

ENERGY LAW

I GENERAL PROVISIONS

Article 1

- (1) The present law shall govern:
- 1) energy policy objectives and its enforcement;
 - 2) energy activities and manner of energy activities regulation;
 - 3) construction of energy facilities;
 - 4) the status and competences of the Energy Regulatory Commission of the Republic of Macedonia,
 - 5) electricity market; natural gas market; crude oil, oil derivatives and fuels for transport market; and heating energy market;
 - 6) energy efficiency requirements and promotion of the use of energy from renewable sources; and
 - 7) other issues of importance in the energy field.

Article 2

- (1) The present law shall aim at:
- 1) securing reliable, safe and quality energy and energy fuel supply to consumers;
 - 2) establishment of an efficient, competitive and financially sustainable energy sector;
 - 3) encouraging competition on energy markets with respect for the principles of non-discrimination, objectivity and transparency;
 - 4) integration of Republic of Macedonia's energy markets into the regional and international energy markets, pursuant to the commitments assumed under the ratified international treaties;
 - 5) increasing energy efficiency and promotion of the use of energy from renewable sources; and
 - 6) environmental protection from the adverse effects of particular activities in the energy field.

Article 3

- (1) For the purpose of the present law, the terms used therein shall have the following meaning:
- 1) **“safety”** shall be the ability to secure protection of human health and life, protection of the environment and property by taking technical and other safeguard measures in energy or energy fuel generation, transmission and distribution;
 - 2) **“biofuels”** shall be liquid or gaseous fuels obtained from biomass;
 - 3) **“biomass”** shall be biodegradable fraction of products, waste and residues from agriculture (vegetation and animal) substances, forestry and other industries, as well as the biodegradable fraction of industrial and communal waste;
 - 4) **“gross final energy consumption”** shall be the energy and energy fuel consumption by consumers (households, industry, agriculture, transport, fishing, services and public services), including own energy consumption at generation plants and energy and energy fuel losses in the transmission and distribution systems;
 - 5) **“vertically integrated company”** shall be the company, or group of companies, that performs at least one energy activity on energy or natural gas transmission or

- distribution and at least one energy activity on energy or natural gas generation or supply;
- 6) **“high-efficiency cogeneration plant”** shall be the plant that generates electricity and heating energy with high efficiency coefficient and meets the relevant criteria stipulated;
 - 7) **“guaranteed capacity of the natural gas transmission system”** shall be the uninterrupted transmission capacity guaranteed by the system operator for the system user;
 - 8) **“guarantee of origin”** shall be the document issued by the Energy Agency of the Republic of Macedonia (hereinafter: Energy Agency), for the sole purpose of securing evidence for the consumers that a particular portion or a particular energy quantity has been generated from renewable sources or at high-efficiency cogeneration plants;
 - 9) **“gas pipeline”** shall be the natural gas transport pipeline;
 - 10) **“fuels for transport”** shall be fuels intended for transport, and can be oil derivatives intended for use in transport, biofuels or blends of biofuels and oil derivatives intended for transport;
 - 11) **“building unit”** shall be a section, floor or apartment within a building which is designed or altered to be used separately;
 - 12) **“declared electricity export”** shall be the electricity delivery from one state, based on contractual relations, where there is simultaneous electricity receipt in another state;
 - 13) **“declared electricity transit”** shall be the situation when there is declared import and declared export between two other states and a nominal path of the transaction that includes the electricity transmission system of the Republic of Macedonia;
 - 14) **“declared electricity import”** shall be the electricity receipt in one state, where there is simultaneous delivery in another state;
 - 15) **“electricity direct line”** shall be the line connecting an isolated generation plant and isolated customer, or a line connecting a generation plant and eligible customers, or a line by means of which the supplier secures electricity for own premises, for own branches and/or supply its eligible customers;
 - 16) **“natural gas direct line”** shall be the natural gas pipeline that complements the natural gas system, but is not an integral part thereof;
 - 17) **“electricity distribution grid”** shall be the electricity grid of inter-connected electricity lines, power transformers and other equipment and plants that are integral part of the electricity distribution system and by means of which electricity is delivered under low, medium and high voltage;
 - 18) **“electricity distribution”** shall be electricity delivery through high, medium and low voltage distribution grid and distribution system operation in the service area, for the purpose of electricity delivery to customers, excluding electricity supply;
 - 19) **“natural gas distribution”** shall be natural gas transport through the distribution system and natural gas distribution system operation in a service area, for the purpose of natural gas delivery to customers, excluding natural gas supply;
 - 20) **“heating energy distribution”** shall be hot water or steam transport through the distribution grid and heating energy distribution system operation in a service area, for the purpose of heating energy delivery to customers, excluding heating energy supply;
 - 21) **“contracted capacity in the natural gas transmission system”** shall be the capacity of the natural gas transmission system which the system operator has awarded to the system user by means of a system use contract;

- 22) “**contracted congestion in the natural gas transmission system**” shall be the situation when the consumption based on guaranteed capacity exceeds the system’s technical capacity;
- 23) “**long-term planning**” shall be planning of energy and energy fuel demand, for the purpose of long-term investments in generation, transmission and distribution facilities aimed to address consumer demand, diversify energy sources and secure reliability of supply;
- 24) “**household**” shall be the consumer purchasing energy or natural gas to address household demand, but excluding any commercial activity demand;
- 25) “**local self-government unit**” shall be a municipality or the City of Skopje;
- 26) “**electricity system**” shall be the system comprised of generation facilities, the electricity transmission grid, one or more electricity distribution grids and electricity consumers;
- 27) “**energy source or fuel**” shall be the material substance whose combustion results in heating and/or mechanical energy;
- 28) “**energy efficiency**” shall be the ratio between the realized output of services, goods or energy and energy input;
- 29) “**energy efficiency/energy consumption management**” shall mean global or integrated approach aimed to impact electricity quantities and time of use, for the purpose of reducing primary energy consumption and peak loads by giving priority to investment in measures on energy efficiency improvement and other measures, such as: contracts that can stipulate termination of supply, increased investments in generation facilities when they are deemed the most efficient and cost-effective option, taking into consideration the positive effects on the environment caused by energy consumption reduction and reliability of supply, as well as their impact on distribution costs;
- 30) “**energy performance of buildings**” shall be the quantity of energy spent or the estimated energy consumption, including, *inter alia*, space heating and hot water preparation, cooling and lighting, and necessary to address different purposes at buildings related to the standard use of buildings, expressed by one or more numerical indicators calculated by taking into account the building envelope, technical features and construction method, its position in regard to climate effects, including the own energy generation and the required climate conditions at the building that affect the energy consumption;
- 31) “**energy audit**” shall be the systematized procedure aimed to determine actual energy consumption, identify and quantify cost-effective energy saving possibilities at a building or group of buildings, industrial processes or plants, or at public or private services, and includes preparation of energy audit report;
- 32) “**energy service**” shall be the service aimed to achieve physical benefits, means or goods as the result of energy use by applying energy efficient technologies and/or activities that include management, maintenance and control procedures as part of energy service performance, and is implemented on the basis of a contract and for which it can be demonstrated that, under normal conditions, contributes to measurable or estimated energy efficiency improvements and/or energy savings;
- 33) “**energy auditor**” shall be any natural person that has been certified to perform energy audits, pursuant to the provisions from the present law;
- 34) “**energy facility**” shall be the energy system or part thereof or energy or energy fuel generation or storage facility;
- 35) “**energy sector**” shall be the economy sector that includes the energy activities stipulated under the present law;
- 36) “**energy system**” shall be the system of inter-connected energy or energy fuel transmission or distribution facilities, devices and plants and that represents an

- integrated technical and technological and functional whole and serves the purpose of energy or energy fuel delivery from the generators, i.e., sources to consumers;
- 37) **“ESCO”** shall be any legal entity that provides energy services or other measures aimed to improve energy efficiency of its users and assuming a particular degree of financial risk in the performance thereof, while the payment of services delivered is fully or partially based on the achieved energy efficiency improvement or the fulfillment of other agreed criteria;
 - 38) **“effective rated output”** shall be the maximum calorific output, expressed in kW, specified and guaranteed by the manufacturer as being deliverable during continuous operation;
 - 39) **“electricity transmission congestion”** shall be the status when the interconnection line cannot physically transmit the power requested by the electricity market participants for the realization of international electricity trading due to the lack of capacity at the interconnection line and/or lack of capacity in the electricity transmission system of the Republic of Macedonia;
 - 40) **“energy saving”** shall be the measured and/or estimated energy consumption reduction prior and after the application of one or more energy efficiency improvement measures, where due consideration is made of the normalization of external conditions that affect energy consumption, i.e., the provision of required living and working conditions, as well as equal quality and quantity of industry output;
 - 41) **“building”** shall be the roofed construction having walls, for which energy is used to condition the indoor climate (heating and cooling) and can refer to a building as a whole or a part thereof which is designed or altered to be used separately;
 - 42) **“major building renovation”** shall be the renovation of a building in compliance with the law that governs construction and when one of the following conditions is met:
 - a. the total cost of the renovation is higher than 25% of the value of the building, excluding the value of the land upon which the building is constructed and the communal infrastructure costs thereof; or
 - b. more than 25% of the surface of the building envelope undergoes renovation;
 - 43) **“interconnection line”** shall be the electricity line or natural gas pipeline, including the related equipment and plants, which connects the relevant transmission system in the Republic of Macedonia with the transmission system in a neighboring country;
 - 44) **“eligible customer”** shall be the customer that purchases energy or natural gas from generators, suppliers or trades, at own preference;
 - 45) **“cogeneration plant”** shall be the plant that simultaneously and as part of one process generates electricity and heating energy and/or mechanical energy;
 - 46) **“system user”** shall be any natural person or legal entity that uses the energy system, for the purpose of delivering and/or receiving energy or energy fuel;
 - 47) **“boiler”** shall be the combined boiler body-burner unit, designed to transmit to fluids the heat released from burning;
 - 48) **“energy or energy fuel customer”** shall be any natural person or legal entity that buys energy or energy fuel for own consumption or further sale;
 - 49) **“entity”** shall be any natural person or legal entity that performs an energy activity and has been registered at the Trade Registry of the Republic of Macedonia;
 - 50) **“public sector entity”** shall be any state body, local self-government unit body, public institution or public utility established by the Republic of Macedonia or a local self-government unit, as well as any enterprise performing a public interest activity where the Republic of Macedonia or the local self-government unit is the owner thereof or holds majority shares;

- 51) **“license”** shall be the act issued by the Energy Regulatory Commission of the Republic of Macedonia, based on which the entity can perform an energy activity in the Republic of Macedonia;
- 52) **“small electricity consumers”** shall be enterprises with less than 50 employees and total annual income or total assets less than 10 million EUR in MKD counter value, excluding the energy generators and transmission and distribution system operators;
- 53) **“energy efficiency improvement measures”** shall be any measure targeting a particular group of consumers whose application results in measurable and verifiable or estimated energy efficiency improvements, and by means of which energy consumption reduction is achieved while maintaining the degree of living and working comfort at the building and reducing energy intensity per output unit in the industry and maintaining the same quality and quantity of production;
- 54) **“natural gas transmission network”** shall be the network of gas pipelines anticipated to operate under nominal pressure of at least 12 bar and the related metering-regulation equipment which is integral part of the system and shall be considered integral part of the natural gas transmission system;
- 55) **“oil pipeline”** shall be the pipeline with relevant devices and plants intended for crude oil transport;
- 56) **“new interconnection gas pipeline”** shall be the interconnection gas pipeline whose construction has not commenced prior to the day when the present law enters into effect;
- 57) **“building envelope”** shall be the integrated elements of a building which separate its interior from the outdoor environment;
- 58) **“obligation or obligations on public service provision”** shall be one or more obligations imposed to the entities performing regulated energy activities for the purpose of public interest realization pursuant to the present law, and related to safety, including the reliability of supply, service affordability for users at all times, energy or energy fuel quality and price, services, as well as environmental protection, including energy efficiency and climate change protection;
- 59) **“renewable energy sources”** shall be non-fossil energy sources, i.e., hydropower, wind, solar, aerothermal, hydrothermal or geothermal energy, biomass, landfill gas, biogas and gas obtained from waste water treatment plants and from biomass;
- 60) **“reliability of operation”** shall be the uninterrupted operation of the transmission system and, when necessary, of the distribution systems, under foreseeable circumstances;
- 61) **“electricity distribution system operator”** shall be the legal entity performing electricity distribution and electricity distribution system operation activities and responsible for the system operation, maintenance, development and connection to the electricity transmission system and for securing long-term system ability to address the reasonable electricity distribution demand;
- 62) **“electricity transmission system operator”** shall be the legal entity performing electricity transmission and electricity transmission system of the Republic of Macedonia operation activities and responsible for the system operation, maintenance, development and connection to the electricity transmission systems in the neighboring countries and for securing long-term system ability to address the reasonable electricity transmission demand;
- 63) **“electricity market operator”** shall be the legal entity that organizes and operates the electricity market in the Republic of Macedonia;
- 64) **“natural gas transmission network operator”** shall be the legal entity performing natural gas transmission through the transmission network in its ownership or

through the transmission network for which it has been granted right to use and shall be responsible for network maintenance, upgrade and expansion;

- 65) **“natural gas distribution system operator”** shall be the legal entity performing natural gas distribution activity and natural gas distribution system operation, for which it has been issued a license and shall be responsible for the system operation, maintenance, development and connection to other natural gas systems and for securing long-term system ability to address the reasonable natural gas distribution demand;
- 66) **“heating energy distribution system operator”** shall be the legal entity performing heating energy distribution and heating energy distribution system operation activities and responsible for the distribution system operation, maintenance, development and for securing long-term system ability to address the reasonable heating energy distribution demand, excluding heating energy supply;
- 67) **“natural gas transmission system operator”** shall be the legal entity that operates the natural gas transmission system, for which it has been issued a license, and shall be responsible for natural gas transmission system operation, maintenance, development and connection to other natural gas systems and for securing long-term system ability to address the reasonable natural gas transmission demand;
- 68) **“baseline energy consumption”** shall be the normalized energy consumption at buildings, industrial processes or plants, or at public or private services and shall be used to determine future energy savings;
- 69) **“energy or energy fuel market (energy market)”** shall be the system on energy or energy fuel purchase and sale based on supply and demand and by applying terms and conditions and procedures stipulated pursuant to the present law;
- 70) **“preferential electricity generator”** shall be the electricity generator from renewable energy sources or at high-efficiency cogeneration plants, which has acquired the status of preferential generator;
- 71) **“related companies”** shall be legally independent companies that are merged and establish joint ventures: one company acquiring shares, significant shares or majority shares in another company as part of its assets or majority rights in decision-taking, as stipulated by the law, as well as any subsidiary company, holding company or joint venture companies;
- 72) **“energy efficiency improvement”** shall be the increase of energy end-use efficiency as a result of technology and cost-effective changes and/or behavioral changes;
- 73) **“energy or energy fuel consumer”** shall be the customer that uses energy or energy fuel purchased for own consumption, including the transmission and distribution system operators in the cases when they purchase energy or energy fuel to cover the losses in the relevant systems and the energy generators for own consumption;
- 74) **“cross-border electricity flow”** shall be the physical electricity flow through the electricity transmission system in the Republic of Macedonia, which is the result of activities taken by generators and/or consumers outside the electricity transmission system of the Republic of Macedonia;
- 75) **“electricity transmission”** shall be electricity transport through the electricity transmission system and electricity system operation, for the purpose of electricity delivery to customers, excluding electricity supply;
- 76) **“natural gas transmission”** shall be natural gas transport through the natural gas transmission network, for the purpose of natural gas delivery to customers, excluding natural gas supply;
- 77) **“transmission capacity of the electricity transmission system”** shall be capacity of the electricity transmission system or the interconnection lines to transfer

electricity without disturbing the normal operation parameters of the system as defined in the relevant Transmission Grid Code;

- 78) **“electricity transmission grid”** shall be the electricity grid comprised of interconnected high-voltage electricity lines, power transformers and other equipment and plants, which represents an integral part of the electricity transmission system and through which electricity is transmitted;
- 79) **“connection to the transmission or distribution system”** shall be the functional connection to lines (electricity lines or pipelines), equipment and devices by means of which the user’s facilities and installations are connected to the relevant transmission or distribution system;
- 80) **“third party access”** shall be the obligation of the energy or energy fuel transmission or distribution system to allow access to the relevant system use in an objective and non-discriminatory manner and under regulated terms and conditions and under previously published tariffs; agreed third party access shall be the third party access under agreed terms and conditions;
- 81) **“agreed third party access”** shall be the third party access based on agreed terms and conditions;
- 82) **“product pipeline”** shall be the pipeline with relevant devices and plants intended for transport of oil derivatives or fuels for transport;
- 83) **“electricity generator”** shall be any natural or physical entity that generates electricity at an electricity generation plant;
- 84) **“energy efficiency assessment”** shall be the expert analysis based on scientific, expert and experimental methods and aimed to determine the energy consumption indicators for individual devices and the structure of energy consumed;
- 85) **“energy demand and supply balance”** shall mean addressing anticipated energy or energy fuel consumption demand without introducing measures aimed to limit the consumption;
- 86) **“Energy Regulatory Commission of the Republic of Macedonia (or Energy Regulatory Commission)”** shall be the regulatory authority established pursuant to the present law, for the purpose of regulating particular issues in the energy sector;
- 87) **“regulated contract”** shall be the contract that is subject to approval by the Energy Regulatory Commission;
- 88) **“regulated heating energy generator”** shall be the heating energy generator holding the obligation on heating energy provision to address consumer demand and ancillary services provision to address the needs of the heating energy distribution system to which the generator is connected, under regulated terms and conditions, prices and tariffs;
- 89) **“regulated energy activity”** shall be energy activity by means of which the public service is provided and performed under terms and conditions, manner, prices and tariffs stipulated, i.e., approved by the Energy Regulatory Commission;
- 90) **“regulated service”** shall be service provided by the entity performing regulated energy activity;
- 91) **“building energy performance certificate”** shall be the document that contains data on energy performance of a building or a building unit, calculated pursuant to a previously stipulated method and issued by the entity certified to perform energy audits;
- 92) **“reliability”** shall be the reliability of energy or energy fuel supply and provision and the technical reliability of energy systems;
- 93) **“electricity distribution system”** shall be the energy system for electricity distribution through high, medium and low voltage grids in a service area on the

territory of the Republic of Macedonia and connected to the electricity transmission system;

- 94) **“natural gas distribution system”** shall be the energy system for natural gas distribution in a service area on the territory of the Republic of Macedonia, which is connected to the natural gas transmission system in the Republic of Macedonia or a distribution system that is supplied with natural gas transported by means of road or rail tanks or other forms of transport;
- 95) **“heating energy distribution system”** shall be the energy system for heating energy distribution in a service area or part thereof on the territory of the local self-government unit;
- 96) **“air-conditioning system”** shall be the system comprised of components required to provide a form or indoor air treatment, by which temperature is controlled or can be lowered;
- 97) **“electricity transmission system”** shall be the system for electricity transmission through the high voltage grid in the Republic of Macedonia;
- 98) **“natural gas transmission system”** shall be the energy system for natural gas transmission, comprised of one or more natural gas transmission networks and connected to the natural gas transmission systems outside the Republic of Macedonia;
- 99) **“ancillary services”** shall be the services necessary for the operation of transmission or distribution energy systems, for the purpose of securing safe and reliable system operation, and shall be defined under the relevant Grid Code;
- 100) **“storage of crude oil, oil derivatives, biofuels and fuels for transport”** shall be the storage of crude oil, oil derivatives, biofuels and fuels for transport in special reservoirs for own consumption, for the needs of crude oil processing and production of oil derivatives and fuels for transport, as well as for trade in crude oil, oil derivatives, biofuels and/or fuels for transport;
- 101) **“energy or natural gas supply”** shall be energy or natural gas sale to consumers and can include energy or natural gas trading;
- 102) **“electricity supplier of last resort”** shall be the electricity supplier that provides the public service on electricity supply to households or small consumers in the cases stipulated under the present law;
- 103) **“natural gas supplier of last resort”** shall be the natural gas supplier that provides the public service on natural gas supply to consumers connected to the natural gas system in the cases stipulated under the present law;
- 104) **“energy or natural gas supplier”** shall be the relevant license holder that supplies consumers with energy or natural gas and can perform energy or natural gas trade;
- 105) **“tariff”** shall be the price of service provided by entities performing regulated energy activities on energy or natural gas transmission and distribution, set pursuant to the price-setting and tariff system setting regulation;
- 106) **“tariff system”** shall be the regulation that establishes the elements for setting tariffs of separate regulated energy activities;
- 107) **“technical capacity of the natural gas transmission system”** shall be the maximum uninterrupted system capacity that the system operator can offer to the system users, by taking due care of the technical and operational possibilities in the transmission system;
- 108) **“heating energy”** shall be the energy in the form of hot water or steam obtained at heating energy generation plants using fuels (fossil, biomass or biogas), geothermal sources or solar energy;
- 109) **“electricity transit”** shall be electricity transfer through the electricity transmission grid where electricity is not generated or received from the consumers in the electricity system of the Republic of Macedonia;

- 110) **“natural gas transport”** shall be transfer of natural gas through gas pipelines or other forms of transport, such as road and rail tanks and other means of transport;
- 111) **“transport of crude oil, oil derivatives, biofuels and fuels for transport”** shall be transport of crude oil, oil derivatives, biofuels or fuels for transport through the oil pipeline, product pipelines and other forms of transport, as well as road and rail tanks and other transportation means;
- 112) **“trader”** shall be any subject that purchases energy or energy fuel for further sale;
- 113) **“wholesale trader in fuels”** shall be any legal entity that has been issued license on wholesale trade in crude oil, oil derivatives, biofuels and/or fuels for transport;
- 114) **“retail trader in fuels”** shall be any entity registered for trade activity and performing the activity on retail trade in oil derivatives and fuels for transport;
- 115) **“wholesale trade in crude oil, oil derivatives, biofuels and fuels for transport”** shall be purchase of crude oil, oil derivatives, biofuels and fuels for transport in the country or abroad, for the purpose of further sale to traders, processors or consumers in the country and abroad;
- 116) **“retail trade in crude oil, oil derivatives and fuels for transport”** shall be purchase made by traders in the Republic of Macedonia of oil derivatives and fuels for transport from producers or wholesale traders in oil derivatives and fuels for transport, for the purpose of further sale to consumers in the Republic of Macedonia;
- 117) **“energy or energy fuel trade”** shall be the purchase of energy or energy fuel and sale of energy or energy fuel to customers;
- 118) **“electricity consumption management”** shall be the system on monitoring electricity consumption and undertaking measures aimed at better use of electricity, including measures on energy efficiency improvement and/or time of energy use;
- 119) **“natural gas transmission system operation”** shall be operation of the natural gas transmission system and natural gas market organization in the Republic of Macedonia, including real time balancing of deviations between planned and delivered natural gas quantities through the natural gas transmission networks, excluding natural gas supply;
- 120) **“physical congestion in natural gas transmission”** shall be the situation when the consumption in the natural gas transmission system exceeds the technical capacity of the system;
- 121) **“fossil fuels”** shall be coal, crude oil, oil derivatives and natural gas.

Article 4

- (1) For the purpose of the present law, energy activities shall be:
 - 1) electricity transmission;
 - 2) electricity market organization and operation;
 - 3) electricity distribution;
 - 4) natural gas transmission;
 - 5) natural gas transmission system operation;
 - 6) natural gas distribution;
 - 7) heating energy distribution;
 - 8) electricity supply of last resort;
 - 9) natural gas supply of last resort;
 - 10) electricity generation;
 - 11) electricity supply;
 - 12) electricity trade;

- 13) natural gas supply;
 - 14) natural gas trade;
 - 15) heating energy generation;
 - 16) heating energy supply;
 - 17) crude oil processing and production of oil derivatives;
 - 18) production of biofuels;
 - 19) production of fuels for transport by blending fossil fuels and biofuels;
 - 20) transport of crude oil or oil derivatives through oil or product pipelines;
 - 21) storage of crude oil, oil derivatives, biofuels and fuels for transport;
 - 22) trade in crude oil, oil derivatives, biofuels and fuels for transport.
- (2) The activities referred to in paragraph 1, items 1) to 9) of this article shall be regulated energy activities.
 - (3) Electricity generation for the needs of the electricity supplier of last resort shall be deemed regulated energy activity.
 - (4) For the purpose of the present law, heating energy generation at heating energy generation plants or at cogeneration plants shall be considered regulated energy activity when the activity is performed by a legal entity to which the license on regulated heating energy generation was issued pursuant to Article 113 from the present law.

Article 5

- (1) The activities referred to in Article 4 from the present law can be performed by domestic and foreign entities on the basis of a license issued by the Energy Regulatory Commission for the energy activity in question, except in the cases referred to in Article 37, paragraphs (5) and (6) from this law. In order to obtain the license on energy activity performance, foreign subjects shall establish a subsidiary registered at the Trade Registry kept by the Central Registry of the Republic of Macedonia.
- (2) As an exception from paragraph (1) of this article, the license on regulated energy activity performance can be issued only to companies or public enterprises registered in the Republic of Macedonia. For the purpose of obtaining the license on regulated energy activity performance, foreign subjects shall establish a company and register it in the Republic of Macedonia.
- (3) The activities referred to in Article 4 from the present law shall be performed pursuant to the present law, other laws and regulations, as well as the regulations and rules adopted or approved by the Energy Regulatory Commission and the licenses issued.
- (4) The legal entity performing one or more regulated energy activities cannot perform another energy activity or other activity, unless otherwise stipulated under the present law.
- (5) In the cases when a legal entity performs one or more regulated energy activities or one or more energy activities and another energy activity or another activity, it shall be obliged to keep separate accounting for each regulated energy activity. For non-regulated energy activities or for other activities performed, the legal entity can keep consolidated accounting records.
- (6) The legal entity performing regulated energy activity shall be obliged to submit the Energy Regulatory Commission the audited annual financial reports and shall publish them on its website.
- (7) The financial reports referred to in paragraph (6) of this article shall be submitted and published for each regulated energy activity separately, whereas for non-regulated

energy and other activities, the financial report submitted to the Energy Regulatory Commission can be forwarded in a consolidated form.

- (8) In addition to the financial reports referred to in paragraph (6) of this article subject to development pursuant to the International Accounting Standards, the Energy Regulatory Commission can also stipulate the obligation on the submission of other reports, and can stipulate the template and contents thereof.
- (9) As an exception from paragraph (4) of this article, the legal entity performing electricity supply activity or natural gas supply activity can also perform electricity or natural gas supply of last resort activity, but in that the legal entity shall be obliged to comply with the provisions referred to in paragraph (5) of this article in order to avoid cross-subsidies for the benefit of the non-regulated energy activity.

Article 6

- (1) The entities performing regulated energy activities shall be obliged to comply with the obligations on public service provision. The Energy Regulatory Commission, pursuant to Article 24 from the present law, shall determine or approve the prices and terms and conditions for public service provision. The additional obligations on public service provision, imposed by the Energy Regulatory Commission, must be clearly stipulated, easily verifiable and non-discriminatory, while such additional obligations should be determined in the relevant license and published on the website of the Energy Regulatory Commission.
- (2) The services provided by entities performing regulated energy activities shall secure reliable, quality and uninterrupted energy and energy fuel delivery to consumers, under equal terms and conditions, prices and tariffs, taking due consideration of the need for energy efficiency improvements and environmental protection and promotion.
- (3) The license on regulated energy activity performance shall indicate the volume and contents of services stipulated under the present law, the service area where public services are provided, as well as the duration of the obligation on public service provision.
- (4) Prices and tariffs referred to in paragraph (2) of this article under which public services are provided should secure recovery of justifiable costs and reasonable return of capital for the entities performing regulated energy activities as regards their relevant public service provision, including the costs on efficient use of energy resources and environment protection and promotion.
- (5) When the entities performing energy activities and holding the obligation on public service provision are awarded financial reimbursement, other form of reimbursement and/or exclusive rights, for the purpose of implementing the obligations defined under the present law, this should be done in a transparent and non-discriminatory manner. The reimbursements awarded must not exceed the costs incurred for the public service provision, decreased by the income generated from the service provision.
- (6) The entities performing energy activities and holding the obligation on public service provision can be awarded state aid, pursuant to the State Aid Law.

Article 7

- (1) Reliability of relevant energy type or energy fuel supply shall be secured, in particular, by means of:
 - 1) achieving supply and demand balance on the relevant energy type market;
 - 2) forecasting the level of expected future demand for a particular energy type and the possibilities to address the forecasted demand with the available energy sources and facilities;

- 3) undertaking measures to construct new energy facilities;
 - 4) quality and high level maintenance of relevant energy type transmission and distribution grids; and
 - 5) measures to address peak loads and contingency measures in the cases of failure to provide relevant energy type delivery.
- (2) State authorities and entities performing regulated energy activities, as part of their rights, obligations and competences stipulated under the present law, shall be obliged to propose and undertake measures aimed to secure reliability of energy supply, as stipulated in the present law.
 - (3) The Energy Regulatory Commission shall supervise the compliance of entities performing regulated energy activities with the obligations on securing reliability of supply and in the report referred to in Article 35 from the present law, shall include data in particular related to:
 - 1) reliability of the system operation;
 - 2) five-year energy balance;
 - 3) possibilities to secure reliable energy supply in the period of five to fifteen years after the year for which the report is prepared; and
 - 4) possible investments in interconnection capacities for the next five years.

Article 8

- (1) The electricity supplier of last resort shall be obliged to secure supply to households and small consumers that have decided to be supplied by the supplier of last resort, for the purpose of exercising their right to electricity supply at all times, under reasonable and clearly comparable and transparent prices set pursuant to the regulation referred to in Article 24, paragraph (2) from the present law.
- (2) The natural gas supplier of last resort shall be obliged to secure supply to consumers connected to the natural gas transmission or distribution system, for the purpose of exercising their right to natural gas supply at all times, under reasonable and clearly comparable and transparent prices set pursuant to the regulation referred to in Article 24, paragraph (2) from the present law.
- (3) The suppliers of last resort shall provide the public service and shall be obliged to secure electricity or natural gas supply to consumers referred to in paragraphs (1) and (2) of this article that have not signed contracts with any of the suppliers, or if their previous suppliers have discontinued the implementation of obligations assumed under the supply contracts.
- (4) In the case of electricity or natural gas supply of last resort to consumers, it shall be performed under approved and controlled prices that shall not prevent competition and normal operation of electricity and natural gas markets.
- (5) The electricity or natural gas suppliers of last resort shall be the suppliers for captive consumers in the service areas on the territory of the Republic of Macedonia that have been issued licenses on electricity or natural gas supply to captive consumers prior to the day when the present law enters into effect.

II ENERGY POLICY

Article 9

- (1) The energy policy shall be set forth in the Strategy on Energy Development.
- (2) The energy policy should secure:

- 1) reliable, safe and quality supply to consumers with all types of energy and energy fuels;
- 2) establishment of transparent and stable terms and conditions for competitive and economically viable energy sector;
- 3) promotion of market competition in energy services provision, based on the principles of non-discrimination and transparency;
- 4) efficient service provision to consumers,
- 5) integration of the Republic of Macedonia's energy markets into 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) promotion of the use of renewable energy sources;
- 9) environmental protection from the adverse effects of energy activities performance;
- 10) fulfillment of commitments assumed under the ratified international documents; and
- 11) measures aimed to protect citizens from energy poverty.

Article 10

- (1) On the proposal from the Ministry competent for matters in the energy field (hereinafter: the Ministry), the Government of the Republic of Macedonia shall adopt the Strategy on Energy Development.
- (2) The Strategy on Energy Development shall stipulate:
 - 1) long-term objectives on particular energy activities development, for the purpose of securing reliability of different energy types supply;
 - 2) developmental priorities;
 - 3) identification and use of energy resources and facilities of strategic importance for the state;
 - 4) long-term forecasting of investment needs in generation, transmission and distribution facilities, for the purpose of addressing energy demand and securing reliability of supply;
 - 5) sources and manner for securing the required energy quantities;
 - 6) financial means required to implement anticipated investments and manner of securing funds needed;
 - 7) incentives to invest in energy facilities that use renewable energy sources;
 - 8) incentives to increase energy efficiency;
 - 9) terms and conditions and manners of securing environmental protection and protection implementation measures;
 - 10) fulfillment of commitments assumed under international charters, agreements, treaties, conventions and other documents ratified and accessed to by the Republic of Macedonia;
 - 11) encouraging energy market competition, based on the principles of objectiveness, transparency and unbiased treatment;
 - 12) protection of energy consumers;
 - 13) connection of the energy systems of the Republic of Macedonia or portions thereof to the energy systems of other countries;
 - 14) other elements of importance for the development of the energy sector in the Republic of Macedonia.
- (3) The Strategy on Energy Development shall be adopted every five years and shall cover the period of next 20 years at least.

- (4) The Energy Agency of the Republic of Macedonia (hereinafter: Energy Agency) shall provide support for the preparation of the Strategy on Energy Development and for the energy policy implementation.
- (5) The Strategy on Energy Development shall be published in the “Official Gazette of the Republic of Macedonia”.
- (6) Funds for the preparation of the Strategy on Energy Development shall be secured from the Budget of the Republic of Macedonia, grants or donations.

Article 11

- (1) On the proposal from the Ministry and within a period of one year from the adoption of the Strategy on Energy Development the latest, the Government of the Republic of Macedonia shall adopt the Implementation Program for the Strategy on Energy Development covering a period of five years.
- (2) The program referred to in paragraph (1) of this article shall stipulate the measures, terms and conditions, manner and dynamics of Strategy implementation, as well as the obligations of state authorities, local self-government unit bodies and entities performing energy activities and holding the obligation on public service provision. The program shall determine the financial means required for its implementation, as well as the sources and manner of securing funds needed.
- (3) By 31st July in the current year, the Ministry shall develop a report on the implementation of the program referred to in paragraph (1) of this article for the previous year and shall submit the report to the Government of the Republic of Macedonia.

Article 12

- (1) The Government of the Republic of Macedonia by means of the energy balance covering a period of five years in the function of an indicative planning document shall set the total energy demand and demand for particular energy types, as well as the possibilities for their supply from in-country generation and from import.
- (2) On the proposal from the Ministry and upon previously obtained opinion from the Energy Regulatory Commission, the Government of the Republic of Macedonia shall adopt the energy balance by the end of the calendar year.
- (3) On behalf of the Ministry, the Energy Agency shall develop the energy balance and shall submit it to the Ministry by 31st October the latest.
- (4) The Ministry shall submit the energy balance to the Government of the Republic of Macedonia by 15th December the latest.
- (5) The energy balance shall contain the detailed balance for the first year of the period covered, as well as a report on the implementation of the energy balance for the previous year and shall be prepared in compliance with the Rulebook on Energy Balances and Energy Statistics referred to in paragraph (7) of this article.
- (6) The Ministry shall monitor the implementation of the detailed balance referred to in paragraph (5) of this article and in the case of energy shortage shall propose to the Government of the Republic of Macedonia measures aimed at more efficient use of energy available, additional import, more intensive use of available generation facilities and like.
- (7) The Minister that heads the Ministry (hereinafter: the Minister) shall adopt the Rulebook on Energy Balances and Energy Statistics, which shall stipulate:
 - 1) the contents of energy balances;

- 2) the contents, manner, and deadline for submission of data required for the development and monitoring of energy balances implementation;
 - 3) the contents, manner and deadline for submission of data required for the preparation of the Strategy on Energy Development and for the development and monitoring the outcomes of the Strategy's Implementation Program;
 - 4) the bodies within the state administration and within the local self-government units, license holders on energy activities, as well as energy and energy fuel consumers that will be required to submit data required for development and monitoring of energy balances implementation, as well as the deadlines on data submission.
- (8) On the request from the Ministry, the entities referred to in the Rulebook on Energy Balances and Energy Statistics shall be obliged to submit data for the development and monitoring of energy balances and data required for the preparation of strategies, programs and reports on implementation programs whose adoption has been stipulated under the present law.

Article 13

- (1) On the proposal from the Ministry, by means of an act, the Government of the Republic of Macedonia shall stipulate in detail the criteria and terms and conditions for declaring emergency, the manner of relevant energy type supply under such circumstances, measures to be taken in cases of emergency, as well as the rights and obligations of license holders on energy activity performance, pursuant to the Law on Emergency Situation Management.
- (2) In order to protect energy systems and secure reliability of relevant energy type supply in the Republic of Macedonia, the relevant energy or energy fuel transmission and distribution system operators shall be obliged, pursuant to the act referred to in paragraph (1) of this article, to develop contingency plans and submit them to the Ministry for approval.
- (3) Measures necessary to eliminate problems occurred and protect energy markets and energy systems of the Republic of Macedonia in emergency situations should be of temporary nature, should last until the end of the emergency and should cause the least possible distortion to the energy markets operation in the Republic of Macedonia and in the region.
- (4) In compliance with the commitments assumed under the ratified international treaties, the Government of the Republic of Macedonia shall duly inform the neighboring and other countries that are or can be affected by the measures undertaken pursuant to paragraph (3) of this article, as well as the competent international institutions and bodies established under the ratified international treaties.

Article 14

- (1) For the purpose of providing energy poverty protection for the citizens, on the proposal from the Ministry prepared in cooperation with the ministry competent for social protection, the Government of the Republic of Macedonia shall adopt the annual program on energy poverty reduction which, *inter alia*, shall anticipate: subsidies for energy and energy fuel consumption targeting particular households, greater energy end-use efficiency; manner of measures implementation, sources of budget and other funds intended to finance the measures and authorities responsible for their implementation.

