ENERGY LAW


I. GENERAL PROVISIONS

Article 1

This Law regulates:
1) the energy policy goals and the manner of its implementation;
2) the energy activities and the manner of regulation of the energy activities;
3) the construction of energy facilities;
4) the status and competence of the Energy Regulatory Commission of the Republic of Macedonia;
5) the electrical energy market, the natural gas market, the crude oil, oil derivatives and transport fuels market, and the heat energy market;
6) the conditions for achieving energy efficiency and the promotion of use of renewable energy sources and
7) other issues of significance for the energy.

Article 2

The purpose of this Law is to ensure:
1) reliable, safe and quality supply of energy and energy resources to the consumers;
2) establishing an efficient, competitive and financially sustainable energy sector;
3) stimulation of competition at the energy markets, respecting the principles of non-discrimination, objectivity and transparency;
4) integration of the energy markets of the Republic of Macedonia in the regional and international energy markets in accordance with the obligations, undertaken with the ratified international treaties;
5) increase of energy efficiency and promotion of use of renewable energy sources and
6) protection of the environment against negative impacts of carrying out certain activities in the energy field.

Article 3

The terms used in this Law have the following meaning:
1. Safety is the ability to provide protection of human health and life, protection of the environment and properties, by taking technical and other types of safety measures in the production, transmission and distribution of energy or energy-generating products;
2. Biofuels are liquid or gas fuels derived from biomass;
3. **Biomass** is the biodegradable part of products, waste and remains of agricultural (plant and animal) substances, forest and other industries, as well as the biodegradable part of industrial and communal wastes;

4. **Gross final consumption of energy** is the consumption of energy and energy-generating products by consumers (households, industry, agriculture, transport, fishery, service industry and public services), including the energy consumption of the generating plants and losses of energy and energy-generating products in the transmission and distribution systems;

5. **Vertically integrated enterprise** is an enterprise or a group of enterprises carrying out at least one of the energy activities of transmission or distribution of energy or natural gas, and at least one of the energy activities of production or supply of the corresponding type of energy or natural gas;

6. **High efficient combined-cycle plant** is a plant producing electrical and heat energy with high coefficient of efficiency of the plant and meets the set requirements;

7. **Guaranteed capacity of a natural gas transmission system** is the transmission capacity guaranteed to be ensured without interruption by the system operator to the system user, based on a contract;

8. **Guarantee of origin** is a document issued by the Energy Agency of the Republic of Macedonia (Energy Agency) with a sole purpose of providing evidence for the consumers that a certain part or quantity of the energy is produced from renewable energy sources or in high efficient combined-cycle plants;

9. **Gas pipeline** is a pipeline for transport of natural gas;

10. **Transport fuels** are the fuels intended for use in transport, and can be oil derivatives intended for use in transport, biofuels or mixtures of biofuels and oil derivatives intended for use in transport;

11. **Building unit** is a part of a building, floor or apartment in a building intended or repurposed for a certain use;

12. **Declared export of electrical energy** is the dispatch of electrical energy from one country on the basis of contractual arrangements, with corresponding and simultaneous take-up is taking place in another country;

13. **Declared transit of electrical energy** is a circumstance where there is a declared export and declared import between two other countries and where the nominated path for the transaction involves the electricity transmission system of the Republic of Macedonia;

14. **Declared import of electrical energy** is the take-up of electrical energy in one country, with a corresponding and simultaneous dispatch from another country;

15. **Direct electrical energy transmission line** is a line connecting an isolated generating plant and an isolated buyer, or a line connecting a generating plant and eligible buyers or a line through which a supplier provides electrical energy for its own premises, its branch offices and/or provides supply for its eligible buyers;

16. **Direct transmission line for natural gas** is a pipeline for transport of natural gas supplementing a connected system for natural gas, but is not part of it;

17. **Electrical energy distribution network** is an electricity network composed of interconnected electricity lines, transformers and other equipment and plants, which is an integral part of an electrical energy distribution system and which transmits electrical energy in high, middle and low voltages;

18. **Distribution of electrical energy** is the transmission of electrical energy through high, middle and
low voltage distribution networks and the management with the distribution system in a given area for the purpose of delivering electrical energy to buyers, not including the supply of electrical energy;

19. **Distribution of natural gas** is the transport of natural gas through a distribution system and the management of a natural gas distribution system in a given area for the purpose of delivering natural gas to buyers, not including the supply of natural gas;

20. **Distribution of heat energy** is the transmission of heated water or steam, through a distribution network and the management of a heat energy distribution system in a given area for the purpose of delivering heat energy to buyers, not including the supply of heat energy;

21. **Contractual capacity in a system for transmission of natural gas** is the capacity of a system for transmission of natural gas allocated by the system operator to a system user based on a contract for use of the transmission system;

22. **Contractual congestion in transmission of natural gas** is the condition where the consumption based on the guaranteed capacity exceeds the technical capacity of the system;

23. **Long-term planning** is the planning of energy and energy-generating products demands for the purpose of investing in production, transmission and distribution facilities on a long-term basis, in order to meet the demands of the consumers, diversify the sources and ensure reliability of supply;

24. **Household** is the consumer purchasing energy or natural gas for the needs of the household, and not for the purposes of commercial activities;

25. **Local self-government unit** is a municipality or the City of Skopje;

26. **Electric power system** is a system composed of generating plants, electrical energy transmission network, one or several electrical energy distribution networks and electrical energy consumers;

27. **Energy-generating product or fuel** is a material substance with whose combustion there is a production of heat and/or mechanical energy;

28. **Energy efficiency** is the ratio between the achieved output in terms of services, goods or energy and the input of energy;

29. **Energy efficiency/energy demand management** is a global or integrated approach aimed at having an effect on the quantities and time of using electrical energy in order to decrease the primary energy consumption and the peak loads by giving priority to the investment in measures for energy efficiency improvement or other measures, such as: contracts that can anticipate interruption of supply, increased investment in production capacities, if it is the most efficient and most cost-effective option, taking into account the positive effects on the environment from the decreased energy consumption and reliability of supply, as well as the effect on the distribution costs;

30. **Energy performance of a building** is the amount of consumed energy or estimated energy consumption, including, inter alia, for heating of the premises and water, cooling and lighting, which is needed to meet various demands in buildings resulting from the standard use of construction facilities, expressed in one or several numerical indicators calculated by taking into account the insulation, technical features and construction of the facility, the position in terms of climate impact, including its own generation of energy and the necessary climate conditions in the facility affecting the energy consumption;

31. **Energy audit** is the systematic procedure for determination of the existing energy consumption, identification and quantification of economically justifiable energy savings opportunities in buildings or groups of buildings, industrial processes or plants, or public and private services, and includes
32. **Energy service** is a service which results in physical benefit, utility or good derived from a combination of energy with energy efficient technologies and/or with actions, which includes procedures for operation, maintenance and control, necessary to deliver the energy service, which is delivered on the basis of a contract and in normal circumstances has proven to lead to measurable or estimable energy efficiency improvements and/or energy savings;

33. **Energy auditor** is the physical entity who has acquired an authorization for conducting energy audits in accordance with the provisions of this Law;

34. **Energy facility** is the energy system or a part of an energy system or a facility for generation or storage of energy or an energy-generating product;

35. **Energy sector** is the sector in the economy that comprises the energy activities determined by this Law;

36. **Energy system** is the system of interconnected facilities, devices and plants for transmission or distribution of energy or an energy-generating product representing an integrated technical-technological and functional whole and serving for delivery of energy or an energy-generating product from the producers, i.e. from the sources to the consumers;

37. **ESCO** is the legal entity that delivers energy services or other energy efficiency improvement measures in its users facilities or premises and accepts some degree of financial risk in so doing, and the payment for the services is based wholly or in part on the achieved energy efficiency improvements or on meeting of the other agreed criteria;

38. **Effective power** is the highest thermal output power of a device (in kW) during uninterrupted work under the nominal efficiency coefficient determined and guaranteed by the manufacturer of the device;

39. **Congestion in transmission of electrical energy** is the condition where the power demanded by the participants in the electrical energy market for the purpose of international trading in electrical energy cannot be physically transmitted through an interconnection transmission line due to lack of capacity of the interconnection transmission line and/or lack of transmission capacity of the electrical energy transmission system of the Republic of Macedonia;

40. **Energy saving** is the measured and/or estimated decrease in energy consumption before and after implementation of one or more energy efficiency improvement measures, whilst ensuring normalization for external conditions that affect energy consumption, i.e. ensuring the necessary living and working conditions, as well as the same quality and quantity of industrial production;

41. **Building** is a roofed construction having walls in which energy is used to condition the indoor climate (heating and cooling) and can refer to a building as a whole or parts of a building designed or altered to be used separately;

42. **Major renovation of a building** is the renovation of a building in accordance with the law regulating construction and where one of the following requirements is met:
   a) the total value 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 costs for construction land development or
   b) more than 25% of the surface of the building envelope undergoes renovation;

43. **Interconnection transmission line** is the line for electrical energy or a pipeline for natural gas, including the accompanying equipment and installations that connect the respective transmission system in the Republic of Macedonia with a transmission system of a neighboring country;

44. **Eligible buyer** is the buyer who can choose to buy energy or natural gas from producers, suppliers or traders;
45. **Combined-cycle plant** is the plant that simultaneously and in one process generates electrical and heat energy and/or mechanical energy;

46. **System user** is the physical entity or legal entity who uses the energy system for supply and/or takeover of energy or an energy-generating product;

47. **Boiler** is the combined boiler body-burner unit, designed to transmit to fluids the heat released from burning;

48. **Buyer of energy or an energy-generating product** is the physical entity or legal entity buying energy or an energy-generating product for personal consumption or for further sale;

49. **Entity** is the physical entity or legal entity that carries out an energy activity and is registered in the Trade Register of the Republic of Macedonia;

50. **Public sector entity** is the state body, body of a local self-government unit, public institution and public enterprise established by the Republic of Macedonia or by a unit of local self-government, as well as an enterprise carrying out public interest activities owned by, or in which the Republic of Macedonia, i.e. the local self-government unit has a majority share;

51. **License** is the document issued by the Energy Regulatory Commission of the Republic of Macedonia, based on which the entity can carry out an energy activity in the Republic of Macedonia;

52. **Small consumers of electrical energy** are the enterprises with less than 50 employees and with a total annual turnover or total assets of not more than Euro 10 million in Denar counter-value, excluding the energy producers and transmission and distribution system operators;

53. **Energy efficiency improvement measure** is any measure focused on a particular group of consumers, the implementation of which results in verifiable and measurable or estimable energy efficiency improvement and in decrease of energy consumption, whilst preserving the level of comfort in residential and office facilities and decreasing the energy intensity of an industrial product unit while maintaining the same quality and quantity of production;

