a Misdemeanour Commission established by law.

(5) The State Market Inspectorate shall prepare quarterly reports on the conducted inspections that are published on the web site of the Ministry.

## **XIV. MISDEMEANOUR PROVISIONS**

### **Article 214**

(1) Initiation of a misdemeanour procedure for misdemeanours determined by this Law may be requested by the authorities obliged by this Law to conduct supervision.

(2) The competent authorities referred to in paragraph (1) of this Article shall file a

motion for initiation of a misdemeanour procedure to the competent court for the misdemeanours referred to in articles 218, 219, 220, 221, 222, 223, 224, 225, 226, 227, 229, 230 and 232 of this Law.

(3) The provisions of the Law on Misdemeanours shall apply accordingly to the procedures referred to in paragraph (1) of this Article.

### **Article 215**

(1) The Ministry shall conduct a misdemeanour procedure and impose misdemeanour sanctions for the misdemeanours referred to in articles 217, 228 и 231 of this Law.

(2) For conducting the misdemeanour procedure and imposing a misdemeanour sanction for the misdemeanours, the Minister shall, by a decision, establish a Misdemeanour Commission (hereinafter: Misdemeanour Commission), composed of three members from among the employees in the Ministry, as follows:

- 1) one member a law graduate, with passed judicial exam and five years of working experience in its field, who is the President of the Misdemeanour Commission;
- 2) one member with a university degree in the field of technical sciences with five years of working experience in its field and
- 3) one member with a university degree in the field of economy sciences with five years working experience in its field.

(3) The Misdemeanour Commission shall be elected for a period of three years with the right to re-election of the members.

(4) The Minister, on a proposal of the President of the Misdemeanour Commission, may adopt a decision on dismissal of a member of the Misdemeanour Commission in the following cases:

- 1) upon the expiry of the time period for which a member has been appointed;
- 2) upon personal request;
- 3) by fulfilment of the requirements for old age pension, in accordance with law;
- 4) if permanent incapacity of a member to participate in the work of the Misdemeanour Commission has been established;
- 5) violation of the regulations for conducting a misdemeanour procedure is established by a legally binding decision;
- 6) if he/she does not fulfil the obligations arising from the work in the Misdemeanour Commission and
- 7) if he/she has not reported the existence of conflict of interests regarding a case being decided by the Misdemeanour Commission.

(5) The Misdemeanour Commission shall adopt Rules of Procedure for its work, approved by the Minister.

(6) The Misdemeanour Commission shall work in a council and shall decide by majority votes of the total number of members.

(7) The members of the Misdemeanour Commission shall decide autonomously and independently on the basis of law and according to their professional knowledge and personal belief.

(8) An administrative dispute may be initiated against the decisions of the Misdemeanour Commission imposing a misdemeanour sanction within eight days from the date of receipt of the decision through the Misdemeanour Commission to the State Commission for deciding in second instance in the field of inspection and misdemeanour proceedings.

(9) The Minister shall prescribe the manner in which the Misdemeanour Commission shall keep single records of the misdemeanours, imposed sanctions and adopted decisions, as well as the manner of accessing the information contained in the records.

### **Article 216**

(1) Where a competent inspector establishes that a misdemeanour has been committed, he shall prepare minutes that contain the important elements concerning the action, time, place and manner of committing the misdemeanour, description of the action and the people caught on the spot.

(2) Prior to filing the motion for initiation of a misdemeanour procedure for the misdemeanours determined by this Law, the competent inspector shall be obliged to propose a settlement procedure to the perpetrator that committed the misdemeanour by issuing a misdemeanour payment order.

(3) The competent inspector shall issue a misdemeanour payment order to the perpetrator who committed the misdemeanour.

(4) The misdemeanour payment order shall be issued in the amount of 30% of the fine that shall be determined on the legal entity, i.e. the sole proprietor.

(5) Upon receipt and signing of the misdemeanour payment order, the perpetrator of the misdemeanour shall be obliged to pay the fine, within eight days from the receipt of the misdemeanour payment order on the account indicated in the payment order.

(6) The perpetrator of the misdemeanour who shall pay the fine within the period referred to in paragraph (5) of this Article shall pay half of the fine imposed for which right he/she learned from the legal advice.

(7) ) The receipt of the payment order by the perpetrator of the misdemeanour referred to in paragraph (4) of this Article and the statement referred to in paragraph (5) of this Article shall be noted in the minutes.

(8) If the perpetrator of the misdemeanour does not pay the fine within the period referred to in paragraph (5) of this Article, the competent inspector shall file a motion for initiation of a misdemeanour procedure to the competent court in accordance with Article 214 paragraph (2) of this Law, i.e. to the Misdemeanour Commission in accordance with Article 215 paragraph (2) of this Law.

(9) The competent inspector shall be obliged to keep records of the issued misdemeanour payment orders and their outcome.

(10) The following data shall be collected, processed and stored in the records referred to in paragraph (9) of this Article: name and surname, i.e. name of the perpetrator of the misdemeanour, permanent residence, or place of residence, main office, type of the misdemeanour, number of the misdemeanour payment order the given to him/her and his outcome.

(11) The personal data referred to in paragraph (10) of this Article shall be kept for five years from the date of entry into the records.

### **Article 217**

(1) A fine in the amount of 3,000 euro in denar equivalent shall be imposed for a misdemeanour on the company:

1) that do not submit data for preparation and monitoring of the energy balance and data necessary for the preparation of strategies, programmes and reports on implementation of the programmes, the adoption of which is provided for in this Law (Article 13 paragraph (5));

2) an operator of a transmission system, i.e. of a system for distribution of a given type of energy, that has not submitted a plan for crises to the Ministry for approval (Article 14 paragraph (2)).

(2) Also, a fine in the amount of 30% of the determined fine for the company shall be imposed on the responsible person in the company for a misdemeanour for the actions referred to in paragraph (1) of this Article.

### **Article 218**

(1) A fine in the amount up to 2% of the total revenues of the legal entity in the previous financial year shall be imposed for a misdemeanour on the company:

- an entity carrying out an energy activity referred to in Article 24 paragraph (2) if it does not publish the act in the "Official Gazette of the Republic of Macedonia",

- an entity carrying out an energy activity, if it does not submit an annual report referred to in Article 28 paragraph (6) to the Energy Regulatory Commission.

(2) A fine in the amount of 10,000 euro in denar equivalent shall be imposed for a misdemeanour on the company that:

1) does not apply the measures imposed by the decision adopted by the Energy Regulatory Commission (Article 26 paragraph (1));

2) does not conform to the prices and tariffs determined by the decisions adopted by the Energy Regulatory Commission (Article 29 paragraph (4));

3) commences to carry out the energy activity without a license for carrying out the activity being issued (Article 38 paragraph (1)).

(3) A fine in the amount of 3,000 euro in denar equivalent shall be imposed for a misdemeanour on the company:

1) that carries out one or more regulated energy activities, but not keeps separate accounting records for each regulated activity separately (Article 5);

2) that does not submit to the Energy Regulatory Commission information and data necessary for monitoring the functioning of the energy markets in the Republic of Macedonia (Article 25 paragraph (5));

3) an entity carrying out an energy activity if it does not submit the necessary documents, data and information to the Energy Regulatory Commission within a specified deadline (Article 31 paragraph (1));

4) a holder of license for carrying out a regulated energy activity, if without prior approval of the Energy Regulatory Commission has temporarily discontinued to carry out the activity for which a license has been issued (Article 48 paragraph (1)).

(4) Also, a fine in the amount of 30% of the determined fine for the company shall be

imposed on the responsible person in the company for a misdemeanour for the actions referred to in paragraphs (2) and (3) of this Article.

(5) In addition to the fine referred to in paragraph (4) of this Article, also, a misdemeanour sanction - prohibition of performing a duty may be imposed on a responsible person in the company for a period of up to six months.

### **Misdemeanour provisions for an electricity producer**

#### **Article 219**

(1) A fine in the amount of 5,000 euro in denar equivalent shall be imposed for a misdemeanour on the company - electricity producer that:

- 1) does not submit reports, data and information to the electricity transmission system operator or electricity distribution system operator (Article 70 paragraph (2) item 4);
- 2) does not submit to the electricity market operator and the electricity transmission operator data and information of the agreements for purchase and sell of electricity, the availability of the generation capacity and/or ancillary services (Article 70 paragraph (2) item 5);
- 3) does not provide at all times operational reserve supplies of primary fuel that are at least equal to the fifteen day needs for maximum capacity work (Article 70 paragraph (7)).