III ENERGY REGULATORY COMMISSION OF THE REPUBLIC OF MACEDONIA

Article 15

- (1) Regulation of issues pertaining to energy activities performance stipulated under the present law shall be performed by the Energy Regulatory Commission of the Republic of Macedonia.
- (2) The Energy Regulatory Commission shall be independent in its operation and decision-taking within the competences stipulated under the present law.
- (3) The Energy Regulatory Commission shall be a legal entity.
- (4) The Energy Regulatory Commission shall adopt the Statute, which is subject to approval by the Parliament of the Republic of Macedonia.

Article 16

- (1) The Energy Regulatory Commission shall be comprised of five members, one of which shall be the President.
- (2) On the proposal from the Government of the Republic of Macedonia, the Parliament of the Republic of Macedonia shall appoint and dismiss the Members and the President of the Energy Regulatory Commission, taking due consideration of the appropriate and equitable representation of all ethnic communities.
- (3) One member of the Energy Regulatory Commission shall be an expert on legal matters and one member shall be an expert on economic matters in the energy field.
- (4) Members of the Energy Regulatory Commission shall appoint one member as the Vice President, in a manner and procedure stipulated under the Statute of the Energy Regulatory Commission.
- (5) Members of the Energy Regulatory Commission shall perform their public office in a professional manner. Public office tenure as member of the Energy Regulatory Commission shall be incompatible with the performance of another public office or political party office or job position. All public offices or political party offices or job positions held by the Member of the Energy Regulatory Commission shall cease to be in effect by the power of law on the day of his/her appointment as member of the Energy Regulatory Commission. If the 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.

Article 17

- (1) Any citizen of the Republic of Macedonia can be appointed member of the Energy Regulatory Commission, provided he/she fulfills the following requirements:
 - 1) hold at least a university degree (BSc) in the field of electrical engineering, mechanical engineering, technology, economy or law;
 - 2) have at least ten-years working experience in the energy field in the last 15 years prior to the appointment;
 - 3) at least one year prior to the appointment as member of the Energy Regulatory Commission, not to have been member of supervisory or executive boards, or the board of directors at a company performing regulated energy activity,;
 - 4)
 - 5) provide recommendations from three individuals with at least ten years working experience in the field of energy, economy or law, two of which must hold PhD Degree.

Article 18

- (1) Term of office for Members and the President of the Energy Regulatory Commission shall be five years and not a single member can hold than public office for more than two terms of office.
- (2) The public office of Members or the President of the Energy Regulatory Commission shall cease with the expiration of the term of office for which he/she has been appointed.
- (3) The Government of the Republic of Macedonia shall submit the Parliament of the Republic of Macedonia the proposal on appointment or reappointment of a Member or the President of the Energy Regulatory Commission by the end of the 90 days period the latest from the date of the expiration of the term of office of the Member or the President of the Energy Regulatory Commission.
- (4) The Member or the President of the Energy Regulatory Commission whose term of office has expired shall perform the public office until the appointment of the new Member or President.

Article 19

- (1) The public office of the Member or the President of the Energy Regulatory Commission shall be terminated prior to the expiration of the term of office when:
 - 1) he/she has submitted his/her resignation to the Parliament of the Republic of Macedonia;
 - 2) he/she suffers from permanent or temporary inability for duly performance of the public office for a period longer than six months or in cases of death; or
 - 3) has fulfilled the conditions for enjoying the right to pension.
- (2) Prior to the expiration of his/her term of office, the Member or the President of the Energy Regulatory Commission can be dismissed from the public office to which he/she has been appointed when it has been determined that he/she performs the office in an unconscious and unprofessional manner, misuses the public office or acts in violation of the law and other regulations.
- (3) By means of conclusion voted for by at least three members of the Energy Regulatory Commission, the Energy Regulatory Commission shall determine that terms and conditions for the termination of the public office prior to the expiration of the term of office pursuant to the conditions referred to in paragraph (2) of this article have been fulfilled.
- (4) The Energy Regulatory Commission shall inform the Parliament of the Republic of Macedonia on the existence of terms and conditions for the termination of the public office referred to in paragraph (1) of this article or on the conclusion referred to in paragraph (3) of this article.
- (5) Within a period of eight days from the determination of terms and conditions referred to in paragraph (1) of this article or from the adoption of the conclusion referred to in paragraph (3) of this article, the Energy Regulatory Commission shall forward the Parliament of the Republic of Macedonia the notification referred to in paragraph (4) of this article.
- (6) Upon the receipt of the notification referred to in paragraph (4) of this article, the Parliament of the Republic of Macedonia shall state the fulfillment of terms and conditions referred to in paragraph (1) of this article and shall adopt a decision on the public office termination for the Member or President of the Energy Regulatory Commission.

- (7) Upon the receipt of the conclusion referred to in paragraph (3) of this article, the Parliament of the Republic of Macedonia shall initiate the procedure on dismissal decision-taking.
- (8) Upon taking the decision on public office termination or dismissal, referred to in paragraphs (6) and (7) of this article, the Parliament of the Republic of Macedonia shall ask the Government of the Republic of Macedonia to submit a proposal for the appointment of new member to the Energy Regulatory Commission. The Government of the Republic of Macedonia shall submit the proposal within a period of 30 days from the request receipt.

Article 20

- (1) When performing their working duties and/or when taking decisions, the President, Members of the Energy Regulatory Commission and employees at expert services of the Energy Regulatory Commission shall be obliged:
 - 1) to act in professional, unbiased and objective manner and to be free of influence from entities performing energy activities and from political parties;
 - 2) not to be guided by their personal, business and financial interests;
 - 3) not to misuse the authorization and their status at the Energy Regulatory Commission or as employees at expert services of the Energy Regulatory Commission; and
 - 4) to protect the reputation of the Energy Regulatory Commission.
- (2) The Energy Regulatory Commission shall adopt the Code of Conduct, which shall stipulate in detail the rights and liabilities of Members and employees at expert services of the Energy Regulatory Commission as regards the duties stipulated under paragraph (1) of this article.

Article 21

- (1) The President, Members of the Energy Regulatory Commission or employees at expert services of the Energy Regulatory Commission, as well as their spouses or relatives once removed shall not be allowed to hold or apply for licenses, to be shareholder or co-founder, or to be member of executive and management bodies at companies holding or applying for licenses.
- (2) In cases of violation of paragraph (1) of this article, the persons referred to in paragraph (1) of this article shall be obliged to terminate their interests in the entities holding or applying for licenses, 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) Members of the Energy Regulatory Commission shall not be allowed, for a period of two years from the day their term of office has expired, to acquire shares or seek employment at entities that have obtained licenses during their term of office as Members of the Energy Regulatory Commission.
- (4) For a period of one year from the day their term of office has expired, the Member of the Energy Regulatory Commission who discontinued the performance of the public office due to the expiration of his/her term of office or due to the reasons referred to in Article 19, paragraph (1), items 1) and 2) from the present law shall be entitled to severance payment in compliance with the law that stipulates the rights to severance payment for people appointed by the Parliament of the Republic of Macedonia.

Article 22

- (1) For the purpose of securing efficient, competitive and uninterrupted operation of energy markets, the Energy Regulatory Commission shall have the following competences:
- 1) monitor the operation of energy markets, for the purpose of securing reliable energy and energy fuel supply;
 - 2) adopt regulations and tariff systems and adopt or approve tariff-setting methodologies for regulated energy activities;
 - 3) adopt regulations, price-setting and tariff system methodologies on relevant energy type and/or energy fuel delivery to captive consumers;
 - 4) adopt decisions on prices and tariffs, based on relevant regulations, methodologies and tariff systems;
 - 5) adopt regulations on price-setting methodology for oil derivatives and fuels for transport and price-setting decisions for oil derivatives and fuels for transport referred to in Article 24, paragraph (3), pursuant to the commitments assumed by the Republic of Macedonia;
 - 6) approve the Gird Codes adopted by the energy system operators, by taking due consideration of their compliance with the commitments the Republic of Macedonia has assumed under the international treaties or the commitments of the energy system operators stemming from their membership in international associations;
 - 7) on the proposal from the relevant energy system operators, approve the terms and conditions and connection and access charges for relevant transmission and distribution systems;
 - 8) adopt Electricity Supply Rules, Heating Energy Supply Rules and Natural Gas Supply Rules;
 - 9) adopt Rules on Electricity Supply of Last Resort and Natural Gas Supply of Last Resort;
 - 10) adopt the Electricity Market Code and the Natural Gas Market Code;
 - 11) when needed, request relevant system operators or electricity market operator to change terms and conditions, tariffs, rules, mechanisms and methodologies governing the connection to, access to, balancing or use of relevant systems or market;
 - 12) take decisions upon applications submitted for exemption from the obligation on allowing third party access to energy systems or new interconnection gas pipelines;
 - 13) keep the Registry of Preferential Generators and adopt decisions on awarding the status of preferential generator;
 - 14) take due care for the protection and promotion of rights of energy and energy fuel consumers and of energy system users;
 - 15) propose measures aimed to encourage competition on energy markets;
 - 16) stipulate the terms and conditions, manner and procedure and adopt decisions on issuing, altering, transfer, suspension, revoking and termination of separate energy activity licenses and monitor the implementation of obligations stipulated in the energy activity licenses issued;
 - 17) approve transmission and distribution grid development and construction plans and monitor their timely adoption and implementation;
 - 18) approve and monitor the implementation of compliance programs adopted by relevant energy system operators, by means of which they secure full legal, financial, management and operational independence of operation from the vertically integrated energy enterprises to which they belong, as well as from related energy companies;

- 19) resolve disputes occurred between entities performing regulated energy activities and their users, including cross-border disputes;
- 20) cooperate with competent state authorities, local self-government unit bodies, entities performing energy activities, energy users and other organizations and institutions;
- 21) submit proposals to competent authorities on taking measures pursuant to their competences and in a procedure stipulated by law, against entities performing their activities in violation to the present law;
- 22) raise initiatives and propose adoption of new and amendments to existing laws and other regulations in the energy field;
- 23) participate in relevant regional and international organizations and cooperate with other regulatory bodies, for the purpose of contributing to development of regional energy markets, pursuant to the commitments assumed under the ratified international treaties;
- 24) adopt the Book of Operation and other internal acts related to its operation; and
- 25) perform other matters pursuant to the present law.

Article 23

- (1) For the purpose of securing efficient performance of its competences related to the operation of energy markets, the Energy Regulatory Commission shall monitor in particular:
 - 1) implementation of legally stipulated obligations of entities performing regulated energy activities related to securing reliability of electricity, natural gas and heating energy supply;
 - 2) operation of energy markets, for the purpose of securing their promotion, as well as for the purpose of securing non-discrimination, effective competition, transparency and efficient operation of markets;
 - 3) application of rules governing interconnection allocation and congestion management in the electricity and natural gas transmission systems, based on the commitments assumed by the Republic of Macedonia under the ratified international treaties;
 - 4) use of income generated from congestion management in the electricity and natural gas transmission systems;
 - 5) time needed by transmission and distribution system operators to perform connections and repairs;
 - 6) timely announcement of relevant information held by transmission and distribution system operators related to interconnections, grid use and capacity allocation to interested parties, taking due consideration of the need for individual information to be treated as commercially confidential;
 - 7) changes in the ownership structure of entities performing energy activities and submit proposals to competent state authorities on measures aimed to protect and promote competition on energy markets;
 - 8) application of tariff systems and stipulated tariffs;
 - 9) application of terms and conditions for connection of new generation facilities, taking due consideration of the costs and benefits related to different technologies on renewable energy sources, embedded generation and cogeneration of heating energy and electricity;
 - 10) operation of license holders as regards their obligations stipulated in the licenses issued;
 - 11) quality of services provided by license holders;

- 12) effective unbundling of accounting records pursuant to the present law, for the purpose of avoiding cross-subsidies between energy or natural gas generation, transmission, distribution and supply activities and for the purpose of eliminating cross-subsidies between consumer groups and transfer of income and costs for the performance of regulated and/or non-regulated energy activities;
 - 13) implementation of compliance programs adopted by relevant energy system operators, by means of which they should secure full legal, financial, management and operational independence from the vertically integrated companies to which they belong, as well as from related energy companies, for the purpose of securing non-discrimination, transparency and objectivity in the operation of energy markets.
- (2) Should the Energy Regulatory Commission, in the course of performing the monitoring of situation at and operation of energy markets in compliance with paragraph (1) of this article, determines any irregularities, it shall adopt a decision by means of which it shall prohibit particular behavior of the entity performing energy activity or shall impose relevant measures, for the purpose of securing reliable supply, efficient, competitive and non-discriminatory operation of energy markets, as well as for the purpose of protecting the rights of consumers and energy system users. The decision shall contain the measures to be taken by the entity performing regulated energy activity, as well as the deadlines thereof and the obligation to submit reports on measures taken.
 - (3) 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.
 - (4) Should the license holders fail to act pursuant to the decision referred to in paragraph (2) of this article, the Energy Regulatory Commission shall initiate the procedure on license revoking or shall motion a misdemeanor or other procedure in front of competent state authority.
 - (5) The Energy Regulatory Commission shall adopt the Rulebook on the manner and procedure governing the monitoring of energy market operation referred to in paragraph (1) of this article.
 - (6) Should in the course of monitoring electricity, natural gas and heating energy markets operations the Energy Regulatory Commission determine that there is no efficient competition, it can, in cooperation with the Commission for Protection of Competition, take additional research and decide to undertake necessary and appropriate measures that would secure improved competition and would secure efficient operation of energy markets. These measures can also contain obligations for energy generators for mandatory sale of energy or right to access for interested suppliers to the generation capacities for a determined period of time.

Article 24

- (1) By means of tariff-setting regulations and methodologies for services provided as regulated energy activities, the Energy Regulatory Commission shall stipulate the manner of calculation, approval and control of revenue generation from the performance of regulated energy activities.
- (2) By means of electricity and natural gas price-setting regulations for consumers supplied by the supplier of last resort, the Energy Regulatory Commission shall stipulate the manner of setting, approving and control of electricity and natural gas end prices to be paid by consumers, which shall include the electricity or natural gas generation or purchase price, relevant tariff on use of energy systems and markets, balancing costs, supply charge, as well as financial and other forms of reimbursements awarded for the purpose of implementing the obligations on public service provision.

- (3) By means of price-setting regulation and methodology for oil derivatives and fuels for transport, the Energy Regulatory Commission shall stipulate the manner of setting, approving and control or refinery and retail prices for petrol, diesel fuels, light fuel oil and mazut, as well as retail prices for blends of fossil fuels and biofuels for transport.
- (4) The regulations referred to in paragraphs (1), (2), and (3) of this article shall be based on the principles of objectivity, transparency and no-discrimination and shall provide:
 - 1) balancing the interests of entities performing energy activities and of the consumers;
 - 2) protection of consumers and users from dominant market position abuse and unjustifiable high prices and tariffs;
 - 3) establishment of measures aimed to encourage efficient operation on behalf of entities performing regulated energy activities;
 - 4) recovery of justified costs incurred by entities performing energy activities, as well as appropriate return of capital;
 - 5) transmission and distribution tariffs and relevant methodologies should enable the necessary investments in the systems to result in sustainable operation of systems;
 - 6) elimination of cross-subsidies between consumers groups and revenue and costs transfers when performing regulated and/or non-regulated energy activities.
- (5) The regulations referred to in paragraphs (1) and (2) of this article shall stipulate objective and non-discriminatory criteria for justifiability assessment of costs necessary to perform the regulated energy activity, taking due consideration of improved efficiency in the operation of entities performing regulated energy activities.
- (6) The tariff-setting regulations for electricity and natural gas transmission and distribution shall determine and acknowledge costs incurred for electricity or natural gas purchase to cover losses in the relevant energy system, taking due consideration of the dynamics on loss reduction pursuant to the plans submitted for approval to the Energy Regulatory Commission by system operators.
- (7) The regulations referred to in paragraph (1) of this article shall take into consideration:
 - 1) the revenue generated by transmission system operators on the basis of cross-border electricity or natural gas flows and the charges and revenue collected on the basis of transmission system congestion management:
 - to be appropriately treated when setting the tariff on transmission systems use; or
 - to be used for maintenance or investment in increased interconnection capacity;
 - 2) the revenue and costs generated/incurred by transmission system operators on the basis of balancing services;
 - 3) the costs incurred for purchase of ancillary services, costs incurred for covering acknowledged energy or natural gas losses and other costs stipulated in compliance with the relevant methodologies.
- (8) By means of the regulations referred to in paragraph (1) of this article and related to the use of electricity transmission and distribution systems, the Energy Regulatory Commission can stipulate a combined tariff for each voltage level to be levied to consumers connected to the electricity distribution systems, which shall be incorporated in the tariff on the electricity transmission system use. When setting the combined tariff for the electricity transmission and distribution system use, due care shall be taken of electricity generated by electricity generators connected to the electricity distribution grid (embedded generators).

Article 25

- (1) The tariff systems for electricity, heating energy or natural gas transmission or distribution and electricity market operator services shall stipulate the tariff-setting

method for regulated services based on cap revenue in compliance with the relevant methodologies referred to in Article 24, paragraph (1) from the present law.

- (2) The tariff systems on electricity and natural gas sale to consumers supplied by the supplier of last resort shall stipulate the price-setting method for electricity or natural gas delivered. The prices of electricity or natural gas delivered shall contain the tariffs on relevant regulated services established in compliance with the tariff systems referred to in paragraph (1) of this article.
- (3) Tariff systems referred to in this article shall be adopted by the Energy Regulatory Commission.

Article 26

- (1) The decisions on electricity and heating energy or fuel prices and regulated service tariffs shall establish the prices of electricity and heating energy or energy fuels or regulated services, pursuant to the relevant price-setting regulations.
- (2) Price-setting or tariff-setting decisions referred to in paragraph (1) of this article shall be adopted by the Energy Regulatory Commission, in a manner stipulated under the tariff-setting regulations for regulated services and energy or energy fuel price-setting regulations.
- (3) The decisions referred to in paragraph (1) of this article shall be published in the “Official Gazette of the Republic of Macedonia” and on the website of the Energy Regulatory Commission.

Article 27

- (1) The Energy Regulatory Commission shall adopt the Electricity Market Code and the Natural Gas Market Code, based on the principles of transparency and non-discrimination of electricity and natural gas market users.

Article 28

- (1) The Energy Regulatory Commission shall adopt separate Supply Rules governing the supply with electricity, heating energy and natural gas.
- (2) The rules referred to in paragraph (1) of this article shall stipulate in detail the general terms and conditions of supply, as well as mutual rights, liabilities and obligations of the relevant energy type or natural gas supplier and consumer, as well the relevant system operator, and in particular:
 - 1) terms and conditions, manner and deadline for signing the relevant energy type or natural gas purchase contract;
 - 2) metering, billing and collection method for energy or natural gas delivered and services related to transmission or distribution grids use;
 - 3) terms and conditions for reimbursing consumers in cases of decreased or interrupted delivery;
 - 4) consumers whose energy delivery cannot be discontinued and the manner of securing guarantees on covering costs incurred by energy or natural gas consumed by these users;
 - 5) manner and procedure on changing the supplier at consumer’s own preference and the user’s right to free-of-charge change of supplier;
 - 6) quality of energy or natural gas delivered, as stipulated under the relevant Grid Code;
 - 7) quality of services provided by the supplier;

- 8) minimum requirements and manner of organizational set-up and technical equipment used to secure communication with consumers, for the purpose of securing the stipulated quality of services provided by the supplier;
 - 9) manner and procedures on communication and information exchange between the supplier and relevant systems operators, for the purpose of securing the stipulated quality of energy or natural gas and services provided by the operators;
 - 10) terms and conditions and procedure on disconnecting consumers from transmission or distribution systems, in cases when the consumers failed to fulfill their obligations stipulated by law, regulation and contract;
 - 11) manner, form and deadline for submission of reports the supplier is obliged to submit to the Energy Regulatory Commission;
 - 12) necessary information that suppliers are obliged to provide to consumers as part of their bills, as well as information to be made publicly available and of interest for all consumers;
 - 13) consumer protection.
- (3) The Energy Regulatory Commission shall adopt the Rules on Electricity Supply of Last Resort for Households and Small Consumers and the Rules on Natural Gas Supply of Last Resort.
 - (4) In addition to the provisions referred to in paragraph (2) of this article, the Rules on Electricity Supply of Last Resort for Households and Small Consumers should also contain provisions on detailed stipulation of the manner and procedure under which households or small consumers can obtain the right to be supplied by the electricity supplier of last resort.

Article 29

- (1) For the purpose of performing matters falling under the competences of the Energy Regulatory Commission, the state authorities, local self-government unit bodies, as well as public enterprises and companies performing energy activities shall be obliged to provide the Energy Regulatory Commission with documents, data and information, on request and within a given deadline.
- (2) The Energy Regulatory Commission shall use and keep documents, data and information of confidential character in a manner stipulated by an act, in compliance with personal data protection regulations.
- (3) The license holders on energy activities shall be obliged to submit the Energy Regulatory Commission monthly, quarterly, annual and other reports related to their energy activity performance in a manner and under terms and conditions and with contents stipulated in the licenses.
- (4) The reports referred to in paragraph (3) of this article shall be submitted within the deadline stipulated in the relevant license.

Article 30

- (1) For the purpose of performing matters falling under its competences, the Energy Regulatory Commission shall adopt:
 - 1) Rulebooks and Rules stipulating the matters whose regulation falls under its competences, pursuant to the present law;
 - 2) decisions on individual matters, pursuant to the present law and regulations adopted in compliance with the present law, including decisions by means of which entities performing regulated energy activities are ordered or prohibited certain behavior, for the purpose of securing reliability of energy or energy fuel supply and efficient competition on relevant energy markets;

- 3) guidelines, by means of which entities performing regulated energy activities are referred to the best practices as regards the performance of their legally stipulated rights and obligations, in particular related to the public service provision, reliability of supply, protection of consumers and public service users, as well as increased efficiency of their operations; and
 - 4) decisions on other issues falling under its competences and matters related to its internal proceedings.
- (2) In its decision-taking procedure, the Energy Regulatory Commission shall apply the Law on General Administrative Procedure, unless the present law stipulates another procedure.
 - (3) Legal and natural entities shall be obliged to comply with the Rulebooks, Rules and decisions adopted by the Energy Regulatory Commission.
 - (4) The Energy Regulatory Commission shall motion a misdemeanor procedure in compliance with the provisions contained in the present law against license holders and other energy market participants that have failed to comply with the Rules, Rulebooks or decisions adopted by the Energy Regulatory Commission.
 - (5) Acts of the Energy Regulatory Commission referred to in paragraph (1), items 1) and 2) of this article shall be published in the "Official Gazette of the Republic of Macedonia".
 - (6) Acts of the Energy Regulatory Commission referred to in paragraph (1), items 1), 2) and 3) of this article shall be published on the website of the Energy Regulatory Commission.

Article 31

- (1) Appeals against individual acts of the Energy Regulatory Commission can be lodged in front of the Appeals Commission for Matters in the Energy Field (hereinafter: Appeals Commission), within a period of 15 days from the publication of the Energy Regulatory Commission's act. The appeal shall not postpone the execution of the decision taken by the Energy Regulatory Commission.
- (2) The Appeals Commission shall be comprised of three members and their substitutes. The President of the Appeals Commission shall be selected from the line of Appeals Commission members.
- (3) On the proposal from the Committee on Election and Appointment Issues at the Parliament of the Republic of Macedonia, the Parliament of the Republic of Macedonia shall appoint and dismiss the President and Members of the Appeals Commission.
- (4) Any person holding at least a university degree (BSc) and at least ten years working experience in the energy field can be appointed member of the Appeals Commission.
- (5) The term of office for a member or substitute member of the Appeals Commission shall be five years and members cannot hold the said public office for more than two terms of office.
- (6) When the membership of a member or substitute member of the Appeals Commission is terminated prior to the expiration of his/her term of office, on the proposal from the competent body at the Parliament, the Parliament of the Republic of Macedonia shall appoint a new member or substitute member for the remaining period of the term of office.
- (7) The public office termination for member or substitute member of the Appeals Commission prior to the expiration of his/her term of office shall occur under same terms and conditions and in the same manner as for the public office of the Member of the Energy Regulatory Commission stipulated under Article 19 from the present law.
- (8) The Appeals Commission shall take its decisions by means of majority vote from the total number of members. When taking decisions, the member of the Appeals

Commission holding a personal interest thereto shall be exempted and replaced with the substitute member. It shall be considered that a member or its substitute member hold personal interests if he/she or his/her spouse or relative once removed is a shareholder, co-founder or employee at the company concerned with the subject matter for which the appeal procedure is motioned.

- (9) The Appeals Commission shall take its decisions within a period of 60 days from the day the appeal was lodged.
- (10) Members and substitute members of the Appeals Commission shall be entitled to monthly reimbursement for the work performed, which shall be reimbursed from the total income of the Energy Regulatory Commission.
- (11) The monthly reimbursement referred to in paragraph (10) of this article shall be determined by the Committee on Election and Appointments at the Parliament of the Republic of Macedonia and cannot exceed 50% of the average salary in the Republic of Macedonia calculated for the previous calendar year.
- (12) Administrative matters related to the Appeals Commission shall be performed by the Ministry.

Article 32

- (1) Sessions of the Energy Regulatory Commission shall be public.
- (2) In cases when confidential information and business secrets are discussed as part of the session of the Energy Regulatory Commission, the Energy Regulatory Commission can decide to close the session for the public.
- (3) The Energy Regulatory Commission shall adopt the Rulebooks and decisions by means of majority vote from the total number of members, except in cases when the Book of Operations has stipulated the need of different majority vote in regard to individual Rulebooks or decisions.
- (4) All Members of the Energy Regulatory Commission shall be entitled to provide written explanation of his/her vote in the adoption of a particular rulebook or decision and to request his/her explanation to be published on the website of the Energy Regulatory Commission.
- (5) The Energy Regulatory Commission shall stipulate the manner and procedure on providing public information related to its operation and the rulebooks and decisions adopted.

Article 33

- (1) Participation of interested subjects and the public in the decision-taking procedure of the Energy Regulatory Commission shall be enabled by means of participation on the preliminary sessions and in another manner stipulated by the Energy Regulatory Commission.
- (2) The Energy Regulatory Commission shall be obliged to invite interested subjects to the preliminary sessions, in particular to sessions concerning the following:
 - 1) adopting relevant energy type or energy fuel price-setting regulations and tariff-setting regulations for services as regards the performance of certain energy activities;
 - 2) approving rules and codes developed by license holders;
 - 3) adopting tariffs systems for electricity and natural gas;

- 4) adopting price- and tariff-setting decisions on relevant energy types or energy fuels, pursuant to the price-setting regulations and tariff systems on relevant energy types and services related to relevant energy activities performance; and
 - 5) adopting decisions on issuing, altering, transfer, termination, suspension and revoking energy activity licenses.
- (3) The Energy Regulatory Commission, by means of its Book of Operations, shall stipulate in detail the procedure and manner of organization of preliminary sessions referred to in paragraph (1) of this article, as well as other manners of participation of interested subjects and the public in the decision-taking procedure.

Article 34

- (1) The operations of the Energy Regulatory Commission shall be financed by own funding sources, secured by means of charges collected on the basis of license issuance and collection of annual charge levied to the holders of energy activity licenses.
- (2) By 31st October in the current year the latest, the Energy Regulatory Commission shall submit to the Parliament of the Republic of Macedonia the proposed financial plan of the Energy Regulatory Commission for the next calendar year. The proposed financial plan shall contain planned revenue and expenditures of the Energy Regulatory Commission, including the salaries of Energy Regulatory Commission Members and employees, as well as the reimbursement for the members and substitute members of the Appeals Commission.
- (3) The Parliament of the Republic of Macedonia shall adopt the proposed financial plan and by means of a decision shall set the catchment share from the total annual revenue to be settled by license holders. The catchment share from the total revenue cannot exceed 0.1%.
- (4) The annual charge referred to in paragraph (1) of this article shall be calculated on the basis of the catchment share referred to in paragraph (3) of this article as determined by the Parliament of the Republic of Macedonia and on the total revenue generated by license holders according to the data from the Central Register of the Republic of Macedonia in the year preceding the year for which the proposed financial plan is submitted.
- (5) License holders shall effectuate the payment of the charge referred to in paragraph (1) of this article on the account of the Energy Regulatory Commission in two equal installments, where the first installment shall be disbursed by 30th April the latest, and the second by 30th September the latest in the year for which the proposed financial plan referred to in paragraph (3) of this article is submitted.
- (6) Should the revenue collected by the Energy Regulatory Commission in a given calendar year exceeds the expenditures thereof, the revenue planned for the following proposed financial plan shall be reduced by the difference in this amount.

Article 35

- (1) By 31st March in the current year the latest, the Energy Regulatory Commission shall submit to the Parliament of the Republic of Macedonia the annual report on its operation for the previous year for adoption. The annual report shall contain detailed information on activities taken pursuant to Article 22 and 23 from the present law, as well as detailed information on the material and financial operations of the Energy Regulatory Commission.
- (2) The annual report referred to in paragraph (1) of this article shall be published on the website of the Energy Regulatory Commission, while the summary thereof shall be published in one public media.

- (3) The Energy Regulatory Commission shall submit the annual report referred to in paragraph (1) of this article to the Government of the Republic of Macedonia and the Ministry for information purposes.
- (4) On the request from the Government of the Republic of Macedonia or the Minister, the Energy Regulatory Commission shall submit other reports and information pertaining to the field of operation of the Energy Regulatory Commission and relevant for the performance of matters falling under the Government and the Ministry as stipulated by the present law.

Article 36

- (1) The Energy Regulatory Commission shall take decisions in disputes motioned by system users or market participants against the relevant license holders and related to the regulated energy activities performance and in disputes motioned in relation to the application of stipulated terms and conditions, methodologies or tariffs for connection to, access to, balancing and use of relevant systems and markets and allocation of relevant interconnection capacities, when the application on interconnection capacity allocation was rejected by the transmission system operator in the Republic of Macedonia.
- (2) The Energy Regulatory Commission shall be obliged to adopt the decision in the procedure referred to in paragraph (1) of this article within the shortest period possible, but no later than the expiration of two months from the day the dispute was motioned.
- (3) On the request from the Energy Regulatory Commission, the deadline referred to in paragraph (2) of this article can be extended for maximum two months, for the purpose of collecting additional information related to the decision-taking process or for any other period when agreed upon by parties concerned.
- (4) The decision taken by the Energy Regulatory Commission shall be final. The decision taken by the Energy Regulatory Commission can be appealed in front of the competent court.
- (5) The Energy Regulatory Commission shall adopt the Rulebook on the manner, terms and conditions and procedure on decision-taking in disputes referred to in this article and on the amount of justifiable charges for the costs incurred in the procedure, taking due consideration that said charges do not present excessive burden to households and small consumers of energy or natural gas.

IV LICENSES

Article 37

- (1) The entities performing the activities referred to in Article 4 from the present law cannot initiate activity performance without obtaining the relevant license from the Energy Regulatory Commission.
- (2) Performance of following activities shall not require a license:
 - 1) electricity or heating energy generation for own consumption, when the relevant energy system is not used;
 - 2) electricity or natural gas transmission through direct lines;
 - 3) storage of oil derivatives, biofuels and/or fuels for transport for own consumption;
 - 4) storage of oil derivatives and fuels for transport at facilities intended for retail trade;
 - 5) retail trade in oil derivatives and fuels for transport;
 - 6) trade in liquefied petroleum gas in pressure vessels; and
 - 7) trade in natural gas, in cases when the natural gas transport does not use the natural gas transmission or distribution system.

- (3) Licenses shall be issued for a period of three to 35 years depending on the type of energy activity, type and scope of the obligation on public service provision in the energy activity performance, volume of assets needed to perform the energy activity, duration of the right to use the relevant energy source, as well as the application submitted by the entity performing the energy activity.
- (4) The license shall cease to be valid upon the expiration of the period for which it was issued, by means of revoking or on the request from the license holder. The Energy Regulatory Commission shall adopt a decision on license termination when the license ceases to be valid on the request of the license holder.
- (5) Same entity can be issued one license on performing two or more energy activities in the following cases:
 - 1) heating energy and electricity generation at cogeneration plants for heating energy and electricity; and
 - 2) generation, distribution and supply of heating energy obtained from geothermal sources.
- (6) On its request, the same entity can be issued more licenses on performing the same energy activity when the activity is performed by means of energy facilities that represent separate technical and technological unit.
- (7) State authorities, as part of their competences stipulated by law, shall perform inspection supervision over performance of energy activities requiring relevant licenses and, on its request, shall be obliged to submit the Energy Regulatory Commission information relevant to license issuing or revoking, including information on the license holder's current operations.

Article 38

- (1) The licenses cannot be transferred to another entity.
- (2) As an exception from paragraph (1) of this article, the license can be transferred to another entity in cases when:
 - 1) the energy activity for which the license was issued is performed on the basis of concession rights to natural resources or on the basis of concession rights to energy facility construction, where the concession grantor has taken a decision to transfer the concession rights, in compliance with the present or other law; or
 - 2) the electricity or heating energy generation plant is part of a non-energy facility and the same cannot be separated therefrom, while the no-energy facility ownership has changed.
- (3) Attached to the license transfer application, the new entity performing the energy activity in question shall be obliged to submit the relevant decision taken by the concession 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.

Article 39

- (1) The investor can request the license to be issued prior to obtaining the approval for use for the energy facility or prior to obtaining the report from the technical inspection performed by the supervising inspector for the facilities that do not require approval for use, or prior to obtaining the decision for putting into operation the energy facility in question, provided that:
 - 1) the construction authorization was issued for the concerned energy facility or system, pursuant to the present law; or

- 2) the construction permit for the facility was issued, in cases when the facility construction does not require construction authorization for the energy facility; or
 - 3) the investor has acquired the right to construction based on the implemented open call for construction of electricity or heating energy generation facilities or electricity and heating energy cogeneration; or
 - 4) the investor has acquired the right to facility or system construction based on the concession granted for natural resources and activity performance.
- (2) The Energy Regulatory Commission shall adopt the decision on entry into effect of the license issued pursuant to paragraph (1) of this article only after the investor has submitted the approval for use for the energy facility or the report from the technical inspection performed by the supervising inspector for the facilities that do not require approval for use or the decision for putting into operation the equipment installed at the existing facility constructed in compliance with the law.

Article 40

- (1) On the request from the energy facility investor, within a period of seven days from the application's receipt, the Energy Regulatory Commission shall issue the investor a temporary operation license for the energy facility for which the license was issued in compliance with Article 39 from the present law.
- (2) Attached to the application referred to in paragraph (1) of this article, the investor shall submit the following documents:
 - 1) a notary-certified declaration from the manufacturers of the basic equipment used for the performance of relevant energy activity confirming that the basic equipment has been installed in compliance with the manufacturer's guides and relevant technical regulations and standards for the equipment in question;
 - 2) a notary-certified declaration from the investor allowing the initiation of testing of the equipment installed at the energy facility;
 - 3) a notary-certified declaration from the investor confirming that during the validity of the temporary license the investor assumes full responsibility for all possible problems that might be inflicted on the operators of relevant energy systems and/or third parties connected to the same energy system in the course of testing the energy facility for which the temporary license is being issued; and
 - 4) temporary connection contracts for the energy facility signed with the relevant energy system operators, as well as the manner of connection and operation during the validity of the temporary license.
- (3) The manner, terms and conditions and procedure on temporary connection to the transmission or distribution grid, as well as the operation of energy facilities with temporary licenses shall be stipulated under the relevant Grid Code.
- (4) Temporary license for an energy facility shall be issued only once and shall be valid for a period of up to nine months with a possibility for extension of up to six months.
- (5) The holder of temporary license, for the duration thereof, shall enjoy all rights and obligations as the ones held by a license holder.

Article 41

- (1) The Energy Regulatory Commission shall adopt the Rulebook on Licenses, which shall stipulate in detail:
 - 1) terms and conditions, manner and procedure on issuing, altering, extending, transfer, suspension, revoking or termination of validity of licenses and temporary licenses issued for the energy facility operation;

- 2) license or temporary license duration;
- 3) forms and templates thereof used in the procedure on license issuing, altering, extending, transfer, suspension or revoking;
- 4) template and contents of license and temporary license;
- 5) monitoring and control of the fulfillment of obligations set forth in the license and other obligations stipulated under the present law and the related by-laws, and
- 6) amount of costs incurred in the procedure on license issuing, transfer, suspension, alteration, extension or revoking.

Article 42

- (1) The license or temporary license, depending on the energy activity in question, shall contain in particular:
 - 1) data on the entity to which the license is issued;
 - 2) energy activity to be performed, the area on which the activity will be performed, as well as the facility/facilities where the activity will be performed, accompanied with technical characteristics of facilities and plants;
 - 3) date of energy activity performance initiation and license validity duration;
 - 4) terms and conditions and the manner of implementing stipulated obligations in the course of relevant energy activity performance;
 - 5) terms and conditions, manner and procedure on submitting reports and other data on financial and business operations, status changes, as well as the manner of energy activity performance;
 - 6) terms and conditions, manner and procedure on license alteration, extension, suspension and revoking; and
 - 7) terms and conditions on regulated energy activity performance and implementation of the obligation on public service provision in cases when a procedure has been initiated to terminate the license validity on the request from the license holder or when the procedure on license revoking has been initiated.

Article 43

- (1) The license cannot be altered on the request of the license holder when the changes thereto are contrary to the present law.
- (2) The Energy Regulatory Commission shall initiate *ex officio* procedure on license alteration in cases when relevant laws and other regulations governing the energy activity performance for which the license was issued have been amended.

Article 44

- (1) The license 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 license validity expiration.
- (2) The license holder on regulated energy activity performance shall be obliged to report to the Energy Regulatory Commission on its intentions to apply for license extension at least one year prior to the date of license validity expiration.