54. **Network for transmission of natural gas (natural gas transmission network)** is the network of gas pipelines designed to operate under nominal pressure of minimum 12 bar and the accompanying measurement and regulation equipment, and it constitutes a part of the system for transmission of natural gas;

55. **Oil pipeline** is the pipeline with appropriate equipment and installations for transport of crude oil;

56. **New interconnection gas pipeline** is the interconnection pipeline the construction of which has not started until the day this Law enters into force;

57. **Building envelope** are the integrated elements of a building which separate the interior of the building from the outdoor environment;

58. **Obligation or obligations for ensuring a public service** are one or more obligations imposed on the entities that carry out regulated energy activities for the purpose of realizing the public interest in accordance with this Law, which refer to reliability, including reliability of supply, the availability of the service to users at any time, the quality and price of the energy or energy-generating products and services, as well as the protection of the environment, including the energy efficiency and the protection against climate changes;

59. **Renewable energy sources** are the non-fossil sources of energy, i.e. hydropower, wind, solar, aero thermal, hydrothermal and geothermal energy, biomass, landfill gas, biogas and gas obtained from sewage treatment plants and biomass;
60. **Operational reliability** is the uninterrupted operation of the transmission system and, when appropriate, of the distribution systems under foreseeable circumstances;

61. **Electricity distribution system operator** is the legal entity that carries out the activity distribution of electrical energy and manages the electrical energy distribution system and is responsible for the operation of the system, its maintenance, development and connection to the electrical energy transmission system and for ensuring long-term capacity of the system for meeting reasonable demands for electrical energy distribution;

62. **Electricity transmission system operator** is the legal entity that carries out transmission of electrical energy and manages the electrical energy system of the Republic of Macedonia and is responsible for the operation of the system, its maintenance, development and connection to the electrical energy transmission systems of the neighboring countries and for ensuring long-term capacity of the system to meet reasonable demands for transmission of electrical energy;

63. **Electrical energy market operator** is the legal entity that organizes and manages the market in electricity in the Republic of Macedonia;

64. **Natural gas transmission network operator** is the legal entity that carries out the activity transmission of natural gas through a transmission network in its ownership or a transmission network for which it has been granted the right of use and who cooperates with the transmission system operator for the purpose of maintaining, developing or expanding the network;

65. **Natural gas distribution system operator** is the legal entity that carries out the activity distribution of natural gas and manages the distribution system for which it has been issued a license and is responsible for its operation, maintenance, development and connection to other systems for natural gas, as well as for ensuring long-term capacity of the system to meet reasonable demands for distribution of natural gas;

66. **Heat energy distribution system operator** is the legal entity that carries out the activity distribution of heat energy and manages the system for distribution of heat energy and is responsible for the operation of the distribution system, its maintenance, development and for ensuring long-term capacity of the system to meet reasonable demands for distribution of heat energy, excluding the supply of heat energy;

67. **Natural gas transmission system operator** is the legal entity that manages the transmission system for which it has been issued a license and is responsible for its operation, maintenance, development and connection to other systems for natural gas and for ensuring long-term capacity of the system to meet reasonable demands for transmission of natural gas;

68. **Basic energy consumption** is the normalized consumption of energy in buildings, industrial processes or plants, or in public or private service activities, and is applied in establishing potential energy savings;

69. **Market in energy or energy-generating products (energy market)** is the system for buying and selling energy or energy-generating products based on supply and demand, by applying the terms and conditions and procedures prescribed by this Law;

70. **Privileged producer of electrical energy** is the producer of electrical renewable energy sources or in highly efficient combined-cycle plants who has acquired the status of a privileged producer;

71. **Associated enterprises** are legally independent enterprises that join and establish mutual relationships, an enterprise that has a share, a significant share, a majority share in the basic capital or has majority rights in the decision making process of another enterprise, as determined by a law, as well
as a subsidiary enterprise, holding enterprise and enterprises acting in concert;

72. **Energy efficiency improvement** is the increase in energy end-use efficiency as a result of technological and economic changes and/or behavioral changes;

73. **Consumer of energy or an energy-generating product** is the buyer who uses the procured energy or energy-generating product for personal consumption, including the operators of the systems for transmission and distribution when purchasing energy or energy-generating products for the purpose of covering the losses in the corresponding systems and the producers of energy for their own consumption;

74. **Cross-border flow of electrical energy** is the physical flow of electrical energy on the electrical energy transmission system of the Republic of Macedonia, being a result of the activities of producers and/or consumers outside the electrical energy transmission system of the Republic of Macedonia;

75. **Transmission of electrical energy** is the transmission of electrical energy through an electrical energy transmission system and management of the electrical energy transmission system for the purpose of delivering electrical energy to buyers, excluding electrical energy supply;

76. **Transmission of natural gas** is the transport of natural gas through a transmission network for natural gas for the purpose of delivering natural gas to buyers, excluding natural gas supply;

77. **Transmission capacity of the electrical energy transmission system** is the capacity of the system or the interconnection lines for transmission of electrical energy without causing disturbance of the normal operation parameters of the system, defined by the corresponding network rules on transmission;

78. **Transmission network for electrical energy** is the electrical network of interconnected high voltage electrical energy transmission lines, transformers and other equipment and installations that is an integral part of the electrical energy transmission system and which transmits electrical energy;

79. **Connection to a transmission or distribution system** is the functional connection of lines (electrical energy transmission lines or pipelines), equipment and devices by which the facilities and installations of users are connected to the corresponding transmission or distribution system;

80. **Access of third parties** is an obligation of the operator of the system for transmission or distribution of energy or energy-generating products to ensure use of the system in an objective and non-discriminatory manner under regulated conditions and based on previously published tariffs;

81. **Agreed access of third party** is the access of third parties under agreed conditions;

82. **Refined products pipeline** is the pipeline with appropriate devices and installations for transport of oil derivatives or transport fuels;

83. **Producer of electrical energy** is the legal entity or physical entity that generates electrical energy in electrical energy generation plant;

84. **Assessment of energy efficiency** is the expert analysis based on scientific, expert and experimental methods for determination of the indicators for energy consumption in individual devices and the structure of the consumed energy;

85. **Balance of energy supply and demand** is meeting the forecasted demands for energy or energy-generating products of consumers without introducing measures for restriction of the consumption;

86. **Energy Regulatory Commission of the Republic of Macedonia (Energy Regulatory Commission)** is a regulatory body established by this Law for the purpose of regulating certain issues in the energy sector;
87. **Regulated contract** is the contract which is subject to approval by the Energy Regulatory Commission;

88. **Regulated producer of heat energy** is the producer of heat energy obliged to provide heat energy for the needs of consumers and to provide system services for the needs of the heat energy distribution system operator to which the producer is connected, under regulated terms and conditions, prices and tariffs;

89. **Regulated energy activity** is the energy activity through which the obligation for a public service is met and which is carried out under conditions, in a manner, at prices and tariffs prescribed, i.e. approved by the Energy Regulatory Commission;

90. **Regulated service** is the service provided by an entity that carries out a regulated energy activity;

91. **Certificate for energy performance of a building** is the document containing data on the energy performance of a building or building unit, calculated in a prescribed manner, and is issued by a legal entity authorized to conduct energy audits;

92. **Reliability** is the reliability in supply and provision of energy or an energy-generating product and technical reliability of the energy systems;

93. **System for distribution of electrical energy (electrical energy distribution system)** is the energy system for distribution of electrical energy through high, middle and low voltage networks on a part of the territory of the Republic of Macedonia and which is connected to the electrical energy transmission system;

94. **System for distribution of natural gas (natural gas distribution system)** is the energy system for distribution of natural gas in a given area of the territory of the Republic of Macedonia, connected to a transmission system in the Republic of Macedonia or a distribution system fed by natural gas transported by auto or railway tanks or other transportation means;

95. **System for distribution of heat energy (heat energy distribution system)** is the energy system for distribution of heat energy in an area or part of an area of a local self-government unit;

96. **Air-conditioning system** is the system composed of devices necessary for indoor air treatment, by which temperature is controlled or can be lowered;

97. **System for transmission of electrical energy (electrical energy transmission system)** is the system for transmission of electrical energy in the Republic of Macedonia through a high voltage network;

98. **System for transmission of natural gas (natural gas transmission system)** is the energy system for transmission of natural gas composed of one or more networks for transmission of natural gas, connected to systems for transmission of natural gas outside the Republic of Macedonia;

99. **System or auxiliary services** are the services necessary for the operation of transmission or distribution energy systems for the purpose of providing safe and reliable operation and management of the systems, defined in the corresponding network rules;

100. **Storage of crude oil, oil derivatives, biofuels and transport fuels** is the storing of crude oil, oil derivatives, biofuels and/or transport fuels in special tanks for personal consumption, for the needs of refining crude oil and production of oil derivatives or transport fuels, as well as for trade in crude oil, oil derivatives, biofuels and/or transport fuels;

101. **Supply of energy, i.e. natural gas** is the sale of energy, i.e. natural gas to consumers and can include trade in energy, i.e. natural gas;
102. **Electrical energy supplier of last resort** is the supplier of electrical energy that provides the public service supply of electrical energy for households and small consumers in the cases established by this Law;

103. **Natural gas supplier of last resort** is the supplier of natural gas that provides the public service supply of natural gas to consumers connected to a system for natural gas in the cases established by this Law;

104. **Supplier of energy, i.e. natural gas** is the holder of a license who supplies energy, i.e. natural gas to consumers and can trade energy, i.e. natural gas;

105. **Tariff** is the price of a service delivered by the entities that carry out the regulated energy activities transmission and distribution of energy or natural gas, established according to the regulations on defining the prices and the tariff systems;

106. **Tariff system** is the regulation that determines the elements for defining the tariffs for specific regulated energy services;

107. **Technical capacity of a system for transmission of natural gas** is the biggest permanent capacity of the system that can be offered by the system operator to the users of the system, taking into account the technical and functional possibilities of the transmission system;

108. **Heat energy** is the energy in the form of hot water or steam generated in plants for production of heat energy by using fuels (fossil, biomass or biogas), geothermal sources or solar energy;

109. **Transit of electrical energy** is the transmission of electrical energy through an electrical energy transmission network when the electrical energy is not produced or taken over by the consumers in the electrical energy system of the Republic of Macedonia;

110. **Transport of natural gas** is the transmission of natural gas through gas pipelines and other forms of transport, such as auto or railway tanks and other transportation means;

111. **Transport of crude oil, oil derivatives, biofuels and transport fuels** is the transport of crude oil, oil derivatives, biofuels or transport fuels through oil pipelines, refined products pipelines and other forms of transport, such as auto or railway tanks and other transportation means;

112. **Trader** is the entity that buys energy or energy-generating products for the purpose of further sale;