(2) Also, a fine in the amount of 30% of the determined fine for the company shall be imposed on the responsible person in the company for a misdemeanour for the actions referred to in paragraph (1) of this Article.

### **Misdemeanour provisions for electricity transmission system operator**

#### **Article 220**

(1) A fine in the amount up to 2% of the total revenues of the legal entity in the previous financial year shall be imposed for a misdemeanour on the electricity transmission system operator if:

- 1) it does not adopt a programme for compliance (Article 73 paragraph (1));
- 2) it does not designate a compliance officer (Article 74 paragraph (2));
- 3) it does not submit an application for certification to the Energy Regulatory Commission (Article 75 paragraph (3));
- 4) it does not notify the Energy Regulatory Commission of the occurrence or planned occurrence of a change in the ownership structure of the operator or other change that may affect the fulfilment of the obligations for which re-certification should be conducted (Article 77 paragraph (1));
- 5) does not connect the producers, consumers and distribution system operators on the electricity transmission network (Article 78 paragraph (2) item 6);
- 6) it does not provide all information necessary for access and does not provide access for all users of the electricity transmission system (Article 78 paragraph (2) item 7);
- 7) it does not provide cross-border electricity flows through the electricity transmission network of the Republic of Macedonia (Article 78 paragraph (2) item 10) and
- 8) it does not use the revenues from assigning interconnection lines in accordance with Article 86 paragraphs (8) and (9).

(2) A fine in the amount of 10,000 euro in denar equivalent shall be imposed for a misdemeanour on the electricity transmission system operator if:

1) it does not conclude operational agreements with the operators of the neighbouring electricity transmission systems to which it is connected (Article 78 paragraph (2) item 2);

2) it does not organise and manage the balance energy market (Article 78 paragraph (2) item 3);

3) it does not keep a registry of balancing service providers and a register of balance accountable parties and balance groups (Article 78 paragraph (2) item 4);

4) it does not connect the producers, consumers and the operator of the electricity distribution system of the electricity transmission network (Article 78 paragraph (2) item 6);

5) it does not provide daily real-time dispatch and management with the electricity flows (Article 78 paragraph (2) item 14);

6) it does not provide installation and maintenance of the measuring devices and does not measure the electricity at all measuring points in the receiving and delivery points of the electricity transmission system (Article 78 paragraph (2) item 18);

7) it does not purchase ancillary services for balancing the electricity transmission system, in accordance with the rules for balancing the electric power system (Article 78 paragraph (2) item 20);

8) it does not provide balancing of the electric power system and settlement of the deviations and balancing services (Article 78 paragraph (2) item 26);

9) it does not adopt and publish on its web site the network rules for electricity transmission, previously approved by the Energy Regulatory Commission (Article 84 paragraph (1));

10) it does not adopt and publish on its web site the rules for granting the cross-border transmission capacities, previously approved by the Energy Regulatory Commission (Article 85 paragraph (1));

11) it does not notify the Energy Regulatory Commission for realisation of additional revenues (Article 87).

(3) A fine in the amount of 5,000 euro in denar equivalent shall be imposed for a misdemeanour on the electricity transmission system operator if:

1) it does not publish on its web site the electricity transmission tariffs, previously approved by the Energy Regulatory Commission (Article 78 paragraph (2) item 8);

2) it does not prepare and publish on its website an annual plan for maintaining the interconnection and internal transmission lines of the electricity transmission network (Article 78 paragraph (2) item 11);

3) it does not prepare and publish on its web site an annual plan for maintaining the internal transmission lines of the electricity transmission network, previously approved by the Energy Regulatory Commission (Article 78 paragraph (2) item 12);

4) it does not publish data and timely does not provide information from the operators of the neighbouring electricity transmission systems for the available transmission capacities of the interconnection lines (Article 78 paragraph (2) item 17) and



5) it does not prepare and publish on its web site a plan for development of the electricity transmission system, previously approved by the Energy Regulatory Commission (Article 83 paragraph (1)).

(4) A fine in the amount of 3,000 euro in denar equivalent shall be imposed for a misdemeanour on the electricity transmission system operator if:

1) it does not prepare and implement a final daily schedule (Article 78 paragraph (2) item 13);

2) it does not provide access for the users of the electricity transmission system to the measuring devices in his possession (Article 78 paragraph (2) item 19);

3) it does not prepare rules for electricity purchase for covering the losses in the electricity transmission system and it does not submit them to the Energy Regulatory Commission for approval (Article 78 paragraph (2) item 22);

4) it does not provide confidentiality of the business data of the users of the electricity transmission system (Article 78 paragraph (2) item 28);

5) it does not keep a dispatching book, records on the confidentiality of the electricity transmission system, data from the surveillance and management system and measurement data (Article 78 paragraph (3));

6) it does not publish on its website the estimation of the available annual, monthly and daily transmission capacity (Article 82 paragraph (3)).

(5) A fine in the amount of 30% of the determined fine shall be imposed on the electricity transmission system operator and the responsible person in the company for a misdemeanour for the actions referred to in paragraphs (2), (3) and (4) of this Article.

### **Misdemeanour provisions for the electricity market operator and the organised electricity market operator**

#### **Article 221**

(1) A fine in the amount of 10,000 euro in denar equivalent shall be imposed for a misdemeanour on the electricity market operator if:

1) it does not calculate the imbalances of the balance accountable parties (Article 88 paragraph (2) item 2);

2) it does not keep a register of market participants (Article 88 paragraph (2) item 7);

3) it does not submit to the electricity transmission system operator timely information on the registered electricity market participants (Article 88 paragraph (2) item 9);

4) it does not conclude agreements for purchase and sale and does not take the balance responsibility for the electricity generated by the preferential producers using a preferential tariff (Article 88 paragraph (2) item 11);

5) it trades electricity, contrary to Article 88 paragraph (3).

(2) A fine in the amount of 10,000 euro in denar equivalent shall be imposed for a misdemeanour on the organised electricity market operator if:

1) it does not provide equal treatment of all market participants (Article 90 paragraph (2) item 2);

2) it uses the fees for participation in the organised market for financing the activities on another organised market (Article 90 paragraph (2) item 3);

3) it does not adopt and publish on its web site rules for operation of the organised electricity market, previously approved by the Energy Regulatory Commission (Article 90 paragraph (2) item 4) and

4) it does not adopt a decision on the amount of the fees for participation in the organised electricity market and it does not publish the decision on its website (Article 90 paragraph (2) item 5).

(3) A fine in the amount of 5,000 euro in denar equivalent shall be imposed for a misdemeanour on the electricity market operator if:

1) it does not submit to the electricity transmission system operator all information necessary for preparation of the final daily schedules for purchase and sale of electricity (Article 88 paragraph (2) item 3);

2) it does not prepare daily market plan (Article 88 paragraph (2) item 6);

3) it does not provide the necessary services to the electricity supplier of last resort (Article 88 paragraph (2) item 10).

(4) A fine in the amount of 3,000 euro in denar equivalent shall be imposed for a misdemeanour on the electricity market operator if:

1) it does not keep records of all agreements concluded with the electricity market participants for market participation (Article 88 paragraph (2) item 4);

2) it does not keep records for all agreements for establishing balance groups concluded with the electricity market participants and the electricity market operator (Article 88 paragraph (2) item 5);

3) it does not publish information necessary for smooth organisation and management of the electricity market (Article 88 paragraph (2) item 8);

4) it does not provide confidentiality of the business data that the electricity market participants are obliged to submit to it (Article 88 paragraph (8)).

(5) Also, a fine in the amount of 30% of the determined fine for the company shall be imposed on the responsible person in the company for a misdemeanour for the actions referred to in paragraphs (1), (2), (3) and (4) of this Article.

### **Misdemeanour provisions for electricity distribution system operator**

#### **Article 222**

(1) A fine in the amount up to 2% of the total revenues of the legal entity in the previous financial year shall be imposed for a misdemeanour on the electricity distribution system operator if:

1) it does not connect the producers and consumers on the electricity distribution system it manages, as well as it does not allow third party access for use of the distribution system (Article 93 paragraph (3) item 3);

2) it does not provide timely the users of the electricity distribution system with the information necessary for access to the electricity distribution system it manages (Article 93 paragraph (3) item 4);

3) it does not allow electronic access for the suppliers to the list of consumers that does not include households, by specifying the category of connection as well as their consumption for the last 12 months (Article 93 paragraph (3) item 5);

4) for each change in the category of connection for a single consumer listed in the list referred to in Article 93 paragraph (3) item 5) of this Law, it does not previously requested approval from the Energy Regulatory Commission and it does not update the list by stating the reason for the change in the category of connection (Article 93 paragraph (6));

5) it uses the advantages of its vertical integration in order to distort competition (Article 97 paragraph (5) item 3);

6) it does not appoint compliance officer and it does not submit a programme for compliance for approval to the Energy Regulatory Commission (Article 97 paragraph (6)).