Article 45

- (1) The license holder on energy regulatory activity performance cannot discontinue the implementation of the obligation on public service provision towards individual public service users, except in cases when the public service user:

- 1) fails to fulfill its obligations stipulated under law or other regulations, as well as the obligations contained in the contracts signed for the use of relevant energy or energy fuel systems and/or supply; or
- 2) by means of its public service use, can adversely affect human life and health, environment and nature and property or prevents the public service provision to other users.

Article 46

- (1) The license holder on regulated energy activity performance cannot, without prior approval from the Energy Regulatory Commission, temporarily discontinue the performance of energy activity for which the license was issued.
- (2) As an exception from paragraph (1) of this article, the license holder on regulated energy activity performance can temporarily discontinue the energy activity performance without previous approval from the Energy Regulatory Commission, provided that:
 - 1) the activity performance can result or has resulted in danger to human life and health, environment and nature and property, or to the operation of energy facilities or systems; or
 - 2) the activity cannot be performed due to the force majeure.
- (3) In the cases referred to in paragraph (2) of this article, within a period of eight hours from the occurrence of temporary activity performance discontinuation, the license holder shall be obliged to request the Energy Regulatory Commission approval for temporary discontinuation of energy activity performance.
- (4) Provisions contained under this article shall not be applied to cases when the entity performing regulated energy activity should temporarily discontinue the energy activity performance for the purpose of maintenance, extension or construction of grids and/or facilities.

Article 47

- (1) The Energy Regulatory Commission can adopt a decision on license suspension when, by means of a decision taken by the competent inspection or other state authority, the license holder has been issued a measure prohibiting the energy activity performance for a determined period of time.
- (2) The decision referred to in paragraph (1) of this article shall indicate the measures to be taken by the license holder and deemed necessary to provide the required level of public service provision in the period for which the license has been suspended.
- (3) License suspension shall be valid for the period for which the prohibition measure was issued as regards the energy activity performance.
- (4) The license holder shall be entitled to appeal the license suspension decision referred to in paragraph (1) of this article in front of the Appeals Commission. The appeal shall not postpone the enforcement of the decision.

Article 48

- (1) The license can be revoked when the license holder:
 - 1) has not initiated the regulated energy activity performance for which the license was issued within the deadline stipulated in the license;
 - 2) has not performed the activity for which the license was issued in a manner and under terms and conditions stipulated by the present law and other laws and regulations;

- 3) in its operations, has not complied with the decisions and has failed to execute the individual acts adopted by the Energy Regulatory Commission;
 - 4) within the stipulated deadline, has not proceeded in compliance with the request from the competent authorities on eliminating shortcomings in its operations that had resulted or could result in termination of public service provision in a manner stipulated by law, or in decrease of quality, continuity, safety and reliability of the public service provision; or
 - 5) has ceased to fulfill terms and conditions on energy activity performance for which the license was issued.
- (2) The license shall be revoked by means of a decision taken by the Energy Regulatory Commission and shall include the reasons for license revoking and the license holder's rights in regard to the decision adopted.
 - (3) Within a period of eight days from obtaining information on the existence of a reason referred to in paragraph (1) of this article, the Energy Regulatory Commission shall inform the license holder in written on the existence of reasons to initiate the license revoking procedure and shall request the license holder to provide its explanation on the reasons for license revoking within a period of 15 days from the notification's receipt.
 - (4) Upon the expiration of the deadline referred to in paragraph (3) of this article, the Energy Regulatory Commission can adopt a decision on initiating the license revoking procedure, taking due consideration of explanations provided by the license holder. If the license holder has not provided its explanation on the reasons within the given deadline, the Energy Regulatory Commission shall adopt a decision on initiating the license revoking procedure.
 - (5) The decision referred to in paragraph (4) of this article shall, *inter alia*, determine the procedures, measures and activities which the license holder is obliged to undertake in order to eliminate the reasons for initiating the license revoking procedure, the individual deadlines thereof, as well as the final deadline to eliminate the reasons, which cannot be longer than six months.
 - (6) The decision referred to in paragraph (4) of this article shall stipulate the license holder's obligation to regularly inform the Energy Regulatory Commission on the manner in which it has implemented procedures, measures and activities aimed to eliminate the reasons for initiating the license revoking procedure, within the deadlines stipulated in the decision.
 - (7) The Energy Regulatory Commission shall publish the decision referred to in paragraph (4) of this article in the public media and on its website.
 - (8) Upon the receipt of the decision referred to in paragraph (4) of this article, the license holder shall initiate the implementation of procedures, measures and activities aimed to eliminate the reasons for initiating the license revoking procedure, within the deadlines stipulated in the decision, including the final deadline of six months.
 - (9) The license holder shall be entitled to appeal the decision on the initiation of license revoking procedure in front of the Appeals Commission.
 - (10) Should the license holder fail to fulfill the obligations within the final deadline stipulated in the decision on initiating the license revoking procedure, the Energy Regulatory Commission shall adopt a decision on license revoking within a period of 30 days from the expiration of the final deadline.
 - (11) The license holder shall be entitled to appeal the decision of the Energy Regulatory Commission referred to in paragraph (10) of this article in front of the Appeals Commission.

V CONSTRUCTION OF NEW ENERGY FACILITIES

V.1 Construction of New Energy Generation Facilities

Article 49

- (1) New electricity and heating energy generation facilities and electricity and heating energy cogeneration facilities can be constructed on the basis of construction authorization for new electricity and/or heating energy generation facilities issued pursuant to the present law.
- (2) The authorization referred to in paragraph (1) of this article shall be deemed necessary also in cases of increasing installed capacity of existing energy facilities.
- (3) The authorization shall not be necessary provided that:
 - 1) the energy generation facility has total installed electricity and/or heating energy capacity equal to or less than 10 MW;
 - 2) the expansion of the energy generation facility results in total installed electricity and/or heating energy capacity increase by up to 10 MW;
 - 3) the energy generated by the energy facility will be used only for own consumption.
- (4) The authorization on energy facility construction 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 terms and conditions for the construction of the relevant energy facility shall be stipulated under the concession agreement.
- (5) Construction of new or expansion of existing electricity and/or heating energy generation facilities shall be performed in compliance with the laws and other regulations governing the field of construction works.
- (6) The decision on the authorization for construction of new or expansion of existing electricity generation and electricity and heating energy cogeneration facilities shall be adopted by the Government of the Republic of Macedonia.
- (7) The decision on the authorization for construction of new or expansion of existing heating energy generation facilities shall be adopted by the Municipal Council of the local self-government unit.
- (8) For the purpose of environment protection and promotion, electricity generation plants using renewable energy sources, as well as high-efficiency cogeneration plants that fulfill the conditions stipulated pursuant to Article 151 from the present law shall be considered facilities of public interest.

Article 50

- (1) The procedure on issuing the decision on the authorization for construction or expansion of electricity and heating energy generation facilities and electricity and heating energy cogeneration facilities shall be based on the principles of objectivity, transparency and non-discrimination.
- (2) The authorization decision shall be issued pursuant to criteria which refer to:
 - 1) reliability of relevant energy type supply;
 - 2) safety and reliability of the energy system, facilities and relevant equipment;
 - 3) protection of public health and safety;
 - 4) environmental protection;
 - 5) use of land and sites;
 - 6) use of public land;

- 7) energy efficiency;
- 8) primary energy type;
- 9) specific characteristics of the applicant as regards its technical, financial and economic ability.

Article 51

- (1) For the purpose of obtaining the authorization for construction of new or reconstruction of existing generation facilities referred to in Article 49, paragraph (6) from the present law, interested domestic and foreign investors shall submit the Government of the Republic of Macedonia an application, whereas for the purpose of obtaining the authorization for construction of new or reconstruction of existing generation facilities referred to in Article 49, paragraph (7) from the present law, they shall submit the said application to the local self-government unit.
- (2) The Government of the Republic of Macedonia, within a period of eight day from the application's receipt, shall publish it in the "Official Gazette of the Republic of Macedonia" and shall forward it to the Ministry.
- (3) The Mayor of the local self-government unit, within a period of eight days from the application's receipt, shall publish it in the official bulletin of the local self-government unit.
- (4) The Minister shall stipulate in detail the template and contents of the application for authorization for construction or reconstruction of energy facilities referred to in paragraph (1) of this article.

Article 52

- (1) Attached to the authorization application, the applicant shall be obliged to submit the following documents:
 - 1) project design and cost-efficiency analysis;
 - 2) consent for the connection to the electricity transmission or distribution system, pursuant to the relevant Grid Code, and/or consent for the connection to the natural gas transmission or distribution system in the cases when natural gas is used as fuel;
 - 3) decision that approves the project implementation, i.e., decision that approves the environmental study or environmental impact assessment study, when needed for the project in question in compliance with the law;
 - 4) excerpt from the existing urban planning documents, i.e., excerpt from the state urban planning documents or excerpt from the local urban planning documents;
 - 5) financial construction for the planned energy facility;
 - 6) statement from a renown financial institution or bank indicating its intention to grant the entity in question credit for the project implementation, when the project implementation implies use of crediting funds;
 - 7) proof of the applicant's financial status, as regards its financial contribution in the project implementation;
 - 8) applicant's and possible partners' references related to implementation of projects of this type;
 - 9) applicant's registration documents;
 - 10) documents issued by a competent authority indicating that the applicant is not undergoing bankruptcy or liquidation procedure;

- 11) documents issued by a competent authority indicating that the applicant is not undergoing a misdemeanor or felony procedure as concerns its professional activity; and
- 12) applicant's declaration indicating the accuracy of data provided.

Article 53

- (1) The procedure on issuing the authorization for the construction or reconstruction of energy facilities shall be implemented by the Commission on awarding construction authorization for the facilities referred to in Article 49, paragraph (6) from the present law, which shall be established by the Minister.
- (2) The Commission referred to in paragraph (1) of this article shall be comprised of nine members, two of which from the Ministry and of one representative from the ministries competent in the field of construction works, finance, environmental protection and agriculture, respectively, the Energy Agency and the electricity transmission system operator and one member from other institutions or independent experts. One of the representatives from the Ministry shall be appointed President of the Commission. The term of office for Commission members shall be four years. Commission members shall be entitled to monthly reimbursement for the work performed as determined by the Government of the Republic of Macedonia and shall be disbursed from the Budget of the Republic of Macedonia.
- (3) The procedure on issuing the authorization for generation facility construction referred to in Article 49, paragraph (7) from the present law shall be performed by a five-member Commission established by the Mayor of the local self-government unit and shall be comprised of experts in the field of energy, economy and law. The term of office for Commission members shall be four years. Commission members shall be entitled to monthly reimbursement for the work performed as determined by the Municipal Council and shall be disbursed from the Budget of the local self-government unit.
- (4) The President and members of the Commissions referred to in paragraphs (1) and (3) of this article shall be obliged to adhere to the procedure and deadlines for procedure implementation, as stipulated in the present law and other law.
- (5) The Commissions referred to in paragraphs (1) and (3) of this article shall adopt a Book of Operations for their work.
- (6) The monthly reimbursement referred to in paragraphs (2) and (3) of this article cannot exceed 50% of the average salary in the Republic of Macedonia calculated for the previous calendar year.

Article 54

- (1) Should the commissions referred to in Article 53 paragraph (1) and paragraph (3) from the present law determine that the authorization application is incomplete, within a period of 15 days from the day the application was published in the "Official Gazette of the Republic of Macedonia or the official bulletin of the local self-government unit, they shall propose the Minister or the Mayor, to task the applicant with the completion of the required documents pursuant to Article 52 from the present law.
- (2) By means of a conclusion and within a period of seven days, the Minister or the Mayor shall task the applicant to complete the documents within a deadline of at least 15 days from conclusion's receipt.
- (3) Should the applicant fail to complete the documents within the deadline stipulated in the conclusion referred to in paragraph (2) of this article, the Government of the Republic of Macedonia, on the proposal from the Minister or the Municipal Council on the proposal from the Mayor, shall adopt a decision on procedure termination.

- (4) The applicant shall be entitled to motion an administrative dispute against the decision referred to in paragraph (3) of this article.

Article 55

- (1) On the proposal from the Minister and within a period of 60 days from the date of the application's receipt, the Government of the Republic of Macedonia shall adopt a decision on issuing the authorization or rejecting the authorization application concerning the construction of new or reconstruction of existing electricity and heating energy generation facilities and electricity and heating energy cogeneration facilities. Prior to taking its decision, the Government of the Republic of Macedonia shall seek the opinion of the Energy Regulatory Commission.
- (2) By means of a decision, the Government of the Republic of Macedonia shall reject the authorization application and provide reasons thereof, based on the fulfillment of following conditions:
 - 1) a decision in effect has been adopted, by means of which the project implementation is rejected, or a decision by means of which the environmental study is not approved;
 - 2) the existing urban planning documents did not anticipate construction of energy generation facilities, while the application in question concerns the construction of new electricity and/or heating energy generation facility;
 - 3) the applicant failed to demonstrate its own funding contribution to the facility construction.
- (3) The decision on issuing the authorization referred to in paragraph (1) of this article shall be published in the "Official Gazette of the Republic of Macedonia".
- (4) Within a period of 60 days from the application's receipt, the Municipal Council of the local self-government unit shall adopt a decision on issuing the authorization or rejecting the authorization application concerning the construction of new or reconstruction of existing heating energy generation facilities.
- (5) By means of a decision, the Municipal Council shall reject the authorization application and provide reasons thereof, based on the fulfillment of conditions referred to in paragraph (2) of this article.
- (6) The decision on issuing the authorization referred to in paragraph (4) of this article shall be published in the official bulletin of the local self-government unit.
- (7) The applicant shall be entitled to motion an administrative dispute against the decisions referred to in paragraphs (1) and (4) of this article.

Article 56

- (1) The authorization for the construction of new or reconstruction of existing electricity or heating energy generation facilities and electricity and heating energy cogeneration facilities shall stipulate in detail:
 - 1) type, features, installed capacity and expected annual energy output, fuel type and necessary quantity;
 - 2) facility location, in compliance with the relevant urban planning documents;
 - 3) authorization's validity period;
 - 4) proceedings with the facility upon the termination of its operation;
 - 5) manner of public infrastructure use;
 - 6) environmental protection requirements to be fulfilled pursuant to the law;
 - 7) efficiency requirements concerning the facility operation; and

8) other terms and conditions related to the facility construction.

Article 57

- (1) The validity period of the authorization referred to in Article 56 from the present law shall be three years from the day the authorization entered into effect.
- (2) The authorization on energy facility construction or reconstruction shall cease to be valid when the authorization holder failed to provide construction permit for the facility in question within the deadline set under paragraph (1) of this article.

Article 58

- (1) On the request from the authorization holder, the authorization can be transferred to another subject upon previously obtained approval from the Government of the Republic of Macedonia or the Municipal Council of the local self-government unit.
- (2) Documents concerning the entity to which the authorization is transferred and related to stipulations under Article 52, paragraph (1), items 5) to 12) from the present law shall be attached to the authorization transfer application. The procedure on authorization transfer shall be implemented by the Commission referred to in Article 53, paragraph (1) or paragraph (3) from the present law, in a manner and procedure same as the one applied for authorization issuance.

Article 59

- (1) Should, based on the issued authorizations for construction of new and reconstruction of existing electricity or heating energy generation facilities and electricity and heating energy cogeneration facilities, in compliance with the Strategy on Energy Development of the Republic of Macedonia, the forecasts on electricity consumption, taking into account the measures on energy efficiency improvement and consumption management and the possibilities for address the said demand, it has been assessed that the reliability of energy supply is disturbed, the Government of the Republic of Macedonia, on the proposal from the Ministry, can adopt a decision and announce an open call for the construction of electricity generation facilities and electricity and heating energy cogeneration facilities.
- (2) The open call referred to in paragraph (1) of this article can be published also for construction of facilities that might obtain the status of preferential generator, in compliance with the Strategy on Energy Development in the Republic of Macedonia, due to the need to reduce negative impacts on the environment and promote the use of renewable energy sources, as well as to introduce new technologies and electricity and heating energy cogeneration.
- (3) The decision referred to in paragraph (1) of this article shall determine the manner and funds needed to prepare the tender documents.
- (4) The Ministry shall be competent to develop the tender documents referred to in paragraph (3) of this article, as well as to implement the open call procedure referred to in paragraph (1) of this article.
- (5) Prior to the submission of the proposal to adopt the decision referred to in paragraph (1) of this article, the Ministry shall be obliged to determine whether the reliability of electricity supply can be secured by means of measures on efficient energy end-use and consumption management.
- (6) When taking the decision to announce an open call, consideration shall be made of the offers on electricity delivery with guarantees for long-term energy delivery from existing generation facilities.

- (7) Should, based on the issued authorizations for construction of new heating energy generation facilities and the forecasts on heating energy demand, taking into account the measures on energy efficiency improvement and load management and the possibilities to address this demand, it has been assessed that the reliability of supply has not been secured, the local self-government unit can adopt a decision and announce an open call for the construction of heating energy generation facilities.
- (8) The decision referred to in paragraph (7) of this article shall determine the manner of preparation, funds required and the authority or institution that is to develop the tender documents.
- (9) The open call referred to in paragraph (7) of this article shall be implemented by the Mayor of the local self-government unit.

Article 60

- (1) The authority competent to implement the procedure referred to in Article 59 from the present law shall announce the open call in at least two public media and in the "Official Gazette of the Republic of Macedonia", or the official bulletin of the local self-government unit.
- (2) The open call referred to in paragraph (1) of this article shall contain in particular:
 - 1) type of energy facility for which the open call is announced;
 - 2) planned capacity;
 - 3) deadline for the initiation of facility construction works;
 - 4) location where the facility is to be constructed, determined on the basis of the excerpt from the existing urban planning documents, the state urban planning documents or the local urban planning documents;
 - 5) required economic, technical or operational ability of bidders;
 - 6) possible incentives offered, and
 - 7) manner and deadline for bid submission.
- (3) The deadline for bid submission cannot be less than 90 days from the day when the open call was announced.
- (4) Tender documents should contain in particular:
 - 1) type of energy facility for which the open call is announced;
 - 2) planned capacity;
 - 3) deadline for the initiation of facility construction works;
 - 4) location where the facility is to be constructed;
 - 5) required economic, technical or operation ability of bidders;
 - 6) manner and deadline for bid submission;
 - 7) criteria on the selection of the most favorable bidder;
 - 8) manner and terms and conditions for the generation process and the connection to relevant grids;
 - 9) contract on awarding the right to construction, which is to stipulate the mutual rights and liabilities related to the facility construction;
 - 10) possible incentives offered;
 - 11) proceeding with the facility upon the termination of its operation;
 - 12) manner of public infrastructure use;
 - 13) environmental protection requirements to be fulfilled, pursuant to the law;
 - 14) requirements concerning the effective operation of the facility, and
 - 15) other necessary data.

- (5) For any open call referred to in Article 59 from the present law, the institution competent for the implementation of the open call shall establish a commission for the implementation of the open call procedure.
- (6) On the proposal from the authority competent to implement the open call, the Government of the Republic of Macedonia, or the Municipal Council of the local self-government, shall approve the tender documents.
- (7) On the proposal from the authority competent to implement the open call, the Government of the Republic of Macedonia, or the Municipal Council of the local self-government unit, shall adopt the decision on the selection of the most favorable bidder to which the right to energy facility construction will be awarded.
- (8) The procedure on the open call implementation and the eligibility and selection criteria should be based on the principles of transparency, objectivity, competition and non-discrimination.
- (9) The procedure on the open call implementation referred to in Article 59 from the present law shall appropriately apply the provisions contained in the present law and in the Law on Concessions and Other Public-Private Partnerships.

V.2 Construction of New Transmission and Distribution Systems and Direct Lines

Article 61

- (1) The construction of new electricity distribution systems, new natural gas transmission networks and new crude oil and oil derivatives transport facilities shall be performed by legal entities on the basis of issued authorization.
- (2) On the proposal from the Minister, the Government of the Republic of Macedonia shall adopt the decision on construction authorization for the new systems, networks or facilities referred to in paragraph (1) of this article.
- (3) The procedure on issuing the authorizations referred to in paragraph (1) of this article shall apply the provisions contained in Articles 50 to 58 from the present law.

Article 62

- (1) The construction of new natural gas distribution systems for a service area on the territory of the Republic of Macedonia shall be performed by legal entities and on the basis of concessions awarded by the Government of the Republic of Macedonia.
- (2) The concessions referred to in paragraph (1) of this article shall also include the right to perform the regulated energy activity on natural gas distribution.
- (3) The period for which the concession is issued cannot be shorter than 20 years and longer than 35 years. On the request of the concession holder, the concession can be extended for the same period for which it has been originally issued. The concession holder shall not be entitled to transfer the concession to another entity.
- (4) On the proposal from the Minister or on the proposal from a local self-government unit, the Government of the Republic of Macedonia shall adopt the decision on initiating the concession awarding procedure for the construction of new natural gas distribution system. In its decision, the Government of the Republic of Macedonia shall stipulate the type of concession awarding procedure, the obligation on the concession fee payment, as well as the eligibility and selection criteria.
- (5) Prior to taking the decision referred to in paragraph (4) of this article, the Government of the Republic of Macedonia can, in compliance with the Law on Local Self-Government, sign cooperation agreement with the local self-government units on whose territory the natural gas distribution system should be constructed.

- (6) The concession awarding procedure shall be prepared, organized and implemented by a commission established by the Minister. The Commission shall prepare the tender documents. On the proposal from the Minister, the Government of the Republic of Macedonia shall approve the tender documents.
- (7) The procedure on concession and concession contract awarding shall be implemented in compliance with the provisions contained in the present law and in the Law on Concessions and Other Public-Private Partnerships.
- (8) The Government of the Republic of Macedonia shall authorize the Minister to sign the concession contract on behalf of the Government.

Article 63

- (1) The construction of new heating energy distribution system on the territory of a local self-government unit shall be performed on the basis of construction concession issued by the Municipal Council of the local self-government unit.
- (2) The concession referred to in paragraph (1) of this article shall also contain the right to perform the regulated energy activity on heating energy distribution.
- (3) The period for which the concession is issued cannot be shorter than 20 years and longer than 35 years. On the request from the concession holder, the concession can be extended for the same period for which it has been originally issued. The concession holder shall not be entitled to transfer the concession to another legal entity.
- (4) On the proposal from the Mayor, the Municipal Council of the local self-government unit shall adopt the decision on initiating the concession awarding procedure for construction of new heating energy distribution system. In its decision, the Municipal Council of the local self-government unit shall stipulate the type of the concession awarding procedure, the obligation on the concession fee payment, as well as the eligibility and selection criteria.
- (5) The concession awarding procedure shall be prepared, organized and implemented by a commission established by the Mayor. The Commission shall prepare the tender documents. On the proposal from the Mayor, the Municipal Council of the local self-government unit shall adopt the tender documents by means of a decision.
- (6) The concession awarding procedure shall be implemented in compliance with the provisions contained in the Law on Concessions and Other Public-Private Partnerships and pursuant to the provisions from the present law.
- (7) The Municipal Council of the local self-government unit shall authorize the Mayor to sign the concession contract on behalf of the Municipal Council.

Article 64

- (1) Electricity transmission or natural gas transmission direct lines shall be constructed based on a construction authorization.
- (2) Direct lines can be constructed only in cases when the consumer or the supplier was unable to obtain the right to connection or access to the existing electricity or natural gas transmission or distribution system.
- (3) The application on direct line construction shall be submitted to the Government of the Republic of Macedonia.
- (4) Attached to the application on direct line construction, the applicant should submit the documents referred to in Article 52, except for the consent referred under item 2) from the present law, and the decision by means of which the Energy Regulatory Commission confirms the decision taken by the relevant transmission or distribution system operator on rejecting the application for connection or access.

- (5) The procedure on issuing the authorizations referred to in paragraph (1) of this article shall appropriately apply the provisions contained in Articles 50 to 58 from the present law.
- (6) The direct line shall not be considered integral part of the electricity or natural gas transmission or distribution systems.

VI ELECTRICITY MARKET

Article 65

- (1) The electricity generator can sell electricity and/or ancillary services to domestic and foreign traders, electricity suppliers, electricity transmission system operator and electricity distribution system operators.
- (2) The electricity generator shall be obliged:
 - 1) to secure availability of agreed energy and/or ancillary services at the receipt point in the transmission or distribution system, pursuant to the license;
 - 2) to operate in compliance with the laws, other regulations, as well as Transmission Grid Code or Distribution Grid Code, Market Code and terms and conditions stipulated in the licenses;
 - 3) to submit reports, data and information to the Energy Regulatory Commission, pursuant to the terms and conditions stipulated in the license;
 - 4) to submit reports, data and information to the electricity transmission system operator or distribution system operator, pursuant to the Transmission or Distribution Grid Code; and
 - 5) to submit the electricity market operator and the electricity system operator data and information on electricity purchase and sale contracts, the availability of generation capacity and/or ancillary services, except for commercial and financial data, pursuant to the Market Code; and
 - 6) to secure electricity for own consumption from its facilities or on the open market.
- (3) For the purpose of securing reliability of electricity supply, electricity generators that use mazut as fuel shall be obliged to dispose at all times with operation reserves of mazut in the quantity equal to at least fifteen-day operation demand under maximum operation capacity.

Article 66

- (1) The electricity generator whose license also includes the obligation on public service provision shall provide the public service by means of electricity generation aimed to address the demand of households and small consumers supplied by the electricity supplier of last resort.
- (2) By 30th November in the calendar year the latest, the generator referred to in paragraph (1) of this article and the electricity supplier of last resort shall be obliged to submit for approval to the Energy Regulatory Commission the electricity purchase and sale contracts for the next year, whose duration cannot be shorter than one calendar year.
- (3) The Energy Regulatory Commission shall be obliged to approve the contract referred to in paragraph (2) of this article within a period of ten days from its submission. The contract shall be considered signed after it has been approved by the Energy Regulatory Commission.
- (4) The contract referred to in paragraph (2) of this article shall stipulate in particular:

- 1) the manner of harmonizing the planned electricity delivery by the generator and the demand of consumers supplied by the supplier of last resort for each month of the year, based on the annual forecasts developed by the supplier of last resort;
 - 2) the manner of daily harmonization of the planned electricity delivery by the generator and the demand of consumers supplied by the supplier of last resort for each hour of the following day, based on the detailed forecasts developed by the supplier of last resort and taking due consideration of the availability and optimal use of generator's generation capacities;
 - 3) the manner and procedure on exchange of data, changes to and harmonization of quantities agreed on monthly, daily and hourly level;
 - 4) the price under which the supplier of last resort shall purchase the electricity, as approved by the Energy Regulatory Commission, pursuant to the regulation referred to in Article 24, paragraph (2) from the present law, and
 - 5) mutual rights and obligations of the generator and the supplier in the case of the situation referred to in Article 80, paragraph (7) from the present law.
- (5) Should the contracting parties fail to submit the contract referred to in paragraph (2) of this article within the given deadline or should the Energy Regulatory Commission do not approve the contract within a period of ten days from its submission, by 15th December in the calendar year the latest, the Energy Regulatory Commission shall adopt a decision stipulating the relations between the generator referred to in paragraph (1) of this article and the electricity supplier of last resort, thereby stipulating the issues referred to in paragraph (4) of this article.
 - (6) The generator referred to in paragraph (1) of this article and the electricity supplier of last resort shall be obliged to enforce the decision referred to in paragraph (5) of this article until the signing of the contract referred to in paragraph (2) of this article.
 - (7) Upon meeting the demand of consumers defined under the contracts referred to in paragraph (2) or the decision referred to in paragraph (5) of this article, the generator referred to in paragraph (1) of this article can sell the excess electricity on the electricity market pursuant to the rules previously approved by the Energy Regulatory Commission.
 - (8) The rules referred to in paragraph (7) of this article for the sale of excess electricity on the electricity market shall be developed by the generator referred to in paragraph (1) of this article and they shall stipulate the terms and conditions, manner and procedure concerning the sale, and should be based on the principles of transparency and non-discrimination.
 - (9) The generator referred to in paragraph (1) of this article shall be obliged to submit the Energy Regulatory Commission separate monthly reports on the sales made pursuant to paragraphs (2) and (7) of this article.
 - (10) The generator referred to in paragraph (1) of this article, in addition to the obligation stipulated in Article 65 from the present law, shall also be obliged:
 - 1) to submit the Energy Regulatory Commission financial reports, pursuant to Article 5 from the present law; and
 - 2) to keep separate accounting records for the sales made to the supplier of last resort and the sales of electricity and ancillary services on the market, as well as to maintain the entire documents and records and to enable access thereto, on the request from the Energy Regulatory Commission.

Article 67

- (1) The electricity transmission system operator shall maintain, upgrade and expand the transmission grid, operate the electricity transmission system of the Republic of

Macedonia and secure connection of the transmission system to the transmission systems in the neighboring countries.

- (2) The electricity transmission system operator shall be obliged:
- 1) to secure reliable and safe operation of the electricity transmission system of the Republic of Macedonia, pursuant to the applicable regulations that stipulate the technical rules,
 - 2) to secure safe, reliable and quality electricity transmission through the transmission grid of the Republic of Macedonia, in a non-discriminatory and transparent manner and under stipulated quality;
 - 3) to connect generators, consumers and distribution system operators to the transmission grid, as well as to allow third party access for electricity transmission system use, pursuant to the present law and the Transmission Grid Code, and based on the principles of objectivity, transparency and non-discrimination;
 - 4) to construct new interconnection capacities with the neighboring countries, taking due consideration of the efficient use of existing interconnection capacities and the balance between investment costs and benefits for the consumers;
 - 5) to provide cross-border electricity flow through the transmission grid of the Republic of Macedonia within the available transmission capacity;
 - 6) to develop, upgrade and maintain the transmission system, for the purpose of safe and efficient system operation, pursuant to the applicable regulations that stipulate the technical rules and to provide long-term system ability to address the reasonable electricity transmission demand;
 - 7) to develop the grid maintenance plan pursuant to the Transmission Grid Code, and submit it to the Energy Regulatory Commission and publish it on the operator's website;
 - 8) to provide real-time management of electricity flows, by taking due consideration of electricity generation in the Republic of Macedonia, declared import, declared export and declared transit through the transmission system of the Republic of Macedonia, based on the nominations submitted by market participants to the electricity market operator, pursuant to the Electricity Market Code;
 - 9) to provide concurrent operation of the electricity system of the Republic of Macedonia and the neighboring electricity systems, as well as exchange of data with the operators of other electricity transmission systems pursuant to the commitments the Republic of Macedonia has assumed under the international treaties or the commitments of the operator stemming from its membership in international associations;
 - 10) to publish data on available transmission capacities at interconnection lines with the neighboring systems, for the purpose of securing non-discriminatory, objective and transparent access to and use of the electricity transmission system;
 - 11) to install and maintain metering devices at all metering points on the receipt and delivery points in the transmission system;
 - 12) to meter electricity at the receipt and delivery points in the transmission system and submit metered data to relevant transmission system users and to the market operator;
 - 13) to purchase electricity to cover losses in the electricity transmission system, under market terms and conditions and in a transparent, non-discriminatory and competitive manner, pursuant to the Electricity Market Code;
 - 14) to purchase ancillary services and relevant operation reserve, under market terms and conditions and in a transparent, non-discriminatory and competitive manner, pursuant to the Electricity Market Code;

- 15) to address peak loads in the transmission system, pursuant to the Transmission Grid Code;
 - 16) to balance deviations between the actual and planned electricity consumption in real time, pursuant to the Electricity Transmission Grid Code;
 - 17) to provide transparent and non-discriminatory application of balancing procedures to announced and realized electricity market transactions and service billing and collection;
 - 18) to establish the required changes to the schedule and time of engagement of generation facilities and electricity purchase in cases of risks to the reliability of electricity supply, outages or major deviations in electricity consumption from the anticipated quantities;
 - 19) to allow users access to metering devices owned by the operator, pursuant to the present law and Transmission Grid Code;
 - 20) to secure confidentiality of commercial and business data of system service users; and
 - 21) to cooperate with electricity transmission system operators and relevant associations, pursuant to the commitments assumed under the ratified international treaties or the commitments assumed by accessing to international organizations.
- (3) The electricity transmission system operator shall be obliged to keep dispatch log, records on electricity transmission system reliability, data from the supervision and operation system, metered 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) The electricity transmission system use charge shall be settled by 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 who act independently on the electricity market;
 - 2) suppliers or traders, for the consumers directly connected to the electricity transmission system, who do not act independently on the electricity market;
 - 3) electricity distribution system operators or electricity suppliers, for the consumers connected to the electricity distribution systems.
 - (6) The electricity transmission system operator shall invoice the electricity market participants for the deviations occurred from announced physical transactions, under prices calculated pursuant to the price-setting methodology for balancing services.
 - (7) The electricity transmission system operator can temporarily discontinue the electricity delivery from the transmission grid in the course of planned inspections, testing, control metering, maintenance, reconstruction, expansion of grids, devices and installations, connection of new users to the transmission grid, as well as in case of need for the purpose of preventing risks from electricity system outage. 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 under the Electricity Transmission Grid Code.

Article 68

- (1) The electricity transmission system operator shall be responsible for the long-term electricity transmission system development planning.

- (2) The electricity transmission system operator shall be obliged to submit annual plan on electricity transmission system development covering the period of the next five years. By 31st October in the calendar year the latest, the operator shall submit the plan to the Energy Regulatory Commission and upon its approval from the Energy Regulatory Commission shall publish it on its website. The plan should contain the necessary information related to the system expansion and upgrade, while the contents thereof shall be stipulated under the Transmission Grid Code.
- (3) By 31st October in the calendar year the latest, the electricity transmission system operator shall prepare and submit to the Ministry and the Energy Regulatory Commission the annual, five-year and ten-year electricity demand forecasts in the Republic of Macedonia.
- (4) For each regulatory period, the electricity transmission system operator shall develop and submit to the Energy Regulatory Commission the transmission system investment plans, which shall in particular indicate the expected efficiency increase related to the electricity transmission system operation, reduction of electricity losses and improving the quality of electricity delivered by the transmission grid that are result of the anticipated investments.
- (5) The electricity transmission system operator shall be obliged to submit to the Energy Regulatory Commission reports on the financial and actual volume of planned and realized services in a manner, under terms and conditions and within the deadlines stipulated in the license.

Article 69

- (1) The electricity transmission system operator shall be obliged, upon previously obtained approval from the Energy Regulatory Commission, to adopt and to publish in the "Official Gazette of the Republic of Macedonia" and on its website the Transmission Grid Code, which shall stipulate in particular:
 - 1) technical and other terms and conditions on safe and reliable transmission system operation;
 - 2) technical and technological terms and conditions and the manner of connecting users to the system, based on the principles of transparency and non-discrimination;
 - 3) terms and conditions, manner and methodology on setting the transmission grid connection charge, based on the principles of transparency and non-discrimination;
 - 4) terms and conditions and manner of third party access to the transmission system, based on the principles of transparency and non-discrimination;
 - 5) objective, no-discriminatory and transparent procedures on addressing peak loads in the transmission system;
 - 6) technical and technological operation conditions for electricity generation facilities holding temporary operation license;
 - 7) transmission system maintenance and development planning;
 - 8) contents of transmission system development plans, as well as the manner and procedure under which system users shall submit data required for the preparation of development plans;
 - 9) manner and procedure on electricity demand forecasting, as well as the obligations of the electricity transmission system users (electricity suppliers, generators and consumers directly connected to the electricity transmission system) related to the submission of data required for the preparation of demand forecasts;
 - 10) measures to secure the required operation reliability of the electricity transmission system;
 - 11) measures, activities and procedures in cases of outages and emergencies;

- 12) operational requirements and accuracy class of metering devices, as well as the electricity and power metering method;
- 13) criteria on ancillary services provision;
- 14) electricity dispatch;
- 15) quality of electricity delivered through the transmission system;
- 16) quality of services provided by the operator for the users;
- 17) communication protocols for the supervision and operation system;
- 18) work of operation management system;
- 19) manner of publishing information, which it is obliged to publish pursuant to the present law; and
- 20) manner and procedure on information provision for system users.

Article 70

- (1) The electricity transmission system operator shall be obliged, upon previous approval from the Energy Regulatory Commission, to adopt and publish in the “Official Gazette of the Republic of Macedonia” and on its website the Rules on Interconnection Transmission Capacity Awarding.
- (2) The rules referred to in paragraph (1) of this article shall be based on the principles of transparency and non-discrimination of system users and the commitments assumed by the Republic of Macedonia under international treaties, as well as the technical possibilities of the electricity transmission system and shall stipulate in particular:
 - 1) manner of calculating available interconnection capacity;
 - 2) manner of interconnection transmission capacity awarding, by taking due consideration of electricity transmission system congestions;
 - 3) payment manner for the use of interconnection transmission capacities in cases of electricity transmission system and interconnection line congestions;
 - 4) manner of data publishing.

Article 71

- (1) The legal entity performing electricity transmission activity cannot hold licenses on electricity generation, distribution, trade, supply and supply of last resort activities.
- (2) For the purpose of securing independence in the electricity transmission activity performance, as well as for the purpose of implementing its obligation on public service provision in a non-discriminatory, objective and transparent manner, the electricity transmission system operator should secure the following:
 - 1) persons responsible for management and operation at the electricity transmission system operator cannot participate in the management and executive bodies at entities holding electricity generation, distribution, trade and supply licenses;
 - 2) persons responsible for management and operation at the electricity transmission system operator must be independent in their work and decision-taking, and
 - 3) decision-taking related to assets required for the system operation, maintenance and development must be made independently from the interests of the vertically integrated company to which the operator belongs or the interest of the related company.
- (3) The electricity transmission system operator shall be obliged to adopt and submit for approval to the Energy Regulatory Commission the compliance program that shall anticipate measures aimed to prevent discriminatory behavior and shall stipulate relevant responsibilities for the employees, pursuant to paragraph (2) of this article.