113. **Wholesale trader in fuels** is the legal entity that has been issued a license for wholesale trade in crude oil, oil derivatives, biofuels and/or transport fuels;

114. **Retail trader in fuels** is the entity registered for trade carrying out an activity retail trade in oil derivatives and transport fuels;

115. **Wholesale trade in crude oil, oil derivatives, biofuels and transport fuels** is the purchase from the country or abroad of crude oil, oil derivatives, biofuels and/or transport fuels for the purpose of further sale to traders, entities engaged in processing or consumers in the country and abroad;

116. **Retail trade in oil derivatives and transport fuels** is the purchase by sellers in the Republic of Macedonia of oil derivatives and transport fuels from producers and wholesale traders in crude oil, oil derivatives and transport fuels for the purpose of further sale of oil derivatives and transport fuels to consumers in the Republic of Macedonia;

117. **Trade in energy or energy-generating products** is the buying of energy or energy-generating
products and sale of energy or energy-generating products to buyers;

118. **Management of the electrical energy consumption** is the system for monitoring of the electrical energy consumption and taking appropriate measures for improved use of the electrical energy, including measures for improvement of the energy efficiency and/or the period of use of the energy;

119. **Management of a system for transmission of natural gas** is the operative management of the natural gas transmission system and the organization of the natural gas market in the Republic of Macedonia, including the balancing of planned and delivered quantities of natural gas in real time through the natural gas transmission networks and excluding the supply of natural gas;

120. **Physical congestion in transmission of natural gas** is the situation where the consumption in the natural gas transmission system exceeds the technical capacity of the system and

121. **Fossil fuels** are coal, crude oil, oil derivatives and natural gas.

**Article 4**

(1) In terms of this Law, the following shall be activities in the field of energy:

1) transmission of electrical energy;
2) organization and management of the electrical energy market;
3) distribution of electrical energy;
4) transmission of natural gas;
5) management of the natural gas transmission system;
6) distribution of natural gas;
7) distribution of heat energy;
8) supply of electrical energy in the last resort;
9) supply of natural gas in the last resort;
10) electrical energy generation;
11) supply of electrical energy;
12) trade in electrical energy;
13) supply of natural gas;
14) trade in natural gas;
15) production of heat energy;
16) supply of heat energy;
17) crude oil refining and production of oil derivatives;
18) production of bio fuels;
19) production of transport fuels by mixing fossil and bio fuels;
20) transport of crude oil or oil derivatives through oil pipelines, i.e. refined products pipelines;
21) storage of crude oil, oil derivatives, bio fuels and transport fuels and
22) trade in crude oil, oil derivatives, bio fuels and transport fuels.

(2) The activities listed in paragraph (1) points 1 to 9 of this Article shall be regulated energy activities.

(3) Electrical energy generation for the needs of the electrical energy supplier of last resort shall be considered a regulated energy activity.

(4) Heat energy generation in facilities for generation of heat energy or in combined-cycle plants shall be considered a regulated energy activity in terms of this Law, when the activity is carried out by a legal
entity that has been issued a license for regulated generation of heat energy in accordance with Article 113 of this Law.

**Article 5**

(1) The activities referred to in Article 4 of this Law may be carried out by domestic and foreign entities, based on a license issued by the Energy Regulatory Commission for each energy activity separately, except in the cases referred to in Article 37 paragraphs (5) and (6) of this Law. In order to obtain a license for carrying out an energy activity, foreign entities shall establish a branch office entered in the trade register kept in the Central Register of the Republic of Macedonia.

(2) As an exception to paragraph (1) of this Article, a license for performance of a regulated energy activity may be issued only to trade companies or public enterprises registered in the Republic of Macedonia. In order to obtain a license for performance of a regulated energy activity, a foreign entity shall establish a trade company registered in the Republic of Macedonia.

(3) The activities referred to in Article 4 of this Law shall be carried out in accordance with this Law or other laws and regulations, as well as with the regulations and rules adopted or approved by the Energy Regulatory Commission and the issued licenses.

(4) The legal entity that carries out one or more regulated energy activities cannot perform other energy activity or other activity, unless otherwise regulated by this Law.

(5) In the case the legal entity carries out one or more regulated energy activities or one or more regulated energy activities and another energy activity or another activity, it shall be obliged to keep accounting records for each regulated energy activity separately. For the non-regulated energy activities or for the other activities the legal entity may keep consolidated accounting records.

(6) The legal entity that carries out a regulated energy activity shall be obliged to submit annual audited financial reports to the Energy Regulatory Commission and to publish them on its web site.

(7) The financial reports referred to in paragraph (6) of this Article shall be prepared, delivered and published for each regulated energy activity separately, and for the non-regulated energy activities and the other activities the financial reports submitted to the Energy Regulatory Commission may be consolidated.

(8) In addition to the financial reports referred to in paragraph (6) of this Article that have to be prepared by applying the international accounting standards, the Energy Regulatory Commission may prescribe an obligation for submission of other reports and may also prescribe their form and content.

(9) As an exception to paragraph (4) of this Article, the legal entity that carries out the activity supply of electrical energy, i.e. the activity supply of natural gas may carry out the activity electrical energy supply in the last resort, i.e. natural gas supply in the last resort, whereas the legal entity shall be obliged to apply the provisions of paragraph (5) of this Article for the purpose of avoiding cross-subsidization in favor of the non-regulated energy activity.
Article 6

(1) Entities that carry out regulated energy activities shall be obliged to fulfill the obligations for provision of a public service. The Energy Regulatory Commission, in accordance with Article 24 of this Law, shall establish or approve the prices and conditions under which the public service shall be delivered. The additional obligations for provision of a public service imposed by the Energy Regulatory Commission have to be clearly defined, easy to check and non-discriminatory and such additional obligations have to be established in the relevant license and published on the web site of the Energy Regulatory Commission.

(2) The services delivered by the entities carrying out regulated energy activities shall provide reliable, quality and uninterrupted supply of energy and energy-generating products to consumers under equal conditions, prices and tariffs, taking into account the need of energy efficiency improvement and protection and promotion of the environment.

(3) The license for the performance of a regulated energy activity shall indicate the scope and content of the services prescribed by this Law, the area in which the public services shall be provided, as well as the duration of the obligation to provide the public service.

(4) The prices and tariffs referred to in paragraph (2) of this Article based on which the public services are provided should compensate the justified costs and ensure reasonable return of the capital to the entities that carry out the regulated energy activities regarding the provision of public services, including the costs for efficient use of energy resources and protection and promotion of the environment.

(5) If the entities carrying out energy activities which are obliged to provide a public service are awarded financial compensation, other form of compensation and/or exclusive rights in order to fulfill the obligations defined by this Law, it should be done so in transparent and non-discriminatory manner. The awarded compensation must not exceed the incurred costs in the provision of the public service, increased by the reasonable profit, decreased by the revenues acquired from the provision of the service.

(6) The entities carrying out energy activities that are obliged to provide a public service may be awarded state aid in accordance with the Law on State Aid.

Article 7

Reliability in the supply of a certain type of energy or an energy-generating product shall be ensured, in particular, by:
1) achieving balance between the supply and demand on the market in a particular type of energy;
2) forecasting the level of expected future demand for a certain type of energy and the possibilities to meet the forecasted demand, taking into account the available energy resources and capacities;
3) taking measures for construction of new energy facilities;
4) quality and high level maintenance of the networks for transmission and distribution of a particular type of energy, as well as
5) measures for accommodating the peak loads and measures for coping with the events of inability to supply a certain type of energy.
(2) The state bodies and the entities carrying out regulated energy activities, within the framework of the rights, obligations and competencies established by this Law, shall be obliged to propose and take measures for ensuring the reliability of energy supply, defined by this Law.

(3) The Energy Regulatory Commission shall monitor the fulfillment of the obligations for ensuring reliability of the supply by the entities carrying out regulated energy activities and in the report referred to in Article 35 of this Law it shall include, in particular, the data related to: 1) the operative systems reliability; 2) the five year energy balance; 3) the possibilities of ensuring reliable energy supply in the period of five to 15 years following the year in which the report is prepared and 4) the possible investments in the interconnection capacities in the following five years.

Article 8

(1) The electrical energy supplier of last resort shall be obliged to ensure supply to households and small consumers that have decided to be supplied by a supplier of last resort for the purpose of exercising their right to be supplied with electrical energy at any time, at reasonable and easily and clearly comparable and transparent prices, determined in accordance with the regulation referred to in Article 24 paragraph (2) of this Law.

(2) The natural gas supplier of last resort shall be obliged to ensure supply to consumers connected to a natural gas transmission or distribution system for the purpose of exercising their right to be supplied with natural gas at any time, established by the regulation referred to in Article 24 paragraph (2) of this Law.

(3) Suppliers of last resort provide a public service and shall be obliged to ensure supply of electrical energy or natural gas to the consumers referred to in paragraphs (1) and (2) of this Article who have not concluded a contract with a supplier, or if their current suppliers have ceased to fulfill the obligations under the supply contracts.

(4) The supply of consumers with electrical energy or natural gas in the last resort shall be carried out based on approved and controlled prices, without disrupting the competition and normal operation of the electrical energy and natural gas markets.

(5) Suppliers of electrical energy or natural gas of last resort shall be the suppliers to tariff consumers in the areas of the territory of the Republic of Macedonia for which they have been issued licenses for supply of tariff consumers with electrical energy or natural gas before this Law enters into force.

II. ENERGY POLICY

Article 9

(1) The energy policy shall be defined by the Energy Development Strategy.

(2) The energy policy should ensure:
1) safe, reliable and quality supply of all types of energy and energy-generating products to consumers;
2) creation of transparent and stable conditions for a competitive and economically functional energy sector;
3) promotion of market competitiveness in the provision of energy services, based on the principles of non-discrimination and transparency;
4) efficient provision of services to consumers;
5) integration of the energy markets in the Republic of Macedonia in the regional and international energy markets;
6) use of the energy sources in a manner that ensures sustainable energy development;
7) promotion of energy efficiency;
8) promotion of the use of renewable energy sources;
9) protection of the environment against the harmful impact of carrying out the energy activities;
10) fulfillment of the obligations arising from the ratified international documents and
11) measures for protection of citizens against energy poverty.

Article 10

(1) The Government of the Republic of Macedonia shall adopt an Energy Development Strategy, based on a proposal of the ministry responsible for carrying out the activities in the area of energy (hereinafter: the Ministry).