(2) A fine in the amount of 10,000 euro in denar equivalent shall be imposed for a misdemeanour on the electricity distribution system operator if:

1) it does not harmonise the operation of the electricity distribution system with the electricity transmission system operator (Article 93 paragraph (3) item 9);

2) it does not purchase ancillary services for covering the losses in the distribution network (Article 93 paragraph (3) item 10);

3) it does not measure the electricity that is taken from the producers and the electricity transmission system and the energy delivered to the consumers connected to the electricity distribution system it manages, as well as it does not submit data from the measurements (Article 93 paragraph (3) item 11);

4) it does not prepare and submit rules for electricity purchase for approval to the Energy Regulatory Commission (Article 93 paragraph (8));

5) it does not prepare and submit plans for investing in the electricity distribution system for each regulated period to the Energy Regulatory Commission (Article 94 paragraph (4));

6) it does not prepare and publish on its web site network rules for distribution of electricity, previously approved by the Energy Regulatory Commission (Article 96 paragraph (1));

7) it does not notify the Energy Regulatory Commission for realisation of additional revenues (Article 99 paragraph (1)).

(3) A fine in the amount of 5,000 euro in denar equivalent for a misdemeanour shall be imposed on the electricity distribution system operator if it does not prepare and publish on its website a plan for development of the electricity distribution system, previously approved by the Energy Regulatory Commission (Article 94 paragraph (2)).

(4) A fine in the amount of 3,000 euro in denar equivalent shall be imposed for a misdemeanour on the electricity distribution system operator if:

1) it does not publish on its web site the list of fees for each category of consumers, previously approved by the Energy Regulatory Commission (Article 93 paragraph (3) item 6);

2) it does not adopt and publish on its web site the plan for maintenance of the network, previously approved by the Energy Regulatory Commission (Article 93 paragraph (3) item 8);

3) it does not allow access for the users to the measuring devices owned by the electricity distribution system operator or the vertically integrated company (Article 93

paragraph (3) item 12);

4) it does not keep a dispatching book, records on the confidentiality of the communication systems, data from the surveillance and management system, measurement data (Article 93 paragraph (3) item 13);

5) it does not provide confidentiality of the business data of the users of the electricity distribution system (Article 93 paragraph (3) item 14).

(5) A fine in the amount of 30% of the determined fine shall be imposed on the electricity transmission system operator and the responsible person in the company for a misdemeanour for the actions referred to in paragraphs (2), (3) and (4) of this Article.

### **Misdemeanour provisions for electricity supplier and trader**

#### **Article 223**

(1) A fine in the amount of 10,000 euro in denar equivalent shall be imposed for a misdemeanour on the electricity supplier if:

1) it does not meet its obligations to the consumers in terms of the reliability and volume of the supply (Article 100 paragraph (5) item 1);

2) it does not submit to the electricity transmission system operator data on the transactions and plans for electricity consumption for its consumers (Article 100 paragraph (5) item 10);

3) it does not establish procedures for efficiently resolving the objections of its consumers within 60 days, including possibility of out-of-court settlement of disputes and obligation to refund and/or compensate assets when justified (Article 100 paragraph (5) item 8).

(2) A fine in the amount of 5,000 euro in denar equivalent shall be imposed for a misdemeanour on the electricity supplier if:

1) it does not provide for its consumers quality service laid down in the rules for electricity supply (Article 100 paragraph (5) item 2);

2) it does not take appropriate measures for equal treatment of all consumers living in remote places (Article 100 paragraph 5 item 3);

3) it does not publish on its website the general requirements of its electricity supply agreements for the small consumers and households (Article 100 paragraph (5) item 4);

4) it does not allow for consumers to receive regular and accurate notifications on the real consumption and electricity costs (Article 100 paragraph (5) item 5);

5) it publishes the general statistical data related to its consumers, without providing protection of confidentiality (Article 100 paragraph 5 item 11) and

6) it does not allow insight for the Energy Regulatory Commission, the Commission for Protection of Competition and the Energy Community Secretariat to the data in accordance with Article 103 paragraph (1).

(3) A fine in the amount up to 2% of the total revenues of a legal entity in the previous financial year shall be imposed for a misdemeanour on a designated universal electricity supplier if it does not fulfil the obligation for universal service in accordance with Article 7 of this Law.

(4) A fine in the amount of 10,000 euro in denar equivalent shall be imposed for a

misdemeanour on the universal electricity supplier if:

1) it does not provide supply and protection of the consumers in the remote areas (Article 101 paragraph (1) item 1);

2) it does not provide protection of the vulnerable consumers (Article 101 paragraph (1) item 2);

3) it does not apply the electricity prices for supplying the households and small consumers (Article 101 paragraph (1) item 3) and

4) it does not provide electricity supply for a household or small consumer whose supply agreement has ceased to be valid (Article 102 paragraph (2)).

(5) A fine in the amount of 5,000 euro in denar equivalent shall be imposed for a misdemeanour on the universal electricity supplier if:

1) it does not inform the consumers of their rights and the requirements under which they can be supplied by a universal supplier (Article 101 paragraph (1) item 4);

2) it does not notify the consumers of the requirements for supply and the electricity price, and it does not inform them of the right to change the supplier (Article 101 paragraph (1) item 5);

3) it does not publish on its website the energy supply prices (Article 101 paragraph (1) item 7) and

4) it does not allow insight for the Energy Regulatory Commission, the Commission for Protection of Competition and the Energy Community Secretariat to the data in accordance with Article 103 paragraph (2).

(6) A fine in the amount of 10,000 euro in denar equivalent shall be imposed for a misdemeanour on the electricity supplier of last resort if it does not supply the consumers who were left without electricity supplier in the cases referred to in Article 102 paragraph (1).

(7) A fine in the amount of 5,000 euro in denar equivalent shall be imposed for a misdemeanour on the electricity supplier of last resort if:

1) it does not allow insight for the Energy Regulatory Commission, the Commission for Protection of Competition and the Energy Community Secretariat to the data in accordance with Article 103 paragraph (4);

2) it does not publish on its website at least annually information in accordance with Article 103 paragraph (5).

(8) A fine in the amount of 10,000 euro in denar equivalent shall be imposed for a misdemeanour on the electricity trader if:

1) it does not submit to the electricity transmission system operator the information on the quantities of electricity and the corresponding timetables from all electricity purchase and sale agreements, as well as from the cross-border transaction agreements for through the electricity transmission network (Article 105 paragraph (2));

2) it does not provide confidentiality of the data and quantities of delivered electricity to the consumers (Article 105 paragraph (4)).

(9) A fine in the amount of 5,000 euro in denar equivalent shall be imposed for a misdemeanour on a electricity trader if he does not provide insight into the data of the Energy Regulatory Commission, the Commission for Protection of Competition and the

Energy Community Secretariat (Article 103 paragraph (1)).

(10) Also, a fine in the amount of 30% of the determined fine for the legal entity shall be imposed on the responsible person in the legal entity for a misdemeanour for the actions referred to in paragraphs (1), (2), (8) and (9) of this Article.

(11) In addition to the fine referred to in paragraph (6) of this Article, also, a misdemeanour sanction - prohibition of performing a duty may be imposed on a responsible person in the company for a period of up to six months.

(12) In addition to the fine referred to in paragraph (6) of this Article, also, a misdemeanour sanction - prohibition of performing a duty may be imposed on a responsible person in the company for a period of up to six months.

### **Misdemeanour provisions for the natural gas transmission system operator**

#### **Article 224**

(1) A fine in the amount up to 2% of the total revenues of the legal entity in the previous financial year shall be imposed for a misdemeanour on the natural gas transmission system operator if:

- 1) it does not adopt a programme for compliance (Article 111);
- 2) it does not designate a compliance officer (Article 112 paragraph (2));
- 3) it does not submit an application for certification to the Energy Regulatory Commission (Article 113 paragraph (3) item 1);
- 4) it does not notify the Energy Regulatory Commission of all planned activities for which the re-certification should be carried out (Article 113 paragraph (3) item 2);
- 5) it does not provide all information necessary for access and use of the natural gas transmission system and it does not provide access for the users of the natural gas transmission system (Article 116 paragraph (2) item 4);
- 6) it does not provide cross-border natural gas flows through its transmission network within the available transmission capacity (Article 116 paragraph (2) item 8).