Article 72

- (1) The electricity market operator shall be responsible for the electricity market organization, efficient operation and development, pursuant to the principles on publicity, transparency, non-discrimination and competitiveness and shall be obliged to provide the services falling under its competences, pursuant to the present law and the terms and conditions stipulated in the license.
- (2) The electricity market operator shall prepare and submit to the electricity transmission system operator the information required for the development of dispatching schedules, pursuant to the Market Code.
- (3) The electricity market operator shall keep the records on electricity physical transactions, based on the information on electricity purchase/sale and transit transactions submitted by electricity market users.
- (4) The electricity market operator shall calculate the electricity consumed, transited or delivered between electricity market participants, as well as the imbalances occurred in regard to announced and realized transactions and shall submit these calculations to the electricity transmission system operator.
- (5) The electricity market use charge shall be settled by suppliers or traders, on behalf of consumers in the Republic of Macedonia with whom they have signed electricity supply or purchase contracts. The electricity market use charge shall also be settled by the electricity transmission and distribution system operators, when purchasing electricity to cover the electricity losses.
- (6) The electricity market operator shall calculate the electricity market use charge based on announced transactions and by applying the published tariff, previously approved by the Energy Regulatory Commission.
- (7) The electricity market operator shall be obliged to secure confidentiality of commercial and business data which the electricity market participants are obliged to submit.

Article 73

- (1) The Electricity Market Code adopted by the Energy Regulatory Commission shall stipulate in particular:
 - 1) electricity market organization;
 - 2) terms and conditions to be met by electricity market participants;
 - 3) manner and terms and conditions for association of customers and/or electricity generators into balancing groups, for the purpose of reducing their balancing costs;
 - 4) establishment, organization and supervision of electricity and ancillary services trade, including cross-border trading;
 - 5) price-setting methodology for balancing services and service billing and collection, as well as financial guarantees required from electricity market participants in relation to balancing services settlement;
 - 6) procedure on calculating deviations between agreed and realized transactions, based on the metering performed by the electricity transmission system operator and distribution system operators;
 - 7) terms and conditions, manner and procedure for electricity and ancillary services purchase by entities performing regulated energy activities, for the purpose of implementing such purchase procedures in a transparent and non-discriminatory manner and for the purpose of securing equal access to all interested domestic and foreign bidders;
 - 8) electricity purchase from preferential electricity generators and sales thereof to suppliers or traders, as well as manner of stipulating the rights and obligations of the

electricity market operator, electricity transmission and distribution system operators and preferential generators;

- 9) manner and procedure on data collection and submission to the Energy Regulatory Commission related to the status of and events occurred in the electricity market.
- (2) The Electricity Market Code shall stipulate equitable contractual rights and obligations for preferential generators, depending on the type of power plant they operate, with whom the market operator is to sign contracts, pursuant to the provisions in Article 153 from the present law, as well as the contract elements, pursuant to the decisions on the application of feed-in tariffs adopted by the Energy Regulatory Commission.
- (3) The electricity market operator shall be obliged to cooperate with the Energy Regulatory Commission in the development of the Electricity Market Code.

Article 74

- (1) The electricity distribution system operator shall be responsible for the maintenance, upgrade, expansion and operation of the distribution system used to perform its activity, and shall be obliged to secure its connection to the electricity transmission system.
- (2) The electricity distribution system operator shall be obliged:
 - 1) to secure safe and reliable operation of the distribution system, pursuant to the applicable regulations that stipulate the technical rules;
 - 2) to secure reliable, safe and quality electricity distribution and delivery through the distribution system it operates, in a non-discriminatory and transparent manner and under stipulated quality;
 - 3) to connect generators and consumers to the distribution system, as well as to allow third party access for distribution system use, pursuant to the present law and the Distribution Grid Code, and based on the principles of objectivity, transparency and non-discrimination;
 - 4) to develop, upgrade and maintain the distribution system, pursuant to the applicable regulations that stipulate the technical rules, and to provide long-term system ability to address the reasonable electricity distribution demand;
 - 5) to develop the grid maintenance plan pursuant to the Distribution Grid Code, and submit it to the Energy Regulatory Commission;
 - 6) to harmonize operations in the distribution system with the electricity transmission system operator;
 - 7) to purchase electricity and ancillary services to cover the losses in the distribution grid, under market terms and conditions and in a transparent, non-discriminatory and competitive manner, pursuant to the Electricity Market Code;
 - 8) to meter electricity received from generators and the electricity transmission system and energy delivered to consumers connected to the distribution system, as well as to submit metered data to the generators or suppliers or traders, and to the market operator;
 - 9) to allow users access to metering devices owned by the distribution system operator, pursuant to the present law and Distribution Grid Code;
 - 10) to prepare reports on the financial and actual volume of planned and realized services and to submit them to the Energy Regulatory Commission in a manner and under terms and conditions and within deadlines stipulated in the license;
 - 11) to keep the dispatch log, records on the communication systems reliability, data from the supervision and operation system, metered data and to keep such data, logs and records for at least ten years; and

- 12) to secure confidentiality of commercial and business data of distribution system users.
- (3) The distribution system use charge shall be settled by electricity consumers connected to the distribution grid. The electricity distribution system operator shall invoice the electricity distribution system use charge to consumers connected to the electricity distribution system, as well as the electricity transmission system use charge, pursuant to the published tariffs.
 - (4) As an exception from paragraph (3) of this article, the electricity distribution system operator can sign contracts with electricity suppliers or traders by means of which it shall authorize them to collect the charges referred to in paragraph (3) of this article.
 - (5) The electricity distribution system operator can temporarily discontinue the electricity delivery from the distribution grid in the course of planned inspections, testing, control metering, maintenance, reconstruction, expansion of grids, devices and installations, as well as in case of need for the purpose of preventing risks from electricity system outage. The manner, procedures and notifications on such interruptions shall be performed by the electricity distribution system operator, pursuant to the Distribution Grid Code.

Article 75

- (1) The electricity distribution system operator shall be responsible for the long-term electricity distribution system development planning in the area where it performs the activity.
- (2) The electricity distribution system operator shall be obliged to adopt annual plan on distribution system development covering the period of the next five years. By 31st October in the calendar year the latest, the operator shall submit the plan to the Energy Regulatory Commission and upon its approval from the Energy Regulatory Commission shall publish it on its website. The plan should contain the necessary information related to the system expansion and upgrade, while the contents thereof shall be stipulated under the Distribution Grid Code.
- (3) By 31st October in the calendar year the latest, the electricity distribution system operator shall develop and submit to the Ministry and the Energy Regulatory Commission the annual and five-year electricity demand forecasts for the distribution system it operates.
- (4) For each regulatory period, the electricity distribution system operator shall develop and submit for approval to the Energy Regulatory Commission the distribution system investment plans, which shall in particular indicate the expected efficiency increase related to the distribution system operation by reducing electricity losses and improving the quality of electricity delivered by the distribution grid that are result of the anticipated investments.

Article 76

- (1) The electricity distribution system operator shall be obliged to meter the electricity received and delivered to users connected to the distribution grid by means of metering devices, pursuant to the present law and Electricity Distribution Grid Code.
- (2) The metering devices at newly constructed connections shall be owned by the electricity distribution system operator.
- (3) The electricity distribution system operator shall be entitled to replace the existing metering devices owned by users connected to the distribution grid within the deadlines stipulated in the Distribution Grid Code. The newly installed metering devices shall be owned by the electricity distribution system operator. The electricity distribution system

operator shall bear the costs for metering devices replacement and shall recover them through the electricity distribution tariff.

- (4) The location of metering devices shall be determined by the electricity distribution system operator, depending on the technical possibilities at the site and they can be located on or outside the property of users connected to the distribution grid. When in the course of replacing the existing metering device owned by the user the electricity distribution system operator has determined the need to dislocate the metering point, it shall be obliged to dislocate it on its own costs with minimum disturbance to service provision for the user. The electricity distribution system operator shall be obliged to reimburse the damages caused to the user's property occurred as result of the metering point dislocation.
- (5) When the metering device is located on the user's property, the user shall be obliged to allow access for the person authorized by the electricity distribution system operator to any property or facility where the metering device is located, for the purpose of:
 - 1) reading metering devices;
 - 2) inspection, installation, supervision, replacement and maintenance of metering point equipment;
 - 3) disconnecting the user, when it has acted contrary to the terms and conditions for distribution grid use stipulated in the Distribution Grid Code;;
 - 4) disconnecting the consumer, on the request from the supplier, pursuant to the provisions contained in the Supply Rules.

Article 77

- (1) The electricity distribution system operator shall be obliged, upon previously obtained approval from the Energy Regulatory Commission, to adopt and to publish in the "Official Gazette of the Republic of Macedonia" and on its website the Distribution Grid Code, which shall stipulate in particular:
 - 1) technical and technological terms and conditions and manner of connecting electricity facilities, based on the principles of transparency and non-discrimination;
 - 2) terms and conditions and manner of third parties access to and use of distribution system, based on the principles of transparency and non-discrimination;
 - 3) technical and other terms and conditions on safe and reliable distribution system operation and provision of quality services;
 - 4) technical and technological operation conditions for electricity generation facilities holding temporary operation license;
 - 5) distribution system planning, maintenance and development;
 - 6) measures, activities and procedures in cases of outages and emergencies;
 - 7) methodology on setting the distribution grid connection charge, based on the principles of transparency and non-discrimination;
 - 8) confidentiality of commercial and business data of distribution system service users;
 - 9) operational requirements and accuracy class of metering devices, as well as the electricity and power metering method;
 - 10) quality of electricity delivered through the distribution system;
 - 11) quality of services provided by the operator for the users;
 - 12) contents of distribution system development plans, as well as the manner and procedure under which system users shall submit data required for the preparation of development plans;
 - 13) submission of data on long-term electricity demand forecasting to the electricity transmission system operator;

- 14) communication protocols for the distribution system's supervision, operation and control system; and
 - 15) manner and procedure on information provision for system users.
- (2) In case there are several electricity distribution system operators, the Energy Regulatory Commission should provide concordance of separate Distribution Grid Codes.

Article 78

- (1) The legal entity performing electricity distribution activity cannot hold licenses on electricity generation, transmission, trade, supply or supply of last resort activities.
- (2) For the purpose of securing independence in the electricity distribution activity performance, as well as for the purpose of implementing the obligation on the public service provision in a non-discriminatory, objective and transparent manner, the electricity distribution system operator should secure the following:
 - 1) persons responsible for management and operation at the electricity distribution system operator cannot participate in the management and executive bodies at entities holding electricity generation, transmission, trade or supply licenses;
 - 2) persons responsible for management and operation at the electricity distribution system operator must be independent in their work and decision-taking;
 - 3) decision-taking related to assets required for the system operation, maintenance and development must be made independently from the interests of the vertically integrated company to which the operator belongs or the interests of the related company.
- (3) The electricity distribution system operator shall be obliged to adopt and submit for approval to the Energy Regulatory Commission the compliance program that shall anticipate measures aimed to prevent discriminatory behavior and shall stipulate relevant responsibilities for the employees, pursuant to paragraph (2) of this article.
- (4) As an exception from paragraph (1) of this article, the legal entity performing electricity distribution activity can also perform electricity supply and electricity supply of last resort provided there are less than 100.000 consumers connected to its distribution system.

Article 79

- (1) The electricity supplier shall purchase electricity in the country and from abroad, for the purpose of selling it to consumers, traders, other suppliers, the electricity transmission system operator or the electricity distribution system operators, as well as to customers abroad.
- (2) For the electricity it has committed to deliver to its consumers, the electricity supplier shall secure the necessary transmission and/or distribution capacity from the relevant operators, pursuant to the applicable tariffs, Market Code, Transmission and Distribution Grid Codes.
- (3) The electricity supplier shall invoice the consumers for the electricity delivered under the agreed price and the electricity market use charge. When the supplier has signed a contract with the electricity distribution system operator pursuant to Article 74, paragraph (4) from the present law, the electricity supplier shall also invoice the consumers the transmission and/or distribution system use charges. The invoices shall be developed on the basis of active and/or reactive electricity consumed and on engaged power, as metered by the relevant system operator.
- (4) The electricity supplier shall be obliged:

- 1) to operate in compliance with the Supply Rules and Electricity Market Code as regards the reliability and volume of supply, for the purpose of fulfilling its obligations towards the customers;
- 2) to submit the electricity market operator data on transactions and electricity consumption plans for its consumers necessary for the calculation of imbalances, pursuant to the Market Code, Transmission and Distribution Grid Codes;
- 3) to meet the financial guarantee requirements stipulated in the Market Code;
- 4) to settle the electricity quantity purchased, as well as the reserved capacity and relevant regulated services from the electricity transmission system operator and/or electricity distribution system operators and the electricity market operator, and
- 5) to submit the Energy Regulatory Commission, on request and within a given deadline, information and reports on its transactions and business activities originating from, terminating in or transiting the territory of the Republic of Macedonia.

Article 80

- (1) The electricity supplier of last resort shall purchase electricity to address the demand of households and small consumers that have decided to be supplied by the supplier of last resort. The purchase prices and relevant contracts with the generator referred to in Article 66 from the present law shall be approved by the Energy Regulatory Commission.
- (2) For the purpose of addressing the demand of its consumers, the electricity supplier of last resort shall secure the necessary transmission and/or distribution capacity, as well as the services of the electricity market operator.
- (3) The electricity supplier of last resort shall invoice its consumers for the electricity delivered and services provided pursuant to the Tariff System on electricity sale to households and small consumers.
- (4) The electricity supplier of last resort can purchase electricity at the market and under market prices provided that:
 - 1) market terms and conditions and market prices are more favorable compared to terms and conditions and prices set for the generator referred to in Article 66 from the present law; or
 - 2) at given periods, the electricity generated by the generator referred to in Article 66 from the present law does not suffice to meet the electricity demand of households and small consumers.
- (5) The Energy Regulatory Commission shall approve the rules on electricity purchase referred to in paragraph (4) of this article prepared by the electricity supplier of last resort, which shall include the terms and conditions, manner and procedure related to the purchase, and shall be based on the principles of transparency and non-discrimination.
- (6) The electricity supplier of last resort shall be obliged to submit the electricity market operator data on transactions, i.e., contracts and balances related to the electricity demand of its consumers required to calculate the imbalances, pursuant to the Market Code, Transmission and Distribution Grid Codes.
- (7) As an exception from paragraph (6) of this article and to the extent necessary in the light of securing reliability of supply to households and small consumers, on the request from the supplier of last resort and by means of a decision the Energy Regulatory Commission can temporary charge another market participant that holds the obligation on public service provision to purchase electricity for the households and small consumers for a period determined in the decision. The supplier of last resort shall

provide evidence in support of its inability to purchase electricity in a manner in which it secures reliability of supply.

- (8) The Energy Regulatory Commission can revoke the decision referred to in paragraph (7) of this article as soon as it has determined that the reasons for its adoption do no longer exist.

Article 81

- (1) The electricity trader shall purchase electricity in the country and from abroad, for the purpose of selling it to other traders, suppliers, the electricity transmission system operator and electricity distribution system operators, as well as for the purpose of selling it to customers abroad.
- (2) As an exception from paragraph (1) of this article, the electricity trader in the function of supplier can sell electricity to consumers that fulfill the requirements for independent participation on the electricity market, as stipulated under the Market Code.
- (3) The electricity trader shall be obliged to submit the electricity market operator information on the electricity quantities and relevant time schedules related to all electricity purchase/sale contracts, as well as related to contracts on cross-border transactions through the transmission grid, pursuant to the Market Code.
- (4) When performing cross-border electricity transactions and for the electricity it has committed to deliver to its customers, the electricity trader shall be obliged to secure sufficient interconnection transmission capacity and/or distribution capacity and regulated services, pursuant to the Market Code, Transmission and/or Distribution Grid Code, as well as the Rules on Awarding Cross-Border Transmission Capacity.
- (5) The electricity trader shall be obliged:
 - 1) to operate in compliance with the Electricity Market Code as regards the reliability and volume of supply, for the purpose of fulfilling its obligations towards the customers;
 - 2) to fulfill the financial guarantee requirements stipulated under the Market Code, and
 - 3) on the request from the Energy Regulatory Commission, to submit information and reports on the electricity transactions and business activities originating from, terminating in or transiting the territory of the Republic of Macedonia.

Article 82

- (1) All electricity customers shall be deemed eligible electricity customers.
- (2) Electricity consumers shall purchase electricity from electricity suppliers, pursuant to the present law and the terms and conditions and principles stipulated in the Supply Rules.
- (3) As an exception from paragraph (2) of this article, the consumers that meet the requirements on independent participation on the electricity market as stipulated under the Market Code can purchase electricity also from electricity traders.
- (4) The relevant system operator shall discontinue the electricity delivery to consumers without electricity supply contracts signed.
- (5) As an exception from paragraph (4) of this article, the relevant system operator shall not discontinue the electricity delivery to consumers falling under the categories households and small consumers and these consumer categories shall be supplied by the electricity supplier of last resort.
- (6) Electricity consumers can be supplied with electricity from direct lines as well.

Article 83

- (1) For the purpose of transparent, efficient and competitive trade in electricity and ancillary services, electricity market participants can perform trade in electricity or ancillary services on the electricity exchange in the Republic of Macedonia established pursuant to the law or on the regional electricity exchange.

VII NATURAL GAS MARKET

Article 84

- (1) The natural gas transmission network operator shall perform natural gas transmission through the natural gas transmission network in its ownership or through the network for which it has been granted right to use, and shall cooperate with the natural gas transmission system operator for the purpose of maintaining, upgrading and expanding the transmission network.
- (2) The natural gas transmission network operator shall be obliged:
 - 1) to invest in the transmission network, pursuant to the transmission system development plan prepared by the natural gas transmission system operator and approved by the Energy Regulatory Commission;
 - 2) to maintain the network on the request of the natural gas transmission system operator, pursuant to the procedures set forth in the Transmission Grid Code;
 - 3) to construct connections and connect new transmission system users or other transmission network operators, based on the connection approval issued by the natural gas transmission system operator;
 - 4) to cooperate with other network operators and transmission system operator;
 - 5) to secure confidentiality of commercial and business data of users connected to the transmission network.
- (3) For the purpose of supporting the transmission system operator in the performance of its competences, the transmission network operator shall be obliged to cooperate with the transmission system operator and secure all information necessary and for that purpose shall be obliged:
 - 1) to install and maintain metering devices at metering points in its transmission network by means of which natural gas is received from or delivered to the transmission system;
 - 2) to meter natural gas quantities at the points at which natural gas is received from or delivered to the transmission system and to submit metered data to the transmission system operator;
 - 3) to allow transmission system users and transmission system operator access to the metering devices, pursuant to the present law and the Natural Gas Grid Code, and
 - 4) to submit all relevant information to the system operator and other network operators, pursuant to the Natural Gas Grid Code and Market Code;
- (4) The transmission network operator shall be obliged to transfer the tenures over transmission network parts necessary for the transmission system operation to the transmission system operator on the day when the approval for use for relevant facilities in the transmission grid has entered into effect.

Article 85

- (1) The natural gas transmission system operator shall be a public enterprise or company owned by the Republic of Macedonia or a company where the Republic of Macedonia is the dominant owner, and shall operate the natural gas transmission system and connect it to the transmission systems in the neighboring countries.
- (2) The transmission system operator shall be obliged:
 - 1) to secure reliable, safe, cost-effective and quality natural gas transmission and delivery through the transmission system, in a non-discriminatory and transparent manner and under stipulated quality;
 - 2) to secure reliable and safe transmission system operation, pursuant to the applicable regulations that stipulate the technical rules;
 - 3) to plan transmission system development under cost-effective terms and conditions, for the purpose of reliable and efficient operation of the transmission system, and by taking due care of environmental regulations and pursuant to the applicable regulations that stipulate the technical rules, as well as to secure long-term system ability to meet the reasonable natural gas transmission demand;
 - 4) to plan construction of new interconnection capacities with transmission systems abroad, by taking due care of efficient use of existing interconnection capacities and balancing the investment costs and benefits for the consumers;
 - 5) to adopt the transmission system development plan pursuant to the Transmission Grid Code and submit it to the Energy Regulatory Commission for approval, as well as to publish the plan on the website of the transmission system operator;
 - 6) to maintain the natural gas transmission system, pursuant to the natural gas transmission system maintenance plan;
 - 7) on the proposal from the transmission network operators, to adopt the natural gas transmission system maintenance plan pursuant to the Transmission Grid Code and submit it to the Energy Regulatory Commission for approval, as well as to publish the maintenance plan on the website of the transmission system operator;
 - 8) to approve users' applications for connection to the transmission system;
 - 9) to allow third party access for transmission system use, pursuant to the present law and the Transmission Grid Code, and based on the principles of objectivity, transparency and non-discrimination;
 - 10) to award available transmission capacities and to address peak loads in the transmission network, pursuant to the Natural Gas Transmission Grid Code and Market Code;
 - 11) to harmonize operations in the transmission system with the transmission systems it is directly connected to, as well as to cooperate and exchange data with operators of other transmission systems, pursuant to the commitments the Republic of Macedonia has assumed under the international treaties or the commitments of the operator stemming from its membership in international associations;
 - 12) to publish data on available transmission capacities at interconnection lines with the neighboring transmission systems or transnational gas pipelines, for the purpose of securing non-discriminatory, objective and transparent access to and use of the transmission system;
 - 13) to purchase natural gas to cover losses in the transmission system and the necessary ancillary services, under market terms and conditions and in a transparent and non-discriminatory manner, pursuant to the rules previously approved by the Energy Regulatory Commission;
 - 14) to provide daily dispatch of planned import and export transactions and transit transactions through the transmission system it operates, based on the nominations

- submitted by natural gas market participants, and to update the schedule of regular time intervals, pursuant to the Transmission Grid Code;
- 15) to balance deviations between the actual and planned natural gas consumption in real time, pursuant to the Natural Gas Market Code;
 - 16) to provide transparent and non-discriminatory application of balancing procedures to announced and realized natural gas transactions and service billing and collection;
 - 17) to keep records and physical transaction schedules and to calculate deviations from announced transactions and charge the users for the imbalances occurred;
 - 18) to establish the required changes to the natural gas dispatching schedule in cases of risks to the reliability of natural gas supply, outages and major deviations in natural gas consumption from the determined quantities;
 - 19) to secure confidentiality of commercial and business data of system service users;
 - 20) to provide information to transmission and distribution systems operators to which it is connected, for the purpose of securing reliable and efficient operation of the systems and interconnection lines;
 - 21) to prepare reports on the financial and actual volume of planned and realized services and to submit them to the Energy Regulatory Commission, in a manner, under terms and conditions and within the deadlines stipulated in the license;
 - 22) to keep dispatch logs, records on transmission systems reliability, data from the supervision and operation system, metered data and to keep such data, logs and records for at least ten years, and
 - 23) to keep records on the transmission system operation and report thereof to the Energy Regulatory Commission, on request.
- (3) The natural gas transmission system operator shall be obliged on its website to continuously publish and update published data related to the technical information, in a numerical and understandable manner and related to the agreed and available transmission capacity at all access points, including the entry and exit points in the natural gas transmission system, pursuant to the Natural Gas Transmission Grid Code.
- (4) The natural gas transmission system use charge shall be settled by all consumers in the Republic of Macedonia supplied with natural gas through the transmission system. The transmission system operator shall invoice the system use charge pursuant to the tariff previously approved and published by the Energy Regulatory Commission, to the following:
- 1) consumers that act independently on the natural gas market and are directly connected to transmission system, and
 - 2) suppliers for consumers that do not meet the requirements for independent participation on the natural gas market and that are connected to the transmission system or to distribution systems connected to the transmission system.
- (5) The charge on the system use referred to in paragraph (4) shall be comprised of two portions, those being: natural gas transmission and transmission system operation, where:
- 1) the portion related to system operation shall be set on the basis of regulated income of the transmission system operator, including the costs for maintaining the assets that are not owned by the transmission system operator, whereas
 - 2) the portion related to natural gas transmission shall be calculated on the basis of the maximum regulated income of all transmission network operators.
- (6) The Energy Regulatory Commission, by means of relevant regulations and methodologies referred to in Article 24, paragraph (1) and Article 25, paragraph (1) from the present law shall stipulate the method by means of which the transmission system operator shall distribute the income generated on the basis of system use charge collected to the transmission network operators. The Energy Regulatory Commission can task the transmission system operator and the suppliers to separately present

portions concerning system use and transmission in the invoices referred to in paragraph (4) of this article.

- (7) The natural gas transmission system operator shall invoice the natural gas market participants for the deviations occurred from the announced physical transactions, under prices calculated pursuant to the price-setting methodology for balancing services, which is an integral part of the Natural Gas Market Code.

Article 86

- (1) The natural gas transmission system operator shall be responsible for the long-term transmission system development planning.
- (2) The natural gas transmission system operator shall be obliged to adopt annual plan on natural gas transmission system development it operates covering the period of the next ten years. By 31st October in the calendar year the latest, the operator shall submit the plan to the Energy Regulatory Commission and upon its approval by the Energy Regulatory Commission shall publish the plan on its website. The plan should contain the necessary information related to the system expansion and upgrade, as well as the obligations of natural gas transmission network operators in the plan's implementation.
- (3) The natural gas transmission system operator shall prepare the development plans referred to in paragraph (2) of this article in cooperation with the transmission network operators. As part of the development plans, the transmission system operator shall determine which network operator will be task to finance the necessary development investments.
- (4) The transmission network operators shall be obliged to submit all data required for the planning process and shall fulfill their obligations stemming from the development plan referred to in paragraph (2) of this article.
- (5) Should the natural gas transmission network operator, except in cases beyond its control, fail to initiate the investment realization pursuant to the plan referred to in paragraph (2) of this article within the next three years, the transmission system operator shall request the Energy Regulatory Commission to task the natural gas transmission network operator with the following:
 - 1) to initiate the realization of planned investments within a given deadline; or
 - 2) to organize and implement an open call for the realization of planned investments by other investors, by applying the provisions from the law governing public procurement procedures; or
 - 3) to accept funding of planned investments by increasing investment capital from other investors.
- (6) The decision on the selection of most favorable bidder in the procedure referred to in paragraph (5), item 2) of this article shall be made by the transmission network operator upon previously obtained approval from the Energy Regulatory Commission. Upon the completion of the planned investments, the most favorable bidder shall be obliged to sign the rent or purchase contract with the natural gas transmission network operator referred to paragraph (5) of this article.
- (7) For each regulatory period, the natural gas transmission system operator shall develop and submit for approval to the Energy Regulatory Commission the transmission system investment plans, which shall in particular indicate the expected efficiency increase in system operation as a result of the anticipated investments.
- (8) By 31st October in the current year the latest, the natural gas transmission system operator shall be obliged to prepare and submit to the Ministry and the Energy

Regulatory Commission annual, five-year and ten-year natural gas demand forecasts for the system it operates.

Article 87

- (1) The natural gas transmission system operator or the natural gas transmission network operator upon previously obtained approval from the natural gas transmission system operator, can temporarily discontinue the natural gas delivery from the transmission network in the course of planned inspections, testing and control metering, overhauls, maintenance, reconstruction and expansion of facilities, devices and installations, as well as in case of need for the purpose of preventing risks from transmission network outages. The manner, procedure and notifications on such interruptions shall be performed by the operators, pursuant to the Natural Gas Transmission Grid Code.
- (2) The natural gas transmission system or network operator shall perform the temporary interruptions referred to in paragraph (1) of this article at times when they can cause the least damage to users, pursuant to the maintenance program for the facilities, devices and installations and the annual energy balance, and the transmission system operator shall be obliged to inform in written the users and the Ministry as regards the date, hour and expected duration thereof at least seven days prior to the interruption in question.
- (3) For the purpose of supervision, control and maintenance, the natural gas transmission network operator and the transmission system operator shall be entitled to access installations and metering-regulation stations, which are an integral part of the transmission network and are located on the property of consumers or users directly connected to the natural gas transmission system, in a manner and under terms and conditions stipulated in the Natural Gas Transmission Grid Code.

Article 88

- (1) For the system it operates, the natural gas transmission system operator shall be obliged to adopt and upon previous approval from the Energy Regulatory Commission, to publish in the "Official Gazette of the Republic of Macedonia" and on its website the Natural Gas Transmission Grid Code, which shall stipulate in particular:
 - 1) technical and technological terms and conditions on connecting facilities, devices and plants to the natural gas transmission system;
 - 2) terms and conditions, manner and methodology on setting the transmission grid connection charge, based on the principles of transparency and non-discrimination;
 - 3) procedure on approving users' applications for connection to the transmission networks, as well as the cooperation and obligations of the transmission system operator and the transmission network operators;
 - 4) manner of natural gas system use at electricity and heating energy generation facilities holding temporary operation license;
 - 5) terms and conditions and manner of third party access to the transmission system, based on the principles of transparency and non-discrimination;
 - 6) technical and other terms and conditions for reliable and safe transmission system operation;
 - 7) transmission system maintenance and development planning;
 - 8) contents of transmission system development and maintenance plans, as well as the manner and procedure under which system users shall submit data required for the preparation of the plans;

- 9) manner and procedure on natural gas demand forecasting, as well as the obligations of the natural gas transmission system users (natural gas suppliers and consumers directly connected to the natural gas transmission system) related to the submission of data required for preparing the demand forecasts;
- 10) measures, activities and procedures in cases of outages and emergencies;
- 11) operational requirements and accuracy class of metering devices, as well as the natural gas metering method;
- 12) criteria on ancillary services provision;
- 13) manner and procedure on announcing and allocation of available transmission capacity and on addressing peak loads in the transmission grid;
- 14) manner and procedure on access to installations and metering-regulation stations that are an integral part of the transmission grid and are owned by consumers or users;
- 15) quality of services provided by the operator for the users;
- 16) work of the operation systems;
- 17) manner of publishing information, which it is obliged to publish pursuant to the present law;
- 18) manner and procedure on information provision for system users; and
- 19) manner of cooperation between natural gas transmission system operators.

Article 89

- (1) The legal entity that holds the license on natural gas transmission cannot hold licenses on transmission system operation, natural gas trade, natural gas supply and supply of last resort activities. The legal entity that holds the license on natural gas transmission system operation cannot hold licenses on natural gas transmission, natural gas trade, natural gas supply and supply of last resort activities.
- (2) For the purpose of securing independent performance of natural gas transmission and natural gas transmission system operation, as well as for the purpose of implementing the obligation on public service provision in a non-discriminatory, objective and transparent manner, the legal entities referred to in paragraph (1) of this article shall secure the following:
 - 1) persons responsible for management and operation at the legal entities referred to in paragraph (1) of this article cannot participate in the management and executive bodies at other legal entities that hold licenses on activities which the legal entity, pursuant to paragraph (1) of this article, cannot hold the relevant license;
 - 2) persons responsible for management and operation at the transmission system operator or transmission network operator must be independent in their work and decision-taking, and
 - 3) decision-taking related to system operation, maintenance and development must be made independently from the interests of the vertically integrated company to which the legal entity referred to in paragraph (1) of this article belongs or the interests of the related company.
- (3) The legal entities referred to in paragraph (1) of this article shall be obliged to adopt and submit for approval to the Energy Regulatory Commission the compliance program, which shall in particular anticipate measures aimed to prevent discriminatory behavior and shall stipulate relevant responsibilities for the employees, pursuant to paragraph (2) of this article.

Article 90

- (1) The Natural Gas Market Code, adopted by the Energy Regulatory Commission, shall stipulate in particular:
 - 1) the natural gas market organization;
 - 2) terms and conditions to be met by natural gas market participants;
 - 3) manner and terms and conditions for grouping of natural gas customers and/or sellers into balancing groups for the purpose of reducing balancing costs;
 - 4) establishing, organization and control over natural gas and ancillary services trading, including cross-border trading;
 - 5) methodology for setting the balancing charge and manner of charge collection, as well as financial guarantees for the liabilities of natural gas market participants related to the settlement of balancing services;
 - 6) procedure on the calculation of deviations between the agreed and realized transactions, based on the metered data from the natural gas transmission system operator and distribution system operators;
 - 7) terms and conditions, manner and procedure on natural gas and ancillary services purchase made by entities performing regulated energy activities, for the purpose of implementing the purchases in a transparent and non-discriminatory manner, and securing equal access to all interested domestic and foreign bidders, and
 - 8) procedure and manner of data collection and submission to the Energy Regulatory Commission as regards the status and events on the natural gas market.

Article 91

- (1) For the service area on the territory of the Republic of Macedonia where it performs the relevant activity, the natural gas distribution system operator shall maintain and when deemed cost-effective upgrade and expand the distribution system, shall operate the distribution system and secure its connection to the natural gas transmission system.
- (2) The natural gas distribution system operator shall be obliged:
 - 1) to secure reliable, safe, cost-effective and secure operation of the distribution system, pursuant to the applicable regulations that stipulate the technical rules;
 - 2) to secure reliable, safe and quality natural gas distribution through the distribution system, in a transparent and non-discriminatory manner;
 - 3) to connect consumers to the distribution grid, as well as to allow third party access for distribution system use, pursuant to the present law and the Distribution Grid Code, and based on the principles of objectivity, transparency and non-discrimination;
 - 4) to develop, reconstruct and maintain the distribution system, pursuant to the applicable regulations that stipulate the technical rules and to provide long-term system ability to address the reasonable natural gas distribution demand;
 - 5) to develop grid maintenance plan pursuant to the Distribution Grid Code, and submit it to the Energy Regulatory Commission and publish it on the operator's website;
 - 6) to purchase natural gas quantities required to perform its activities, under transparent, non-discriminatory and market-oriented procedures, pursuant to the rules previously approved by the Energy Regulatory Commission;
 - 7) to meter natural gas quantities delivered to consumers and submit metered data to suppliers;
 - 8) to allow users access to metering devices owned by the distribution system operator, pursuant to the present law and Distribution Grid Code;

- 9) to prepare reports on the financial and actual volume of planned and realized services and to submit them to the Energy Regulatory Commission, in a manner and under terms and conditions and within deadlines stipulated in the license;
 - 10) to keep the dispatch log, records on communication systems reliability, data from the supervision and operation system, metered data and logs and records thereof, and to keep such data for at least ten years; and
 - 11) to secure confidentiality of commercial and business data of distribution system users.
- (3) The natural gas distribution system operator can temporarily discontinue the natural gas delivery from the distribution grid in the course of planned inspections, testing, control metering, maintenance, reconstruction and expansion of grids, devices and installations. The temporary interruption can be performed at times when it shall cause the least damage to users, pursuant to the Distribution Grid Code.
 - (4) The natural gas distribution system operator shall be obliged to develop and submit for approval to the Energy Regulatory Commission the natural gas purchase rules referred to in paragraph (2), item 6) of this article, pursuant to the guidelines on electricity and natural gas purchase and sale and ancillary services purchase by entities performing regulated energy activities adopted by the Energy Regulatory Commission.
 - (5) As an exemption from paragraph (1) of this article, when the distribution system is not connected to the natural gas transmission system and is supplied with compressed natural gas transported by mean of road or rails tanks or other forms of transport, the distribution system operator shall be obliged to stipulate the purchase of ancillary services and real time balancing of deviations between the actual and planned natural gas consumption as part of the Natural Gas Distribution Grid adopted pursuant to Article 94 from the present law.

Article 92

- (1) The natural gas distribution system operator shall be responsible for the long-term distribution system development planning in the service area where it performs the activity.
- (2) The natural gas distribution system operator shall be obliged to adopt annual plan on distribution system development which it operates covering the period of the next five years. By 31st October in the current year the latest, the natural gas distribution system operator shall submit the plan to the Energy Regulatory Commission and upon its approval from the Energy Regulatory Commission shall publish it on its website. The plan should contain the necessary information related to the system expansion and upgrade, while the contents thereof shall be stipulated under the Distribution Grid Code.
- (3) By 31st October in the current year the latest, the natural gas distribution system operator shall develop and submit to the Ministry and the Energy Regulatory Commission annual and five-year natural gas demand forecasts for the system it operates.
- (4) For each regulatory period, the natural gas distribution system operator shall develop and submit for approval to the Energy Regulatory Commission the distribution system investment plan, which shall in particular indicate the expected efficiency increase in the distribution system operation as a result of the anticipated investments.

Article 93

- (1) The distribution system operator shall be obliged to meter the natural gas quantities it delivers to its customers by means of metering devices, pursuant to the present law and the Natural Gas Distribution Grid Code.

- (2) Metering devices referred to in paragraph (1) of this article shall be owned by the natural gas distribution system operator.
- (3) The location of metering devices shall be determined by the natural gas distribution system operator, depending on the technical possibilities at the site and they can be located on or outside the consumer's property.
- (4) When the metering device is located on the user's property, the user shall be obliged to allow the person authorized by the distribution system operator access to any property or facility where the metering device is located, for the purpose of:
 - 1) reading metering devices;
 - 2) control, installation, supervision, change or replacement of metering devices;
 - 3) disconnecting the user, when it has acted contrary to the terms and conditions for distribution system use stipulated in the Distribution Grid Code; and
 - 4) disconnecting the consumer, on the request from the supplier, pursuant to the provisions contained in the Natural Gas Supply Rules.