(2) The Energy Development Strategy shall define:
1) the long-term goals for development of specific energy activities, in order to ensure reliability of supply of different types of energy;
2) the development priorities;
3) the determination and use of the energy resources and capacities of strategic importance for the state;
4) the long-term planning of the needs for investment in generating, transmission and distribution capacities for the purpose of meeting the energy demands and ensuring reliability of supply;
5) the sources and manner of providing the required energy quantities;
6) the funds required for implementation of the projected investments and the manner of their provision;
7) the stimulating measures for investments in energy facilities which use renewable energy sources;
8) the stimulating measures for energy efficiency improvement;
9) the conditions and manners of ensuring environmental protection and the measures for implementation of the protection;
10) the fulfillment of obligations under international charters, agreements, treaties, conventions and other documents ratified and acceded to by the Republic of Macedonia;
11) the promotion of competitiveness in the energy market based on the principles of objectivity, transparency and impartiality;
12) the protection of energy consumers;
13) the connection of energy systems in the Republic of Macedonia or their parts to the energy systems of other countries and
14) the other elements of importance to the development of the energy sector of the Republic of Macedonia.

(3) The Energy Development Strategy shall be adopted every five years for a period of at least 20 years.
The Energy Agency of the Republic of Macedonia (hereinafter: the Energy Agency) shall provide support for the preparation of the Energy Development Strategy and for the implementation of the energy policy.

The Energy Development Strategy shall be published in the “Official Gazette of the Republic of Macedonia”.

The funds for the preparation of the Energy Development Strategy shall be provided from the Budget of the Republic of Macedonia, grants or donations.

**Article 11**

(1) Upon a proposal of the Ministry and within a period of one year from the day of adoption of the Energy Development Strategy at the latest, the Government of the Republic of Macedonia shall adopt a Program for Implementation of the Energy Development Strategy for a period of five years.

(2) The Program referred to in paragraph (1) of this Article shall establish the measures, conditions, manner and time-schedule for implementation of the Strategy, as well as the obligations of the state bodies, bodies of local self-government units and the entities carrying out energy activities that are obliged to provide a public service. The Program shall also define the funds required for its implementation, as well as the sources and manner of their provision.

(3) Every year, the Ministry shall prepare a report on the implementation of the Program referred to in paragraph (1) of this Article for the previous year and shall submit it to the Government of the Republic of Macedonia up to 31 July, at the latest.

**Article 12**

(1) The Government of the Republic of Macedonia, in the energy balance for a period of five years, as an indicative planning document, shall determine the total needs for energy and the needs for certain types of energy, as well as the possibilities to meet those needs through domestic production and import.

(2) Upon a proposal of the Ministry and upon a prior 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) The Energy Agency shall elaborate the energy balance for the needs of the Ministry and shall submit it to the Ministry by 31 October, at the latest.

(4) The Ministry shall submit the energy balance to the Government of the Republic of Macedonia by 15 December, at the latest.

(5) The energy balance should contain a detailed balance for the first year of the relevant period, as well as a report for the implementation of the balance in the previous year, which shall be prepared in accordance with the Rulebook on Energy Balances and Energy Statistics referred to in paragraph (7) of
(6) The Ministry shall monitor the implementation of the detailed balance referred to in paragraph (5) of this Article and, in the case of lack of energy, it shall propose to the Government of the Republic of Macedonia measures for more efficient use of the available energy, additional import, more intensive use of the available generating capacities and alike.

(7) The Minister heading the Ministry (hereinafter: the Minister) shall adopt a Rulebook on Energy Balances and Energy Statistics prescribing:
1) the content of the energy balances;
2) the content, manner and deadline for submission of the data necessary for the preparation and monitoring of the implementation of the energy balances;
3) the content, manner and deadline for submission of the data necessary for the preparation of the Energy Development Strategy and for the preparation and monitoring of the implementation of the Program for Implementation of the Strategy and
4) the state administrative bodies and bodies of local self-government units, the holders of licenses for carrying out energy activities, as well as the consumers of energy or energy-generating products required to submit data necessary for the preparation and monitoring of the implementation of energy balances, as well as the deadlines for submission of the data.

(8) Upon a request of the Ministry, the entities listed in the Rulebook on Energy Balances and Energy Statistics shall be obliged to submit data for the preparation and monitoring of the energy balance and data necessary for the preparation of strategies, programs and reports on implementation of the programs, the adoption of which is prescribed by this Law.

Article 13

(1) The Government of the Republic of Macedonia, upon a proposal of the Ministry, shall by way of a decree determine in more detail the criteria and conditions for declaration of a crisis, the manner of supply with specific types of energy under such conditions, the measures taken during crisis, as well as the rights and obligations of energy activity license holders in accordance with the Law on Crisis Management.

(2) In order to protect the energy systems and ensure reliability of the supply with a certain type of energy in the Republic of Macedonia, the operators of the transmission and distribution systems for the relevant type of energy or an energy-generating product shall be obliged to prepare plans for acting in crisis and to submit them to the Ministry for approval, in accordance with the regulation referred to in paragraph (1) of this Article.

(3) The measures necessary to eliminate the problems that have occurred in relation to the protection of the energy markets and energy systems of the Republic of Macedonia in the case of crisis should be temporary and last until the end of the crisis and should cause the least possible disruption of the energy markets operation in the Republic of Macedonia and in the region.

(4) The Government of the Republic of Macedonia, in accordance with the obligations undertaken on the basis of ratified international treaties, shall notify the neighboring and other countries that are or may be affected by the taken measures, as well as the competent international institutions and bodies
established by the ratified international treaties, of the measures taken in accordance with paragraph (3) of this Article.

**Article 14**

For the purpose of implementing social protection against energy poverty of the citizens, upon a proposal of the Ministry prepared in collaboration with the ministry responsible for the social protection, the Government of the Republic of Macedonia shall adopt an annual program for reduction of energy poverty, which, inter alia, shall anticipate subsidizing the consumption of energy and energy-generating products for certain households, the types of energy and energy-generating products that will be subject of the subsidy, more efficient use of energy, the manner of implementation of the measures, the sources of budget and other funds for financing the measures and the bodies responsible for implementation of the measures.

**III. ENERGY REGULATORY COMMISSION**

**Article 15**

(1) Regulation of the issues related to carrying out of the energy activities defined by this Law shall be done by the Energy Regulatory Commission.

(2) The Energy Regulatory Commission shall be independent in its operation and decision-making within the competencies stipulated by this Law.

(3) The Energy Regulatory Commission shall have the status of a legal entity.

(4) The Energy Regulatory Commission shall adopt a Statute that shall be approved by the Assembly of the Republic of Macedonia.

**Article 16**

(1) The Energy Regulatory Commission shall be composed of five members, one of them being a president.

(2) The members and the president of the Energy Regulatory Commission shall be appointed and dismissed by the Assembly of the Republic of Macedonia at a proposal of the Government of the Republic of Macedonia, taking into consideration the equitable representation of members of all communities.

(3) One member of the Energy Regulatory Commission should be an expert in legal matters and one member an expert in economic matters in the field of energy.

(4) The members of the Energy Regulatory Commission shall designate one member as a deputy president in a manner and procedure determined by the Statute of the Energy Regulatory Commission.

(5) The office of member of the Energy Regulatory Commission shall be carried out professionally and shall be incompatible with holding other public office or function in a political party or a job. The public
office or function in a political party of a member of the Energy Regulatory Commission shall terminate by force of law on the day of his/her appointment. In the case where a member of the Energy Regulatory Commission has been employed prior to the appointment, the labor relation shall be in abeyance.

**Article 17**

A person who is a citizen of the Republic of Macedonia and who meets the following requirements may be appointed a member of the Energy Regulatory Commission:

1) to have at least a university degree in the field of electrical engineering, mechanical engineering, technology, economy or law;
2) to have at least ten years of working experience in the field of energy in the last 15 years prior to the appointment;
3) not to be a member of a supervisory or management board or a board of directors in a company which carries out a regulated energy activity at least one year prior to the selection for a member of the Energy Regulatory Commission;
4) to have references of three people who have at least ten-year experience in the field of energy, economy or law, minimum two of which hold a PhD degree.

**Article 18**

(1) The term of office of each member or the president of the Energy Regulatory Commission shall be five years and no member can hold the office for more than two terms.

(2) The office of the member or the president of the Energy Regulatory Commission shall terminate upon the expiry of the term for which he/she has been appointed.

(3) The Government of the Republic of Macedonia shall submit a proposal to the Assembly of the Republic of Macedonia for appointment or reappointment of a member or a president of the Energy Regulatory Commission 90 days before the expiry of the term of office of a member or the president of the Energy Regulatory Commission, at the latest.

(4) The member, i.e. the president of the Energy Regulatory Commission whose term of office has expired shall hold the office until a new member, i.e. president is appointed.

**Article 19**

(1) The office of a member or the president of the Energy Regulatory Commission shall terminate before the expiry of the term of office, if:
   1) he/she submits a resignation to the Assembly of the Republic of Macedonia;
   2) he/she experiences permanent or temporary incapacity to hold the office for over six months consecutively or dies or
   3) he/she meets the conditions for acquiring the right to pension.

(2) A member or the president of the Energy Regulatory Commission may be dismissed from the office
to which he/she has been appointed before the expiry of the term of office, if it is established that he/she performs the function in an unconscientious and incompetent manner, abuses the official position or works contrary to the law and other regulation.

(3) The Energy Regulatory Commission shall establish that the conditions for initiating a procedure for termination of the office in accordance with paragraph (2) of this Article are met by way of a conclusion voted by at least three of the members of the Energy Regulatory Commission.

(4) The Energy Regulatory Commission shall notify the Assembly of the Republic of Macedonia about the existence of conditions for termination of the office referred to in paragraph (1) of this Article or of the conclusion referred to in paragraph (3) of this Article.

(5) The notification referred to in paragraph (4) of this Article shall be submitted by the Energy Regulatory Commission to the Assembly of the Republic of Macedonia in a period of eight days from learning that the conditions referred to in paragraph (1) of this Article have been met or from the adoption of the conclusion referred to in paragraph (3) of this Article.

(6) Upon receipt of the notification referred to in paragraph (4) of this Article, the Assembly of the Republic of Macedonia shall ascertain that the condition referred to in paragraph (1) of this Article has been met and shall adopt a decision on termination of the office of a member or the president of the Energy Regulatory Commission.

(7) Upon receipt of the conclusion referred to in paragraph (3) of this Article, the Assembly of the Republic of Macedonia shall commence a procedure for adoption of a decision on dismissal.

(8) Upon adoption of the decision on termination of the office, i.e. on dismissal referred to in paragraphs (6) and (7) of this Article, the Assembly of the Republic of Macedonia shall request the Government of the Republic of Macedonia to submit a proposal for appointment of a new member of the Energy Regulatory Commission. The Government of the Republic of Macedonia shall submit the proposal in a period of 30 days from the day the request has been received.