(2) A fine in the amount of 10,000 euro in denar equivalent shall be imposed for a misdemeanour on the natural gas transmission system operator if:

- 1) it does not approve the applications of the users' applications for connection to the transmission system in accordance with the natural gas transmission network rules that are economically justified (Article 116, paragraph (2) item 5);
- 2) it does not provide daily dispatch and real-time management with the natural gas flow through the natural gas transmission system based on the final daily schedule (Article 116 paragraph (2) item 11);
- 3) does not provide installation and maintenance of measuring devices and does not measure the flow of natural gas at all measuring points in the receiving and delivery points in the transmission system (Article 116 paragraph (2) item 14);
- 4) it does not purchase ancillary services for balancing the natural gas transmission system, in accordance with the rules for balancing the natural gas system (Article 116 paragraph (2) item 16);
- 5) it does not establish and keep a registry of balancing service providers and a register of balance accountable parties and balance groups (Article 116 paragraph (2) item 11);

6) it does not provide balancing of the natural gas transmission system and settlement of the deviations and balancing services (Article 116 paragraph (2) item 21);

7) it does not adopt and publish on its web site the network rules for natural gas transmission, previously approved by the Energy Regulatory Commission (Article 123 paragraph (1));

8) it does not adopt and publish on its web site the network rules for natural gas transmission capacities, previously approved by the Energy Regulatory Commission (Article 124 paragraph (1)).

(3) A fine in the amount of 5,000 euro in denar equivalent shall be imposed for a misdemeanour on the natural gas transmission system operator if:

1) it does not publish on its web site the transmission tariffs, previously approved by the Energy Regulatory Commission (Article 116 paragraph (2) item 17);

2) it does not prepare and publish on its web site an annual plan for maintaining the transmission system, previously approved by the Energy Regulatory Commission (Article 116 paragraph (2) item 9);

3) it does not publish data and it does not provide timely information on the other natural gas transmission system operators in relation to the available transmission capacities (Article 116 paragraph 2 item 13);

4) it does not prepare and publish on its web site a plan for development of the natural gas transmission system, previously approved by the Energy Regulatory Commission (Article 117 paragraph (1)).

(4) A fine in the amount of 3,000 euro in denar equivalent shall be imposed for a misdemeanour on the natural gas transmission operator if:

1) it does not prepare a final daily schedule for transmission and overloading the natural gas transmission system (Article 116 paragraph (2) item 10);

2) it does not provide access of the users of the natural gas transmission system to the measuring devices in his possession (Article 116 paragraph (2) item 15);

3) it does not prepare rules for natural gas purchase for covering the losses in the natural gas transmission system and it does not submit them to the Energy Regulatory Commission for approval (Article 116 paragraph (2) item 18);

4) it does not provide confidentiality of the business data of the users of the system services (Article 116 paragraph (2) item 23);

5) it does not provide timely information to the natural gas transmission and distribution system operators to which it is connected (Article 116 paragraph (2) item 25);

6) it does not keep a dispatching book, records on the confidentiality of the transmission system, data from the surveillance and management system and measurement data (Article 116 paragraph (4));

7) it does not update on its website and it does not publish information in accordance with Article 125 paragraph (1).

(5) A fine in the amount of 30% of the determined fine shall be imposed on the natural gas transmission system operator and the responsible person in the operator for a misdemeanour for the actions referred to in paragraphs (2), (3) and (4) of this Article.

#### **Misdemeanour provisions for the natural gas market operator**

## **Article 225**

(1) A fine in the amount of 10,000 euro in denar equivalent shall be imposed for a misdemeanour on the natural gas market operator if:

- 1) it does not calculate the imbalances of the balance accountable parties (Article 126 paragraph (2) item 4);
- 2) it does not perform financial settlement and control over the financial coverage of the recognised imbalances (Article 126 paragraph (2) item 5);
- 3) it does not establish and keep a register of natural gas market participants (Article 126 paragraph (2) item 10).

(2) A fine in the amount of 5,000 euro in denar equivalent shall be imposed for a misdemeanour on the natural gas market operator if:

- 1) it does not timely submit to the natural gas transmission system operator all information necessary for preparation of the final daily schedules (Article 126 paragraph (2) item 6);
- 2) it does not prepare daily market plan (Article 126 paragraph (2) item 9);
- 3) it does not provide the necessary services to the natural gas supplier of last resort (Article 126 paragraph (2) item 12).

(3) A fine in the amount of 3,000 euro in denar equivalent shall be imposed for a misdemeanour on the electricity market operator if:

- 1) it does not keep records of all agreements concluded with the natural gas market participants (Article 126 paragraph (2) item 7);
- 2) it does not keep records of all agreements for establishing balance groups concluded with the natural gas market participants and the natural gas market operator (Article 126 paragraph (2) item 8);
- 3) it does not publish information necessary for smooth organisation and management of the natural gas market (Article 126 paragraph (2) item 11).

(4) A fine in the amount of 30% of the determined fine shall be imposed on the natural gas market operator and the responsible person in the operator for a misdemeanour for the actions referred to in paragraphs (1), (2) and (3) of this Article.

### **Misdemeanour provisions for the natural gas distribution system operator**

## **Article 226**

(1) A fine in the amount up to 2% of the total revenues of the legal entity in the previous financial year shall be imposed for a misdemeanour on a natural gas distribution system operator if:

- 1) it does not connect the producers and consumers on the distribution network and it does not allow third party access for use of the distribution system (Article 129 paragraph (2) item 3);
- 2) it does not provide timely information to other distribution system operators, as well as the natural gas transmission system operator (Article 129 paragraph (2) item 4);
- 3) it does not provide the users of the natural gas distribution system with information necessary for efficient access to the system (Article 129 paragraph (2) item 5);



4) it does not allow electronic access for the suppliers to the list of consumers that does not include households, as well as their consumption for the last 12 months (Article 129 paragraph (2) item 6);

5) it does not appoint a compliance officer and it does not submit a programme for compliance, previously approved by the Energy Regulatory Commission (Article 133 paragraph (6)).

(2) A fine in the amount of 10,000 euro in denar equivalent shall be imposed for a misdemeanour on the natural gas distribution system operator if:

1) it does not purchase ancillary services and natural gas for covering the losses in the distribution network according to market conditions (Article 129 paragraph (2) item 11);

2) it does not measure the quantities of natural gas taken from the transmission system, which are delivered to the consumers (Article 129 paragraph (2) item 12);

3) it does not prepare and it does not submit plans for investing in the natural gas distribution system for each regulated period to the Energy Regulatory Commission (Article 130 paragraph (4));

4) it does not adopt and publish on its web site the network rules for natural gas distribution, previously approved by the Energy Regulatory Commission (Article 132 paragraph (1));

(3) A fine in the amount of 5,000 euro in denar equivalent for a misdemeanour shall be imposed on the natural gas distribution system operator if it does not prepare and publish on its website a plan for development of the natural gas distribution system, previously approved by the Energy Regulatory Commission (Article 130 paragraph (2));

(4) A fine in the amount of 3,000 euro in denar equivalent shall be imposed for a misdemeanour on the natural gas distribution system operator if:

1) it does not publish on its web site a list of fees for each category of consumers, previously approved by the Energy Regulatory Commission (Article 129 paragraph (2) item 7);

2) it does not prepare and publish on its web site a plan for maintaining the transmission system, previously approved by the Energy Regulatory Commission (Article 129 paragraph (2) item 10);

3) it does not provide access for the users to the measuring devices (Article 129 paragraph (2) item 13);

4) it does not keep a dispatching book, records on the confidentiality of the communication systems, data from the surveillance and management system, measurement data and the same to be kept for a period of at least ten years (Article 129 paragraph (2) item 14);

5) it does not provide confidentiality of the business data of the users of the distribution system and it does not prevent, in a discriminatory manner, disclosing the information on its activities (Article 129 paragraph (2) item 15);

6) it misuses the confidential data from a third party regarding provision of access to the natural gas distribution system (Article 129 paragraph (2) item 16).

(5) A fine in the amount of 30% of the determined fine shall be imposed on the natural

gas distribution system operator and the responsible person in the operator for a misdemeanour for the actions referred to in paragraphs (2), (3) and (4) of this Article.

### **Misdemeanour provisions for natural gas supplier and trader**

#### **Article 227**

(1) A fine in the amount of 10,000 euro in denar equivalent shall be imposed for a misdemeanour on the natural gas supplier if:

- 1) it does not meet its obligations to the consumers in terms of the reliability and volume of the supply (Article 136 paragraph (4) item 1);
- 2) it does not submit to the natural gas transmission system operator data on the transactions and plans for natural gas consumption for its consumers necessary for calculation of the imbalances (Article 136 paragraph (4) item 4);
- 3) it does not establish procedures for efficiently resolving objections of its consumers within 60 days, including possibility of out-of-court settlement of disputes and obligation to refund and/or compensate assets (Article 136 paragraph (4) item 9).