Article 94

- (1) The natural gas distribution system operator shall be obliged, within the deadline stipulated in the license, to adopt and upon previously obtained approval from the Energy Regulatory Commission, to publish in the "Official Gazette of the Republic of Macedonia" and on its website the Natural Gas Distribution Grid Code for the grid it operates, which shall stipulate in particular:
 - 1) technical terms and conditions for connecting natural gas consumers to the distribution grid, based on the principles of transparency and non-discrimination;
 - 2) methodology on setting the distribution grid connection charge, based on the principles of transparency and non-discrimination;
 - 3) terms and conditions and manner of third party access to the system, based on the principles of transparency and non-discrimination;
 - 4) technical and other terms and conditions on reliable and safe system operation;
 - 5) measures, activities and procedures in case of outages and emergencies;
 - 6) manner and procedure on distribution grid supervision and testing;
 - 7) manner and procedure on regulating natural gas flow and pressure through the distribution grid;
 - 8) manner and procedure on harmonizing the operations in the distribution system with the operations in the natural gas transmission system;
 - 9) operational requirements and accuracy class of metering devices, as well as natural gas metering method;
 - 10) distribution grid maintenance and development planning;
 - 11) contents of distribution system development plans, as well as the manner and procedure under which system users shall submit information required for the preparation of development plans;
 - 12) quality of natural gas delivery, pursuant to the Supply Rules;
 - 13) natural gas demand forecasting, based on data obtained from suppliers and consumers' development plans;
 - 14) manner and procedure on information provision for system users; and
 - 15) manner of cooperation with other natural gas system operators.
- (2) In case there are more natural gas distribution system operators, the Energy Regulatory Commission should secure harmonization of separate Natural Gas Distribution Grid Codes.

Article 95

- (1) The legal entity performing natural gas distribution activity cannot hold licenses on natural gas trading, supply and supply of last resort activities.
- (2) For the purpose of securing independence in the natural gas distribution activity performance, as well as for the purpose of implementing the obligation on public service provision in a non-discriminatory, objective and transparent manner, the following conditions need to be secured:
 - 1) persons responsible for management and operation at the natural gas distribution system operator cannot participate in the management and executive bodies at holders of natural gas transmission, trade and supply licenses;
 - 2) persons responsible for management and operation at the natural gas distribution system operator must be independent in their work and decision-taking; and
 - 3) decision-taking related to assets required for the system operation, maintenance and development must be made independently from the interests of the vertically integrated company to which the operator belongs or the interests of the related company.
- (3) The natural gas distribution system operator shall be obliged to adopt and submit for approval to the Energy Regulatory Commission the compliance program that shall anticipate measures aimed to prevent discriminatory behavior and shall stipulate relevant responsibilities for the employees, pursuant to paragraph (2) of this article.
- (4) As an exception from paragraph (1) of this article, the legal entity performing natural gas distribution activity can also perform natural gas supply and natural gas supply of last resort activities provided there are less than 100.000 users connected to its distribution system.

Article 96

- (1) The legal entity, which acts as combined operator of natural gas transmission and distribution systems, can be issued natural gas transmission and distribution licenses.
- (2) The combined operator referred to in paragraph (1) of this article shall hold the same rights and obligations as the ones held by the natural gas transmission system and distribution system operator, as stipulated in the present law.
- (3) The combined operator referred to in paragraph (1) of this article cannot be issued license on natural gas supply or trade activities.

Article 97

- (1) The natural gas supplier shall sell natural gas to consumers, traders, other suppliers, electricity and/or heating energy generators, natural gas transmission or distribution system operators, as well as to customers abroad.
- (2) For the natural gas demand of consumers with whom it has signed supply contracts, the natural gas supplier shall supply natural gas in the country and from abroad.
- (3) For the natural gas it has committed to deliver to its consumers, the natural gas supplier shall secure the relevant transmission and/or distribution capacity and regulated services pursuant to the applicable tariffs, Natural Gas Transmission Grid Code and Distribution Grid Code.
- (4) The natural gas supplier, based on metering performed by the relevant grid operator, shall invoice consumers with whom it has signed supply contracts for the natural gas delivered, under agreed prices and transmission and/or distribution system use charges.
- (5) The natural gas supplier shall be obliged:

- 1) to operate in compliance with the Supply Rules as regards the confidentiality of data and reliability of natural gas quantities delivered to users;
- 2) to meet the financial guarantee requirements stipulated by the natural gas transmission system operator and related to the balancing between anticipated and realized transactions;
- 3) to submit the Energy Regulatory Commission, on request and within a given deadline, information and reports in its transactions and business activities originating from, terminating in or transiting the territory of the Republic of Macedonia;
- 4) to invoice its customers the natural gas delivered, as well as the transmission and/or distribution capacity secured;
- 5) to settle the natural gas quantity purchased, as well as the reserved capacity and regulated services from the natural gas transmission and/or distribution system operators; and
- 6) to operate in compliance with the laws and other regulations in the Republic of Macedonia, the regulations adopted by the Energy Regulatory Commission, Transmission and Distribution Grid Codes.

Article 98

- (1) The natural supplier of last resort shall supply the consumers in the Republic of Macedonia connected to the natural gas transmission or distribution system who have not signed contracts with any natural gas supplier or whose previous supplier has discontinued the implementation of obligations from the supply contracts.
- (2) The Energy Regulatory Commission shall approve the natural gas purchase rules prepared by the natural gas supplier of last resort, which shall stipulate in detail the terms and conditions, manner and procedure for natural gas purchase, based on the principles of transparency and non-discrimination..
- (3) For the purpose of meeting the demand of its consumers, the natural gas supplier of last resort shall secure the necessary transmission and/or distribution capacity and other services from the transmission and distribution system operators, under prices and tariffs approved and previously published by the Energy Regulatory Commission.
- (4) The natural gas supplier of last resort shall invoice the natural gas and services delivered, in compliance with the Tariff System on natural gas sale to consumers supplied by the supplier of last resort, based on the metering performed by the relevant grid operators, pursuant to the Rules on Supply of Last Resort and the relevant Grid Code.
- (5) The natural gas supplier of last resort shall be obliged to develop demand balances for its consumers and submit them to the transmission and/or distribution system operators, pursuant to the Transmission and/or Distribution Grid Code.

Article 99

- (1) The natural gas trader shall purchase natural gas, for the purpose of selling it to other traders, suppliers, electricity and/or heating energy generators, natural gas transmission and distribution system operators, as well as customers abroad.
- (2) As an exception from paragraph (1) of this article, the trader in the capacity of natural gas supplier can sell natural gas to consumers that fulfill the requirements for independent participation in the natural gas market, as stipulated under the Natural Gas Market Code. Mutual rights and obligations between the trader and consumer, as well as the obligations towards the transmission system operator and/or distribution system operators shall be stipulated by means of a contract.

- (3) The natural gas trader shall be obliged to submit the natural gas transmission system operator information on the natural gas quantities and relevant time schedules related to all natural gas purchase/sale contracts which it has committed to deliver to its customers, as well as the related to the transit contracts through the transmission system
- (4) When performing natural gas export or transit, the natural gas trader shall be obliged to secure sufficient transmission capacity, pursuant to the applicable tariffs and the Transmission Grid Code.
- (5) The natural gas trader shall be obliged:
 - 1) to fulfill the financial guarantee requirements stipulated by the natural gas transmission system operator and related to the obligations on balancing between anticipated and realized transactions;
 - 2) to submit the Energy Regulatory Commission, on request and within a given deadline, information and reports on the transactions and business activities originating from, terminating in or transiting the territory of the Republic of Macedonia;
 - 3) to 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) to operate in compliance with the law and other regulations in the Republic of Macedonia, the regulations adopted by the Energy Regulatory Commission, Transmission and Distribution Grid Codes; and
 - 5) to operate in compliance with the Supply Rules as regards the confidentiality of data and natural gas quantities delivered to customers.

Article 100

- (1) All natural gas customers shall be deemed eligible natural gas customers.
- (2) Natural gas consumers can sign natural gas supply contracts with natural gas suppliers pursuant to the terms and conditions stipulated in the Supply Rules.
- (3) As an exemption from paragraph (2) of this article, consumers that meet the requirements for independent participation in the natural gas market, as stipulated under the Natural Gas Market Code, as well as electricity and/or heating energy generators can purchase natural gas from traders and from abroad.
- (4) For the purpose of meeting their own demand, the natural gas customers shall secure relevant transmission and/or distribution capacity or shall transfer this obligation to their suppliers.
- (5) The natural gas customers can be supplied with natural gas from direct lines as well.

VIII CRUDE OIL, OIL DERIVATIVES AND FUELS FOR TRANSPORT MARKET

Article 101

- (1) The entities performing energy activities on:
 - 1) crude oil processing and oil derivatives production;
 - 2) biofuels production;
 - 3) production of fuels for transport by blending fossil fuels and biofuels;
 - 4) transport of crude oil or oil derivatives through oil pipelines or product pipelines;
 - 5) storage of crude oil, oil derivatives, biofuels and fuels for transport;
 - 6) trading in crude oil, oil derivatives, fuels for transport and biofuels,

shall be obliged to use and maintain the facilities, devices and plants intended for energy activities performance, pursuant to the technical regulations and standards and other regulations on reliable 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 transport and communications field, the Minister competent for matters in the environmental protection field and the Minister competent for matters in the internal affairs field.

Article 102

- (1) The entity performing crude oil and/or oil derivatives transport through the oil pipeline and/or product pipeline activity shall be obliged to adopt an the rules governing the operation of the oil pipeline or product pipeline and publish them on its website. These rules shall stipulate in particular:
 - 1) technical terms and conditions on crude oil or oil derivatives transport;
 - 2) technical terms and conditions on safe operation of the oil pipeline or product pipeline;
 - 3) measures and procedures in cases of outages;
 - 4) manner, terms and conditions and procedure on third party access to crude oil or oil derivatives transport system;
 - 5) operational requirements and accuracy class of metering devices, as well as the metering method for crude oil or oil derivatives transported quantities; and
 - 6) other terms and conditions required for safe and reliable transport.
- (2) The entity performing crude oil and/or oil derivatives transport through oil pipeline or product pipeline activity shall be obliged to develop the rules referred to in paragraph (1) of this article pursuant to the technical regulations referred to in Article 101 from the present law and submit them for approval to the Ministry, upon previously obtained opinions from the ministers referred to in Article 101, paragraph (2) from the present law. The ministries shall be obliged to submit their opinions to the Ministry within a period of maximum 60 days.

Article 103

- (1) The wholesale trader in fuels shall purchase crude oil, oil derivatives, biofuels and/or fuels for transport from the producers, trade with other wholesale traders in fuels and supply the retail traders in fuels and consumers.
- (2) The wholesale trader in fuels should own or have the right to use the storage premises for crude oil, oil derivatives, biofuels and/or fuels for transport.
- (3) The wholesale trader in fuels shall be obliged to hold operational reserves in oil derivatives and fuels for transport at all times in the quantity sufficient to cover at least five-day average volume of trade, calculated on the basis of actual trade in each oil derivative separately for the previous year.
- (4) Consumers can purchase oil derivatives and fuels for transport also from abroad, provided that the oil derivatives or fuels for transport are used for own consumption, and this activity shall not require a license on wholesale trade in crude oil, oil derivatives, biofuels or fuels for transport.

Article 104

- (1) The wholesale trader in crude oil, oil derivatives and fuels for transport can fill and distribute pressure vessels with liquefied petroleum gas (LPG) 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 trader's logo must be placed on each individual pressure vessel for LPG.

Article 105

- (1) 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.
- (2) The retail trader in fuels can display or otherwise use the logo of fuel producers or of the wholesale trader in fuels pursuant to a mutual agreement, for the purpose of indicating the origin of the oil derivative or fuel for transport, thus guaranteeing the consumers reliable and uninterrupted supply in oil derivatives and fuels for transport under the quality guaranteed by the producer of wholesale trader.

Article 106

- (1) Storage facilities or reservoirs for crude oil, oil derivatives, biofuels or fuels for transport should be constructed and used pursuant to the stipulated requirements related to their construction, maintenance and safe operation.
- (2) Storage facilities for crude oil, oil derivatives, biofuels or fuels for transport shall be technical, technological and operational storage unit, comprised of reservoirs and amenities.
- (3) Owners or leasers of storage facilities for crude oil, oil derivatives or fuels for transport that are not used for own needs or are not an integral part of petrol stations, shall be obliged to obtain a license on storage of crude oil, oil derivatives, biofuels and/or fuels for transport activity.

Article 107

- (1) For the purpose of environmental protection, the Government of the Republic of Macedonia, by means of a decision, shall set the annual share of biofuels to be attained in the total fuels for transport quantities in the Republic of Macedonia, pursuant to the Action Plan referred to in Article 146 from the present law.
- (2) The decision referred to in paragraph (1) can refer to one or more calendar years and shall be adopted not later than six months from the day it is to enter into effect.
- (3) The decision referred to in paragraph (1) of this article shall determine the minimum shares in the blends of fossil fuels and biofuels for transport, as well as the transitional period for replacing the reserves of blends of fossil fuels and biofuels for transport.

Article 108

- (1) The Government of the Republic of Macedonia, on the proposal from the Ministry, shall adopt an Act on Liquid Fuels Quality.
- (2) The act referred to in paragraph (1) of this article, shall contain in particular:
 - 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 Article 110 from the present law;

- 5) rights and obligations of market participants and state authorities in the transitional period required for replacing the reserves of blends of fossil fuels and biofuels for transport.
- (3) 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.

Article 109

- (1) The maximum refinery and retail prices for oil derivatives and the maximum retail prices for blends of fossil fuels and biofuels shall be set pursuant to the price-setting regulation for oil derivatives and fuels for transport referred to in Article 24, paragraph (3) from the present law.
- (2) When setting the maximum retail prices for blends of fossil fuels and biofuels, the maximum refinery price for the relevant derivative, the stock market price of biofuels and the blending costs should be taken into consideration, pursuant to the regulation referred to in Article 24, paragraph (3) from the present law.
- (3) The decision on the maximum refinery and retail prices for oil derivatives shall be adopted by the Energy Regulatory Commission, on the request for setting the maximum refinery prices for oil derivatives submitted from the company for crude oil processing and oil derivatives production, pursuant to the regulation referred to in Article 24, paragraph (3) from the present law.
- (4) The decision on the maximum retail prices for blends of fossil fuels and biofuels shall be adopted by the Energy Regulatory Commission after the decision referred to in paragraph (3) of the present law has entered into effect, pursuant to the regulation referred to in Article 24, paragraph (3) from the present law.

Article 110

- (1) The producers, wholesale traders in fuels and retail traders in fuels shall be responsible for the quality of oil derivatives and fuels for transport, pursuant to the act that regulates the quality of liquid fuels referred to in Article 108 from the present law.
- (2) The quality of oil derivatives and fuels for transport shall be confirmed by a compliance statement issued by an accredited laboratory to the producers or wholesale traders of oil derivatives or fuels for transport.

IX HEATING ENERGY MARKET

Article 111

- (1) For the purpose of reliable, safe, uninterrupted and quality heating energy supply to the consumers on their territories, the local self-government units shall be obliged to enable the performance of the following energy activities:
 - 1) heating energy generation;
 - 2) heating energy distribution; and
 - 3) heating energy supply.

Article 112

- (1) The heating energy generator shall own and operate the heating energy generation plant pursuant to the law, other regulations, grid code and the terms and conditions and criteria stipulated in the license and shall sell the heating energy to the heating energy distribution system operator it is connected to, under the terms and conditions stipulated in the present law.

- (2) The heating energy generator can also sell the heating energy to consumers which are not connected to the heating energy distribution system, but are directly connected to its generation plant.
- (3) The heating energy generator shall be obliged to submit 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 license issued.
- (4) For the purpose of securing reliability of heating energy supply, the heating energy generators using mazut as fuel shall be obliged to secure operational stocks of mazut at all times in quantity equal to at least fifteen-day demand under maximum capacity operation.

Article 113

- (1) The regulated heating energy generator shall be obliged to provide the public service heating energy generation to address the consumers demand and provide energy to cover system losses, ancillary reserves and services for the purpose of maintaining the required operational parameters (temperature and pressure) within the heating energy system to which it is connected.
- (2) The regulated heating energy generation activity shall be performed on the basis of license issued upon the open call announcement by the Energy Regulatory Commission. The open call should indicate the terms and conditions to be met by the entities performing the activity, and in particular:
 - 1) to own, or hold the right to use facilities intended for heating energy generation, not smaller than two thirds of the total installed capacity of connected consumers in the year preceding the year when the open call was announced;
 - 2) to be able to maintain the stipulated temperature mode of its heating energy generation plants and required pressure of the heat carrier as stipulated under the Heating Energy Distribution Grid Code;
 - 3) to present proof of financial ability to purchase the fuel required for heating energy generation;
 - 4) to dispose with organizational structure and professionals that would enable reliable, safe and uninterrupted heating energy generation under the stipulated quality.
- (3) As an exception from paragraph (2) of this article, the heating energy generator which is the sole generator in the heating energy distribution system shall be issued license on regulated heating energy generation.
- (4) On the request from the regulated generator, the Energy Regulatory Commission shall set the charge to be paid to the regulated generator for the services provided in the heating energy system. When setting the charge, due consideration shall be taken of the fixed and variable costs of the regulated generator, as well as the reasonable return of capital. The charge shall be comprised of two portions: charge on the provision of ancillary services and system reserve and regulated price for the heating energy generated.
- (5) The Energy Regulatory Commission shall adopt the Price-Setting Rulebook for Heating Energy and Ancillary Services, based on the principles referred to in Article 24, paragraph (4) from the present law, by means of which it shall stipulate the manner, procedure and price-setting methodology for ancillary services and system reserve charges, the regulatory price for the heating energy generated referred to in paragraph (4) of this article, as well as the manner of calculating and the regulatory period for which the average price for heating energy is calculated referred to in Article 116, paragraph (7) from the present law.

Article 114

- (1) Heating energy distribution shall be performed by legal entities that own heating energy distribution systems or based on concession contracts on new system construction or concession contracts on the public service - operation, use and maintenance of the existing heating energy distribution system, or by public enterprises established by the local self-government units.
- (2) Based on the license issued, the heating energy distribution system operator shall perform the heating energy distribution activity and shall operate the heating energy distribution system.
- (3) Heating energy system users shall be the heating energy generators, suppliers and consumers.
- (4) The heating energy distribution system operator can temporarily discontinue the energy delivery from the heating energy system in the course of planned inspections, testing and control metering, overhauls and reconstruction and expansion of facilities, devices and installations.
- (5) The temporary interruptions referred to in paragraph (4) of this article can be performed by the heating energy distribution system operator at times when it causes the least damage to users, pursuant to the Distribution Grid Code.

Article 115

- (1) The heating energy distribution system operator shall be obliged to maintain, upgrade and expand the heating energy distribution grid in the system and shall be obliged:
 - 1) to secure safe and reliable heating energy distribution system operation, pursuant to the Heating Energy Distribution Grid Code and under terms and conditions stipulated in the license;
 - 2) to maintain, develop and, when deemed cost-effective, expand the distribution system, pursuant to the Heating 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 where the heating system is located;
 - 3) to allow users access and/or connection to the distribution system, in compliance with the Heating Energy Distribution Grid Code, under prices and tariffs previously approved and published by the Energy Regulatory Commission;
 - 4) to secure the heating energy required to cover losses occurred in the distribution grid and ancillary systems from the regulated generator;
 - 5) to purchase, install and maintain metering devices on the exit points of generation plants and at heating substations connected to consumers' facilities and to meter the heating energy received from or delivered to the heating system, pursuant to the Heating Energy Distribution Grid Code;
 - 6) to take all stipulated safeguard measures in the course of heating energy distribution system use, as well as environmental protection measures;
 - 7) to deliver heating energy from the connection point with the generation facilities to the connection points with consumers connected to the system (heating substation), pursuant to the Distribution Grid Code and the terms and conditions stipulated in the license;
 - 8) to secure quality heating energy delivery through the distribution system;
 - 9) to harmonize the operations in the system with the generators, for the purpose of uninterrupted heating energy distribution;
 - 10) to supervise and test the heating energy distribution system;

- 11) to monitor the technical and operational status at the heating energy distribution facilities; and
- 12) to develop long-term heating energy demand forecasts.

Article 116

- (1) The heating energy distribution system operator shall purchase the heating energy generated by the generators connected to the distribution system it operates.
- (2) The share of energy generated by the regulated generator in the total energy delivered through the distribution system shall be determined on the basis of the technical possibilities of the regulated generator and the parameters of the heating energy delivered by other generators.
- (3) The heating energy distribution system operator shall be obliged, upon previously obtained approval from the Energy Regulatory Commission, to sign contract with the regulated heating energy generator for a period not shorter than one year and concerning:
 - 1) provision of ancillary reserve;
 - 2) provision of ancillary services required to secure the distribution system's operational parameters;
 - 3) provision of heating energy to cover distribution system losses; and
 - 4) provision of heating energy to address consumers demand.
- (4) The contract referred to in paragraph (3) 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 heating energy provided by the regulated generator in the distribution system.
- (5) The heating energy distribution system operator shall be obliged to purchase the heating energy delivered by the heating energy generators to the distribution system provided the heating energy price offered by the generator is lower than the regulated price for the heating energy generated by the regulated generator.
- (6) The heating energy distribution system operator shall be obliged, upon previously obtained approval from the Energy Regulatory Commission, to sign contracts with heating energy suppliers on heating energy sale intended to address the consumers demand.
- (7) The price under which the heating energy distribution system operator sells heating energy to suppliers shall be calculated as an average price of the regulated generator's price and the procurement prices applied by other generators and shall include the charge for the ancillary services provided by the regulated generator.
- (8) The heating energy distribution system operator shall be obliged to submit the Energy Regulatory Commission all documents related to the implementation of contracts signed with heating energy generators 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 license issued by the Energy Regulatory Commission.

Article 117

- (1) The heating energy distribution system operator shall be obliged, upon previously obtained approval from the Energy Regulatory Commission, to adopt and publish in the "Official Gazette of the Republic of Macedonia" and on its website the Heating Energy Distribution Grid Code, which shall stipulate in particular:

- 1) technical and technological terms and conditions for connecting consumers and heating energy generators to the heating energy distribution system, based on the principles of non-discrimination, objectivity and transparency;
- 2) technical and other terms and conditions that should be secured by the heating energy distribution system users;
- 3) measures, activities and procedures in cases of outages;
- 4) terms and conditions and manner of third party access to the heating energy distribution system, based on the principles of non-discrimination, objectivity and transparency;
- 5) operational requirements and accuracy class of metering devices, as well as the metering and billing method for the heating energy delivered; and
- 6) 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) manner and procedure on ancillary reserve and services provision by the regulated generator;
- 8) manner and procedure on data exchange between the distribution system operator, regulated generator, generators and suppliers; and
- 9) manner and procedure on information provision for system users.

Article 118

- (1) The heating energy supplier shall be obliged to provide the consumers with whom it has signed contracts with reliable, uninterrupted and quality heating energy supply, pursuant to the Heating Energy Supply Rules, the supply contracts signed and the license issued.
- (2) For all heating energy system where it supplies the consumers, the heating energy supplier shall be obliged to sign annual contracts with the heating energy distribution system operator as regards the heating energy purchase intended to address the consumers demand, as well as a contract on distribution system use, 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 Distribution Grid Code and Heating Energy Supply Rules.
- (4) The heating energy supplier shall be obliged to submit the Energy Regulatory Commission annual reports on heating energy sold, pursuant to the terms and conditions stipulated in the license.
- (5) The heating energy supplier shall be obliged to submit the annual reports referred to in paragraph (4) of this article to the Ministry and Mayor of the local self-government unit on the territory of which it performs the activity.

Article 119

- (1) Metering devices located at the exit points of the generation plant and metering devices located at the heating substations by means of which consumers facilities are connected to the distribution grid shall be owned by the heating energy distribution system operator.
- (2) The location of metering devices shall be determined by the distribution system operator, depending on the technical possibilities at the site and they can be located on or outside the consumer's property.

- (3) When the metering device is located on the user's property, the user shall be obliged to allow the authorized person from the heating 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 grid use as stipulated in the Distribution Grid Code;
 - 4) disconnecting the consumer, on the request from the supplier, pursuant to the provisions from the Supply Rules.
- (4) Devices by means of which heating energy is locally allocated among different consumers at one building covered by one metering device shall be an integral part of the system for metering heating energy consumed at the building and shall be owned by the distribution system operator.
- (5) The installation of devices referred to in paragraph (4) of this article, as well as the allocation and calculation methodology for heating energy consumed shall be stipulated under the Distribution Grid Code.
- (6) 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 consumer, pursuant to the Heating Energy Supply Rules.

Article 120

- (1) The heating energy consumers connected to the distribution system on the territory where the heating energy system is already established shall be entitled to choose their supplier at own preference.
- (2) The heating energy supplier, based on data from reading metering devices and local allocation devices referred to in Article 119, paragraph (4) from the present law, shall invoice and collect the heating energy delivered to consumers under the price calculated comprised of the average price for heating energy referred to in Article 116, paragraph (7) from the present law for the regulatory period set pursuant to Article 113, paragraph (5) from the present law, the tariff on distribution system use and the heating energy supply charge.
- (3) The threshold of the supply charge referred to in paragraph (2) of this article shall be determined by the Energy Regulatory Commission, by means of a decision adopted prior to the beginning of any calendar year.

Article 121

- (1) The license holder on regulated heating energy generation cannot hold license on heating energy distribution and supply activities.
- (2) The license holder on heating energy distribution cannot hold licenses on heating energy generation and supply activities.
- (3) As an exception from paragraphs (1) and (2) of this article, when the total installed capacity of consumers within a heating energy system is lower than 80 MW, the licenses on heating energy generation or regulated heating energy generation, heating energy distribution system operator and heating energy supply can be issued to one entity.

X THIRD PARTY ACCESS AND CONNECTION TO GRIDS

Article 122

- (1) Transmission and/or distribution system operators shall be obliged, on the basis of the tariffs published, to allow access to the relevant system for eligible customers, in a transparent and objective manner that prevents discrimination of system users.
- (2) The transmission and/or distribution system operators shall be obliged to allow connection to the relevant system, pursuant to the relevant Grid Code:
 - 1) for all electricity consumers and users of the electricity transmission system and the distribution systems on the territory of the Republic of Macedonia;
 - 2) for all natural gas or heating energy consumers and users of the natural gas or heating energy transmission and distribution systems on the territory where the service is provided, when deemed cost-effective.
- (3) The electricity transmission or distribution system operators shall provide priority access to electricity systems for the electricity generated from renewable sources, taking due consideration of limits stemming from the possibilities in the electricity system.

Article 123

- (1) The relevant energy or natural gas transmission or distribution system operator shall be obliged to allow existing and new grid users access to the relevant energy transmission or distribution grid, pursuant to the relevant Grid Code and Supply Rules:
 - 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 relevant energy transmission or distribution system operator can deny the access to the relevant grid only in cases of relevant electricity or natural gas transmission or distribution capacity shortage and shall be obliged to inform the access applicant in written thereby providing detailed and unambiguous explanation of the reasons for the access denial. The natural gas transmission system operator can deny access to the system access also in cases of risks to the reliability of supply in the Republic of Macedonia.
- (3) The entity whose access to the grid has been denied or is dissatisfied with the terms and conditions on grid access can lodge an appeal in front of the Energy Regulatory Commission.

Article 124

- (1) The electricity transmission system operator or the natural gas transmission system operator can submit the Energy Regulatory Commission an exemption application from the obligation on allowing third party access when investment is made in new interconnection lines or the investment significantly increases the capacity of the existing interconnection lines, for the purpose of increasing the supply possibilities.
- (2) The Energy Regulatory Commission shall approve the applications referred to in paragraph (1) of this article provided the following requirements are met:
 - 1) the investment results in increased competition in and reliability of electricity or natural gas supply;
 - 2) the investment risks are such so that the investment cannot be realized unless the exemption from the obligation on third party access is provided;

- 3) the interconnection line or gas pipeline for which the exemption from the obligation on allowing third party access was requested must be owned by a natural person or legal entity which, at least in its legal form, is independent from the system operators where the line is to be constructed;
 - 4) the interconnection line users will settle the charge on the line use;
 - 5) not a single portion of investment made or of operation costs for the interconnection line can be recovered through the relevant system use charge for the systems connected by the interconnection line;
 - 6) the exemption from the obligation on allowing third party access does not affect the electricity or natural gas market competition and efficiency or the efficient operation of the regulated transmission system to which the line or the gas pipeline is connected.
- (3) The Energy Regulatory Commission shall stipulate in detail the procedure, terms and conditions and manner of decision-taking on the applications referred to in paragraph (1) of this article, as well as the manner in which the decision will be published and forwarded to the competent international institutions, pursuant to the commitments assumed by the Republic of Macedonia under the ratified international treaties.

Article 125

- (1) The relevant energy transmission or distribution system operator, as part of the relevant Grid Code, shall be obliged to stipulate the connection rules for the relevant grid and the connection charge-setting methodology. The connection rules shall take due consideration of the consequences caused by the connection and affecting other grid users, the connection points at plants, facilities and devices and type of installation required for grid connection.
- (2) The grid connection charge and the charge for altering energy parameters as defined in the connection approval for existing users shall be settled by the user and shall be comprised of the connection construction charge or existing connection upgrade charge, as well as users' share in the costs incurred for the provision of technical conditions in the system to which new users are to be connected or increasing the capacity of existing connections. The charge shall be calculated pursuant to the methodology stipulated in the relevant Grid Code.
- (3) The relevant energy transmission or distribution system operator shall be obliged to provide the entities applying for grid connection with detailed cost assessment as regards the connection and the provision of technical conditions in the grid.
- (4) The Energy Regulatory Commission shall oblige the relevant energy system operator to cover the grid connection costs of preferential generators and recover the costs incurred as part of the regulated services price, when needed for the purpose of:
 - 1) providing incentives for electricity generation from renewable energy sources or at high-efficiency cogeneration plants; or
 - 2) attaining the targets set forth in the Strategy on Energy Development, Energy Efficiency Strategy and Strategy on Renewable Energy Sources.
- (5) The Energy Regulatory Commission shall stipulate the period for the duration of which operators shall perform the obligation referred to in paragraph (4) of this article, as well as the requirements to be met by preferential generators in order to be connected to the relevant system pursuant to paragraph (4) of this article.

Article 126

- (1) The entities applying for energy system connection or users applying for existing connection alteration shall be obliged to submit the relevant transmission or distribution system operator the grid connection application, pursuant to the relevant the Grid Code.
- (2) The entities applying for grid connection can be connected to the grid only on the basis of obtained connection approval decision issued by the transmission or distribution system operator, pursuant to the relevant Grid Code.
- (3) The decision referred to in paragraph (2) of this article shall stipulate in particular:
 - 1) technical terms and conditions for the connection;
 - 2) connection charge to be settled by the user;
 - 3) connection deadline;
 - 4) obligations of energy system operator or natural gas transmission system operator as regards the connection.
- (4) The decision on connection approval shall cease to be valid when the connection construction has not been initiated within the deadline set in the decision on connection construction approval.
- (5) The natural gas transmission network operator shall cooperate with the natural gas transmission system operator in the procedure on issuing the transmission network connection approval, in a procedure stipulated under the Natural Gas Transmission Grid Code.

Article 127

- (1) The energy system operator, as part of the relevant Grid Code, shall stipulate the deadlines for decision-taking on the connection approval application, as well as the deadlines for the grid connection implementation.
- (2) Should the energy system operator do not issue the connection approval decision, or the issued connection approval decision is not in compliance with the relevant Grid Code, the entity applying for connection can lodge an appeal in front of the Energy Regulatory Commission.

Article 128

- (1) The new facilities planned for expanding the existing energy system, including the construction of new and upgrade of existing connections owned by the natural gas system or network operator and anticipated by the present law shall be constructed and owned by the relevant system or network operator.
- (2) As an exception from paragraph (1) of this article, in cases when the connection is intended for one user (consumer, electricity or heating energy system or generation plant), 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 system operator shall determine the terms and conditions and the manner of connection construction.
- (4) The user can lodge an appeal against the system operator's decision on rejecting the application for grid connection approval referred to in paragraph (2) of this article in front of the Energy Regulatory Commission.
- (5) Should the user construct the connection at own costs, it shall be obliged to cover the portion of the connection charge concerning the provision of technical conditions in the system for connecting new users or increasing the capacity of existing connections.

- (6) The user who has constructed the connection can transfer the tenure thereof to the system or network operator, without being entitled to reimbursement of costs incurred.
- (7) The user who has kept the tenure over the connection shall be obliged:
 - 1) to enable the system operator connection operation in the manner and procedure as stipulated in the relevant Grid Code,
 - 2) to secure connection maintenance pursuant to the criteria stipulated in the relevant Grid Code.
- (8) Connection construction costs referred to in Article 125, paragraph (2) from the present law settled by the relevant system operator or natural gas transmission network operator; the connection construction costs referred to in paragraph (5) of this article settled by the users, as well as the connections and other parts of the network the users transfer under tenure of the relevant operator should be taken into account when setting the operator's regulated income. The Energy Regulatory Commission, as part of the regulations referred to in Article 24, paragraph (1) from 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 electricity facilities that are not part of the energy system, and have been constructed and owned by the energy system users, but are not an integral part of the connection used exclusively by the electricity facility, the system operator and the owner of the facility in question shall sign a contract by means of which they shall regulate the mutual rights and obligations stemming from the facility use by the operator, in a manner and under terms and conditions stipulated in the relevant Grid Code.
- (10) For the purpose of performing the obligation on public service provision, the transmission or distribution system operator shall be obliged to maintain the energy facilities that are an integral part of the relevant energy system and whose owner is unknown.

XI ENERGY EFFICIENCY

Article 129

- (1) The energy efficiency policy shall be implemented by means of measures and activities on energy end-use efficiency, adoption and implementation of programs and plans on energy efficiency improvement and promotion, performance of energy efficiency services and energy audits, as well as fulfillment of obligations assumed by the public sector and big consumers as regards energy efficiency and energy savings.
- (2) The energy efficiency policy shall enable attainment of sustainable energy development objectives, reduction of adverse environmental effects from energy activities performance and energy consumption, improved reliability of energy supply, as well as fulfillment of the commitments assumed by the Republic of Macedonia as regards the greenhouse gas emission reduction.

Article 130

- (1) The policy on energy end-use efficiency shall be stipulated in the Energy Efficiency Strategy, which, on the proposal from the Ministry, shall be adopted by the Government of the Republic and shall cover a period of ten years, pursuant to the Strategy on Energy Development.
- (2) The Energy Efficiency Strategy shall contain an overview and assessment of the gross final consumption, needs assessment for cogeneration at high-efficiency cogeneration plants, energy efficiency indicators, measures on energy efficiency improvement and promotion, and long-term targets to be achieved by such measures, as well as incentives for energy efficiency implementation.

- (3) The funds for the development of the Energy Efficiency Strategy shall be secured from the Budget of the Republic of Macedonia and from other sources.
- (4) For the purpose of attaining the targets set forth in the Energy Efficiency Strategy, the Government of the Republic of Macedonia can establish financial support mechanisms.
- (5) Funds for the financial support shall be provided from:
 - 1) the Budget of the Republic of Macedonia;
 - 2) the budgets of the local self-government units;
 - 3) grants, donations and sponsorships;
 - 4) loans, and
 - 5) state aid, pursuant to the Law on State Aid.
- (6) For the purpose of efficient implementation of measures and attainment of indicative targets set forth in the Energy Efficiency Action Plans referred to in Article 131 from the present law, the Energy Efficiency Fund can be established by means of a law and shall disburse the support for the public and private sector aimed to implement the obligations on energy efficiency improvement.

Article 131

- (1) For the purpose of implementing the Energy Efficiency Strategy of the Republic of Macedonia, every three years and on the proposal from the Ministry, the Government of the Republic of shall adopt the Energy Efficiency Action Plan.
- (2) The Energy Agency shall participate in the development of the Energy Efficiency Action Plan.
- (3) The Energy Efficiency Action Plan shall contain in particular:
 - 1) analysis and report on the implementation of measures and activities contained in the previous Action Plan;
 - 2) measures and activities on energy efficiency improvement for the following three-year period, for the purpose of attaining the indicative energy saving targets;
 - 3) education and promotion activities aimed to encourage rational energy use;
 - 4) deadlines for energy activities implementation;
 - 5) funds required for the implementation of anticipated activities and sources thereof;
 - 6) holders of separate activities.
- (4) On the proposal from the Ministry, the Government of the Republic of Macedonia shall adopt an act, by means of which it shall set the indicative energy saving targets for the nine-year period from the day the first Energy Efficiency Action Plan was adopted. The indicative targets shall be set pursuant to the Energy Efficiency Strategy. The act shall also contain the methodology on setting the indicative targets.
- (5) The Energy Agency shall monitor the implementation of measures and activities contained in the Energy Efficiency Action Plans, as well as the attainment dynamics of indicative targets stipulated in the act referred to in paragraph (4) of this article and by 31st March in the calendar year the latest, shall submit annual reports thereof to the Ministry.

Article 132

- (1) In compliance with the Energy Efficiency Strategy of the Republic of Macedonia and the Energy Efficiency Action Plan, on the proposal from the Mayor and upon previously obtained opinion from the Energy Agency, the Municipal Council of the local self-government unit shall adopt an Energy Efficiency Program covering a period of three years.