Article 20

(1) The president, members of the Energy Regulatory Commission and the employees in the professional service of the Energy Regulatory Commission, in the performance of their work obligations and/or in the decision-making process shall be obliged:
1) to act in a professional, impartial and objective manner and with no influences from entities that carry out energy activities and from political parties;
2) not to be guided by personal, business or financial interests;
3) not to abuse the authorizations and the status they have in the Energy Regulatory Commission or as employees in the professional service of the Energy Regulatory Commission and
4) to protect the reputation of the Energy Regulatory Commission.

(2) The Energy Regulatory Commission shall adopt a Code of Ethics to establish in detail the rights and obligations of the members and employees in the professional service of the Energy Regulatory Commission, regarding the duties referred to in paragraph (1) of this Article.
Article 21

(1) The president, a member or an employee in the professional service of the Energy Regulatory Commission, as well as their spouse or a relative in direct line cannot hold or request a license, cannot be a stockholder, i.e. a partner or a member of the managing or governing bodies of a company that holds or requests a license.

(2) The persons referred to in paragraph (1) of this Article, in the cases opposite to those referred to in paragraph (1) of this Article, shall be obliged to terminate their interests with the holders or those requesting a license, by selling the stocks or shares, i.e. by stepping down from the office and withdrawing from the performance of the activities referred to in paragraph (1) of this Article.

(3) In a period of two years from termination of the term of office of a member of the Energy Regulatory Commission, the member cannot hold stocks or shares or get employed in an entity that acquired a license during his/her term of office as a member of the Energy Regulatory Commission.

(4) In a period of one year from termination of the office, the Energy Regulatory Commission member whose office terminated as a consequence of expiration of the term of office or due to the reasons referred to in Article 19 paragraph (1) points 1 and 2 of this Law shall be entitled to monetary compensation in accordance with the law regulating the rights to compensation of persons appointed by the Assembly of the Republic of Macedonia.

Article 22

For the purpose of ensuring efficient, competitive and uninterrupted operation of the energy markets, the Energy Regulatory Commission shall have the following competences:

1) to monitor the functioning of the energy markets in order to ensure reliable supply of energy and energy-generating products;
2) to adopt regulations and tariff systems and to adopt or approve methodologies for formation of regulated energy activities tariffs;
3) to adopt regulations, methodologies for price formation and formation of tariff systems for supply of particular types of energy and/or energy-generating products to tariff consumers;
4) to adopt decisions on prices and tariffs based on the relevant regulations, methodologies and tariff systems;
5) to adopt a regulation on the manner of price formation for oil derivatives and transport fuels and decisions on prices of oil derivatives and transport fuels, referred to in Article 24 paragraph (3) of this Law, in accordance with the obligations assumed by the Republic of Macedonia;
6) to approve the network rules adopted by energy systems operators, taking into account their harmonization with the obligations assumed by the Republic of Macedonia under international treaties or the obligations of the energy systems operators resulting from their membership in international associations;
7) to approve the terms and conditions and the charges for connection and access to particular transmission or distribution systems, upon a proposal of the respective energy systems operators;
8) to adopt rules on the supply of electrical energy, rules on the supply of heat energy and rules on the supply of natural gas;
9) to adopt rules on electrical energy supply of last resort and rules on natural gas supply of last resort;
10) to adopt rules on the market in electricity and rules on the natural gas market;
11) whenever necessary, to request the competent system operators or the electrical energy market operator to change the conditions, tariffs, rules, mechanisms and methodologies for connection, access, balancing or use of the corresponding systems or market;
12) to decide upon requests for exemption from the obligation to ensure access of third parties to energy systems or new interconnection gas pipelines;
13) to keep a register of privileged producers and to adopt decisions for acquiring the status of a privileged producer;
14) to take care of the protection and promotion of the rights of energy and energy-generating products consumers and of energy systems users;
15) to propose measures for promotion of competition in the energy markets;
16) to prescribe the conditions, manner and procedure and to adopt decisions on issuance, alteration, transfer, suspension, revocation and termination of licenses for carrying out specific activities in the field of energy and to monitor the fulfillment of obligations established by the licenses for carrying out specific activities in the field of energy;
17) to approve the plans for development and construction of transmission and distribution networks and to monitor their timely adoption and implementation;
18) to approve and monitor the implementation of the programs for adjustment of concerned energy systems operators which ensure their full legal, financial, managerial and operative independence from the operation of the vertically integrated energy enterprises to which they belong, as well as from the associated energy enterprises;
19) to settle disputes between the entities that carry out regulated activities and their customers, including the cross-border disputes;
20) to cooperate with the competent state bodies, bodies of local self-government units, entities that carry out energy activities, energy users and other organizations and institutions;
21) to submit a proposal to the competent bodies for taking measures within the sphere of their responsibilities and in a procedure prescribed by a law against the entities that carry out the activity contrary to this Law;
22) to raise initiatives and to propose adoption of new and amendment of the existing laws and other regulations in the field of energy;
23) to participate in relevant regional and international organizations and to cooperate with other regulatory bodies in order to contribute to the development of the regional energy markets, in accordance with the obligations assumed under the ratified international treaties;
24) to adopt rules of procedure and other internal acts for its operation and
25) to perform other activities in accordance with this Law.

Article 23

(1) For the purpose of efficient exercise of its competence regarding the functioning of the energy markets, the Energy Regulatory Commission shall monitor the following in particular:
1) the fulfillment of the legally established obligations of the entities that carry out regulated energy activities that refer to ensuring reliability in the supply of electrical energy, natural gas and heat energy;
2) the operation of the energy markets in order to ensure their promotion, as well as to ensure non-discrimination, effective competition, transparency and efficient operation of the markets;
3) the application of the rules for allocation of interconnection capacities and for handling the congestion of the capacities of the electrical energy transmission system and the system for transmission of natural gas, based on the obligations of the Republic of Macedonia assumed under the ratified international treaties;
4) the use of the revenues from handling the congestion of the capacities of the electrical energy transmission system and of the system for transmission of natural gas;
5) the time required by operators of transmission and distribution systems for connection and repairs;
6) the timely announcement of information by the operators of transmission and distribution systems regarding interconnections, use of the network and allocation of capacities to interested parties, taking into consideration the need that individual information should be treated as commercially confidential;
7) the changes in the ownership structure of the entities that carry out energy activities and proposes to the competent state institutions to take measures in order to protect and promote the competition in the energy markets;
8) the application of the tariff systems and the prescribed tariffs;
9) the application of the conditions and tariffs for connection of new generating capacities, taking into consideration the costs and benefits of different technologies of renewable energy sources, the distributed generation and the combined-cycle production of thermal and electrical energy;
10) the operation of the license holders regarding their obligations defined by the issued licenses;
11) the quality of the license holders’ services;
12) the effective separation of the accounting records in accordance with this Law, in order to avoid cross-subsidization of the production, transmission, distribution and supply of energy or natural gas activities, for the purpose of eliminating cross-subsidizing between groups of consumers and flow of revenues and costs in the performance of regulated and/or non-regulated energy activities and
13) the implementation of the programs for adjustment of the operators of the respective energy systems that ensure their full legal, financial, managerial and operational independence in the operation from the vertically integrated energy companies to which they belong, as well as from the associated energy companies, in order to ensure non-discrimination, transparency and objectivity in the operation of the energy markets.

(2) If, in the course of monitoring the conditions and operation of the energy markets in accordance with paragraph (1) of this Article, the Energy Regulatory Commission establishes an irregularity, it shall adopt a decision to prohibit a specific way of acting by the entity that carries out an energy activity or to impose taking of appropriate measures, in order to ensure the reliability in the supply, efficient, competitive and non-discriminatory operation of the energy markets, as well as protection of consumers’ rights and the rights of energy systems users. The decision shall state the measures that should be taken by the entity carrying out the regulated energy activity, as well as the deadlines for taking such measures and the obligation to deliver notifications about the measures taken.

(3) The Energy Regulatory Commission shall cooperate with other competent state bodies and institutions in the performance of the activities referred to in paragraph (1) of this Article.

(4) Unless the license holders act upon the decision referred to in paragraph (2) of this Article, the Energy Regulatory Commission shall initiate a procedure to revoke the license, or shall file a motion for initiation of a misdemeanor or other procedure with a competent state body.

(5) The Energy Regulatory Commission shall adopt a rulebook on the manner and procedure for monitoring the operation of the energy markets referred to in paragraph (1) of this Article.
(6) If, in the course of monitoring the operation of the electrical and heat energy and natural gas markets, the Energy Regulatory Commission assesses that there is no efficient competition, it may, in collaboration with the Commission for the Protection of Competition, carry out additional researches and decide to take necessary and appropriate measures to ensure promotion of the competition and to ensure efficient operation of the energy markets. Such measures may also include obligations for the energy producers for mandatory sale of energy or right of access to a part of the generating capacities for the interested suppliers for a defined period of time.

Article 24

(1) In the regulations and methodologies for formation of the tariffs for regulated energy activity services the Energy Regulatory Commission shall also regulate the manner of calculating, approving and controlling the generation of revenues from the performance of regulated energy activities.

(2) The Energy Regulatory Commission shall regulate the manner of formation, approval and control of the final price of electrical energy or natural gas to be paid by the consumer, including the production, i.e. the purchase price of electrical energy or natural gas, the corresponding tariffs for use of the energy systems and markets, the balancing costs, the compensation for the supply service, as well as the financial and other forms of compensations awarded in order to fulfill the obligations for provision of a public service, by the regulations on price formation for electrical energy or natural gas for the consumers who are supplied by a supplier of last resort.

(3) The Energy Regulatory Commission shall regulate the manner of formation, approval and control of the refinery and retail prices of motor gasolines, diesel fuels, extra light fuel oil and mazut, as well as the retail prices for mixtures of fossil fuels and bio fuels for transport, by the regulation and methodology for price formation of oil derivatives and transport fuels.

(4) The regulations referred to in paragraphs (1), (2) and (3) of this Article should be based on the principles of objectivity, transparency and non-discrimination and should ensure:
1) balancing of the interests of entities that carry out energy activities and consumers;
2) protection of consumers and users form abuse of the dominant market position and unjustified high prices and tariffs;
3) creation of measures for promotion of the efficient operation of entities carrying out regulated energy activities;
4) covering of the justified costs for performance of energy activities, as well as an appropriate capital return for the concerned entities that carry out energy activities;
5) the tariffs for transmission and distribution and the relevant methodologies should ensure sustainable operation of the systems by the necessary investments in the systems and
6) elimination of the cross-subsidies among groups of consumers and flow of revenues and costs in the performance of regulated and/or non-regulated energy activities.