(2) A fine in the amount of 5,000 euro in denar equivalent shall be imposed for a misdemeanour on the natural gas supplier if:

- 1) it does not invoice its consumers for the natural gas delivered (Article 136 paragraph (3));
- 2) it does not provide non-discriminatory treatment to all consumers (Article 136 paragraph (4) item 3);
- 3) it does not allow for consumers to receive regular and accurate notifications on the real consumption and natural gas costs (Article 136 paragraph (4) item 5);
- 4) it does not publish on its website the requirements of the natural gas supply agreements for each category consumers (Article 136 paragraph (4) item 10);
- 5) it publishes the general statistical data related to its consumers, without providing protection of confidentiality (Article 136 paragraph 4 item 11);
- 6) it does not allow insight to data for the Energy Regulatory Commission, the Commission for Protection of Competition and the Energy Community Secretariat (Article 136 paragraph (5));
- 7) it does not fulfil the obligations referred to in Article 140.

(3) A fine in the amount of 10,000 euro in denar equivalent shall be imposed for a misdemeanour on the natural gas supplier with a public service obligation if:

- 1) it does not apply the natural gas prices determined in accordance with the tariff system (Article 137 paragraph (1) item 2);
- 2) it does not supply with natural gas, as a public service, the natural gas households and small consumers within the territory for which it has a license to provide a public service - natural gas supply (Article 137 paragraph (1) item 4).

(4) A fine in the amount of 5,000 euro in denar equivalent shall be imposed for a misdemeanour on the natural gas supplier with a public service obligation if:

- 1) it does not inform the consumers of their rights and the requirements for natural gas delivery within the public service (Article 137 paragraph (1) item 1);

2) it does not notify the consumers of the requirements for supply and the natural gas price, and to inform them of the right to choose another natural gas supplier (Article 137 paragraph (1) item 3);

3) it does not publish the supply prices within the public service for natural gas supply on its website (Article 137 paragraph (1) item 6) and

4) it does not allow insight to data for the Energy Regulatory Commission, the Commission for Protection of Competition and the Energy Community Secretariat in accordance with Article 136 paragraph (5) in conjunction with Article 137 paragraph (8).

(5) A fine in the amount of 10,000 euro in denar equivalent shall be imposed for a misdemeanour on the natural gas supplier of last resort if it does not supply the consumers who were left without natural gas supplier in the cases referred to in Article 138 paragraph (1).

(6) A fine in the amount of 5,000 Euros in denar equivalent shall be imposed for a misdemeanour on the natural gas supplier of last resort if he does not provide insight into data of the Energy Regulatory Commission, the Commission for Protection of Competition and the Energy Community Secretariat in accordance with Article 136 paragraph (5) in conjunction with Article 138 paragraph (12).

(7) A fine in the amount of 10,000 euro in denar equivalent shall be imposed for a misdemeanour on a natural gas trader if:

1) it does not submit to the natural gas transmission system operator and the natural gas market operator information on the quantities of natural gas and the corresponding timetable connected with all natural gas purchase and sale agreements, as well as the agreements related to cross-border transactions through the transmission system (Article 141 paragraph (2));

2) it does not submit them to the Energy Regulatory Commission, information and reports on the natural gas transactions and business activities in the Republic of Macedonia (Article 141 paragraph (4) item 2);

3) it does not provide confidentiality of the data and quantities of natural gas delivered to the consumers (Article 141 paragraph (4));

(8) A fine in the amount of 5,000 Euros in denar equivalent shall be imposed for a misdemeanour on a natural gas trader if he does not provide insight into the data of the Energy Regulatory Commission, the Commission for Protection of Competition and the Energy Community Secretariat (Article 141 paragraph (5)).

(9) Also, a fine in the amount of 30% of the determined fine for the legal entity shall be imposed on the responsible person in the legal entity for a misdemeanour for the actions referred to in paragraphs (1), (2), (3), (4), (5), (6), (7) and (8) of this Article.

(10) In addition to the fine referred to in paragraph (6) of this Article, also, a misdemeanour sanction - prohibition of performing a duty may be imposed on the natural gas trader for a period of up to six months.

(11) In addition to the fine referred to in paragraph (6) of this Article, also, a misdemeanour sanction - prohibition of performing a duty may be imposed on the responsible person in the trader for a period of up to six months.

### **Misdemeanour provisions for the market in crude oil, oil derivatives and**

## **transport fuels**

### **Article 228**

(1) A fine in the amount of 10,000 euro in denar equivalent shall be imposed for a misdemeanour on the entity carrying out an activity.

1) refining of crude oil and production of oil derivatives, production of fuels intended for transport by mixing oil derivatives and biofuels, transport of crude oil through an oil pipeline, transport of oil derivatives through refined products pipelines, wholesale trade in crude oil, oil derivatives, biofuels and transport fuels, if it does not use and maintain the facilities, devices and plants for performing the energy-related activities in accordance with the technical regulations and standards and other regulations on safe and reliable operation and environmental protection (Article 143 paragraph (1));

2) transport of oil derivatives through a refined product pipeline, if it does not adopt and publish on its web site rules for operation of the refined product pipeline, previously approved by the Ministry (Article 144 paragraph (1)) and

3) transport of oil derivatives through a refined product pipeline, if it does not adopt and publish on its web site rules for operation of the refined product pipeline, previously approved by the Ministry (Article 145 paragraph (1)) and

4) on the liquid fuel market and it does not comply with the obligations laid down in the regulation on the quality of liquid fuels (Article 150, paragraph (2)).

(2) A fine in the amount of 5,000 euro in denar equivalent shall be imposed for a misdemeanour on the entity carrying out an activity:

1) wholesale of oil derivatives and transport fuels, if there are no operational reserves of oil derivatives and transport fuels at any time (Article 146 paragraph (3));

2) wholesale of crude oil, oil derivatives and transport fuels contrary to Article 147;

3) wholesale trade in fuels, without using storage facilities for crude oil, oil derivatives, biofuels, or transport fuels that meet the requirements determined by Article 148;

4) production, wholesale and retail trade of oil derivatives, biofuels and transport fuels as well as on the consumers purchasing oil derivatives, biofuels and transport fuels from abroad if they do not have a statement of conformity by accredited legal entities (Article 150 paragraph 3)).

(3) Also, a fine in the amount of 30% of the determined fine for the entity shall be imposed on the responsible person in the entity for a misdemeanour for the actions referred to in paragraphs (1) and (2) of this Article.

(4) In addition to the fine referred to in paragraph (1) of this Article: an entity may also be imposed a misdemeanour sanction - prohibition of carrying out an activity for a period of up to 30 days.

(5) In addition to the fine referred to in paragraph (3) of this Article, also, a misdemeanour sanction - prohibition of performing a duty may be imposed on the responsible person in the company for a period of up to 30 days.

### **Misdemeanour provisions for a heat energy producer**

#### **Article 229**

(1) A fine in the amount of 3,000 euro in denar equivalent shall be imposed for a misdemeanour on:

1) a heat energy producer, if it does not submit annual reports to the Energy Regulatory Commission and to the mayor of the local self-government unit regarding the equipment, facilities, maintenance plans, as well as the planned capacity (Article 152 paragraph (3)) and

2) the regulated heat energy producer, if during the heat season it does not provide operational reserves of alternative fuel (Article 153 paragraph (4)).

(2) Also, a fine in the amount of 30% of the determined fine for the legal entity shall be imposed on the responsible person in the legal entity for a misdemeanour for the actions referred to in paragraph (1) of this Article.

(3) In addition to the fine referred to in paragraph (2) of this Article, also, a misdemeanour sanction - prohibition of performing a duty may be imposed on the responsible person in the legal entity for a period of up to one year.