- (2) The program referred to in paragraph (1) of this article shall contain an overview and assessment of energy status and demands, indicative targets on local energy savings, measures on energy efficiency improvement and promotion and the targets to be attained with the said measures, funding sources, activities and deadlines for measures implementation, holders of such activities and other necessary data.
- (3) The program referred to in paragraph (1) of this article shall be implemented by means of annual plans, adopted by the Municipal Council of the local self-government unit, on the proposal from the Mayor.
- (4) The local self-government units shall submit the Energy Efficiency Programs referred to in paragraph (1) of this article to the Energy Agency within 30 days from their adoption the latest. The Energy Agency, within a period of 30 day from the submission of the local government's Program the latest, shall be obliged to submit the Ministry a report on the compliance of the Program referred to in paragraph (1) of this article with the Energy Efficiency Strategy of the Republic of Macedonia and the Action Plan referred to in Article 131 from the present law.
- (5) By the end of February in the calendar year the latest, the local self-government unit shall submit the Energy Agency the annual plan referred to in paragraph (3) of this article for the current year, as well as information on the program implementation referred to in paragraph (1) of this article for the previous year. By 31st May in the calendar year the latest, the Energy Agency shall submit the Ministry the summary report based on annual plans submitted by the local self-government units and the information on program implementation.

Article 133

- (1) By 31st January in the calendar year the latest, the energy suppliers shall be obliged to submit the Ministry and the Energy Agency data on the previous calendar year, which shall contain an overview of the total consumption and structure of consumers they supply, the geographic distribution and consumers categories according to the characteristics of their consumption, energy efficiency assessment, proposed measures aimed at energy efficiency improvement, as well as other data necessary for the implementation of the Energy Efficiency Action Plan.

Article 134

- (1) The public sector entities shall be obliged to apply measures aimed at energy efficiency improvement of buildings, building units, devices and plants.
- (2) For the purpose of fulfilling the obligations referred to in paragraph (1) of this article, the public sector entities shall be obliged:
 - 1) to adopt three-year programs on energy efficiency improvements and implement the measures set therein;
 - 2) to develop annual energy consumption analyses and monitor energy consumption;
 - 3) at least once every three years, to perform energy audits for buildings and building units where they perform their activity;
 - 4) to secure building energy certificates for the buildings or building units owned by the public sector entities;
 - 5) when constructing new or major renovation of buildings or building units in their ownership, to install solar collectors for hot water, when deemed cost-effective, pursuant to the Rulebook on Building Energy Performance referred to in Article 136 from the present law.
- (3) For public institutions and public enterprises established by the Republic of Macedonia or the local self-government units, the obligations referred to in paragraph (2) of this

article shall be performed by the competent lines ministries, or the local self-government units.

- (4) The public sector entities i.e., competent line ministries or local self-government units referred to in paragraph (3) of this article, by the end of February in the current year the latest, shall be obliged to submit to the Energy Agency the summary reports from energy audits performed in the previous year. The Energy Agency, on the basis of the summary reports and by the end of June in the current year the latest, shall be obliged to develop and submit to the annual reports on energy audits performed in the previous years.
- (5) The Energy Efficiency Action Plan shall determine the measures that public sector entities, depending of the activity they perform, are obliged to apply in their operation, for the purpose of attaining the energy saving and energy efficiency targets.
- (6) When implementing public procurement procedures, the public sector entities shall be obliged to stipulate energy efficiency of the procured goods or services as one of the mandatory criteria for the selection of the most favorable bid.
- (7) In cases when the public sector entities lease commercial premises, buildings or building units, the owner of the building where the commercial premises are located should hold a building energy certificate.
- (8) The Energy Agency, upon previously obtained opinion from the Bureau of Public Procurements, shall adopt the guidelines on energy efficiency and energy saving measures application when determining the specifications of goods and services to be purchased by means of public procurements, as well as energy efficiency and energy savings criteria application in the selection of the most favorable bidder.
- (9) The guidelines referred to in paragraph (8) of this article shall be published on the websites of the Energy Agency and the Bureau of Public Procurements

Article 135

- (1) The energy audit performance shall:
 - 1) estimate and assess the cost-effectiveness of possibilities for energy consumption reduction at buildings, amenities and equipment, as well as the industrial processes;
 - 2) issue building energy certificate, pursuant to the relevant regulations; and
 - 3) determine the savings achieved as a result of implemented measures on energy efficiency improvement and energy savings.
- (2) The entity commissioning the energy audit shall allow the energy auditor with whom it signed the energy audit contract insight to data, technical and other documents related to the subject of the energy audit and shall enable conditions on uninterrupted energy audit performance.
- (3) The energy audit shall include data collection and analysis as regards the building where the energy audit is performed, metering the building's energy consumption, assessment of energy efficiency and cost-effectiveness of energy saving possibilities, as well as development and submission of reports on energy audit findings.
- (4) The report on energy audit findings shall contain in particular:
 - 1) data on baseline energy consumption of the building, building unit, devices and plants, accompanied with consumption indicators;
 - 2) data on the compliance of the building subjected to energy audit with the technical regulations governing building energy performance and other regulations governing building and building unit's energy efficiency;
 - 3) energy efficiency assessment;

- 4) identification of measures on energy consumption reduction and energy efficiency improvement;
 - 5) estimated energy savings and the assessment procedure thereof;
 - 6) calculation of energy efficiency improvement measures' cost-effectiveness;
 - 7) recommendations on the application of energy efficiency improvement measures;
 - 8) other necessary data.
- (5) The Minister shall adopt the Rulebook on Energy Audits, which shall stipulate in detail:
- 1) energy audit performance;
 - 2) assessment method for the baseline energy consumption;
 - 3) contents and template of energy audit reports;
 - 4) basic elements for setting the charge on energy audit performance;
 - 5) manner, procedure and terms and conditions for the selection of legal entities that will deliver training for energy auditors;
 - 6) basic elements and delivery of the training program for energy auditor exam;
 - 7) issuing, extending and revoking certificates for energy audit performance, as well as recognition of certificates and other relevant documents on energy audit performance issued in foreign countries;
 - 8) template, contents and manner of keeping the Registry of Certified Energy Auditors; and
 - 9) contents and template of reports referred to in Article 134, paragraph (4) from the present law submitted by public sector entities or the Energy Agency.
- (6) The Rulebook on Energy Audits shall also stipulate the methodology on energy saving measurement and verification.

Article 136

- (1) Building energy certificates shall be issued for buildings or building units whose total useful area exceeds the area set forth in the Rulebook on Building Energy Performance referred to in paragraph (8) of this article.
- (2) Building energy certificates shall be issued by legal entities certified for energy audit performance and they shall be valid for a period set forth in the Rulebook on Building Energy Performance referred to in paragraph (8) of this article, where the validity of the certificate cannot be longer than ten years from the day the certificate was issued.
- (3) The investor shall be obliged, attached to the approval for construction of new buildings or major renovation of existing buildings and as part of the basic design project, to submit a statement of the legal entity certified for energy audit performance on the basic project's compliance with the minimum requirements stipulated in the Rulebook on Building Energy Performance referred to in paragraph (8) of this article.
- (4) After the building construction or major renovation of existing building, the investor shall be obliged to secure a building energy certificate and attach it to the application on approval for use.
- (5) Building or building unit sellers or lessors shall be obliged to provide buyers or lessees building energy certificates in original or a notary-certified copy thereof.
- (6) For buildings or building units whose construction is not completed, building or building unit sellers or lessors shall be obliged to provide buyers or lessees the notary-certified statement referred to in paragraph (3) of this article, whereas the obligation referred to in paragraph (5) shall be complied with upon obtaining the building or building unit's approval for use.

- (7) For buildings or building units owned or leased by public sector entities, as well as for buildings and building units of public interest, the owners of buildings or building units whose total useful floor space exceeds the area stipulated in the Rulebook referred to in paragraph (8) of this article shall be obliged to display the building energy certificate on a visible place.
- (8) For the purpose of achieving building energy efficiency improvement, by means of the Rulebook on Building Energy Performance, the Minister shall stipulate the requirements and terms and conditions related to:
 - 1) methodology on setting building or building unit energy performance;
 - 2) minimum energy efficiency requirements for new and reconstructed buildings and building units, as well as for buildings and building units subjected to major renovations;
 - 3) supervision method for determining the compliance of buildings, building units, devices and plants with the provisions contained in the Rulebook;
 - 4) terms and conditions on project design development for construction of new and major renovations of existing buildings and building units in terms of energy efficiency;
 - 5) manner and dynamics of supervision for building air-conditioning systems with effective rated output exceeding 20 kW;
 - 6) manner and dynamics of supervision for building air-conditioning systems with effective rated output exceeding 12 kW;
 - 7) building and building unit types owned by public sector entities that would be subject to mandatory installation of solar collectors for hot water, as part of construction of new and reconstruction of existing buildings;
 - 8) labeling of buildings and building units, as regards their energy performance;
 - 9) template and contents of the statement on the basic construction or reconstruction project's compliance with the minimum requirements stipulated in the Rulebook;
 - 10) template, contents and validity period of building energy certificates; and
 - 11) the minimum total useful floor area of buildings or building units for which there is obligation for obtaining and displaying the building energy certificate.

Article 137

- (1) Energy audits can be performed by energy auditors.
- (2) Any natural person can obtain the certificate on energy audit performance, provided it fulfills the following requirements:
 - 1) to hold at least university degree in technical sciences;
 - 2) to have at least five years working experience in building project design, supervision and maintenance, inspection of energy or processing plants, energy audits or other energy services or work on professional or scientific activities in the energy field; and
 - 3) to have passed the qualification exam for energy auditors, pursuant to the Rulebook on Energy Audits.
- (3) Any legal entity can obtain the certificate on energy audit performance, provided that
 - 1) it has at least one full-time employed energy auditor.
- (4) The Minister shall issue the certificate on energy audit performance provided that the natural person or legal entity fulfills the requirements referred to in paragraphs (2) and (3) of this article, or shall issue a decision on rejecting the application on energy audit performance certificate, pursuant to the Rulebook on Energy Audits.

- (5) The legal entity that has acquired the certificate for energy audit performance shall be obliged to inform the Ministry on any changes made to the number of certified energy auditors that are employed by the legal entity in question.
- (6) The energy audit performance certificate issued to natural persons shall be valid for a period of three years and can be extended upon its expiration only when the energy auditor fulfills the terms and conditions stipulated in the Rulebook on Energy Audits.
- (7) The Minister shall adopt a decision on revoking the energy audit performance certificate when:
 - 1) the energy auditor has performed the audit contrary to the provisions from the present law and regulations adopted pursuant to the present law;
 - 2) the energy auditors employed at the legal entity in question have terminated their full-time employment.
- (8) An administrative dispute can be motioned against the decision taken by the Minister referred to in paragraphs (4) and (7) of this article.
- (9) Every year, the Energy Agency shall organize energy auditor training and professional exams, as well as advance training for energy auditors, on the basis of training program and exams developed by the Energy Agency and approved by the Ministry.
- (10) By means of an open call, the Energy Agency shall select the legal entities that will deliver the training referred to in paragraph (9) of this article.
- (11) The legal entities referred to in paragraph (10) of this article must hold certificates for energy audit performance and the training must be delivered by energy auditors.
- (12) Foreign natural persons holding a certificate or any other relevant document for energy audit performance issued in a foreign country can perform energy audits in the Republic of Macedonia provided their certificate or the relevant document is recognized by the Ministry in a procedure stipulated under the rulebook referred to in Article 135 from the present law.
- (13) The Ministry shall keep the Registry of Energy Auditors and shall publish it on its website. The Registry shall also include the certificates and other relevant documents for energy audit performance referred to in paragraph (12) of this article.

Article 138

- (1) The energy auditor shall be obliged to perform the energy audit in an independent, unbiased and objective manner, pursuant to the law and technical regulations.
- (2) Legal entities certified for energy audit performance shall be obliged to keep records on energy audits performed and keep the documents thereof for at least 10 years.
- (3) By 31st January in the calendar year the latest, the legal entities certified to energy audit performance shall be obliged to submit the Energy Agency reports on energy audits performed at public sector entities for the previous calendar year.
- (4) By 31st March in the calendar year the latest, the Energy Agency, based on the reports referred to in paragraph (3) of this article, shall prepare the annual report for the previous calendar year and shall submit it to the Ministry.
- (5) On the request from the entity commissioning the energy audit, certified energy auditors shall be obliged to perform the energy audit pursuant to the provisions from the present law.
- (6) The energy auditor shall not be allowed to perform energy audit when the entity commissioning the energy audit is a legal entity:
 - 1) where it holds shares;

- 2) with which it has cooperated on the construction project, project revision, construction works supervision or has performed maintenance works in the building subject to the energy audit; or
 - 3) where he/she is a member of management bodies, procurement officer, proxy or employee.
- (7) The energy auditor shall not be allowed to perform energy audit when the entity commissioning the energy audit is a natural person:
- 1) with whom it has cooperated on project development, project revision, construction works supervision or has performed maintenance works in the building subject to the energy audit;
 - 2) who is his/her spouse or next of kin.
- (8) Legal entities certified for energy audit performance shall issue building energy performance certificates on the basis of the energy audit performed.

Article 139

- (1) The energy services contracts signed by public sector entities shall stipulate the following mandatory elements:
- 1) the contract subject that includes the scope of energy services or other services aimed at energy efficiency improvement;
 - 2) determining the baseline energy consumption of the building, devices and plants, pursuant to the Rulebook on Energy Audits;
 - 3) estimated savings from energy efficiency measures application, as well as guaranteed energy savings and procedures on energy saving assessment;
 - 4) funds needed and funding sources for the contract implementation;
 - 5) manner of service payment.
- (2) The funds required for contract implementation referred to in paragraph (1) of this article shall be recovered by ESCO by means of energy bill reduction, which is a result of energy savings, calculated in comparison to the baseline energy consumption prior to contract signing.
- (3) After the expiration of energy services contract validity, the equipment, devices and plants installed in the building for the purpose of contract implementation referred to in paragraph (1) of this article shall be owned by the public sector entity.

Article 140

- (1) The relevant energy or natural gas distribution system operators, as well as energy and energy fuel suppliers shall encourage energy efficiency measures application by means of publishing information on energy efficiency services on their website and periodically in the public media.
- (2) Information on services referred to in paragraph (1) of this article shall contain possible measures on energy efficiency improvement and effects thereof, indicative prices under which services are provided, possible funding manners and mechanisms, types of energy service contracts, as well as contact information on possible service providers.

Article 141

- (1) The relevant Energy or Natural Gas Distribution Grid Code shall determine the obligations of distribution system operators, when technically feasible and cost-effective, to define the technical specifications of metering devices for the energy consumed that

will enable consumers to receive accurate data on energy or natural gas consumed and time of use.

- (2) When technically feasible and cost-effective in terms of long-term energy savings, the relevant Grid Code can anticipate metering device installation also for portions of buildings that represent an independent unit.
- (3) When technically feasible and cost-effective, the relevant distribution system operator and/or electricity or heating energy and natural gas suppliers shall be obliged to provide the calculation of energy consumed based on the actual energy consumed and present it clear, unambiguous and understandable manner.
- (4) As part of their bills and in a clear and unambiguous manner, the electricity or heating energy and natural gas suppliers shall be obliged to provide information to the consumers related to:
 - 1) detailed indication of prices and energy or natural gas consumed;
 - 2) comparison of energy consumed with the energy consumed in the same period the previous year, preferably by means of diagrams;
 - 3) comparison of energy consumed with the normalized values or energy consumed by reference consumer from the same consumer category, when possible and useful; and
 - 4) consumers organizations, energy authorities or institutions, including contact data and Internet address, where they can obtain information on energy efficiency measures, equipment specifications and comparison of energy consumed by different consumer groups.
- (5) Electricity, heating energy or natural gas distribution system operators and suppliers must not prevent the development of energy services market, implementation of energy efficiency measures and energy services performance by ESCO.

Article 142

- (1) For the purpose of attaining the targets from the strategy referred to in Article 130 from the present law, the Minister shall adopt a Rulebook on Labeling the Energy and Other Resources Consumption of Products.
- (2) The Rulebook referred to in paragraph (1) of this article shall stipulate in detail:
 - 1) the products to be labeled;
 - 2) the manner of product labeling;
 - 3) the manner of determining product characteristics;
 - 4) the label's form and contents;
 - 5) the manner of supervision over labeling.
- (3) The products referred to in paragraph (2), item 1) of this article can be imported and/or marketed in the Republic of Macedonia only if they are labeled in compliance with the rulebook referred to in paragraph (1) of this article.

Article 143

- (1) The Energy Agency shall issue and maintain the Registry of issued guarantees of electricity origin generated at high-efficiency cogeneration plants.
- (2) For the purpose of obtaining the guarantees of electricity origin referred to in paragraph (1) of this article, the electricity generator shall be obliged to pay the fee to the account of the Energy Agency, pursuant to the Tariff Pricelist adopted by the Energy Agency and approved by the Government of the Republic of Macedonia.

- (3) The guarantees of electricity origin generated at high-efficiency cogeneration plants shall contain data on the generator and the plant, the calorific value of the energy fuel used, the time of generation, use of heating energy generated, quantity of electricity generated and primary energy savings, calculated pursuant to the calculation methodology adopted by the Minister.
- (4) The guarantees of electricity origin generated at high-efficiency cogeneration plants issued by foreign states shall be recognized under the terms and conditions and in a manner stipulated pursuant to the present law.
- (5) The Minister, by means of the Rulebook on High-Efficiency Cogeneration Plants, shall stipulate in detail:
 - 1) the methodology on calculating the efficient coefficient of high-efficiency cogeneration plants for electricity and heating energy;
 - 2) the methodology on estimating primary energy savings at high-efficiency cogeneration plants;
 - 3) the contents, template and manner of keeping the Registry of High-Efficiency Cogeneration Plants;
 - 4) the manner of issuing, transfer and revoking the guarantees of electricity origin generated from high-efficiency cogeneration plants, as well as the manner, procedure and terms and conditions for recognition of guarantees of origin issued by foreign states;
 - 5) the manner and procedure on determining the energy value of fuels used by high-efficiency cogeneration plants,
 - 6) the contents, template and manner of keeping the Registry of issued guarantees on electricity origin from high-efficiency cogeneration plants.
- (6) The Energy Agency shall provide support to the Ministry in the development of the regulation referred to in paragraph (5) of this article.

XII RENEWABLE ENERGY SOURCES

Article 144

- (1) In compliance with the Strategy on Energy Development, the policy on the use of renewable energy sources shall be stipulated under the Strategy on Renewable Energy Sources in the Republic of Macedonia.
- (2) On the proposal from the Ministry, every five years the Government of the Republic of Macedonia shall adopt the Strategy on Renewable Energy Sources covering the period of the next ten years.
- (3) The funds for the development of the Strategy on Renewable Energy Sources shall be secured from the Budget of the Republic of Macedonia, grants and donations.

Article 145

- (1) The Strategy on Renewable Energy Sources in the Republic of Macedonia shall set the targets on the use of renewable energy sources and the manners for attaining these targets, in particular:
 - 1) renewable energy sources' potential;
 - 2) feasibility of the use of renewable energy sources;
 - 3) target volume and dynamics for increasing the share of electricity from renewable sources and share of biofuels in the gross final energy consumption; as well as the share of biofuels in the total consumption of fuels for transport; and
 - 4) incentives for the use of renewable energy sources.

- (2) For the purpose of attaining the targets set in the Strategy on Renewable Energy Sources, the incentives applied shall aim at:
 - 1) reducing the costs for electricity generation from renewable sources and production of biofuels;
 - 2) increasing the prices of electricity generated from renewable sources or prices for biofuels; or
 - 3) obligations for purchasing the electricity generated from renewable sources or the obligation for blending fossil fuels and biofuels in the fuels for transport.
- (3) The incentives referred to in paragraph (2) of this article shall include in particular:
 - 1) investment support;
 - 2) tax credits;
 - 3) obligation of the electricity suppliers on purchasing the electricity generated from renewable sources and obligation on mandatory placing on the market of blends of fossil fuels with biofuels;
 - 4) issuing guarantees of electricity origin;
 - 5) feed-in tariffs for generated electricity purchase; or
 - 6) increased prices for the consumers, as regards the use of energy from renewable sources.
- (4) The funds required to implement the incentives referred to in paragraph (3) of this article can be provided, *inter alia*, from:
 - 1) the Budget of the Republic of Macedonia;
 - 2) grants, donations and sponsorships;
 - 3) loans; or
 - 4) state aid pursuant to the law.

Article 146

- (1) For the purpose of implementing the Strategy on Renewable Energy Sources, the Government of the Republic of Macedonia, on the proposal from the Ministry, shall adopt a Renewable Energy Sources Action Plan covering a period of ten years.
- (2) The Renewable Energy Sources Action Plan shall define measures aimed to promote the use of renewable energy sources, and shall contain in particular:
 - 1) the expected gross final consumption of electricity, fuels for transport, heating and cooling energy, pursuant to the Strategy on Energy Development and the Strategy on Renewable Energy Sources, while taking due consideration of measures on energy efficiency improvement;
 - 2) the targets set and annual dynamics for the increased share of energy generated from renewable sources in the energy consumption;
 - 3) the measures aimed at achieving the targets;
 - 4) the overview of relevant policies and measures on the promotion of the use of renewable energy sources;
 - 5) the specific measures aimed at addressing administrative barriers, information and training measures and appropriate transmission and distribution systems development and upgrade;
 - 6) the incentives referred to in Article 145 from the present law related to electricity generation, heating and cooling energy, biomass transport and use;
 - 7) the estimated shares of relevant renewable energy sources, in the light of attaining the targets set in the Strategy on Renewable Energy Sources;

- 8) the possible joint projects with other countries, in the light of attaining the targets set in the Strategy on Renewable Energy Sources;
 - 9) the funding sources; and
 - 10) holders of activities and deadlines for the implementation of anticipated activities.
- (3) The Ministry shall develop bi-annual reports on the implementation of the Renewable Energy Sources Action Plan in the past period. Should, based on the report findings, it has been identified that the anticipated annual dynamics referred to in paragraph (2), item 2) of this article is not achieved, the Ministry shall submit the Government of the Republic of Macedonia proposal on additional measures and relevant amendments to the Action Plan.
 - (4) By means of a decision, the Government of the Republic of Macedonia shall stipulate the targets and annual dynamics for the increased share of energy from renewable sources in the final energy consumption, pursuant to the Renewable Energy Sources Action Plan and the commitments assumed by the Republic of Macedonia under the ratified international treaties.
 - (5) The Energy Agency shall provide support to the Ministry in the development of the Strategy on Renewable Energy Sources and the Renewable Energy Sources Action Plan.

Article 147

- (1) The Energy Agency shall issue, transfer or revoke guarantees of electricity origin generated from renewable sources and shall keep the Registry of Issued Guarantees.
- (2) For the purpose of obtaining the guarantee of electricity origin referred to in paragraph (1) of this article, the electricity generator shall be obliged to pay the fee on the account of the Energy Agency, pursuant to the Tariff Pricelist adopted by the Energy Agency, and previously approved by the Government of Republic of Macedonia.
- (3) The guarantee of electricity origin from renewable energy sources shall be issued for a minimum quantity of 1 MWh and shall contain data on the generator and the electricity power plant, the renewable source used for electricity generation, time of generation and other data as stipulated in the Rulebook on Renewable Energy Sources referred to in Article 148 from the present law.
- (4) The guarantees of electricity origin from renewable sources issued by foreign states shall be recognized under the terms and conditions and in a manner stipulated pursuant to the present law.

Article 148

- (1) 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) methodology on setting the shares for blending fossil fuels and biofuels for transport, for the purpose of attaining the targets set the Renewable Energy Sources Action Plan;
 - 3) metering method for wind potential, for the purpose of electricity generation;
 - 4) manner of issuing approvals for wind potential metering, for the purpose of electricity generation;
 - 5) contents, template and manner of keeping the Registry of Power Plants Using Renewable Energy Sources;

- 6) manner of issuing, transfer and revoking the guarantees of electricity origin generated from renewable energy sources by electronic means that should ensure accuracy, confidentiality thereof and prevent possible abuses;
 - 7) manner, procedure and terms and conditions for recognition of guarantees of origin issued by foreign states;
 - 8) contents, template and manner of keeping the Electronic Registry of Issued Guarantees of Electricity Origin Generated from Renewable Energy Sources, by taking due care that same quantity of electricity generated from renewable sources is registered only once.
- (2) The Energy Agency shall issue the approval for wind potential metering for the purpose of electricity generation and shall keep the Registry of Plants Using Renewable Energy Sources.
 - (3) The Energy Agency shall provide support to the Ministry in the development of the regulation referred to in paragraph (1) of this article.

XIII PREFERENTIAL ELECTRICITY GENERATORS

Article 149

- (1) For the purpose of stimulating construction of new power plants using renewable energy sources or high-efficiency cogeneration plants, the said generation facilities can obtain the status of preferential generator, and thereby the right to sell electricity under feed-in tariffs.

Article 150

- (1) The feed-in tariffs referred to in Article 149 from the present law can be applied by the generators which have obtained the status of preferential generator in a manner and under procedure stipulated in the present law and the by-laws adopted pursuant to the present law.
- (2) By means of an Act on Electricity Feed-In Tariffs, the Government of the Republic of Macedonia shall stipulate, for each type of preferential generator separately, the following:
 - 1) specific terms and conditions to be met by the power plant in order to obtain the status of preferential generator;
 - 2) upper threshold for the power plant installed capacity required for obtaining the status of preferential generator; and
 - 3) electricity feed-in tariffs and period for their application.
- (3) Depending on the attainment of goals and implementation dynamics from the Strategy on Renewable Energy Sources, the Action Plan on Renewable Energy Sources, the Energy Efficiency Strategy and the Action Plan on Energy Efficiency, the Government of the Republic of Macedonia, by means of a decision, shall stipulate the total installed capacity of preferential generators for each renewable energy source separately, and the total installed capacity of high-efficiency cogeneration plants in the Republic of Macedonia.

Article 151

- (1) The power plants can obtain the status of preferential generator when they fulfill the following requirements:

- 1) will generate electricity from renewable energy sources or at high-efficiency cogeneration plants;
 - 2) fulfills the specific terms and conditions and the installed capacity threshold set forth in the act referred to in Article 150 from the present law;
 - 3) the sum of power plant's total installed capacity and the total installed capacity of power plants of same type currently registered in the Registry of Preferential Generators does not exceed the total installed capacity of the relevant type of preferential generators, as stipulated in the decision taken by the Government of the Republic of Macedonia referred to in Article 150 from the present law.
- (2) For the purpose of obtaining the status of preferential generator, in addition to the requirements referred to in paragraph (1) of this article, the applicant must also fulfill one of the following requirements:
- 1) has obtained the construction authorization for the energy facility in question, pursuant to the present law; or
 - 2) has obtained construction permit for the energy facility question, when the construction thereof does not require construction authorization; or
 - 3) has signed concession contract for the use of natural resources; or
 - 4) has acquired to right to construction of the energy facility in an open call procedure, pursuant to the present law.
- (3) The Energy Regulatory Commission shall issue the decision on awarding the status of preferential generator and shall keep the Registry of Preferential Generators. The Energy Regulatory Commission shall adopt the Rulebook on Preferential Generators, by means of which it shall stipulate the manner and procedure on obtaining the status of preferential generator, the manner and procedure on adopting the decision for the application of feed-in tariffs, as well as template, contents and manner of keeping the Registry of Preferential Generators. The Registry of Preferential Generators shall be published on the website of the Energy Regulatory Commission.
- (4) The interested parties shall submit the Energy Regulatory Commission the application on obtaining the status of preferential generator and attached to the application shall submit the required documents, as stipulated by the Rulebook on Preferential Generators.
- (5) In cases when the applicant power plant fulfills the requirements for obtaining the status of preferential generator, within a period not longer than 30 days from the day of the application's submission, the Energy Regulatory Commission shall issue the applicant a temporary decision for its registration in the Registry of Preferential Generators. The temporary decision shall also stipulate the deadline for putting the power plant into operation and the same should be in compliance with the deadline stipulated in the document issued pursuant to paragraph (2) of this article.
- (6) The holder of the temporary decision referred to in paragraph (5) of this article shall be entitled to request the Energy Regulatory Commission to extend the temporary decision's validity period, in a manner and under procedure stipulated in the Rulebook on Preferential Generators.
- (7) The Energy Regulatory Commission shall delete the entry of the power plant from the Registry of Preferential Generators when the power plant in question was not put into operation within the deadline stipulated in the temporary decision referred to in paragraph (5) of this article and shall terminate its status of preferential generator.
- (8) The preferential generators shall be entitled to apply the feed-in tariff under terms and conditions in effect on the day when the temporary decision referred to in paragraph (5) of this article was issued.
- (9) The Energy Regulatory Commission shall initiate the procedures on issuing electricity generation license and awarding the status of preferential generator when the applicant

has submitted the documents required for license issuance and obtaining the status of preferential generator. In the procedure on issuing the decision on obtaining the status of preferential generator, the Energy Regulatory Commission shall ask the Energy Agency to confirm that the plant in question has been constructed and fulfills the specific requirements and installed capacity set forth in the act referred to in paragraph (2) and the decision referred to in Article 150, paragraph (3) from the present law which were in effect on the day when the preferential generator was issued the temporary decision.

- (10) When the confirmation issued by the Energy Agency is positive, the Regulatory Commission shall issue a decision on awarding the status of preferential generator and the decision on the application of feed-in tariffs in effect from the day the decision was issued, by means of which the preferential generator acquires all rights stemming from the present law.
- (11) The Energy Agency shall be obliged to issue the confirmation referred to in paragraph (9) of this article within a period not longer than 15 days from the day the application was submitted.
- (12) For the purpose of issuing the confirmation referred to in paragraph (9) of this article, the Energy Regulatory Commission shall pay the fee to the Energy Agency pursuant to the Tariff Pricelist adopted by the Energy Agency and developed on the basis of the costs incurred by the Energy Agency in the procedure for the issuance of the confirmation referred to in paragraph (9) of this article.
- (13) The Tariff Pricelist referred to in paragraph (12) of this article shall be approved by the Government of the Republic of Macedonia.

Article 152

- (1) In addition to the obligations referred to in Article 66, paragraph (2) from the present law, the preferential electricity generator shall be obliged:
 - 1) to sell the electricity generated to the electricity market operator, pursuant to the electricity purchase contract referred to in Article 153, paragraph (2) from the present law;
 - 2) to submit the electricity generation plans to the electricity market operator, pursuant to the Market Code;
 - 3) to operate in compliance with the terms and conditions stipulated in the act referred to in Article 150, paragraph (2) from the present law.

Article 153

- (1) The electricity market operator shall be obliged to purchase the electricity generated by preferential electricity generators.
- (2) On the request from the preferential generator, the electricity market operator shall be obliged to sign the electricity purchase contract referred to in paragraph (1) of this article. The contract should be in compliance with the present law, the decision on the application of feed-in tariff issued by the Energy Regulatory Commission and the Market Code.
- (3) Within a period not longer than 30 days from the day the request was submitted, the electricity market operator shall be obliged to sign the contract referred to in paragraph (2) of this article and in effect from the day the decision on awarding the status of preferential generator was issued by the Energy Regulatory Commission entered into effect.

- (4) The preferential generator shall be entitled to terminate the contract referred to in paragraph (2) of this article prior to the contract validity expiration, and shall thereby lose the status of preferential generator and the right to obtain the status again.
- (5) The electricity market operator shall be obliged to reimburse the electricity transmission system operator the costs incurred for balancing and required ancillary services related to the operation of preferential generators.
- (6) The electricity market operator shall sell the electricity referred to in paragraph (1) of this article to electricity suppliers and traders selling electricity to the consumers referred to in Article 82, paragraph (3) from the present law.
- (7) The suppliers and traders referred to in paragraph (6) of this article shall be obliged to purchase the electricity generated by the preferential generators from the electricity market operator on daily basis and pursuant to the shares established on the basis of announced electricity demand of their consumers in the total demand of electricity consumers in the Republic of Macedonia. The price under which the electricity market operator shall sell the electricity to suppliers and traders shall be calculated at the end of the month as the average price according to which the operator has purchased the electricity from preferential generators, increased by the costs referred to in paragraph (5) of this article for the same month.
- (8) The prices, electricity quantities, as well as payment of liabilities referred to in paragraph (7) of this article shall be stipulated in detail under the Electricity Market Code.
- (9) The suppliers and traders referred to in paragraph (6) of this article shall be obliged, as part of their bills or invoices submitted to their consumers, to provide information on the shares of electricity generated by preferential generators and the average price referred to in paragraph (7) of this article.

XIV SPECIAL PROVISIONS

Article 154

- (1) The energy system user shall be obliged:
 - 1) to use and/or operate the energy facilities, devices or installations in its ownership, pursuant to the law, other regulations and relevant Grid Code and not to endanger human life and health, and property;
 - 2) within the deadline set by the State Technical Inspectorate, to eliminate all shortcomings in the energy facilities, devices or installations in its ownership;
 - 3) without prior consent obtained from the transmission or distribution system operator, not to connect the facilities, devices or installation to the energy system, or not to provide connection of other energy users through its facilities, devices or installations;
 - 4) to enable proper record keeping on energy or natural gas consumed, and not to consume energy or natural gas without metering devices or with metering devices that are not installed by the relevant system operator;
 - 5) not to temper metering devices;
 - 6) not to prevent energy delivery to other users;
 - 7) to pay the supplier for the energy or natural gas delivered, within the stipulated or agreed deadline; and
 - 8) in case of emergency, to adhere to the measures stipulated in compliance with Article 14 from the present law.
- (2) Prior to putting into operation the equipment installed at the newly constructed energy facility or installed at the existing facility, the investor referred to in Article 39 from the present law shall be obliged to have obtained a decision for putting into operation the

equipment installed for the first time issued by the State Technical Inspectorate upon a previously implemented procedure on putting the equipment into operation for the first time pursuant to the Law on Technical Inspections.

Article 155

- (1) The relevant energy or natural gas transmission or distribution system operator shall be entitled to indemnity for the damages caused as a result of unauthorized energy or natural gas consumption or non-registered energy or natural gas quantities due to unauthorized tempering with metering devices.
- (2) The procedure on determining the reasons for the damages caused, as well as the manner on determining damages inflicted and indemnity thereof, which the user is obliged to settle shall be stipulated under the relevant Grid Code.
- (3) Energy or natural gas consumers shall be entitled to indemnity for the damages caused due to reduced delivery or interruption in energy or natural gas delivery by the relevant transmission or distribution system operator, under terms and conditions and in a manner stipulated under the Energy or Natural Gas Supply Rules.
- (4) Energy generators shall be entitled to indemnity for the damages caused by the operator and occurred due to reduced delivery or interruption in energy delivery from the system, under terms and conditions and in a manner stipulated under the relevant energy Grid Code.

Article 156

- (1) On the request from the supplier, the transmission or distribution system operator can disconnect the consumer from the relevant system in the procedure stipulated in the Supply Rules.
- (2) The transmission or distribution system operator can disconnect a user from the system under terms and conditions and in a procedure stipulated in the relevant Grid Code.

Article 157

- (1) Persons operating energy devices and plants must have passed professional qualification exam.
- (2) The procedure on taking the exam referred to in paragraph (1) of this article shall be performed by a commission established by the Minister and comprised of experts with at least five-year hands-on experience in the field of electrical engineering or mechanical engineering.
- (3) The fee for taking the exam referred to in paragraph (1) of this article shall be determined by the Minister and cannot exceed 15% of the average monthly net salary in the Republic of Macedonia calculated for the previous calendar year.
- (4) The amount of the reimbursement for the members of the commission referred to in paragraph (2) of this article shall be determined by the Minister on the basis of the income generated pursuant to paragraph (3) of this article reduced by the costs incurred for the exam organization and taking.
- (5) The commission shall issue certificates to the candidates that have passed the exam referred to in paragraph (1) of this article.
- (6) The Minister shall stipulate the requirements to be met by the persons operating energy devices and plants, the curriculum and the manner of taking the exam referred to in paragraph (1) of this article.

Article 158

- (1) The Minister, by means of the Rulebook on Electricity Quality Control, shall stipulate the manner and procedure on measuring the quality of electricity delivered through the electricity transmission system or electricity distribution systems.
- (2) On the request from the electricity transmission and/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) When the user is electricity consumer, he/she shall request the State Technical Inspectorate to measure the electricity quality through the relevant supplier or trader, or shall sign a contract with a certified inspection authority.
- (4) On the proposal from the Minister, the Government of the Republic of Macedonia shall stipulate the charge on measuring the electricity quality performed by the State Technical Inspectorate, depending on the grid type and specific requirements related to quality measurement.
- (5) The charge on measuring 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 Transmission or Distribution Grid Code, the charge on measurement performed shall be settled by the user.
- (7) When 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 Transmission or Distribution Grid Code, the charge on measurement performed shall be settled by the system operator that failed to deliver electricity under the stipulated quality, 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) On the proposal from the State Technical Inspectorate, by 31st December in the calendar year the latest, the Minister 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 Technical Inspectorate 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 159

- (1) After the construction and prior to the issuance of the approval for use for the relevant facility, the investor of the energy facility can submit the State Technical Inspectorate the application for the approval to put into operation the equipment installed at the energy facility for the first time in compliance with the Law on Technical Inspection.

Article 160

- (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 activity performance, pursuant to the law.
- (2) The obligation on securing confidentiality of information referred to in paragraph (1) of this article shall not apply to:
 - 1) information available for the public;
 - 2) information for which the entities concerned by the information have provided written consents;
 - 3) information which the license holder should provide pursuant to the obligations stipulated in the relevant license, the decision taken by a competent court or on the request from state authority; and
 - 4) information required for the implementation of obligations stipulated in the relevant license.
- (3) 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 161

- (1) Construction and other works performance, tree planting on the land below, above and in the vicinity of electricity facilities, devices and plants adversely affecting the electricity generation, transmission and distribution processes and endangering the safety of people and property, except in cases stipulated in the present law, shall be forbidden.
- (2) As an exception from paragraph (1) of this article, when the performance of works is deemed necessary for the purpose of protecting certain public interest, on the request from the entity performing the works and within a period of 15 days from the submission of the request, the entity performing energy activity shall be obliged to provide consent for the performance of said works, which shall define the required safeguard 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 162

- (1) The owner or user of the land shall be obliged to allow temporary trespass on the land in question for the purpose of surveying, design and performance of maintenance and reconstruction works on transmission and distribution energy facilities, as well as inspection supervision on the land they are located.
- (2) The owner or user of the land shall be entitled to indemnity for possible damages caused by the works referred to in paragraph (1) of this article.