(5) The regulations referred to in paragraphs (1) and (2) of this Article should establish objective and non-discriminatory criteria for assessment of the justifiability of the costs necessary for carrying out the regulated energy activities, taking into account the increase of efficiency in the operation of the entities that carry out regulated energy activities.
(6) The regulations on formation of the tariff for transmission and the tariffs for distribution of energy or natural gas shall determine and recognize the costs for procurement of energy or natural gas for the purpose of covering the losses in the corresponding energy system, taking into consideration the timescale for reduction of the losses according to the plans for reduction of losses submitted by the system operators to the Energy Regulatory Commission for approval.

(7) The regulations referred to in paragraph (1) of this Article shall take into consideration the following:
1) the revenues generated by the transmission systems operators based on cross-border flow of electrical energy, i.e. natural gas and the charges for handling congestion of transmission systems and those revenues:
   - to be properly treated when establishing the tariffs for use of the transmission systems and - to be used for maintenance or investment in the increase of the interconnection capacities; 2) the revenues and costs of the transmission systems operators on the basis of balancing and 3) the costs for procurement of system services, the costs for covering the approved losses of energy or natural gas and the other costs established in accordance with the relevant methodologies.

(8) In the regulations referred to in paragraph (1) of this Article pertaining to the use of electrical energy transmission and electrical energy distribution systems, the Energy Regulatory Commission may anticipate a combined tariff for each voltage level which will also integrate the tariff for use of the electrical energy transmission system for the consumers connected to the electrical energy distribution systems. The electrical energy generated by electrical energy producers connected to the electrical energy distribution network should be taken into account in defining the combined tariff for use of the electrical energy transmission and electrical energy distribution systems.

Article 25

(1) The tariff systems for transmission or distribution of electrical energy, heat energy or natural gas and the services provided by the operator of the electrical energy market shall determine the manner for establishment of the tariffs for regulated services, based on the revenues determined by applying the corresponding methodologies referred to in Article 24 paragraph (1) of this Law.

(2) The tariff systems for sale of electrical energy and natural gas to consumers supplied by suppliers of last resort shall determine the manner of calculating the prices of delivered electrical energy or natural gas. The prices of the delivered electrical energy or natural gas shall also include the tariffs for the relevant regulated services, established in accordance with the tariff systems referred to in paragraph (1) of this Article.

(3) The tariff systems referred to in this Article shall be adopted by the Energy Regulatory Commission.
Article 26

(1) The decisions on prices for electrical and heat energy or energy-generating products and the tariffs for regulated services shall establish the prices for electrical and heat energy or energy-generating products or for the regulated service in accordance with the relevant regulations on price formation.

(2) The decisions establishing the prices or tariffs referred to in paragraph (1) of this Article shall be adopted by the Energy Regulatory Commission, in a manner determined by the regulations on formation of tariffs for regulated services and the regulations on prices for energy or energy-generating products.

(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 web site of the Energy Regulatory Commission.

Article 27

The Energy Regulatory Commission shall adopt rules for the electrical energy market and rules for the natural gas market, based on the principles of transparency and non-discrimination of users of electrical energy and natural gas markets.

Article 28

(1) The Energy Regulatory Commission shall adopt separate rules for supply of electrical energy, heat energy and natural gas for each type of energy and natural gas.

(2) The rules referred to in paragraph (1) of this Article shall regulate in detail the general conditions and the manner of supply, as well as the mutual rights, obligations and responsibilities of the supplier, consumer of a particular type of energy or natural gas and the operator of the corresponding system, and in particular:

1) the conditions, manner and deadline for concluding the contract for sale of the particular type of energy or natural gas;
2) the manner of calculation, invoicing and payment for the delivered energy or natural gas and for the services for using the transmission, i.e. distribution networks;
3) the conditions and manner of damage compensation to the consumer in the case of decreased delivery or interruption;
4) the consumers whose delivery cannot be interrupted and the manner of providing guarantees for covering of the costs for the energy or natural gas consumed by such users;
5) the manner and procedure for change of the supplier according to the choice of the consumer and the right of the user to change the supplier without a charge;
6) the quality of the delivered energy or natural gas prescribed by the corresponding network rules;
7) the quality of the services provided by the supplier;
8) the minimum conditions and the manner of organization and technical equipment for communication with consumers, in order to ensure the prescribed quality of services provided by the supplier;
9) the manner and procedures for communication and exchange of information between the supplier and operators of the corresponding systems, in order to ensure the prescribed quality of energy or natural gas and services provided by the operators;
10) the conditions and the procedure for disconnecting consumers from the transmission, i.e. distribution systems in the case where the consumers do not fulfill the obligations established by a law,
regulation and contract;

11) the manner, form and deadlines for submission of the reports which the supplier is obliged to submit to the Energy Regulatory Commission;

12) the necessary information that the suppliers are obliged to provide to consumers in bills, as well as the information that has to be publicly available and is of interest to all consumers and

13) the consumers’ protection.

(3) The Energy Regulatory Commission shall adopt rules on the supply of electrical energy in the last resort to households and small consumers and rules on the supply of natural gas in the last resort.

(4) In addition to the provisions referred to in paragraph (2) of this Article, the rules on supply of electrical energy in the last resort to households and small consumers should also contain provisions regulating in detail the manner and procedure according to which the households or small consumers may acquire the right to be supplied by an electrical energy supplier of last resort.

Article 29

(1) For the purpose of carrying out the activities within the competence of the Energy Regulatory Commission, the state bodies, the bodies of local self-government units, as well as the public enterprises and trade companies that carry out activities in the field of energy shall be obliged to provide the necessary documents, data and information upon its request and within a deadline determined by the Energy Regulatory Commission.

(2) The Energy Regulatory Commission shall use and keep the documents, data and information of confidential nature in a manner determined by an act, in accordance with the regulations on data protection.

(3) The holders of licenses for carrying out specific energy activities shall be obliged to submit to the Energy Regulatory Commission monthly, quarterly, annual and other reports on the performance of their activity, in the manner and under the conditions and with a content determined by the licenses.

(4) The reports referred to in paragraph (3) of this Article shall be submitted within a deadline determined by the license.

Article 30

(1) In order to perform the activities within its competence, the Energy Regulatory Commission shall adopt:

1) rulebooks or rules whereby it prescribes the issues the regulation of which falls under its competence in accordance with this Law;

2) decisions to decide on individual matters in accordance with this Law and with the regulations adopted pursuant to this Law, including decisions by which the entities carrying out regulated energy activities are ordered or prohibited certain actions in order to ensure reliability in the supply of energy or energy-generating products and efficient competition in specific energy markets;

3) instructions indicating the best practices to the entities that carry out regulated energy activities for the exercise of their legally determined rights and obligations, regarding in particular the provision of the public service, the reliability of the supply, the protection of consumers and users of the public
service, as well as the increase of the efficiency in their operation and
4) decisions by which it decides upon other issues within its competence and issues related to its internal operation.

(2) The Energy Regulatory Commission shall apply the Law on the General Administrative Procedure in the decision making process, if another procedure is anticipated by this Law.

(3) The legal entities and physical entities shall be obliged to comply with the rulebooks, rules and decisions adopted by the Energy Regulatory Commission.

(4) The Energy Regulatory Commission shall file a motion for initiation of a misdemeanor procedure, in accordance with this Law, against the holders of licenses and other participants in the energy markets who do not apply the rules, rulebooks and decisions of the Energy Regulatory Commission.

(5) The acts of the Energy Regulatory Commission referred to in paragraph (1) points 1 and 2 of this Law shall be published in the “Official Gazette of the Republic of Macedonia”.

(6) The acts of the Energy Regulatory Commission referred to in paragraph (1) points 1, 2 and 3 of this Law shall be published on the web site of the Energy Regulatory Commission.

**Article 31**

(1) Appeals may be filed with the Commission Deciding Appeals in the Field of Energy (hereinafter: the Appeal Commission) against the individual acts of the Energy Regulatory Commission, 15 days at the latest after publication of the act of the Energy Regulatory Commission. The appeal shall not postpone the enforcement of the decision of the Energy Regulatory Commission.

(2) The Appeal Commission shall be composed of three members and their deputies. The president of the Appeal Commission shall be elected from among the members of the Appeal Commission.

(3) The president and the members of the Appeal Commission and their deputies shall be appointed and dismissed by the Assembly of the Republic of Macedonia on a proposal of the Committee on Elections and Appointments of the Assembly of the Republic of Macedonia.

(4) A person that holds at least a university degree and has minimum ten years of working experience in the field of energy may be appointed member of the Appeal Commission or deputy member.

(5) The term of office of each member of the Appeal Commission and their deputies shall be five years and no member can hold the office for more than two terms.

(6) If the membership of a member of the Appeal Commission or of a deputy member terminates before the expiry of his/her term of office, a new member, i.e. a deputy member shall be appointed by the Assembly of the Republic of Macedonia on a proposal of the competent body of the Assembly, for the remaining period of the term of office.

(7) The termination of the office of a member of the Appeal Commission, i.e. a deputy member before the expiry of the term of office shall occur under the same conditions and in the same manner as for a
member of the Energy Regulatory Commission, determined in Article 19 of this Law.

(8) The Appeal Commission shall adopt decisions with the majority votes of the total number of members. When adopting the decisions, the Appeal Commission shall exempt the member who has personal interest in the matter being decided upon the appeal and shall be substituted by one of the deputies. It shall be considered that the member, i.e. the deputy member has personal interest, if they or their spouse or a relative in direct line are stockholders, i.e. partners or employees in the companies involved in the case for which the appeal procedure is conducted.

(9) The Appeal Commission shall adopt the decisions in a period of 60 days from the day the appeal has been filed, at the latest.

(10) The members of the Appeal Commission and their deputies shall be entitled to a monthly remuneration for the performed activities, paid from the total revenue of the Energy Regulatory Commission.

(11) The monthly remunerations referred to in paragraph (10) of this Article shall be determined by the Committee on Elections and Appointments of the Assembly of the Republic of Macedonia and they cannot amount more than 50% of the average salary paid in the Republic of Macedonia in the previous calendar year.

(12) The administrative matters of the Appeal Commission shall be carried out by the Ministry.

**Article 32**

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

(2) In the cases where there is a need to disclose confidential information and business secrets at the session of the Energy Regulatory Commission, the Energy Regulatory Commission may decide to close the session for the public.

(3) The Energy Regulatory Commission shall adopt rulebooks and decisions with majority votes of the total number of members, unless the Rules of Procedure establish that another type of majority is required for certain rulebooks, i.e. decisions.

(4) Each member of the Energy Regulatory Commission shall have the right to elaborate in writing the reasons for his/her voting for adoption of a rulebook, i.e. a decision and to request the elaboration to be published on the web site of the Energy Regulatory Commission.

(5) The Energy Regulatory Commission shall prescribe the manner and procedure for informing the public about its work and the adopted rulebooks, i.e. decisions.