### **Misdemeanour provisions for the heat energy distribution system operator and the heat energy supplier**

#### **Article 230**

(1) A fine in the amount of 10,000 euro in denar equivalent shall be imposed for a misdemeanour on the heat energy distribution system operator if:

1) it does not maintain, develop and, when economically feasible, expansion of the heat energy distribution system (Article 155 paragraph (1) item 2);

2) it does not connect the producers and consumers of the distribution system it manages, it does not allow third party access to use the distribution system and it does not apply the prices and tariffs previously approved by the Energy Regulatory Commission (Article 155 paragraph (1) point 3);

3) it does not provide heat energy needed for covering the losses in the distribution network and ancillary services of the regulated producer (Article 155 paragraph (1) item 4);

4) it does not take all prescribed safety measures when using the heat energy distribution system, as well as the measures for environmental protection (Article 155 paragraph (1) item 6);

5) it does not harmonise the operation of the system with the producers for the purpose of uninterrupted distribution of heat energy (Article 155 paragraph (1) item 9);

6) it does not perform supervision and testing of the heat energy distribution system (Article 155 paragraph (1) item 10);

7) it does not monitor the technical and functional preparedness of the facilities for heat energy distribution (Article 155 paragraph (1) item 11);

8) it does not purchase heat energy from the other producers if the price of the heat energy offered by the producer is lower than the heat energy price of the regulated producer (Article 156 paragraph (4));

9) it does not adopt and publish on its web site the network rules for heat energy distribution, previously approved by the Energy Regulatory Commission (Article 157 paragraph (1)).

(2) A fine in the amount of 5,000 euro in denar equivalent shall be imposed for a misdemeanour on the heat energy distribution system operator if:

1) it does not purchase, install and maintain the measuring devices at the exit points of the generation plants and in the heat substations to which the consumer's facilities are connected and measurement of the heat energy which is taken or delivered from the heat system (Article 155 paragraph (1) item 5);

2) it does not prepare a long-term estimate of the heat energy demand (Article 155 paragraph (1) item 12);

3) it does not submit to the Energy Regulatory Commission the complete documentation related to the fulfilment of the agreements with the heat energy producers and suppliers, as well as the financial reports and the audited financial statements prepared by a certified auditor, the reports on the operation and other data (Article 156 paragraph 7));

(3) A fine in the amount of 5,000 euro in denar equivalent shall be imposed for a misdemeanour on the heat energy supplier if:

1) it does not supply the consumers with whom it has concluded an agreement on safe, continuous and quality supply of heat energy (Article 158 paragraph (1));

2) it does not conclude an annual agreement with the heat energy distribution system operator for heat energy purchase for the needs of the consumers (Article 158 paragraph (2));

3) it does not submit to the Energy Regulatory Commission annual reports on the heat energy sold (Article 158 paragraph (5)).

4) it does not submit to the Ministry and the mayors of the local self-government units in whose territory the supplier performs the activity, annual reports on the heat energy sold (Article 158 paragraph (6)).

(4) A fine in the amount of 3,000 euro in denar equivalent shall be imposed for a misdemeanour on the legal entity - a user of the heat energy distribution system if it does not allow for an authorised person of the heat energy distribution system operator the right to access for the purpose of carrying out the activities referred to in Article 159 paragraph (3) of this Law.

(5) A fine in the amount of 200 euro in denar equivalent shall be imposed for a misdemeanour on the natural person - user of the heat energy distribution system if it does not allow for an authorised person of the heat energy distribution system operator the right to access for the purpose of carrying out the activities referred to in Article 159 paragraph (3) of this Law.

(6) Also, a fine in the amount of 30% of the determined fine for the legal entity shall be imposed on the responsible person in the legal entity for a misdemeanour for the actions referred to in paragraphs (1), (2) and (3) of this Article.

### **Misdemeanour provisions for preferential energy producers**

#### **Article 231**

(1) A fine in the amount of 3,000 euro in denar equivalent shall be imposed for a misdemeanour on an entity if:

1) a preferential producer who uses a premium does not submit estimates for electricity generation to the Ministry (Article 189 paragraph (1) item 2);

2) a preferential producer who uses a preferential tariff does not submit electricity generation plans to the electricity market operator (Article 192 paragraph (1) item 2));

3) an electricity supplier or trader does not provide the information to the consumers in accordance with Article 194.

(2) Also, a fine in the amount of 30% of the determined fine for the entity shall be imposed on the responsible person in the entity for a misdemeanour for the actions referred to in paragraph (1) of this Article.

### **Other misdemeanour provisions**

#### **Article 232**

(1) A fine in the amount of 3,000 euro in denar equivalent shall be imposed for a misdemeanour on a legal entity, i.e. a sole proprietor - an energy system user if it acts contrary to the obligations laid down in Article 195 paragraph (1) of this Law.

(2) A fine in the amount of 200 euro in denar equivalent shall be imposed for a misdemeanour on a natural person - an energy system user if it acts contrary to the obligations laid down in Article 195 paragraph (1) of this Law.

(3) A fine in the amount of Euro 3,000 in euro in denar equivalent shall be imposed for an offense to an entity carrying out an energy activity if he misused the business secrets and information he received during the performance of the business for the purpose of gaining business advantage, as well as for taking discriminatory actions in favour of third parties (Article 202 paragraph (2)).

(4) A fine in the amount of 3,000 euro in denar equivalent shall be imposed for a misdemeanour on a legal entity:

1) that constructs or carries out other activities, plants plants and trees on land under, above and by the energy facilities, devices and plants that disturb the process of generation, transmission and distribution of energy or endanger the safety of people and property, except in the cases determined by this Law (Article 203 paragraph (1));

2) an owner, i.e. a user of the land, if it does not allow passing through the land in order to conduct survey, recording, designing and carrying out activities for maintenance and reconstruction of energy facilities, as well as conducting inspection on the land where they have been placed (Article 204 paragraph (1))

(5) A fine in the amount of 200 euro in denar equivalent shall be imposed for a misdemeanour on a natural person for the activities referred to in paragraph (4) of this Article:

(6) Also, a fine in the amount of 30% of the determined fine for the legal entity, i.e. a sole proprietor shall be imposed on the responsible person in the legal entity for a misdemeanour for the actions referred to in paragraphs (1), (3) and (4) of this Article.

#### **Article 233**

The determination of the amount of the fine for a legal entity, i.e. a sole proprietor is performed in accordance with the Law on Misdemeanours.

## **XV. TRANSITIONAL AND FINAL PROVISIONS**

### **Mandate duration**

#### **Article 234**

(1) With the entry into force of this Law, the term of office of the President of the Energy Regulatory Commission shall cease to be valid.

(2) Within 30 days from the date of entry into force of this Law, the Assembly, upon a proposal from the Government prepared in a procedure laid down in the law that regulates the organisation, the manner of work and the competence of the Government, shall appoint a President and three members of the Energy Regulatory Commission for the position of the President referred to in paragraph (1) of this Article and the position of the three members of the Energy Regulatory Commission whose term of office has expired or otherwise ceased the mandate prior to the entry into force of this Law.

(3) The President and the members of the Energy Regulatory Commission appointed in accordance with paragraph (2) of this Article should fulfil the conditions of Article 17 paragraphs (2) and (3) of this Law.

(4) The term of office of the President and the members of the Energy Regulatory Commission appointed in accordance with paragraph (2) of this Article shall be five years.

(5) The President of the Energy Regulatory Commission referred to in paragraph (1) of this Article and the member of the Energy Regulatory Commission whose term of office has expired shall hold their offices until the appointment of a President and members in accordance with paragraph 2 of this Article.

(6) The members of the Energy Regulatory Commission appointed prior to the entry into force of this Law whose term of office has not expired or ceased to be valid in accordance with this Article shall continue to hold their offices until the expiry of the term of office for which they are appointed.

(7) The members of the Appeal Commission and their deputies appointed prior to the entry into force of this Law shall continue to hold their offices until the completion of the procedures initiated in accordance with the Energy Law ("Official Gazette of the Republic of Macedonia" No. 16/11, 136/11, 79/13, 164/13, 41/14, 151/14, 33/15, 192/15, 215/15, 6/16, 53/16 and 189/16).

### **Validity of the issued licenses**

#### **Article 235**

(1) The holder of a license issued prior to the entry into force of this Law shall continue to carry out the energy activity based on the issued license, for the duration laid down in the license.

(2) If the license referred to in paragraph (1) of this Article lays down rights and obligations contrary to the provisions of this Law, i.e. the regulations and rules adopted on the basis of this Law, the holder of license shall carry out the energy activity in accordance with the issued license, until the license is amended or ceased to be valid by the Energy Regulatory Commission.

(3) The Energy Regulatory Commission shall ex officio amend the rights and obligations of the existing licenses that are contrary to the provisions of this Law, i.e. the appropriate regulation or rules within three months from the date of entry into force of this Law.

(4) The procedures for issuing licenses that have been initiated prior to the entry into force of this Law shall be completed by the Energy Regulatory Commission in accordance with the provisions of the Energy Law ("Official Gazette of the Republic of Macedonia" No. 16/11, 136/11, 79/13, 164/13, 41/14, 151/14, 33/15, 192/15, 215/15, 6/16, 53/16 and 189/16).