Article 163

- (1) When the entity performing regulated energy activity has requested the initiation of receivership procedure with voluntary administration, prior to submitting the request on receivership procedure initiation, it shall be obliged to submit the voluntary administration plan to the Energy Regulatory Commission for opinion.
- (2) Within a period not longer than 30 days from the receipt of the voluntary administration plan referred to in paragraph (1) of this article, the Energy Regulatory shall be obliged to

submit its opinion on the voluntary administration plan to the entity performing regulated energy activity. In its opinion, the Energy Regulatory Commission, in addition to the obligations stipulated in the license, can also stipulate other obligations for the entity performing regulated energy activity for the implementation of the voluntary administration plan.

- (3) The bankruptcy judge shall be obliged to submit the Energy Regulatory Commission the decision on initiating the receivership procedure with voluntary administration.
- (4) When the entity performing regulated energy activity has been subject to involuntary receivership procedure on creditor's request:
 - 1) the bankruptcy judge shall be obliged to submit the decision on receivership procedure initiation to the Energy Regulatory Commission;
 - 2) the receiver shall be obliged, within a period not longer than three days from the decision's adoption, to submit the Energy Regulatory Commission all decisions taken by the bankruptcy judge, the receiver, the Board and Assembly of Creditors;
 - 3) the Energy Regulatory Commission shall transfer the regulated energy activity license from the company subjected to the receivership procedure initiation to the company under receivership;
 - 4) the receiver shall be obliged to provide uninterrupted energy activity performance by the company under receivership until a decision is taken by the Assembly of Creditors.
- (5) In the course of the receivership procedure, the Assembly of Creditors cannot take a decision for the company under receivership to be liquidated/dissolved.
- (6) If a decision on company reorganization has been taken in the receivership procedure, the bankruptcy judge shall be obliged to submit the reorganization plan to the Energy Regulatory Commission.
- (7) The Energy Regulatory Commission, within a period not longer than 30 days from the receipt of the reorganization plan referred to in paragraph (6) of this article, shall be obliged to submit the bankruptcy and the Assembly of Creditors an opinion on the company reorganization plan.
- (8) Provided that the reorganization plan is approved and the opinion on the reorganization plan issued by the Energy Regulatory Commission is positive, the Energy Regulatory Commission, within a period not longer than seven days from the receipt of the receiver's notification on the adoption of the reorganization plan, shall adopt a decision on transferring the energy activity performance license to the company implementing the company reorganization plan.

Article 164

- (1) When the holder of regulated energy activity license has submitted the Energy Regulatory Commission an application on license termination or its license was revoked by means of a decision taken pursuant to Article 48 from the present law, for the license whose validity has terminated or has been revoked, the Energy Regulatory Commission shall immediately inform the Government of the Republic of Macedonia thereof, and in cooperation with the Ministry, shall propose the Government of the Republic of Macedonia contingency measures required to secure quality, uninterrupted, safe, and reliable public service performance related to regulated energy activity.
- (2) In the cases referred to in paragraph (1) of this article, the Energy Regulatory Commission shall announce an open call for the selection of a new license holder. The procedure on open call announcement shall be implemented in compliance with the provisions from the Law on Concessions and Other Public-Private Partnerships.

- (3) The Energy Regulatory Commission shall announce the open call referred to in paragraph (2) of this article within a period not longer than 90 days from the day the decision on license termination or revoking entered into effect.
- (4) Until the decision on the selection of the new license holder on relevant regulated energy activity enters in effect and until the initiation of energy activity performance by the new license holder, the previous license holder shall be obliged to act pursuant to the measures referred to in paragraph (1) of this article, and shall continue to perform the energy activity under terms and conditions stipulated by the said measures, thereby generating income pursuant to applicable prices and tariffs.

Article 165

- (1) The energy-using products or products that impact energy consumption can be imported, or put into circulation on the market in the Republic of Macedonia or put into use provided that:
 - 1) they comply with stipulated requirements on product eco-design;**
 - 2) their compliance with stipulated requirements is determined under a stipulated procedure; and**
 - 3) they are labeled pursuant to the regulation concerning the product group in question.**
- (2) The Government of the Republic of Macedonia, in cooperation with the ministry competent for environment protection, shall adopt an Act on the Eco-Design, which shall stipulate in detail:
 - 1) general terms and conditions on product eco-design;
 - 2) methods on setting the generic and specific requirements for eco-design;
 - 3) generic and specific requirements for the eco-design of particular types of products or product groups;
 - 4) internal control of eco-design;
 - 5) management system for compliance assessment;
 - 6) dynamics and deadline for application of terms and conditions and requirements from the Act concerning particular types of products; and
 - 7) other terms and conditions that should ensure that the energy-using products or products impacting the energy consumption meet the eco-design requirements.
- (3) Manufacturers and importers of products referred to in paragraph (1) of this article shall be obliged to adhere to the obligations stipulated under the Act referred to in paragraph (2) of this article.

Article 166

- (1) The Minister shall adopt the technical regulations on construction, maintenance and safe operation of energy facilities, devices and installations.

XV SUPERVISION

Article 167

- (1) The Ministry shall be responsible to supervise the enforcement of the present law and of the regulations adopted on the basis of the present law, except for the regulations adopted by the Energy Regulatory Commission.
- (2) The Ministry shall supervise the operation of the Energy Agency and companies performing regulated energy activities in the implementation of obligations stipulated in the present law.

- (3) The Ministry shall supervise the implementation of obligations assumed by public sector entities referred to in Article 134 from the present law.
- (4) The Ministry shall supervise the legal proceeding in the operation of self-government units.
- (5) As part of the supervision referred to in paragraphs (2) and (3) of this article, the Ministry shall also supervise the implementation of plans and programs whose adoption is stipulated in the present law.
- (6) The supervision referred to in paragraphs (2), (3) and (4) of this article shall be based on the principles of legal proceeding, accountability and independence in the implementation of competences stipulated in the present law and other law.

Article 168

- (1) When performing the supervision referred to in Article 167, paragraph (2) from the present law, the Ministry shall be obliged to inform entities subjected to the supervision on the irregularities and shortcomings identified and propose deadline for the elimination thereof.
- (2) Should the entities subjected to supervision fail to eliminate the irregularities and shortcomings identified within the stipulated deadline, the Ministry shall undertake measures for the elimination thereof.
- (3) In cases when irregularities and shortcomings identified can have adverse effects on the interests of citizens or the operation of the Ministry, the Ministry shall immediately inform the Government of the Republic of Macedonia and other authorities thereof, and, when needed, shall propose measures for their elimination.
- (4) In cases when irregularities and shortcomings referred to in paragraph (3) of this article have been identified in the course of supervision of companies performing regulated energy activities and have not been eliminated within the deadline stipulated, in addition to the information referred to in paragraph (1) of this article, the Ministry can request the Energy Regulatory Commission to initiate the procedure on license suspension or revoking.

Article 169

- (1) In the course of the supervision referred to in Article 167, paragraph (4) from the present law, the Ministry shall:
 - 1) monitor the legal proceeding of the Municipal Council and the Mayor of the self-government unit, undertake measures and activities and submit initiatives aimed at municipal competences enforcement pursuant to the law;
 - 2) assess whether local self-government unit bodies implement the matters falling under their competences pursuant to the standards and procedures stipulated in the present law;
 - 3) indicate the Municipal Council and the Mayor of the local self-government unit when they have overstepped their competences stipulated by law and other regulations, and propose appropriate measures aimed to remedy such situations;
 - 4) point out the particular material and procedural shortcomings in the operation of the Municipal Council and the Mayor of the local self-government unit which might prevent the performance of public interest activities of local importance;
 - 5) on request, provide recommendations on adherent enforcement of competences of the Municipal Council and Mayor of the local self-government unit to be implemented pursuant to the law;
 - 6) monitor the timely adoption of acts by the Municipal Council and Mayor of the local self-government unit, as stipulated in the present law;

- 7) submit initiatives and proposals to the Municipal Council and the Mayor of the local self-government unit when it has identified non-enforcement of the law as a result of conflict of competences between municipal bodies;
 - 8) monitor the legal effect of decisions adopted by the Mayor when resolving administrative matters as regards the rights, obligations and interests of legal and private entities based on the present law or other law, and undertake measures, as authorized by the law; and
 - 9) timely inform the Municipal Council bodies and the Mayor of local self-government unit on status identified in relation to their operation and on the measures undertaken as part of the supervision.
- (2) The Ministry shall inform the Municipal Council and the Mayor of the local self-government unit on the undertaken measures and activities referred to in paragraph (1) of this article.
 - (3) Should, despite the notifications and measures and activities taken, the Municipal Council and the Mayor of local self-government unit fail to perform matters referred to in paragraph (1) of this article, they shall be – by the effect of the law - deprived from or limited in the performance of the relevant competence.
 - (4) The revoked competences shall be performed by the Ministry, but only for a period of one year from the day it has assumed the responsibility thereof.
 - (5) The Ministry shall perform the competences revoked from the Municipal Council and the Mayor of the local self-government on behalf and on the account of the local self-government unit.

Article 170

- (1) Inspection supervision on the enforcement of the present law shall be performed by the State Technical Inspectorate and the State Market Inspectorate.
- (2) The inspection supervision shall include supervising the enforcement of provisions contained in the present law, other regulations, rules, standards, technical specifications and quality norms related to the energy activities performance by entities performing energy activities, public sector entities, energy system users and energy and energy fuel consumers.
- (3) When performing the inspection supervision, the inspection authorities referred to in paragraph (1) of this article can authorize professionals from other bodies and institutions or other legal entities to perform certain supervision-related matters should they requires specific expert skills or equipment.

Article 171

- (1) The Minister can order the inspection authorities referred to in Article 170, paragraph (1) from the present law to perform joint inspection supervision in cases when:
 - 1) it is necessary to eliminate immediate danger to human health and life, or property of high value;
 - 2) it is necessary to take urgent measures that cannot be postponed;
 - 3) it is necessary due to the supervision complexity or the importance of shortcomings elimination;
 - 4) it is necessary to audit energy facilities of particular importance in the energy field;
 - 5) it is considered that supervision can thereby be performed faster, under lower costs and time for both, the entity subjected to supervision and the inspectors;
 - 6) it is necessary to reconsider the findings contained in an initiative raised or complaint lodged, while the matter in question falls under the competences of both inspection authorities.

Article 172

- (1) The entities performing energy activities, public sector entities, energy system users and energy and energy fuel consumers shall be obliged to act upon the request from or order issued by the inspection authorities referred to in Article 170 from the present law, and in particular:
 - 1) to enable uninterrupted performance of the inspection supervision;
 - 2) to provide insight to documents and data required for the supervision;
 - 3) to provide conditions necessary for uninterrupted operation and determining the actual situation;
 - 4) to enable, within a stipulated deadline, access to premises, products, documents or any other means that are subjected to inspection supervision;
 - 5) upon a written request from the inspection authority, to discontinue the operation during the inspection supervision, when deemed necessary for the purpose of supervision performance and determining the actual situation;
 - 6) upon a written request and within a deadline stipulated in the request from the inspection authority, to submit the inspector or prepare accurate and complete data, reports, materials or other documents necessary for the purpose of inspection supervision performance.

Article 173

- (1) Should, in the course of inspection supervision performance, the inspector from the State Technical Inspectorate identify that provisions from the present law, other regulations, rules, standards, technical specifications and quality norms have not been, or have been inappropriately applied, it shall adopt a decision by means of which:
 - 1) shall order the elimination of identified shortcomings that adversely affect the operation of plants and devices and shall determine the deadline thereof;
 - 2) shall prohibit the use of the facility, plant, device or installation when the entity failed to eliminate the identified irregularities within the deadline given; and
 - 3) shall prohibit the use or construction of the facility, plant, device or installation until the identified irregularities are eliminated.
- (2) The inspector shall be obliged to inform the Energy Regulatory Commission on the adopted decision referred to in paragraph (1) of this article related to the license holder on energy activity performance and shall request energy activity license revoking or suspension.

Article 174

- (1) Should, in the course of inspection supervision performance, the state market inspector identify that:
 - 1) the rules governing energy or natural gas supply to consumers have not been or have been inappropriately applied, it shall adopt a decision, which shall determine the deadline for the elimination of shortcomings and shall impose an inspection measure;
 - 2) the participants on the liquid fuels market have not complied with the obligations stipulated in the Rulebook on Liquid Fuels Quality, it shall adopt a decision on withdrawing from market and circulation the liquid fuels whose quality is not compliant to the stipulated quality and shall impose an inspection measure;
 - 3) the labeling of energy-using products was not in compliance with the Rulebook on Labeling the Energy and Other Resources Consumption of Products , it shall adopt a

decision on withdrawing all inappropriately labeled procedures from the market and shall determine the deadline for the elimination of shortcomings and irregularities.

- 4) should, in the course of inspection supervision performance, the state market inspector determine that the irregularity referred to in paragraph (1), item 3 of this article has been made, it shall be obliged to develop the minutes whereby it shall identify the irregularity made and shall advise its elimination within a period of eight days and shall also present the person or entity where the irregularity was identified in the course of the inspection supervision with an invitation to attend education courses.
- 5) The form and contents of the invitation to education courses, as well as the manner of education delivery shall be stipulated by the Minister.
- 6) The education courses shall be organized and delivered by the State Technical Inspectorate within a period no longer than 8 days from the day the inspection supervision was performed. The education courses can be delivered to more persons or entities for same or similar irregularities identified at one or more entities.
- 7) If the person or entity that is to benefit from the education courses fails to attend the classes as scheduled, it shall be considered that the education course is not implemented.
- 8) If the person or entity that is to benefit from the education courses duly attends the classes and completes them, it shall be considered that the person or entity in question is educated in relation to the irregularity identified.
- 9) Should, in the course of inspection supervision performance, the state market inspector determine that the identified regularities from paragraph (1) of this article had been eliminated, it shall adopt a conclusion by means of which it shall terminate the inspection supervision.
- 10) Should, in the course of inspection supervision performance, the state market inspector determine that the identified irregularities from paragraph (1) of this article had not been eliminated, it shall motion a misdemeanor procedure in front of the Misdemeanor Commission.
- 11) The State Market Inspectorate shall keep records on the implemented education courses in a manner stipulated by the Minister.
- 12) The Ministry – State Market Inspectorate shall prepare quarterly reports on the performed inspection supervisions and shall publish them on the ministry's website.

XVI MISDEMEANOR PROVISIONS

Article 175

- (1) Misdemeanor procedures for misdemeanors stipulated under the present law can be motioned by the authorities entitled to perform inspection supervision, the Energy Regulatory Commission and the Energy Agency.
- (2) The competent authorities referred to in paragraph (1) of this article shall motion a misdemeanor procedure in front of the competent court in the case of misdemeanor acts referred to in Article 179, Article 180, Article 182, Article 183, Article 185 paragraph (1), Article 186 paragraph (1), Article 187, Article 188, Article 189 paragraph (1), Article 190 paragraph 1.
- (3) Provisions contained in the Law on Misdemeanor shall be applied to the procedures motioned in compliance with paragraph (2) of this article.
- (4) Misdemeanor procedures cannot be motioned or implemented in the case of misdemeanor acts referred to in Article 179, Article 180, Article 182, Article 183, Article 185 paragraph (1), Article 186 paragraph (1), Article 187 paragraphs (1) and (2), Article

188, Article 189 paragraph (1), Article 190 paragraph (1) when a period of four years has passed from the day the misdemeanor was made.

- (5) Should the misdemeanor acts referred to in Article 179, Article 180, Article 182, Article 183, Article 185 paragraph (1), Article 186 paragraph (1), Article 187 paragraphs (1) and (2), Article 188, Article 189 paragraph (1), Article 190 paragraph (1) have been committed on the grounds of personal gains or have caused greater property damage, the competent court can impose a fine in the amount that is ten times the amount of the minimum fine set.

Article 176

- (1) The Ministry shall lead the misdemeanor procedure and shall impose sanctions for misdemeanor acts referred to in Article 181 paragraph (1), Article 182 paragraphs (2) and (3), Article 184 paragraphs (1), (2) and (3), Article 185 paragraph (2), Article 186 paragraph (2), Article 189 paragraph (2), Article 190 paragraph (2) from the present law.
- (2) For the purposes of implementing the misdemeanor procedure and imposing misdemeanor sanction for the misdemeanor acts stipulated in paragraph (1) of this article, the Minister, by means of decision, shall establish the Misdemeanor Commission comprised of three members – employees at the Ministry, those being:
- 1) one attorney-at-law, being admitted to the bar, with five years working experience in the legal field, who shall be the President of the Misdemeanor Commission;
 - 2) one member holding a BSc Degree in the field of technical sciences, with five years working experience in this profession; and
 - 3) one member holding a BSc Degree in the field of economy, with five years working experience in this profession.
- (3) The Misdemeanor Commission shall be appointed for a period of three years with the right to a second term of office.
- (4) On the proposal from the President of the Misdemeanor Commission, the Minister can adopt a decision on dismissing a member of the Misdemeanor Commission in the following cases:
- 1) his/her term of office has expired;
 - 2) on his/her request;
 - 3) has fulfilled the conditions for enjoying the right to pension, pursuant to the law;
 - 4) has been convicted for a criminal offense by means of an enforceable ruling;
 - 5) he/she suffers from permanent inability for duly performance of work at the Misdemeanor Commission;
 - 6) has been determined to have acted in violation of the regulations governing the misdemeanor procedure implementation by means of an enforceable ruling;
 - 7) has failed to implement the obligations stemming from the work as member of the Misdemeanor Commission; and
 - 8) has not declared conflict of interests in a case pending decision by the Misdemeanor Commission.
- (5) The Members of the Misdemeanor Commission shall be entitled to reimbursement for their work performed in the Misdemeanor Commission, which shall be determined by the Minister and shall be reasonable and appropriate to the importance, scope of work and complexity of misdemeanors considered.
- (6) The Misdemeanor Commission shall adopt the Book of Operation upon previous approval from the Minister.

- (7) The Misdemeanor Commission shall operate as a council, and shall take decision by means of majority votes from the total number of members.
- (8) The Members of the Misdemeanor Commission shall take decisions independently and in an unbiased manner, pursuant to the law and based on their professional knowledge and personal persuasion.
- (9) An administrative dispute can be motioned against the decisions imposing misdemeanor sanctions taken by the Misdemeanor Commission.
- (10) The Minister shall stipulate the manner in which the Misdemeanor Commission is to keep the records on misdemeanors, sanctions imposed and decisions taken, as well as the manner of enabling access to information contained therein.

Article 177

- (1) After determining that a misdemeanor has been committed, the competent inspector shall prepare the minutes and shall indicate the relevant elements related to the action, time, place and manner in which the misdemeanor was committed, description of the action and the persons present on the spot.
- (2) Prior to submitting the application for initiating the procedure on the misdemeanor acts referred to in Article 181, paragraph (1) item 3); Article 182, paragraph (1) items 1), 2) and 8); Article 183, paragraph (1), items 2) and 7); Article 184, paragraph (3); Article 185, paragraph (1), items 2) and 8); Article 186, paragraph (1), items 2) and 7) and paragraph (2), item 1); Article 187, paragraph (1), items 1) and 3); Article 188, paragraph (1), item 2); Article 189, paragraph (1), item 3) from the present law, the competent inspector shall be obliged to propose a settlement procedure to the entity that committed the misdemeanor.
- (3) When the entity that committed the misdemeanor has agreed to initiate the settlement procedure, in the minutes referred to in paragraph (1) of this article the competent inspector shall stipulate the manner in which the settlement procedure is to result in the elimination of adverse effects caused by the misdemeanor and the manner to overcome consequences thereof.
- (4) As part of the settlement procedure, the competent inspector shall issue a payment order to the entity that committed the misdemeanor. The entity that committed the misdemeanor shall sign the payment order on its receipt.
- (5) When the entity that committed the misdemeanor is a legal entity, the minutes and the payment order shall be signed by the officer or the responsible person that was present during the inspection supervision performance or by any other officer or responsible person that has declared to have the right to sign the minutes or receive the payment order.
- (6) The submission of the payment order to the entity that committed the misdemeanor referred to in paragraph (4) of this article and the declaration referred to in paragraph (5) of this article shall be duly included in the minutes.
- (7) The competent inspector shall be obliged to keep records on settlement procedures initiated and the outcome thereof.

Article 178

- (1) For the misdemeanors referred to in Article 182, paragraph (1), item 12); Article 183, paragraph (1), item 12); Article 185, paragraph (1), item 11); Article 186, paragraph (1), item 11); Article 187, paragraph (1), item 4); Article 189, paragraph (1), item 11) and Article 190, paragraph (1), item 8) from the present law, the competent inspector can offer the entity that committed the misdemeanor mediation and settlement by means of

which the entity that committed the misdemeanor shall settle the fine, other charges or shall eliminate the misdemeanor consequences.

- (2) In the cases referred to in paragraph (1) of this article, the competent inspector shall prepare the minutes where it shall state the consent provided by both parties as regards the initiation of the mediation procedure. The minutes shall be signed by the entity that committed the misdemeanor.
- (3) The mediation procedure shall be initiated upon an application submitted by the competent inspector within a period of eight days from the day the misdemeanor was determined.
- (4) The mediation settlement should be achieved within a period of eight days from the day the mediation procedure was initiated.
- (5) The Minister shall establish the Mediation Commission tasked to implement mediation procedures and shall adopt the Book of Operations and determine the costs incurred for the Commission operation on the basis of actual costs incurred by the authority for the purpose of providing the commission work, as well as a reasonable reimbursement for the Commission Members.
- (6) The Commission referred to in paragraph (5) of this article shall be comprised of three members, one of which shall be appointed the President. Commission members shall be selected from the line of civil servants employed at the Ministry, one of which shall be attorney-at-law.
- (7) The President shall be obliged to initiate the mediation procedure within a period of 24 hours from the receipt of the application referred to in paragraph (3) of this article.
- (8) The Commission shall perform its work on a meeting where representatives from the entity that committed the misdemeanor and the competent inspector must be attending.
- (9) The mediation settlement reached shall be verified by means of an agreement stating the consent thereto provided by both parties and stipulating the liabilities of the entity that committed the misdemeanor, in particular:
 - 1) the fine's amount and payment manner;
 - 2) the amount and payment manner of other charges and costs; and
 - 3) measures to be taken by the entity that committed the misdemeanor, for the purpose of eliminating the consequences from the misdemeanor.
- (10) In cases when a mediation settlement has been reached, the entity that committed the misdemeanor shall be reduced the fine by maximum one half of the highest amount of fines as stipulated in the present law for the misdemeanor in question.
- (11) The Mediation Commission shall be obliged to keep records on initiated mediation procedures and the outcome thereof.

Article 179

- (1) A legal entity shall be fined in the amount of 5,000 to 7,000 EUR in MKD counter value when it:
 - 1) performs one or more regulated energy activities, but has failed to kept separate accounting records thereof (Article 5, paragraph (5));
 - 2) performs regulated energy activity, but has not submitted the Energy Regulatory Commission its annual audited financial reports and has not published them on its website (Article 5, paragraph (6));
 - 3) is an energy or energy fuel transmission and distribution system operator, but has not developed the contingency plan and has not submitted it to the Energy Regulatory Commission for approval (Article 13, paragraph (2));

- 4) has not applied the prices and tariff rates stipulated in the decisions taken by the Energy Regulatory Commission (Article 26, paragraph (4));
 - 5) is an entity performing energy activity, but has not submitted the Energy Regulatory Commission the necessary documents, data and information, on request and within a stipulated deadline (Article 29, paragraph (1));
 - 6) has initiated energy activity performance without being issued the relevant license (Article 37, paragraph (1));
 - 7) is a license holder on regulated energy activity performance, but has temporarily discontinued the activity for which it was issued the license, without obtaining previous approval from the Energy Regulatory Commission (Article 46, paragraph (1));
 - 8) is a license holder on regulated energy activity performance, but has not requested the Energy Regulatory Commission to issue an approval for the temporary termination of the activity performance within a period of eight hours from the activity termination (Article 46, paragraph (3)).
- (2) The responsible person at the legal entity shall be fined in the amount of 700 to 1,000 EUR in MKD counter value for the actions referred to in paragraph (1) of this article.
 - (3) The officer at the legal entity shall be fined in the amount of 300 to 500 EUR in MKD counter value for the actions referred to in paragraph (1) of this article.
 - (4) The natural person shall be fined in the amount of 700 to 1,000 EUR in MKD counter value for the actions referred to in paragraph (1), items 4), 5) and 6) of this article.

Article 180

- (1) A legal entity shall be fined in the amount of 5,000 to 7,000 EUR in MKD counter value when it:
 - 1) is a license holder on energy activity performance or is energy or energy fuel consumer, but has not submitted data necessary for the development and monitoring of energy balances and data necessary for the preparation of strategies, programs and reports on program implementation whose adoption is stipulated in the present law (Article 12, paragraph (8));
 - 2) is a license holder, but has not complied with the decision taken by the Energy Regulatory Commission referred to in Article 23, paragraph (2);
 - 3) is a license holder, but has not submitted the Energy Regulatory Commission monthly, quarterly, annual and other reports related to its activity performance in a manner, under terms and conditions and with the contents stipulated in the license (Article 29, paragraph (3));
- (2) The responsible person at the legal entity shall be fined in the amount of 500 to 700 EUR in MKD counter value for the actions referred to in paragraph (1) of this article.
- (3) The officer at the legal entity shall be fined in the amount of 200 to 400 EUR in MKD counter value for the actions referred to in paragraph (1) of this article.
- (4) The natural person that is a license holder or energy consumer shall be fined in the amount of 700 to 1,000 EUR in MKD counter value for the actions referred to in paragraph (1) of this article.
- (5) The fine referred to in paragraphs (1) to (4) of this article shall be imposed by the Misdemeanor Commission.

XVI.1 Misdemeanor Provisions on the Electricity Market

Article 181

- (1) The legal entity that is the electricity generator shall be fined in the amount of 3,000 to 5,000 EUR in MKD counter value when it:
 - 1) has not submitted the electricity transmission system operator or the electricity distribution system operator reports, data and information pursuant to the Transmission Grid Code or Distribution Grid Code (Article 65, paragraph 2, item (4));
 - 2) has not submitted the electricity market operator data and information contained in the electricity and/or ancillary services sale contracts pursuant to the Market Code (Article 65, paragraph 2, item (5));
 - 3) uses mazut as primary fuel, but has not secured operational stock of mazut at all times in the quantity equal to at least seven-day demand under maximum capacity operation, (Article 65, paragraph (3));
 - 4) in the function of electricity generator that provides the public service has not submitted the Energy Regulatory Commission separate monthly reports on the electricity sales to the electricity supplier of last resort and on the electricity market (Article 66, paragraph (9));
- (2) The responsible person at the legal entity shall be fined in the amount of 700 to 1,000 EUR in MKD counter value for the actions referred to in paragraph (1) of this article.
- (3) The officer at the legal entity shall be fined in the amount of 300 to 500 EUR in MKD counter value for the actions referred to in paragraph (1) of this article.
- (4) The natural person shall be fined in the amount of 700 to 1,000 EUR in MKD counter value for the actions referred to in paragraph (1) of this article.

Article 182

- (1) The legal entity that is the electricity transmission system operator shall be fined in the amount of 5,000 to 7,000 EUR in MKD counter value when it:
 - 1) has not secured reliable and safe operation of the electricity system in the Republic of Macedonia pursuant to the applicable regulations that stipulate the technical rules (Article 67, paragraph (2), item 1));
 - 2) has not connected the generators, consumers and distribution system operators to the transmission grid, and has not provided third party access to the electricity transmission system pursuant to the present law and the Transmission Grid Code and based on the principles of objectivity, transparency and non-discrimination (Article 67, paragraph (2), item 3));
 - 3) has not provided transmission system development, upgrade and maintenance, for the purpose of reliable and efficient system operation pursuant to the applicable regulations that stipulate the technical rules, and has not provided long-term system ability to address the justifiable electricity transmission demand (Article 67, paragraph (2), item 6));
 - 4) has not developed and submitted the Energy Regulatory Commission the grid maintenance plan pursuant to the Transmission Grid Code and has not published it on the operator's website (Article 67, paragraph (2), item 7));
 - 5) has not provided metering devices installation and maintenance at all metering points on the receipt and delivery points in the transmission system (Article 67, paragraph (2), item 11));
 - 6) has not metered electricity at transmission system receipt and delivery points and has not submitted metered data to the relevant transmission system users and the market operator (Article 67, paragraph (2), item 12));

- 7) has not provided transparent and non-discriminatory application of the price-setting methodology for balancing services and collection, (Article 67, paragraph (2), item 17));
 - 8) has not provided the users access to the metering devices owned by the operator pursuant to the present law and the Transmission Grid Code (Article 67, paragraph (2), item 19));
 - 9) has not adopted the electricity transmission system development plan (Article 68, paragraph (2));
 - 10) has not developed and submitted the Ministry and the Energy Regulatory Commission annual, five-year and ten-year electricity demand forecasts in the Republic of Macedonia (Article 68, paragraph (3)).
 - 11) has not adopted the Transmission Grid Code within the deadline stipulated in the present law (Article 69, paragraph (1));
 - 12) has not adopted the compliance program and has not submitted it to the Energy Regulatory Commission for approval (Article 71, paragraph (3)).
- (2) The legal entity that is the electricity transmission system operator shall be fined in the amount of 3,000 to 5,000 EUR in MKD counter value when it:
- 1) has not published data on available transmission capacities of interconnection lines with the neighboring systems, for the purpose of providing non-discriminatory, objective and transparent access to and use of the electricity transmission system (Article 67, paragraph (2), item 10));
 - 2) has not addressed peak loads in the transmission system, pursuant to the Transmission Grid Code (Article 67, paragraph (2), item 15));
 - 3) has not balanced the deviations between the actual and planned electricity consumption pursuant to the Electricity Market Code (Article 67, paragraph 2, item 16);
 - 4) has not kept dispatch logs, records on electricity transmission system reliability, data from the supervision and management system, metering data, and has not kept such data, logs and records for at least ten years (Article 67, paragraph (4));
 - 5) has not kept records on the electricity transmission system operation and has not informed the Energy Regulatory Commission thereof, on request (Article 67, paragraph (5)).
- (3) The legal entity that is the electricity market operator shall be fined in the amount of 3,000 to 5,000 EUR in MKD counter value when it has not prepared and submitted the electricity transmission system operator information required to develop the dispatching schedule, for the purpose of addressing peak loads pursuant to the Market Code.
- (4) The responsible person at the legal entity shall be fined in the amount of 700 to 1,000 EUR in MKD counter value for the actions referred to in paragraph (1) of this article.
- (5) The responsible person at the legal entity shall be fined in the amount of 500 to 700 EUR in MKD counter value for the actions referred to in paragraphs (2) and (3) of this article.
- (6) The officer at the legal entity shall be fined in the amount of 300 to 500 EUR in MKD counter value for the actions referred to in paragraph (1) of this article.
- (7) The officer at the legal entity shall be fined in the amount of 200 to 400 EUR in MKD counter value for the actions referred to in paragraphs (2) and (3) of this article.

Article 183

- (1) The legal entity that is the electricity distribution system operator shall be fined in the amount of 5,000 to 7,000 EUR in MKD counter value when it:

- 1) has not secured safe and reliable operation of the distribution system pursuant to with applicable regulations that stipulate the technical rules (Article 74, paragraph (2), item 1));
 - 2) has not connected the generators and consumers to the distribution grid, and has not provided third party access to the distribution system pursuant to the present law and the Distribution Grid Code and based on the principles of objectivity, transparency and non-discrimination (Article 74, paragraph (2), item 3));
 - 3) has not provided distribution system development, upgrade and maintenance pursuant to the applicable regulations that stipulate the technical rules, and has not provided long-term system ability to address the reasonable electricity distribution demand (Article 74, paragraph (2), item 4));
 - 4) has not developed and submitted the Energy Regulatory Commission the grid maintenance plan pursuant to the Distribution Grid Code and has not published it on the operator's website (Article 74, paragraph (2), item 5));
 - 5) has not harmonized operations in the distribution system with the electricity transmission system operator (Article 74, paragraph (2), item 6));
 - 6) has not metered electricity received from the generators and the electricity transmission system and has not metered electricity delivered to consumers connected to the distribution system and has not submitted metered data to generators or suppliers or traders, as well as to the market operator (Article 74, paragraph (2), item 8));
 - 7) has not provided users access to the metering devices owned by the distribution system operator pursuant to the present law and the Distribution Grid Code (Article 74, paragraph (2), item 9));
 - 8) has not kept dispatch logs, records on communication systems reliability, data from the supervision and operation system, metering data, and has not kept those logs, records and data for at least ten years (Article 74, paragraph (2), item 11));
 - 9) has not adopted the annual distribution system development plan covering the period of the next five years (Article 75, paragraph (2));
 - 10) has not prepared and submitted the Ministry and the Energy Regulatory Commission annual and five-year electricity demand forecasts for the distribution system it operates (Article 75, paragraph (3));
 - 11) has not metered the electricity received from or delivered to users connected to the distribution grid with metering devices pursuant to the present law and the Electricity Distribution Grid Code (Article 76, paragraph (1));
 - 12) has not adopted the Distribution Grid Code within the deadline stipulated in the present law (Article 77, paragraph (1));
 - 13) has not adopted the compliance program and has not submitted it to the Energy Regulatory Commission for approval (Article 78, paragraph (3)).
- (2) The responsible person at the legal entity shall be fined in the amount of 700 to 1,000 EUR in MKD counter value for the actions referred to in paragraph (1) of this article.
 - (3) The officer at the legal entity shall be fined in the amount of 300 to 500 EUR in MKD counter value for the actions referred to in paragraph (1) of this article.
 - (4) The fine referred to in paragraphs (1) to (3) of this article shall be imposed by the Misdemeanor Commission.

Article 184

- (1) The legal entity that is electricity supplier shall be fined in the amount of 3,000 to 5,000 EUR in MKD counter value when it:

- 1) has not submitted the electricity market operator data on transactions, or contracts and electricity demand balances of its consumers, required for the calculation of imbalances pursuant to the Market Code, Transmission Grid Code and Distribution Grid Code (Article 79, paragraph (4), item 2));
 - 2) on the request from the Energy Regulatory Commission and within a given deadline, has not submitted information and reports on the transactions and business activities originating from, terminating in or transiting the territory of the Republic of Macedonia (Article 79, paragraph (4), item 5)).
- (2) The legal entity that is electricity trader shall be fined in the amount of 3,000 to 5,000 EUR in MKD counter value when, on request and within a given deadline, it has not submitted the Energy Regulatory Commission information and reports on the transactions and business activities originating from, terminating in or transiting the territory of the Republic of Macedonia (Article 81, paragraph (5), point 3)).
 - (3) The legal entity that is electricity distribution system user shall be fined in the amount of 3,000 to 5,000 EUR in MKD counter value when it has not allowed access to the authorized person from the distribution system operator, for the purpose of performing the matters referred to in Article 76, paragraph 5 from the present law.
 - (4) The responsible person at the legal entity shall be fined in the amount of 500 to 700 EUR in MKD counter value for the actions referred to in paragraphs (1), (2) and (3) of this article.
 - (5) The officer at the legal entity shall be fined in the amount of 200 to 400 EUR in MKD counter value for the actions referred to in paragraphs (1), (2), (3) and (4) of this article.
 - (6) The natural person that is electricity supplier, electricity trader or electricity distribution system user shall be fined in the amount of 700 to 1,000 EUR in MKD counter value for the actions referred to in paragraphs (1), (2) and (3) of this article.