**Article 33**

(1) The participation of interested entities and the public in the decision-making procedure of the Energy Regulatory Commission shall be achieved by attendance at preparatory sessions and in any other manner prescribed by the Energy Regulatory Commission.
(2) The Energy Regulatory Commission shall be obliged to summon the interested entities to preparatory sessions, particularly in the procedures on:
1) adoption of regulations on price formation for specific types of energy and energy-generating products and tariffs for services in regard to the performance of specific energy activities;
2) approval of rules prepared by license holders;
3) adoption of tariff systems for electrical energy and natural gas;
4) adoption of decisions on prices of certain types of energy or energy-generating products and tariffs, in accordance with the regulations on price formation and tariff systems for specific types of energy, services in regard to the performance of certain energy activities and
5) adoption of decisions on issuance, alteration, transfer, termination, suspension and revocation of licenses for performance of energy activities.

(3) The Energy Regulatory Commission in its Rules of Procedure shall regulate in detail the procedure and manner of convening and holding the preparatory sessions referred to in paragraph (1) of this Article, as well as the other manners for participation of the interested entities and the public in the decision-making procedure.

Article 34

(1) The work of the Energy Regulatory Commission shall be financed by its own sources of funds provided by charging a fee for issuance of licenses and by charging an annual fee from the holders of licenses for energy activities.

(2) Every year by 1 October at the latest, the Energy Regulatory Commission shall submit its draft financial plan for the following calendar year to the Assembly of the Republic of Macedonia for adoption. The draft financial plan shall contain all planned revenues and expenditures of the Energy Regulatory Commission, including the salaries of the members and of the employees in the Energy Regulatory Commission, as well as the remuneration for the members of the Appeal Commission and their deputies.

(3) The Assembly of the Republic of Macedonia shall adopt the draft financial plan and shall, by way of a decision, establish the percentage of appropriation of the total annual revenue of the license holders. The percentage of appropriation of the total annual revenue cannot be higher than 0.1%.

(4) The annual fee referred to in paragraph (1) of this Article shall be calculated on the basis of the percentage referred to in paragraph (3) of this Article established by the Assembly of the Republic of Macedonia and the total revenue of the license holders according to data from the Central Register of the Republic of Macedonia, generated in the year preceding the year in which the draft financial plan is submitted.

(5) License holders shall pay the annual fee referred to in paragraph (1) of this Article to the account of the Energy Regulatory Commission in two equal parts, the first by 30 April at the latest and the second by 30 September at the latest, in the year to which the financial plan from paragraph (3) of this Article refers.

(6) If in one calendar year the generated revenues of the Energy Regulatory Commission amount more than the actual expenditures, the projected revenues in the next draft financial plan shall be decreased
for the amount of the difference.

**Article 35**

(1) Every year, by 31 March at the latest, the Energy Regulatory Commission shall submit an annual report on its work in the previous year to the Assembly of the Republic of Macedonia for adoption. The annual report shall contain detailed information on the activities referred to in articles 22 and 23 of this 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 web site of the Energy Regulatory Commission, while the summary of the report shall be published in one of the newspapers.

(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 to the Ministry for information purposes.

(4) Upon a request of the Government of the Republic of Macedonia or the Minister, the Energy Regulatory Commission shall submit other reports and information that fall within the scope of its responsibilities which are of importance for the performance of the activities of the Government of the Republic of Macedonia and the Ministry, prescribed by this Law.

**Article 36**

(1) The Energy Regulatory Commission shall decide the disputes initiated by system users or by market participants against the concerned license holders regarding the performance of the regulated energy activities and the disputes regarding the application of the prescribed conditions, methodologies or tariffs for connection, access, balancing and use of the relevant systems or markets and allocation of corresponding interconnection capacities when the request for interconnection capacity is rejected by an operator of a transmission system from the Republic of Macedonia.

(2) In the procedure referred to in paragraph (1) of this Article the Energy Regulatory Commission shall be obliged to adopt a decision as soon as possible, but not later than two months as of the day of initiation of the dispute.

(3) The deadline referred to in paragraph (2) of this Article may be prolonged upon a request of the Energy Regulatory Commission for maximum two more months, for the purpose of gathering additional information related to the decision-making or for another time period, if so agreed by the concerned parties.

(4) The decision of the Energy Regulatory Commission shall be final. A lawsuit against the decision of the Energy Regulatory Commission may be filed with the competent court.

(5) The Energy Regulatory Commission shall adopt a rulebook on the manner, conditions and decision-making procedure in the disputes referred to in this Article and on the amount of the justified compensation of costs incurred in the procedure, taking into account that the compensation does not
overburden the households and small users of energy or natural gas.

IV. LICENSES

Article 37

(1) The entities carrying out the activities referred to in Article 4 of this Law cannot commence the performance of their activity unless they are issued a license by the Energy Regulatory Commission.

(2) A license is not required for:
1) generation of electrical or heat energy intended for personal use, whereas the corresponding energy system is not used;
2) transmission of electrical energy or natural gas through direct pipelines;
3) storage of oil derivatives, bio fuels and/or transport fuels intended for personal use;
4) storage of oil derivatives and transport fuels in retail trade facilities;
5) retail trade in oil derivatives and transport fuels and trade in liquid gas oil in pressure vessels and
6) trade in natural gas in the cases where a transmission or distribution system for natural gas is not used for the transport of the natural gas.

(3) The license shall be issued for a period of three to 35 years, depending on the type of energy activity, the type and scope of the obligation for provision of a public service in the performance of the energy activity, the amount of funds required for carrying out the energy activity, the duration of the right to use the relevant energy resource, as well as the request of the entity that carries out the energy activity.

(4) The license shall terminate upon the expiry of the period for which it has been issued or by its revocation or upon a request of the license holder. The Energy Regulatory Commission shall adopt a decision on termination of the license validity when the license ceases to be valid upon a request of the license holder.

(5) One person may be issued one license for carrying out two or more energy activities in the following cases:
1) generation of thermal and electrical energy in plants for combined-cycle production of thermal and electrical energy and
2) production, distribution and supply of heat energy generated from geothermal sources.

(6) The same person may be issued several licenses for performance of the same energy activity upon its request when the activity is carried out in energy facilities which are separate technical and technological units.

(7) The state administrative bodies that in the framework of their competences determined by law inspect the work in the energy activities which require a license, shall be obliged, upon a request of the Energy Regulatory Commission, to submit information relevant for the issuance and revocation of the license, including information on the current operations of the license holder.

Article 38

(1) A license cannot be transferred to another person.
(2) As an exception to paragraph (1) of this Article, a license may be transferred to another person where:

1) the energy activity for which the license has been issued is carried out based on a concession for use of a natural resource or based on a concession for construction of an energy facility, and the concession grantor, pursuant to this or another law, has adopted a decision for transfer of the concession or
2) the generating plant for electrical or heat energy is a part of a facility that is not an energy facility and cannot be separated from it, and the owner of the non-energy facility has been changed.

(3) The new performer of the energy activity shall be obliged to attach to the request for transfer of the license the relevant decision of the concession grantor referred to in paragraph (2) point 1 of this Article, i.e. the contract for sale and purchase of the facility referred to in paragraph (2) point 2 of this Article.

Article 39

(1) An investor may request issuance of a license before obtaining an approval for use of the energy facility or before receipt of a report for completed technical audit by the supervisory engineer for the facilities for which issuance of an approval for use is not required, or prior to obtaining a decision for commencement of the use of the energy facility, if:

1) an authorization for construction of the energy facility, i.e. system has been issued in accordance with this Law or
2) an approval for construction of the facility has been issued, in the case where an authorization for construction of an energy facility is not required for the construction of the facility or
3) the investor has acquired the right for construction of the facility on the basis of implemented public call procedure for construction of facilities for generation of electrical energy or for combined-cycle generation of electrical and heat energy or production of heat energy or
4) the investor has acquired the right for construction of the facility, i.e. the system on the basis of a concession for use of a natural resource, i.e. for construction of a system and performance of an activity.

(2) The Energy Regulatory Commission shall adopt a decision for entry into force of the license issued in accordance with paragraph (1) of this Article once the investor submits an approval for use of the energy facility or a report for completed technical audit by the supervisory engineer for the facilities for which issuance of an approval for use is not required or a decision for commencement of the use of equipment built-in in an existing construction facility, constructed in accordance with a law.

Article 40

(1) Upon a request of the investor in the energy facility, the Energy Regulatory Commission, in a period of seven days from the day of receipt of the request, shall issue a temporary license for operation of the energy facility for which a license has been issued pursuant to Article 39 of this Law.

(2) The investor shall attach the following documentation to the request referred to in paragraph (1) of this Article:

1) a statement of the manufacturers of the main equipment for performance of the corresponding energy activity, verified by a notary, which confirms that the main equipment is installed in accordance with the manufacturers’ instructions and the relevant technical regulations and standards for the referred type of equipment;
2) a statement from the investor, verified by a notary, confirming that the examination of the equipment installed in the energy facility may commence;
3) a statement from the investor, verified by a notary, confirming that during the validity period of the temporary license the investor is fully liable for all potential problems that may arise for the operators of the corresponding energy systems and/or for third parties connected to the referred energy systems during the examination of the energy facility for which the temporary license is issued and
4) contracts with the operators of the relevant energy systems for temporary connection of the energy facility, as well as the manner of connection and operation during the validity period of the temporary license.

(3) The manner, conditions and procedure for temporary connection to the transmission, i.e. distribution network, as well as the operation of the energy facilities with a temporary license shall be regulated by the relevant network rules.

(4) A temporary license for an energy facility shall be issued only once and shall be valid nine months at the most, with the possibility to be extended for maximum six months.

(5) The holder of the temporary license shall have all the rights and obligations during the validity period of the temporary license as the license holders.

Article 40-a

(1) If the Energy Regulatory Commission does not decide within the time period determined in Article 40 paragraph (1) of this Law, within a period of three working days the submitter of the request shall have right to submit a request to the filing office of the Energy Regulatory Commission for issuance of a temporary license.

(2) The form and content of the request referred to in paragraph (1) of this Article shall be prescribed by the Energy Regulatory Commission.

(3) The Energy Regulatory Commission shall be obliged, within a period of five working days as of the day of receipt of the request referred to in paragraph (1) of this Article to decide upon the request for issuance of a temporary license.

(4) If the Energy Regulatory Commission does not decide within the time period referred to in paragraph (3) of this Article, the submitter of the request may notify the State Administrative Inspectorate within a period of five working days.

(5) The State Administrative Inspectorate shall be obliged, within a period of ten days as of the day of receipt of the notification referred to in paragraph (4) of this Article, to conduct inspection supervision in the Energy Regulatory Commission to inspect whether the procedure in accordance with law has been conducted, and shall notify the submitter of the request about the measures undertaken within a period of three working days as of the day the inspection supervision has been conducted.