## **Adoption of regulations**

### **Article 236**

(1) The Government shall adopt:

- 1) a regulation on the criteria and conditions for declaring crisis referred to in Article 14 of this Law, within one year from the date of entry into force of this Law;
- 2) a regulation on criteria and a procedure for granting an authorisation for construction of a direct pipeline referred to in Article 67 paragraph (4) of this Law, within six months from the date of entry into force of this Law;
- 3) a regulation on the work of the operator of the organised electricity market, as well as the necessary technical, personnel and financial requirements that it should fulfil referred to in Article 90 paragraph (3), within six months from the date of entry into force of this Law;
- 4) a regulation on the quality of liquid fuels referred to in Article 150 of this Law, within 18 months from the date of entry into force of this Law;
- 5) a regulation on measures for supporting the electricity generation from renewable energy sources referred to in Article 187 paragraph (3) of this Law, within 90 days from the date of entry into force of this Law;
- 6) a decision on the total installed power capacity of the preferential producers referred to in Article 187 paragraph (4), within 90 days from the date of entry into force of this Law.

(2) The Government shall adopt:

- 1) a rulebook on energy balances and energy statistics referred to in Article 13 of this Law, within six months from the date of entry into force of this Law;
- 2) a rulebook on the level and manner of calculation of the operational reserves referred to in Article 146 paragraph (4) of this Law, within one year from the date of entry into force of this Law;
- 3) a rulebook on the conditions of the facilities for storing crude oil, oil derivatives, biofuels or transport fuels referred to in Article 148 paragraph (2), within 90 days from the date of entry into force of this Law;
- 4) a rulebook on the methodology for calculating the share of energy generated from renewable energy sources in the gross final energy consumption referred to in Article 173 paragraph (4), within 90 days from the date of entry into force of this Law;
- 5) a rulebook on technical specifications referred to in Article 179 paragraph (2) of this Law, within one year from the date of entry into force of this Law;
- 6) a rulebook on licensing installers referred to in Article 181 paragraph (4), within one year from the date of entry into force of this Law;
- 7) a regulation on renewable energy sources referred to in Article 185 of this Law, within 90 days from the date of entry into force of this Law;
- 8) a rulebook on conducting an examination for persons who handle energy devices and plants referred to in Article 199 paragraph (2), within six months from the date of entry into force of this Law;
- 9) a rulebook on controlling the electricity quality referred to in Article 201 paragraph

(1), within one year from the date of entry into force of this Law;

(3) The Energy Regulatory Commission shall adopt:

1) rulebooks and methodologies for establishing prices for the regulated energy activities referred to in Article 24 paragraph (1) item 1) indent 1 of this Law, within six months from the date of entry into force of this Law;

2) a rulebook and methodology for establishing the highest refinery and retail prices of certain oil derivatives and transport fuels referred to in Article 24 paragraph (1) item 1) indent 2 of this Law, within one year from the date of entry into force of this Law;

3) a rulebook on certification of electricity transmission system operator and natural gas transmission system referred to in Article 24 paragraph (1) item 5 indent 5 of this Law, within six months from the date of entry into force of this Law;

4) a rulebook on granting a status of a closed electricity distribution system, closed natural gas distribution system and natural gas transmission and distribution combined operator referred to in Article 24 paragraph (1) item 1) indent 6 of this Law, within one year from the date of entry into force of this Law;

5) a rulebook on monitoring the functioning of the energy markets referred to in Article 25 paragraph (3) of this Law, within one year from the date of entry into force of this Law;

6) the tariff systems referred to in Article 29 paragraph (1) of this Law, within six months from the date of entry into force of this Law;

7) a tariff system for sale of electricity to consumers supplied by the universal supplier and supplier of last resort referred to in Article 29 paragraph (3) of this Law, within 90 days from the date of entry into force of this Law;

8) rules for electricity purchase for the universal supplier referred to in Article 24 paragraph (1) item 1) indent 11 of this Law, within 90 days from the date of entry into force of this Law;

9) rules for determining the compensation for the damage caused to the producers and consumers connected to the electricity transmission and distribution systems referred to in Article 24, paragraph (1), item 1), indent 9 and Article 197, paragraphs (3) and (4), of this Law, within 90 days from the date of entry into force of this Law;

10) rules for electricity market referred to in Article 24 paragraph (1) item 1) indent 10 of this Law, within 90 days from the date of entry into force of this Law;

11) rules for natural gas market referred to in Article 24 paragraph (1) item 1) indent 12 of this Law, within 9 months from the date of entry into force of this Law;

12) rules for electricity supply referred to in Article 24 paragraph (1) item 1) indent 13 of this Law, within 90 days from the date of entry into force of this Law;

13) rules for natural gas supply referred to in Article 24 paragraph (1) item 1) indent 14 of this Law, within six months from the date of entry into force of this Law;

14) rules for electricity supply referred to in Article 24 paragraph (1) item 1) indent 15 of this Law, within nine months from the date of entry into force of this Law;

15) a rulebook on acting upon objections and resolving disputes referred to in Article 37 paragraph (8) of this Law, within nine months from the date of entry into force of this Law;

16) a rulebook on licenses referred to in Article 41 paragraph (1) of this Law, within six months from the date of entry into force of this Law;

17) a rulebook on heat energy prices and ancillary services referred to in Article 153 paragraph (5) of this Law, within six months from the date of entry into force of this Law;

18) a rulebook on preferential producers using a preferential tariff referred to in Article 191 paragraph (1), within 90 days from the date of entry into force of this Law.

4) The electricity transmission system operator shall adopt:

1) rules for electricity purchase for covering the losses in the electricity transmission system referred to in Article 78 paragraph (2) item 21) of this Law, within six months from the date of entry into force of this Law;

2) rules for balancing referred to in Article 79 of this Law, within 90 days from the date of entry into force of this Law;

3) network rules for electricity transmission referred to in Article 84 paragraph (1) of this Law, within one year from the date of entry into force of this Law;

4) rules for granting the cross-border electricity transmission capacities referred to in Article 85 of this Law, within six months from the date of entry into force of this Law and

5) a programme for compliance referred to in Article 73 of this Law, within 60 days from the date of entry into force of this Law.

(5) The electricity distribution system operator shall adopt:

1) rules for electricity purchase for covering the losses in the electricity distribution system referred to in Article 93 paragraph (3) item 10) of this Law, within six months from the date of entry into force of this Law;

2) network rules, within one year from the date of entry into force of this Law and

3) a programme for compliance referred to in Article 97 paragraph (6) of this Law, within 60 days from the date of entry into force of this Law.

(6) The natural gas transmission system operator shall adopt:

1) rules for natural gas purchase for covering the losses in the natural gas transmission system referred to in Article 116 paragraph (2) item 17) of this Law, within six months from the date of entry into force of this Law;

2) rules for balancing referred to in Article 121 of this Law, within one year from the date of entry into force of this Law;

3) network rules for natural gas transmission referred to in Article 123 of this Law, within one year from the date of entry into force of this Law;

4) rules for granting the cross-border natural gas transmission capacities referred to in Article 124 of this Law, within six months from the date of entry into force of this Law and

5) a programme for compliance referred to in Article 111 of this Law, within one year from the date of entry into force of this Law.

(7) The natural gas distribution system operator shall adopt:

1) network rules for natural gas distribution in accordance with Article 123, within one year from the date of entry into force of this Law;

2) a programme for compliance referred to in Article 133 of this Law, within one year from the date of entry into force of this Law.

(8) The entity carrying out an activity - transport of crude oil through an oil pipeline shall adopt the rules for operating the oil pipeline referred to in Article 144 of this Law, within six months from the date of entry into force of this Law.

(9) The heat energy distribution system operator, in accordance with Article 157 of this Law, shall submit to the Energy Regulatory Commission for approval the network rules for heat energy distribution, within one year from the date of the entry into force of the this Law.

(10) The regulations, rules and other general acts, as well as strategic, programming and planning documents, the adoption of which is provided for in this

Law, and for which a deadline for adoption is not determined by this Article, shall be adopted within 18 months from the date of entry into force of this Law.

(11) Until the adoption of the regulations and the approval of the acts referred to in this Article, the regulations, rules and acts adopted, i.e. approved in accordance with the Law on Energy shall be applied ("Official Gazette of the Republic of Macedonia" No. 16/11, 136/11, 79/13, 164/13, 41/14, 151/14, 33/15, 192/15, 215/15, 6/16, 53/16 and 189/16).