XVI.2 Misdemeanor Provisions on the Natural Gas Market

Article 185

- (1) The legal entity that is natural gas transmission network operator shall be fined in the amount of 5,000 to 7,000 EUR in MKD counter value when it:
 - 1) has not connected new users to the system or other natural gas transmission network operators (Article 84, paragraph (2), item 3));
 - 2) has not installed and maintained metering devices at all metering points on the receipt and delivery points from/to the transmission system (Article 84, paragraph (3), item 1));
 - 3) has not metered the natural gas quantities at receipt and delivery points in the transmission system and has not submitted metered data to relevant transmission system users (Article 84, paragraph (3), item 2));
 - 4) has not allowed access to metering devices owned by the transmission network operator for the users and the transmission system operator, pursuant to the present law and the Transmission Grid Code (Article 84, paragraph (3), item 3));
 - 5) has not adopted and submitted for approval to the Energy Regulatory Commission the compliance program (Article 89, paragraph (3));
 - 6) has not transferred the tenure of transmission network parts to the natural gas transmission system operator as required for operation (Article 84, paragraph (4) and Article 204, paragraph (3)).
- (2) The legal entity that is natural gas transmission system operator shall be fined in the amount of 5,000 to 7,000 EUR in MKD counter value when it:

- 1) has not secured reliable and safe operation of the transmission system pursuant to the applicable regulations that stipulate the technical rules (Article 85, paragraph (2), item 2));
 - 2) has not provided third party access to the transmission system pursuant to the present law and the Transmission Grid Code and based on the principles of objectivity, transparency and non-discrimination (Article 85, paragraph (2), item 9));
 - 3) has not allocated available transmission capacities and has not addressed peak loads in the transmission grid pursuant to the Natural Gas Transmission Grid Code (Article 85, paragraph (2), item 10));
 - 4) has not adopted the natural gas transmission system development plan (Article 86, paragraph (2));
 - 5) has not developed and submitted the Energy Regulatory Commission the network maintenance plan pursuant to the Transmission Grid Code and has not published it on the operator's website (Article 85, paragraph (2), item 6));
 - 6) has not provided transparent and non-discriminatory application of price-setting methodology for balancing services and collection (Article 84, paragraph (2), item 15));
 - 7) has not developed and submitted the Ministry and the Energy Regulatory Commission annual, five-year and ten-year natural gas demand forecasts for the system it operates (Article 86, paragraph (8));
 - 8) has not adopted the Natural Gas Transmission Grid Code within the deadline stipulated in the present law (Article 88, paragraph (1));
 - 9) has not adopted the compliance program and has not submitted it to the Energy Regulatory Commission for approval (Article 89, paragraph (3)).
- (3) The legal entity that is natural gas transmission system operator shall be fined in the amount of 3,000 to 5,000 EUR in MKD counter value when it:
- 1) has not provided third party access to the transmission system pursuant to the present law and the Transmission Grid Code and based on the principles of objectivity, transparency and non-discrimination (Article 85, paragraph (2), item 9));
 - 2) has not provided harmonized operation of the transmission system and the neighboring transmission systems it is connected to (Article 85, paragraph (2), item 11));
 - 3) has not published data on available transmission capacities of the interconnection lines with neighboring transmission systems, for the purpose of providing non-discriminatory, objective and transparent access to and use of the transmission system (Article 85, paragraph (2), item 12));
 - 4) has not balanced the deviations between the actual and planned natural gas consumption pursuant to the Natural Gas Transmission Grid Code (Article 85, paragraph (2), item 15));
 - 5) has not provided information to transmission and distribution system operators with whom it is connected, for the purpose of securing safe and efficient operation of systems and interconnection lines (Article 85, paragraph (2), item 20));
 - 6) has not kept records on the transmission system operation and has not informed the Energy Regulatory Commission thereof, on request (Article 85, paragraph (2), item 17));
 - 7) has not published and updated data related to technical information, in numerical and clear manner, as regards the agreed and available transmission capacity for each access point, including the entry and exit points in the natural gas transmission system (Article 85, paragraph (3)).

- (4) The responsible person at the legal entity shall be fined in the amount of 700 to 1,000 EUR in MKD counter value for the actions referred to in paragraphs (1) and (2) of this article.
- (5) The responsible person at the legal entity shall be fined in the amount of 500 to 700 EUR in MKD counter value for the actions referred to in paragraph (3) of this article.
- (6) The officer at the legal entity shall be fined in the amount of 300 to 500 EUR in MKD counter value for the actions referred to in paragraphs (1) and (2) of this article.
- (7) The officer at the legal entity shall be fined in the amount of 200 to 400 EUR in MKD counter value for the actions referred to in paragraph (3) of this article.

Article 186

- (1) The legal entity that is natural gas distribution system operator shall be fined in the amount of 5,000 to 7,000 EUR in MKD counter value when it:
 - 1) has not secured reliable, safe, cost-effective and secure operation of the distribution system pursuant to the applicable regulations that stipulate the technical rules (Article 91, paragraph (2), item 1));
 - 2) has not connected consumers to the distribution grid, and has not allowed third party access to the distribution system pursuant to the present law and the Distribution Grid Code and based on the principles of objectivity, transparency and non-discrimination (Article 91, paragraph (2), item 3));
 - 3) has not provided distribution system development, upgrade and maintenance pursuant to the applicable regulations that stipulate the technical rules, and has not provided long-term system ability to address the reasonable natural gas distribution demand (Article 91, paragraph (2), item 4));
 - 4) has not developed and submitted the Energy Regulatory Commission the grid maintenance plan pursuant to the Distribution Grid Code and has not published it on the operator's website (Article 91, paragraph (2), item 5));
 - 5) has not secured natural gas quantities required for the performance of operations under transparent, non-discriminatory and market-oriented procedures (Article 91, paragraph (2), item 6));
 - 6) has not metered natural gas quantities delivered to consumers and has not submitted metering data to suppliers (Article 91, paragraph (2), item 7));
 - 7) has not provided users access to metering devices owned by the distribution system operator pursuant to the present law and the Distribution Grid Code (Article 91, paragraph (2), item 8));
 - 8) has not kept dispatch logs, records on communication systems reliability, data from the supervision and operation system, metering data, and has not kept such logs, records and data for at least ten years (Article 91, paragraph (2), item 10));
 - 9) has not adopted the distribution system development plan (Article 92, paragraph (2));
 - 10) has not developed and submitted the Energy Regulatory Commission and the Ministry annual and five-year natural gas demand forecasts for the system it operates (Article 92, paragraph (3));
 - 11) has not adopted the Natural Gas Distribution Grid Code within the deadline stipulated in the license (Article 94, paragraph (1));
 - 12) has not adopted the compliance program and has not submitted it to the Energy Regulatory Commission for approval (Article 95, paragraph (3)).
- (2) The legal entity shall be fined in the amount of 2,000 to 4,000 EUR in MKD counter value when the legal entity in question:

- 1) is natural gas distribution system user and has not allowed access for the authorized person from the distribution system operator to his/her property, for the purpose of performing the matters referred to in Article 93, paragraph (3) from the present law;
 - 2) is natural gas trader and has not submitted the natural gas transmission system operator information on the natural gas quantities and the relevant time schedules from all natural gas purchase and sale contracts, for the natural gas it has committed to deliver to its customers, as well as from the transit contracts, for the natural gas transiting the transmission system (Article 99, paragraph (3));
- (3) The responsible person at the legal entity shall be fined in the amount of 700 to 1,000 EUR in MKD counter value for the actions referred to in paragraphs (1) and (2) of this article.
 - (4) The officer at the legal entity shall be fined in the amount of 300 to 500 EUR in MKD counter value for the actions referred to in paragraphs (1) and (2) of this article.
 - (5) The natural person shall be fined in the amount of 700 to 1,000 EUR in MKD counter value for the actions referred to in paragraph (2) of this article.

XVI.3 Misdemeanor Provisions on the Crude Oil, Oil Derivatives and Fuels for Transport Market

Article 187

- (1) The legal entity shall be fined in the amount of 5,000 to 7,000 EUR in MKD counter value for a misdemeanor when performing the following activity:
 - 1) crude oil processing and oil derivatives production, biofuels production, production of fuels for transportation by blending fossil fuels and biofuels, transportation of crude oil or oil derivatives through oil pipelines or product pipelines, storage of crude oil, oil derivatives, biofuels and fuels for transport and/or trading with crude oil, oil derivatives, fuels for transport and biofuels, provided that it failed to use and maintain the facilities, devices and plants intended for the licensed activity performance, pursuant to the technical regulations and standards and other regulations on reliable and safe operation and environmental protection (Article 101, paragraph (1));
 - 2) crude oil and/or oil derivatives transport through oil pipeline and/or product pipeline provided that it has not adopted the Operational Rules for the oil pipeline or product pipeline or has not published them on its website (Article 102, paragraph (1));
 - 3) wholesale trading in oil derivatives and fuels for transport, provided that it has not secured the operational stocks of oil derivatives and fuels for transport at all times in the quantity equal to five-day average trade volume (Article 103, paragraph (3));
 - 4) wholesale trading in oil derivatives and fuels for transport provided that the entity in question fills and distributes pressure vessels with liquefied petrol gas for single or multiple use, and has not placed its logo on each pressure vessel separately (Article 104, paragraph (2)).
- (2) The legal entity that is participant on the liquid fuels market shall be fined in the amount of 5,000 to 7,000 EUR in MKD counter value when it has not complied with the obligations stipulated in the Act referred to in Article 108 paragraph (1) from the present law.
- (3) The responsible person at the legal entity shall be fined in the amount of 700 to 1,000 EUR in MKD counter value for the actions referred to in paragraphs (1) and (2) of this article.
- (4) The officer at the legal entity shall be fined in the amount of 300 to 500 EUR in MKD counter value for the actions referred to in paragraphs (1) and (2) of this article.

- (5) The natural person shall be fined in the amount of 700 to 1,000 EUR in MKD counter value for the actions referred to in paragraphs (1) and (2) of this article.

XVI.4 Misdemeanor Provisions on the Heating Energy Market

Article 188

- (1) The legal entity that is heating energy generator shall be fined in the amount of 5,000 to 7,000 EUR in MKD counter value when it:
- 1) has not submitted the Energy Regulatory Commission and the Mayor of the local self-government unit annual reports on the equipment, facilities, maintenance plans, and planned availability (Article 112, paragraph (3));
 - 2) has not provided the operational stock of mazut at all times in the quantity equal to at least seven-day demand under maximum capacity operation, at least (Article 112, paragraph (4));
- (2) The responsible person at the legal entity shall be fined in the amount of 700 to 1,000 EUR in MKD counter value for the actions referred to in paragraph (1) of this article.
- (3) The officer at the legal entity shall be fined in the amount of 300 to 500 EUR in MKD counter value for the actions referred to in paragraph (1) of this article.
- (4) The natural person shall be fined in the amount of 700 to 1,000 EUR in MKD counter value for the actions referred to in paragraph (1) of this article.

Article 189

- (1) The legal entity that is heating energy distribution system operator shall be fined in the amount of 5,000 to 7,000 EUR in MKD counter value when it:
- 1) has not secured safe and reliable operation of the heating energy distribution system pursuant to the Heating Energy Distribution Grid Code and the terms and conditions stipulated in the license (Article 115, paragraph (1), item 1));
 - 2) has not provided distribution system maintenance, development and, when cost-effective, expansion pursuant to the Heating Energy Distribution Grid Code and system development plans harmonized with energy development plans and programs developed by local self-government unit where the heating system is located (Article 115, paragraph (1), item 2));
 - 3) has not provided users access and/or connection to the distribution system in compliance with the distribution grid capacities and under prices and tariffs previously approved and published by the Energy Regulatory Commission (Article 115, paragraph (1), item 3));
 - 4) has not purchased, installed and maintained metering devices at the exit points of generation plants and heating substations connected where consumer facilities are connected and has not metered heating energy received from or delivered in the heating system, pursuant to the Heating Energy Distribution Grid Code (Article 115, paragraph (1), item 5));
 - 5) has not provided all stipulated safeguard measures in the use of the heating energy distribution system, as well as environmental protection measures (Article 115, paragraph (1), item 6));
 - 6) has not harmonized the operations in the system plants with the generators, for the purpose of uninterrupted heating energy distribution (Article 115, paragraph (1), item 9)),
 - 7) has not provided supervision and testing of the heating energy distribution system (Article 115, paragraph (1), item 10));

- 8) has not provided monitoring of technical and functional preparedness of the heating energy distribution facilities (Article 115, paragraph (1), item 11));
 - 9) has not provided long-term heating energy demand forecasts (Article 115, paragraph (1), item 12));
 - 10) has not purchased heating energy from other generators when the price offered is lower than or equal to the regulated heating energy price set for the regulated generator (Article 116, paragraph (5)).
 - 11) has not adopted the Heating Energy Distribution Grid Code within the deadline stipulated in the present law (Article 117, paragraph (1)).
- (2) The legal entity that is heating energy distribution system user shall be fined in the amount of 2,000 to 4,000 EUR in MKD counter value when it has not allowed access for the authorized person of the distribution system operator, for the purpose of performing the matters referred to in Article 119 paragraph (3) from the present law.
 - (3) The responsible person at the legal entity shall be fined in the amount of 700 to 1,000 EUR in MKD counter value for the actions referred to in paragraph (1) of this article.
 - (4) The officer at the legal entity shall be fined in the amount of 300 to 500 EUR in MKD counter value for the actions referred to in paragraph (1) of this article.
 - (5) The natural person shall be fined in the amount of 700 to 1,000 EUR in MKD counter value for the actions referred to in paragraph (2) of this article.

XVI.5 Other Misdemeanor Provisions

Article 190

- (1) The legal entity shall be fined in the amount of 5,000 to 7,000 EUR in MKD counter value when the legal entity in question:
 - 1) is electricity generator or electricity supplier of last resort and has not signed the contract referred to in Article 66, paragraph (2), or has not complied with the decision referred to in Article 66, paragraph (5) from the present law;
 - 2) is electricity transmission or distribution system operator and, within the operational possibilities of the relevant system, has not provided priority access to the system for electricity generated from renewable sources (Article 122, paragraph (3));
 - 3) is energy system user and has acted in violation to the obligations stipulated in Article 154 from the present law;
 - 4) is entity performing energy activity and has not secured confidentiality of business data and information obtained from users in the course of activity performance, pursuant to the law (Article 160, paragraph (1));
 - 5) is public sector entity and has not complied with the obligations referred to in Article 134, paragraph (2) from the present law;
 - 6) is public sector entity and has not submitted the energy audit report to the Energy Agency (Article 134, paragraph (3));
 - 7) is public sector entity and has not specified energy efficiency of the goods or services purchased as the mandatory criterion for the selection of the most favorable bid in the public procurement procedure implementation (Article 134, paragraph (5));
 - 8) is public sector entity that leases business premises at a building whose owner does not hold a certificate confirming the building's compliance with the building energy performance requirements (Article 134, paragraph (6));
 - 9) is preferential electricity generator and has not submitted electricity generation plans to the electricity market operator pursuant to the Market Code (Article 152 paragraph (1) item 2));

- 10) is electricity market operator and has not signed electricity purchase contract with preferential generators (Article 153 paragraph (2));
 - 11) is electricity market operator and has not reimbursed the transmission system operator for the costs incurred for balancing and necessary ancillary services related to the operation of preferential generators (Article 153, paragraph (5));
 - 12) is electricity supplier or trader and has not purchased the necessary electricity quantity generated by preferential generators from the market operator (Article 153, paragraph (7));
- (2) The legal entity shall be fined in the amount of 3,000 to 5,000 EUR in MKD counter value when it:
- 1) is electricity supplier and by 31st January in the calendar year the latest has not submitted the Ministry and the Energy Agency data for the previous calendar year referred to in the Article 133 from the present law;
 - 2) is entity performing energy audits and has performed the energy audit in violation to the law and relevant technical regulations (Article 138, paragraph (1));
 - 3) is entity performing energy audits and has not kept records on energy audits performed and has not kept documents thereof for at least 10 years (Article 138, paragraph (2));
 - 4) is entity performing energy audits and has not submitted the Energy Agency report on energy audits performed in the previous calendar year (Article 138, paragraph (3));
 - 5) is electricity or heating energy supplier and natural gas supplier and as part of the bills and in a clear and unambiguous manner has not provided the consumers with data stipulated in Article 141, paragraph (4) from the present law;
 - 6) imports and/or puts into circulation on the market in the Republic of Macedonia products that are not labeled pursuant to Article 142 from the present law;
 - 7) is entity performing energy activity and has misused business secrets and information obtained during the activity performance, for the purpose of acquiring business advantage, as well as taking discriminatory actions for the benefit of third parties (Article 160, paragraph (3));
 - 8) performs construction or other works, plants trees and vegetation on the land under, over and in the vicinity of energy facilities, devices and plants that adversely affect the energy generation, transmission and distribution processes or endanger the safety of people and property, except in cases stipulated in the present law (Article 161 paragraph (1));
 - 9) is the owner or user of land and has not allowed trespassing on the land in its tenure, for the purpose of surveying, designing and implementation of maintenance and reconstruction works on energy transmission and distribution facilities, as well as performing inspection supervision of the land on which they have been constructed (Article 162, paragraph (1)); and
 - 10) has not adhered to the obligations stipulated under the Act on the Eco-Design (Article 165, paragraph (4)).
- (3) The responsible person at the legal entity shall be fined in the amount of 700 to 1,000 EUR in MKD counter value for the actions referred to in paragraph (1) of this article.
 - (4) The responsible person at the legal entity shall be fined in the amount of 500 to 700 EUR in MKD counter value for the actions referred to in paragraph (2) of this article.
 - (5) The officer at the legal entity shall be fined in the amount of 300 to 500 EUR in MKD counter value for the actions referred to in paragraph (1) of this article.
 - (6) The officer at the legal entity shall be fined in the amount of 200 to 400 EUR in MKD counter value for the actions referred to in paragraph (2) of this article.

- (7) The natural person shall be fined in the amount of 700 to 1,000 EUR in MKD counter value for the actions referred to in paragraph (1), items 1), 3), 4), 11) and 14) of this article.
- (8) The natural person shall be fined in the amount of 500 to 700 EUR in MKD counter value for the actions referred to in paragraph (2) of this article.
- (9) The legal entity shall be fined in the amount of 3,000 to 5,000 EUR in MKD counter value for the misdemeanor act on issuing building energy certificate without holding the certificate on energy audit performance (Article 136, paragraph (2)).
- (10) The officer at the legal entity shall be fined in the amount of 200 to 400 EUR in MKD counter value for the actions referred to in paragraph (9) of this article.

XVII TRANSITIONAL AND FINAL PROVISIONS

Член 191

- (1) Members of the Energy Regulatory Commission and members and substitute members of the Appeals Commission who have been appointed prior to the entry into effect of the present law shall continue to perform their public office until the expiration of the term of office for which they have been appointed.

Article 192

- (1) The holder of the license issued prior to the day when the present law enters into effect shall continue to perform the energy activity based on the license issued and for the period stipulated in the license.
- (2) Should the license referred to in paragraph (1) of this article stipulates the rights and responsibilities contrary to the provisions contained in the present law, the license holder shall perform the energy activity pursuant to the provisions stipulated in the present law until the license is altered by the Energy Regulatory Commission.
- (3) Within a period of one year from the day the present law enters into effect, the Energy Regulatory Commission shall, *ex officio*, amend the provisions contained in the existing licenses that are contrary to the provisions from the present law.
- (4) The Energy Regulatory Commission shall complete the procedures on license issuing initiated prior to the entry into effect of the present law in compliance with the present law.

Article 193

- (1) The Government of the Republic of Macedonia shall adopt:
 - 1) within a period of one year the latest from the day the present law enters into effect, the Act on the Criteria and Terms and Conditions Required to Declare Emergency Situation referred to in Article 13 from the present law;
 - 2) within a period of one year the latest from the day the present law enters into effect, the Act on Quality of Liquid Fuels referred to in Article 108 from the present law;
 - 3) within a period of six months the latest from the day the present law enters into effect, the First Energy Efficiency Action Plan referred to in Article 131 paragraph (1) from the present law;
 - 4) within a period of six months the latest from the day the present law enters into effect, the Act on the Indicative Energy Saving Targets referred to in Article 131, paragraph (4) from the present law;

- 5) within a period of eighteen months the latest from the day the present law enters into effect, the Action Plan on Renewable Energy Sources referred to in Article 146, paragraph (1) from the present law;
 - 6) within a period of one year the latest from the day the present law enters into effect, the Act on Electricity Feed-in Tariffs referred to in Article 150 paragraph (2) from the present law;
 - 7) within a period of six months the latest from the day the present law enters into effect, the Act on Eco-Design referred to in Article 165, paragraph (2) from the present law.
- (2) The Ministry shall adopt:
- 1) within a period of one year the latest from the day the present law enters into effect, the Rulebook on Energy Balances and Energy Statistics referred to in Article 12 from the present law;
 - 2) within a period of one year the latest from the day the present law enters into effect, the Rulebook on Energy Audits referred to in Article 135 from the present law;
 - 3) within a period of nine months the latest from the day the present law enters into effect, the Rulebook on Building Energy Performance referred to in Article 136 paragraph (8) from the present law, where:
 - the Rulebook on Building Energy Performance shall stipulate the manner, procedure and/or requirements as regards the professional exam and the issuance, extension and revoking of certificates on energy audit performance, as well as the contents of the Register on Certified Energy Audit Performance Entities, pursuant to the relevant provisions contained in Article 135, paragraph (5) from the present law,
 - after the adoption of the Rulebook on Energy Audits referred to in Article 135, paragraph (5) from the present law, the provisions contained in the Rulebook on Building Energy Performance related to building energy audits shall be revoked, and the relevant provisions stipulated in the Rulebook on Energy Audits shall be in effect.
 - 4) within a period of one year the latest from the day the present law enters into effect, the Rulebook on Labeling the Energy and Other Resources Consumption of Products referred to in Article 142 from the present law;
 - 5) within a period of six months the latest from the day the present law enters into effect, the Rulebook on High-Efficiency Cogeneration Plants referred to in Article 143 from the present law;
 - 6) within a period of six months the latest from the day the present law enters into effect, the Rulebook on Renewable Energy Sources referred to in Article 148 from the present law.
- (3) The Energy Regulatory Commission shall adopt:
- 1) within a period of one year the latest from the day the present law enters into effect, the Rulebook on Energy Markets Monitoring referred to in Article 23 from the present law;
 - 2) within a period of six months the latest from the day the present law enters into effect, the Rulebook on Tariff Setting for the Regulated Energy Activities referred to in Article 24, paragraph (1) from the present law;
 - 3) within a period of one year the latest from the day the present law enters into effect, the Price-Setting Rulebook for the Electricity Supplier of Last Resort referred to in the Article 24, paragraph (2) from the present law;
 - 4) within a period of one year the latest from the day the present law enters into effect, the Price-Setting Rulebook for Natural Gas Supplier of Last Resort referred to in Article 24, paragraph (2) from the present law;

- 5) within a period of six months the latest from the day the present law enters into effect, the Price-Setting Rulebook for Oil Derivatives and Fuels for Transport referred to in Article 24, paragraph (3) from the present law;
 - 6) within a period of six months the latest from the day the present law enters into effect, the Price-Setting Rulebook for Heating Energy and Ancillary Services referred to in Article 113, paragraph (5) from the present law;
 - 7) within a period of nine months the latest from the day the present law enters into effect, the Tariff Systems for energy or natural gas transmission/distribution and services provided by the electricity market operator referred to in Article, 25 paragraph (1) from the present law;
 - 8) within a period of eighteen months the latest from the day the present law enters into effect, the Tariff System for electricity sale to consumers supplied by the supplier of last resort referred to in Article 25, paragraph (2) from the present law;
 - 9) within a period of eighteen months the latest from the day the present law enters into effect, the Tariff System on natural gas sale to consumers supplied by the supplier of last resort referred to in Article 25, paragraph (2) from the present law;
 - 10) within a period of nine months the latest from the day the present law enters into effect, the Electricity Market Code referred to in Article 73 from the present law;
 - 11) within a period of nine months the latest from the day the present law enters into effect, the Natural Gas Market Code referred to in Article 90 from the present law;
 - 12) within a period of nine months the latest from the day the present law enters into effect, the Electricity Supply Rules referred to in Article 28 from the present law;
 - 13) within a period of nine months the latest from the day the present law enters into effect, the Natural Gas Supply Rules referred to in Article 28 from the present law;
 - 14) within a period of nine months the latest from the day the present law enters into effect, the Heating Energy Supply Rules referred to in Article 28 from the present law;
 - 15) within a period of one year the latest from the day the present law enters into effect, the Rules on Electricity Supply of Last Resort referred to in Article 28 from the present law;
 - 16) within a period of one year the latest from the day the present law enters into effect, the Rules on Natural Gas Supply of Last Resort referred to in Article 28 from the present law;
 - 17) within a period of nine months the latest from the day the present law enters into effect, the Rulebook on the manner, terms and conditions and procedure on decision-taking upon complaints referred to in Article 36 from the present law;
 - 18) within a period of six months the latest from the day the present law enters into effect, the Rulebook on Licenses referred to in Article 41 from the present law;
 - 19) within a period of six months the latest from the day the present law enters into effect, the Rulebook on Preferential Generators referred to in Article 151, paragraph (3) from the present law.
- (4) Within a period of nine months the latest from the day the present law enters into effect, the Energy Agency shall adopt the guidelines referred to in Article 134, paragraph (8) from the present law.
 - (5) Within a period of one year the latest from the day the present law enters into effect, the local self-government units shall adopt the energy efficiency programs referred to in Article 132 from the present law.
 - (6) Within a period of one year the latest from the day the present law enters into effect, the transmission system operator shall submit the Energy Regulatory Commission the Electricity Transmission Grid Code for approval, pursuant to Article 69 from the present law.

- (7) Within a period of six months the latest from the day the present law enters into effect, the transmission system operator shall submit the Energy Regulatory Commission the Rules on Awarding Cross-Border Transmission Capacities for approval, pursuant to Article 70 from the present law
- (8) Within a period of one year the latest from the day the present law enters into effect, the distribution system operator shall submit the Energy Regulatory Commission the Electricity Distribution Grid Code for approval, pursuant to Article 77 from the present law.
- (9) Within a period of one year the latest from the day the present law enters into effect, the natural gas transmission system operator shall submit the Energy Regulatory Commission the Natural Gas Transmission Grid Code for approval, pursuant to Article 88 from the present law,.
- (10) Within a period of one year the latest from the day the present law enters into effect, the heating energy distribution system operators shall submit the Energy Regulatory Commission the Heating Energy Distribution Grid Code for approval, pursuant to Article 117 from the present law.
- (11) The regulations, rules and other general acts whose adoption has been stipulated under the present law and for which an adoption deadline has not been determined under this article shall be adopted within a period of 18 months the latest from the day the present law enters into effect.

Article 194

- (1) Until the adoption of regulations and approval of the acts referred to in Article 193, paragraphs (1) to (11), the regulations, rules and acts adopted or approved in compliance with the Energy Law ("Official Gazette of the Republic of Macedonia" no. 63/06, 36/07, 106/08 and 119/10) shall be in effect.

Article 195

- (1) Procedures on issuing construction approvals, as well as on adoption of decisions on approving construction of energy generation, transmission and distribution facilities and system that have been initiated prior to the day the present law enters into effect shall be performed in compliance with the Energy Law ("Official Gazette of the Republic of Macedonia" no. 63/06, 36/07, 106/08 and 119/10).
- (2) Procedures on obtaining the status of electricity preferential generator that have been initiated prior to the day the present law enters into effect shall be performed in compliance with the Energy Law ("Official Gazette of the Republic of Macedonia" no. 63/06, 36/07, 106/08 and 119/10).
- (3) Within a period of 3 months after the decisions granting the status of electricity preferential generators using renewable energy resources have entered into effect, the Energy Agency shall transfer to the Energy Regulatory commission the entire documents and the Registry of Preferential Electricity Generators Using Renewable Sources.

Article 196

- (1) The provisions contained in Article 136, paragraphs (1) to (7) from the present law shall enter in effect on 1 January 2013.
- (2) Public sector entities shall be obliged to comply with the obligations referred to in:
 - (1) Article 134, paragraph (2), items 3) and 4) from the present law as of 1 January 2013;

- (2) Article 134, paragraph (6) from the present law as of 1 January 2012;
- (3) Article 134, paragraph (7) from the present law as of 1 January 2013.
- (3) The provisions contained in Article 140, paragraph (6) from the Energy Law ("Official Gazette of the Republic of Macedonia" no. 63/06, 36/07, 106/08 and 119/10) shall be in effect by 30 June 2011 the latest.

XVII.1 Enforcement of the Chapter on Electricity Market

Article 197

- (1) As an exception from Article 82, paragraph (1) from the present law, households shall be deemed captive consumers until 31st December 2014, while
other electricity consumers which were deemed captive consumers on the day the present law enters into effect shall obtain the status of eligible consumers on the day the following regulations enter into effect:
 - 1) the Electricity Supply Rules;
 - 2) the Rules on Electricity Supply of Last Resort;
 - 3) the Electricity Price-Setting Regulation for the Supplier of Last Resort;
 - 4) the Electricity Market Code;
 - 5) the Tariff Systems for electricity transmission/distribution and services provided by the electricity market operator.
- (2) The consumers who have obtained the status of eligible consumers shall be obliged to sign contracts with the electricity supplier not later than 30 days prior to the day they acquire the status of eligible consumer.
- (3) The supplier for captive consumers shall be obliged to inform the consumers on the obligation referred to in paragraph (3) of this article not later than 90 days prior to the day they acquire the status of eligible consumer.
- (4) Until 31st December 2014, the suppliers for captive consumers shall supply consumers who, pursuant to the provisions contained in this article, shall be deemed captive consumers.
- (5) As an exception from Article 4 from the present law, the electricity supply for captive consumers shall be deemed regulated energy activity, while its performance shall be terminated as from 1st January 2015.
- (6) By 30th June 2011 the latest, the Energy Regulatory Commission shall adopt:
 - 1) the Electricity Supply Rules for Captive Consumers, pursuant to the principles referred to in Article 28 from the present law;
 - 2) Rulebook for Electricity Price-Setting for Captive Consumers, pursuant to the principles referred to in Article 24 from the present law; and
 - 3) Tariff System on Electricity Sale to Captive Consumers based on the principles referred to in Article 24 from the present law.
- (7) For the purpose of this chapter, the captive electricity consumer shall be the consumer who purchases electricity under stipulated terms and conditions and prices and cannot select the electricity supplier at own preference.

Article 198

- (1) The electricity generator that holds the license on electricity generation stipulating the obligation on generated electricity sale to the suppliers for captive consumers on the day the present law enters into force shall be obliged to provide the public service pursuant to Article 66 from the present law.

- (2) By 31st December 2014, the generator referred to in Article 66 from the present law, in addition to the obligations stipulated in Article 66 from the present law, under prices approved and published by the Energy Regulatory Commission, shall:
 - 1) generate electricity for captive consumers demand;
 - 2) provide ancillary services, operational reserve and balancing energy to the transmission system operator, within the limitations and possibilities of its generation units.
- (3) The generator referred to in Article 66 from the present law shall sign electricity delivery contracts with electricity suppliers for captive consumers and shall sign contracts with the transmission system operator for the provision of services referred to in paragraph (2) of this article.
- (4) The provisions contained in Article 66 from the present law shall be adequately applied when signing and approving the contracts referred to in paragraph (3) of this article.
- (5) The generator referred to in Article 66 from the present law shall be obliged to provide non-discriminatory treatment of suppliers for captive consumers and the supplier of last resort in the event of electricity shortage, for the quantities that it has committed to deliver pursuant to the contracts referred to in paragraph (3) of this article and paragraph (4) of Article 66 from the present law.

Article 199

- (1) The electricity supplier for captive consumers shall purchase electricity to address the demand of captive consumers connected to the distribution system for which it holds the license on electricity supply to captive consumers. Purchase prices and relevant contracts with the generator referred to in Article 66 from the present law shall be approved by the Energy Regulatory Commission.
- (2) For the captive consumers demand, the electricity supplier for captive consumers shall provide the necessary transmission and/or distribution capacity, as well as the services from the electricity market operator.
- (3) The electricity supplier for captive consumers shall invoice the electricity delivered and services provided to consumers pursuant to the Tariff System for electricity sale to captive consumers.
- (4) The electricity supplier for captive consumers can purchase electricity on the open market and under market prices provided that:
 - 1) market terms and conditions and prices are more favorable than terms and conditions and prices set for the generator referred to in Article 66 from the present law; or
 - 2) the generation output of the generator referred to in Article 66 from the present law, as stipulated in the regulated contract, is insufficient to address the captive consumers electricity demand under regulated prices.
- (5) The electricity supplier for captive consumers shall be obliged to develop and submit for approval to the Energy Regulatory Commission the electricity purchase rules referred to in paragraph (4) of this article, which shall contain the terms and conditions, the manner and procedure on procurements, based on the principles of transparency and non-discrimination.
- (6) The electricity supplier for captive consumers shall be obliged to submit the electricity market operator data on transactions or contracts and balances on consumers electricity demand required for the calculation of imbalances, pursuant to the Market Code, Transmission Grid Code and Distribution Grid Code.

- (7) As an exception from paragraph (4) of this article and to the extent necessary for the purpose of securing reliability of supply to captive consumers, the Energy Regulatory Commission, on the request of the supplier for captive consumers, by means of a decision can temporarily charge another market participant that holds the obligation on public service provision for a period determined in the decision to purchase electricity for the demand of captive consumers. The electricity supplier to captive consumers shall provide evidence in support of its inability to purchase electricity in a manner in which it secures reliability of supply.
- (8) The Energy Regulatory Commission can revoke the decision referred to in paragraph (7) of this article as soon as it has determined that the reasons for its adoption have ceased to exist.

Article 200

- (1) The regulated electricity purchase and sale contracts for the captive consumers demand signed in the period up to the day the present law enters into effect shall be enforced until the entry into effect of the regulations referred to in Article 197, paragraph (1) from the present law.
- (2) The electricity purchase and sale contracts for the losses in the electricity transmission and distribution systems signed until the day the present law enters into effect shall be enforced by 30 December 2011 the latest.

Article 201

- (1) By 31st October 2011 the latest, the distribution system operators shall be obliged to comply with the obligation referred to in Article 78 paragraph (1) from the present law.

Article 202

- (6) The electricity suppliers of last resort referred to in Article 8 paragraph (5) from the present law shall initiate the performance of their activity after having fulfilled the terms and conditions referred to in Article 197 paragraph (1) from the present law.

XVII.2 Enforcement of the Chapter on Natural Gas Market

Article 203

- (1) As an exception from Article 100, paragraph (1) from the present law, the natural gas consumers which are captive consumers on the day the present law enters into effect shall acquire the status of eligible consumers after the following regulations have entered into effect:
 - 1) the Natural Gas Supply Rules;
 - 2) the Rules on Natural Gas Supply of Last Resort;
 - 3) the Price-Setting Regulation for the Natural Gas Supplier of Last Resort;
 - 4) the Natural Gas Market Code;
 - 5) the Natural Gas Transmission and Distribution Tariff Systems.
- (2) As an exception from Article 4 from the present law, natural gas supply for captive consumers shall be deemed regulated energy activity and shall be terminated after the regulations referred to in paragraph (1) of this article enter into effect.
- (3) The natural gas supply for captive consumers shall be performed pursuant to provisions which on the day the present law enters into effect govern the supply to captive consumers.

- (4) The consumers who have obtained the status of eligible consumers can sign contracts with the natural gas supplier at own preference.
- (5) The supplier for captive consumers shall be obliged to inform the consumers with the right referred to in paragraph (4) of this article not later than 90 days prior to the day when the consumer is to acquire the status of eligible consumer.
- (6) The natural gas suppliers of last resort shall initiate the performance of the activity after the regulations referred to in paragraph (1) of this article enter into effect.
- (7) For the purpose of the provisions contained in this article, the natural gas captive consumer shall be the consumer who purchases natural gas under stipulated terms and conditions and prices and cannot select the supplier at own preference.

Article 204

- (1) Parts of the natural gas transmission system in the Republic of Macedonia under nominal pressure lower than 12 bar and put into operation by the day the present law enters into effect shall be considered parts of the natural gas transmission system.
- (2) The existing license holder on natural gas system operation issued in compliance with the Energy Law ("Official Gazette of the Republic of Macedonia" no. 63/06, 36/07, 106/08 and 119/10) shall continue to perform the natural gas system operation activity based on a license issued pursuant to the present law. On the day of entry into effect of the license on natural gas system operation activity which was issued pursuant to the provisions from the present law, the license on natural gas system operation activity issued pursuant to the Energy Law ("Official Gazette of the Republic of Macedonia" no. 63/06, 36/07, 106/08 and 119/10) shall cease to be valid.
- (3) The transmission network operator shall be obliged to transfer to the system operator the tenure over parts of the transmission network necessary for the transmission system operation within a period of 15 days the latest from the day the license on transmission system operation referred to in paragraph (2) of this article entered into effect.

XVII.3 Enforcement of the Chapter on Heating Energy Market

Article 205

- (1) Until the licenses on regulated heating energy generation activity referred to in Article 113, paragraph (2) from the present law are issued, the regulated heating energy generation activity shall be performed by the existing license holders on heating energy generation in the relevant heating systems.
- (2) As an exception from Article 114, paragraph (1) from the present law, the existing contracts on heating energy distribution system operation, use and maintenance shall be enforced until their expiration date.
- (3) Until the concession holder for the existing heating energy system is selected or the public enterprise is established as referred to in Article 114, paragraph (1) from the present law, the heating energy distribution activity shall be performed by the existing license holder.

XVII.4 Enforcement of the Chapter on Preferential Electricity Generators

Article 206

- (1) Article 153, paragraphs (6), (7), (8) and (9) from the present law shall be enforced as of 1st January 2015.
- (2) By 31st December 2014:

- 1) the electricity market operator shall sell the electricity referred to in Article 153, paragraph (1) from the present law to the regulated generator under the price applied by the regulated generator for electricity sale to the suppliers for captive consumers;
 - 2) the costs incurred by the electricity market operator for electricity purchase from preferential generators, balancing and ancillary services provided to preferential generators, reduced by the income generated from the sale, shall be recovered through the tariff on electricity market use, pursuant to item 1) of this paragraph;
 - 3) the payment of liabilities referred to in item 1) of this paragraph shall be stipulated in detail under the Electricity Market Code;
 - 4) prior to setting the tariff on electricity market use, the Energy Regulatory Commission shall separately calculate and publish the portion of the tariff covering the costs referred to in item 2) of this paragraph;
 - 5) the electricity suppliers and traders who sell electricity to consumers referred to in Article 82, paragraph (3) from the present law shall be obliged as part of the bills or invoices submitted to their consumers to separately indicate the tariff on electricity market use referred to in item 4) of this paragraph.
- (3) The decisions on awarding the status of preferential electricity generator issued prior to the entry into effect of the present law shall continue to be valid until the expiration of the period for which they have been issued.

XVII.5 Final Provisions

Article 207

- (1) On the day the present law enters into effect, the Energy Law ("Official Gazette of the Republic of Macedonia" no. 63/06, 36/07, 106/08 and 119/10) shall be revoked.

Article 208

- (1) The present law shall enter into effect on the eight day from its publication in the "Official Gazette of the Republic of Macedonia".