(12) The procedures for issuing a construction authorisation, as well as the procedures for adopting decisions for granting the right to construct production, transmission and distribution energy facilities and systems that have been initiated before the entry into force of this Law shall be completed in accordance with the Law ("Official Gazette of the Republic of Macedonia" No. 16/11, 136/11, 79/13, 164/13, 41/14, 151/14, 33/15, 192/15, 215/15, 6/16 , 53/16 and 189/16).

(13) Until adoption of the Rulebook referred to in Article 199 paragraph (2) of this Law, the provisions of Articles 157-6, 157-c, 157-d, 157-e, 157-d, 157-g, 157-h, 157-3, 157-j, 157-k, 157-l, 157-m, 157-n, 157-o, 157-p, 157-q, 157-r, 157-s, 157-t, 157-u, 157-v, 157-w and 190-6 of the Energy Law shall be applied to the procedure for taking the examination of professional competence for persons who handle energy devices and plants ("Official Gazette of the Republic of Macedonia" No. 16/11, 136/11, 79/13, 164/13, 41/14, 151/14, 33/15, 192/15, 215/15, 6/16, 53/16 and 189/16).

## **Electricity Market**

### **Article 237**

(1) The Government shall, within 60 days from the day of entry into force of this Law, adopt a decision for transferring the shares to the owner of the company referred to in Article 72 paragraph (1) of this Law.

(2) The transfer of the ownership of the shares referred to in paragraph (1) of this Article shall be recorded in the Central Securities Depository.

(3) The electricity transmission system operator shall commence the certification procedure referred to in Article 75 of this Law within 30 days from the transfer of the ownership of the shares in accordance with paragraph 2 of this Article.

(4) The electricity producer with the largest installed capacity in the Republic of

Macedonia shall be obliged to offer to the universal supplier, regarding the procurement procedures for electricity in accordance with the rules for electricity supply for the universal supplier, electricity for sale as follows:

- 1) in 2019 at least 80% of the total annual needs of the supplier;
- 2) in 2020 at least 75% of the total annual needs of the supplier;
- 3) in 2021 at least 70% of the total annual needs of the supplier;
- 4) in 2022 at least 60% of the total annual needs of the supplier;
- 5) in 2023 at least 50% of the total annual needs of the supplier;
- 6) in 2024 at least 40% of the total annual needs of the supplier;
- 7) in 2025 at least 30% of the total annual needs of the supplier;

(5) Within 90 days after the entry into force of this Law, the Government shall publish an announcement for the selection of a universal supplier and electricity supplier of last resort.

(6) The provision referred to in Article 101 paragraph (1) shall begin to apply after the adoption of the tariff system referred to in Article 29 paragraph (3), the rules for electricity supply for the universal supplier, the rules for electricity supply, the rules for the electricity market, and after the approval of the rules for balancing electricity, the choice of the universal supplier and the supplier of last resort.

(7) The holder of the electricity supply license of last resort and the license for supplying electricity to tariff consumers shall perform the obligations determined in the licenses until the date of issuance of the license of the universal supplier referred to in Article 101 paragraph (9) of this Law.

(8) The electricity producer to whom, in accordance with the Energy Law ("Official Gazette of the Republic of Macedonia" No. 16/11, 136/11, 79/13, 164/13,41/14, 151/14, 33/15, 192/15, 215/15, 6/16. 53/16 and 189/16) stipulates the obligation to provide a public service through the production of electricity for the needs of households and small consumers supplied by the electricity supplier of last resort and the electricity supplier of tariff consumers will provide electricity energy to supply households and small consumers by December 31, 2018.

(9) The electricity transmission system operator within 30 days from the day of the transfer of the ownership of the shares in accordance with paragraph (2) of this Article, shall establish a company carrying out the activity of an electricity market operator.

(10) The electricity transmission system operator shall appoint a compliance officer within 90 days from the day of entry into force of this Law.

(11) The electricity distribution system operator shall appoint a compliance officer within 90 days from the day of entry into force of this Law.

(12) The electricity distribution system operator shall be obliged, within 90 days from the day of entry into force of this Law, to allow the suppliers electronic access to the list of consumers that does not include the households, by specifying the category of connection according to the tariff system for distribution, as well as their consumption for the last 12 months, in accordance with Article 93 paragraph (3) item 5) of this Law.

(13) The electricity distribution system operator shall be obliged, within six months from the date of entry into force of this Law, to provide a separate corporate identity

which will not create confusion with the legal entity for supply that is part of a vertically integrated company in accordance with Article 97 paragraph (5) point 3) of this Law.

### **Natural gas market**

#### **Article 238**

(1) The Government shall, within 60 days from the day of entry into force of this Law, adopt a decision for transferring the shares to the owner of the company referred to in Article 110 paragraph (1) of this Law.

(2) The transfer of the ownership of the shares referred to in paragraph (1) of this Article shall be recorded in the Central Securities Depository.

(3) The natural gas transmission system company operator shall commence the certification procedure referred to in Article 113 of this Law within 30 days from the transfer of the ownership of the shares in accordance with paragraph 2 of this Article.

(4) Before the entry into force of this Law, the company that carries out a natural gas transmission system operation shall be obliged to continue with carrying out this activity until the appointment of a natural gas transmission system operator in accordance with the provisions of this Law.

(5) The natural gas transmission system operator shall perform the function of a natural gas market operator until the determination of a company to which a license for a natural gas market operator is granted.

(6) Within nine months from the day of entry into force of this Law, the Government shall publish an announcement for the selection of a natural gas supplier with a public service obligation and a natural gas supplier of last resort.

(7) The holder of the natural gas supply license of last resort will perform the obligations determined in the license until the date of issuance of a license to the natural gas supplier of last resort from Article 138 of this Law.

(8) The natural gas transmission system operator shall appoint a compliance officer within one year from the day of entry into force of this Law.

(9) The natural gas distribution system operator shall appoint a compliance officer within one year from the day of entry into force of this Law.

### **Crude Oil, Oil Derivatives and Fuels for Transport Market**

#### **Article 239**

The provisions of the Law on Energy ("Official Gazette of the Republic of Macedonia" No. 16/11, 136/11, 79/13, 164/13, 41/14, 151/14, 33/15, 192/15, 215/15, 6/16, 53/16 and 189/16) regulating the activities in the field of biofuels, shall be applied accordingly until the entry into force of the Law regulating the activities in the field of biofuels.

### **Heat Energy Market**

#### **Article 240**

The obligation referred to in Article 159 paragraph (5) shall apply to the construction of new facilities for which a procedure for building permits has been initiated after the entry into force of this Law.

### **Renewable Energy Sources**

#### **Article 241**

(1) The procedures for acquiring the status of preferential electricity producer that have been started before the entry into force of this Law shall be completed in accordance with the Law on Energy ("Official Gazette of the Republic of Macedonia" No. 16/11, 136/11, 79/13, 164/13, 41/14, 151/14, 33/15, 192/15, 215/15, 6/16, 53/16 and 189/16).

(2) The temporary solutions for obtaining the status of preferential electricity producer from renewable energy sources, the solutions for obtaining the status of preferential electricity producer from renewable energy sources and the decisions for using preferential tariffs for renewable electricity sources adopted before the entry into force of this Law, shall apply the relevant provisions of the Energy Law ("Official Gazette of the Republic of Macedonia" No. 16/11, 136/11, 79/13, 164/13, 41/14, 151/14, 33/15, 192/15, 215/15, 6/16, 53/16 and 189/16) and the regulations adopted on the basis of that Law.

(3) The electricity purchase contracts produced by the preferential electricity producers, which were concluded before the entry into force of this Law, shall continue to be valid until the expiration of the deadline for which they are concluded.

(4) The provisions of Articles 179 and 181 of this Law shall apply from 1 January 2022.

### **Energy Efficiency**

#### **Article 242**

The provisions of the Law on Energy ("Official Gazette of the Republic of Macedonia" No. 16/11, 136/11, 79/13, 164/13, 41/14, 151/14, 33/15, 192/15, 215/15, 6/16, 53/16 and 189/16) regulating the activities in the field of energy efficiency, shall be applied accordingly until the entry into force of the Law regulating the activities in the field of energy efficiency.

### **Final Provisions**

#### **Article 243**

On the day this Law enters into force, the Law on Energy ("Official Gazette of the Republic of Macedonia" No. 16/11, 136/11, 79/13, 164/13, 41/14, 151/14, 33/15, 192/15, 215/15, 6/16, 53/16 and 189/16) shall cease to be valid.

#### **Article 244**

This Law shall enter into force on the eighth day from the date of its publication in the "Official Gazette of the Republic of Macedonia".