(6) Upon the supervision completed in accordance with law, the inspector of the State Administration Inspectorate shall adopt a decision obliging the Energy Regulatory Commission, within a period of ten days, to decide upon the submitted request, that is to accept or reject the request and in the same time period notify the inspector about the measures undertaken and submit a copy of the act deciding upon
the request.

(7) If the Energy Regulatory Commission does not decide within the time period referred to in paragraph (6) of this Article, the inspector shall file a motion for initiation of a misdemeanor procedure for a misdemeanor specified in the Law on Administrative Inspection and shall define additional time period of five working days during which the Energy Regulatory Commission is to decide upon the submitted request and within the same time period notify the inspector for the adopted act. Copy of the act deciding upon the submitted request shall be attached to the notification. The inspector shall inform the submitter of the request about the measures undertaken within a period of three working days.

(8) If the Energy Regulatory Commission does not decide even in the additional time period referred to in paragraph (7) of this Article, the inspector, within a period of three working days, shall file a report to the competent public prosecutor against the president and the members of the Energy Regulatory Commission and, in the same period, shall inform the submitter of the request about the measures undertaken.

(9) If the inspector does not act upon the notification referred to in paragraph (4) of this Article, the submitter of the request shall have right to file a complaint to the filing office of the Director of the State Administrative Inspectorate within a period of five working days. If the Director does not have a filing office, the complaint shall be filed to the filing office in the head office of the State Administrative Inspectorate.

(10) The Director of the State Administrative Inspectorate shall be obliged to review the complaint referred to in paragraph (9) of this Article within a period of three working days as of the day of receipt and, if he/she establishes that the inspector has not acted upon the notification of the submitter of the request referred to in paragraph (4) of this Article or has not filed a request, that is a report in accordance with paragraphs (7) and (8) of this Article, the Director of the State Administrative Inspection shall file a motion for initiation of a misdemeanor procedure for a misdemeanor specified in the Law on Administrative Inspection for the inspector and shall define additional time period of five working days during which the inspector conducts supervision in the Energy Regulatory Commission to inspect whether the procedure in accordance with law has been conducted and shall notify the submitter of the request about the measures undertaken, within a period of three working days as of the day the supervision has been conducted.

(11) If the inspector does not act even in the additional time period referred to in paragraph (10) of this Article, the Director of the State Administrative Inspectorate shall file a report to the competent public prosecutor against the inspector, and shall inform the submitter of the request about the measures undertaken within a period of three working days.

(12) In the case referred to in paragraph (11) of this Article, the Director of the State Administrative Inspectorate shall immediately, and in a period of one working day at the latest, authorize another inspector to conduct the supervision immediately.

(13) In the cases referred to in paragraph (12) of this Article, the Director of the State Administrative Inspectorate shall inform the submitter of the request about the measures undertaken within a period of three working days.

(14) If the Director of the State Administrative Inspectorate does not act in accordance with paragraph
(11) of this Article, the submitter of the request may file a report to the competent public prosecutor within a period of eight working days.

(15) If the Energy Regulatory Commission does not decide in the time period referred to in paragraph (3) of this Article, the submitter of the request may initiate an administrative dispute with the competent court.

(16) The procedure with the Administrative Court shall be urgent.

Article 41

The Energy Regulatory Commission shall adopt a rulebook on licenses to prescribe in detail:
1) the conditions, manner and procedure for issuance, alteration, extension, transfer, suspension, revocation and termination of the validity of a license and temporary license for operation of an energy facility;
2) the validity of the license and temporary license;
3) the forms used in the procedure for issuance, alteration, extension, transfer, suspension and revocation of the license;
4) the form and content of the license and temporary license;
5) the monitoring and control of fulfillment of the obligations contained in the license and the other obligations resulting from this Law and the bylaws adopted pursuant to this Law and
6) the amount of the costs in the procedure for issuance, transfer, suspension, alteration, extension and revocation of a license.

Article 42

The license, i.e. temporary license, depending on the type of the energy activity, shall contain in particular:
1) data on the entity to which the license is issued;
2) the type of energy activity to be carried out, the area where it will be carried out, as well as the facility and/or facilities where the activity will be carried out, including the technical characteristics of the facilities and plants;
3) the commencement of performance of the energy activity and the validity period of the license;
4) the conditions and manner of fulfillment of the prescribed obligations in the performance of the energy activity;
5) the conditions, manner and procedure of submission of reports and other data on the financial and business operations, status changes, as well as on the manner of carrying out the activity;
6) the conditions, manner and procedure for alteration, extension, suspension and revocation of the license and
7) the conditions and manner of carrying out the regulated energy activity and fulfillment of the obligation for provision of a public service in the case where a procedure for termination of the validity of the license upon a request of the license holder is initiated, or where a procedure for revocation of the license is initiated.

Article 43

(1) A license may be altered upon a request of the license holder, if the alteration is not contrary to this
(2) The Energy Regulatory Commission shall initiate an ex officio procedure for alteration of the license, if the laws and other regulations regulating the performance of the energy activity for which the license is issued are amended.

Article 44

(1) The license may be extended upon a written request of the license holder, submitted to the Energy Regulatory Commission 60 days before the expiry of the validity period of the license, at the latest.

(2) The holder of a license for carrying out a regulated energy activity shall be obliged to notify the Energy Regulatory Commission whether it will request extension of the license one year before the expiry of the validity period of the license.

Article 45

The holder of a license for carrying out a regulated energy activity cannot discontinue the fulfillment of the obligation for provision of a public service to an individual user of the public service, except in the case where the user of the public service:
1) does not fulfill its obligations determined by a law or other regulations, as well as the obligations from the contracts for use of the corresponding systems and/or supply of energy, i.e. an energy-generating product or
2) due to the manner of using the public service, may endanger human life or health, the environment and nature and the property or hinders the provision of the public service to other users.

Article 46

(1) The holder of a license for carrying out a regulated energy activity cannot temporarily discontinue the performance of the activity for which the license has been issued without a prior approval by the Energy Regulatory Commission.

(2) As an exception to paragraph (1) of this Article, the holder of a license for carrying out a regulated energy activity may temporarily discontinue the performance of the activity without a prior approval by the Energy Regulatory Commission, if:
1) the performance of the activity may result or has already resulted in risk to human life and health, to the environment and nature and to the property, in regard to the operation of the energy facilities or systems or
2) the activity cannot be carried out due to force majeure.

(3) In the cases referred to in paragraph (2) of this Article, the license holder shall be obliged to request the Energy Regulatory Commission to approve the temporary discontinuation of the performance of the activity within eight hours after the performance of the activity has been discontinued, at the latest.

(4) The provisions of this Article shall not apply to the cases where the entity that carries out the regulated energy activity should partly discontinue the performance of the activity due to maintenance, upgrade or construction of the networks and/or plants.
Article 47

(1) The Energy Regulatory Commission may adopt a decision on suspension of the license, if the competent inspection or other state body has, by a decision, imposed a measure ban on performance of an energy activity for a certain period on the license holder.

(2) The decision referred to in paragraph (1) shall indicate the measures to be taken by the license holder, necessary to ensure the required level of the public service in the period during which the license is suspended.

(3) The suspension of the license shall refer to the period for which the measure ban on performance of an energy activity has been imposed.

(4) The license holder shall have the right to an appeal with the Appeal Commission against the decision on suspension of the license referred to in paragraph (1) of this Article. The appeal shall not postpone the enforcement of the decision.

Article 48

(1) A license may be revoked if the license holder:
   1) does not commence the performance of the regulated energy activity for which the license has been issued in the period determined thereby;
   2) does not perform the activity for which the license has been issued in a manner and under conditions prescribed by this or other law and by other regulations;
   3) does not comply with the decisions and does not implement the individual acts adopted by the Energy Regulatory Commission in its operation;
   4) does not act upon the request of the competent bodies to remedy the deficiencies in the operations which have led to or might lead to termination of the provision of the public service in a manner prescribed by a law or to decrease in quality, continuity, safety or reliability in the provision of the public service within the prescribed deadline or
   5) no longer meets the requirements for performance of the energy activity for which the license has been issued.

(2) The revocation of the license shall be done by a decision of the Energy Regulatory Commission which shall indicate the reasons for the revocation of the license and the rights of the license holder in relation to the adopted decision.

(3) In a period of eight days after learning about the existence of any of the reasons referred to in paragraph (1) of this Article at latest, the Energy Regulatory Commission shall notify the license holder of the existence of conditions for initiation of a procedure for revocation of the license in writing, inviting it to present its positions on the reasons for revocation of the license in a period of 15 days as of the day of receipt of the notification.

(4) Upon expiry of the deadline referred to in paragraph (3) of this Article, the Energy Regulatory Commission may adopt a decision on initiation of a procedure for revocation of the license, taking into consideration the statement of the positions of the license holder. If the license holder has not stated its positions on the reasons in the given deadline, the Energy Regulatory Commission shall adopt a decision
on initiation of a procedure for revocation of the license.  
(5) The decision referred to in paragraph (4) of this Article, shall establish, inter alia, the procedures, measures and activities that the license holder is obliged to take for the purpose of eliminating the reasons for initiation of the procedure for revocation of the license, the individual deadlines for their implementation, as well as the final deadline for elimination of the reasons, which cannot be longer than six months.

(6) The decision referred to in paragraph (4) of this Article shall also determine the obligation of the license holder to notify the Energy Regulatory Commission on regular basis about the manner of implementation of the procedures, measures and activities for elimination of the reasons for initiation of the procedure for revocation of the license within the deadlines established by the decision.

(7) The Energy Regulatory Commission shall publish the decision referred to in paragraph (4) in the newspapers and on its web site.

(8) Upon receipt of the decision referred to in paragraph (4) of this Article, the license holder shall commence the implementation of the procedures, measures and activities for elimination of the reasons for initiation of the procedure for revocation of the license within the deadlines established by the decision, including within the final deadline of six months.

(9) The license holder shall have the right to an appeal with the Appeal Commission against the decision on initiation of a procedure for revocation of the license.

(10) If the license holder does not fulfill the obligations within the final deadline determined by the decision on initiation of the procedure for revocation of the license, the Energy Regulatory Commission shall adopt a decision on revocation of the license in a period of 30 days after the expiry of the final deadline, at the latest.

(11) The license holder shall have the right to an appeal with the Appeal Commission against the decision of the Energy Regulatory Commission on revocation of the license referred to in paragraph (10) of this Article.

V. CONSTRUCTION OF NEW ENERGY FACILITIES

V.1. Construction of new facilities for energy generation

Article 49

(1) New facilities for generation of electrical energy, combined-cycle production of electrical and heat energy or for generation of heat energy may be constructed if an authorization for construction of new facilities for generation of electrical and/or heat energy has been issued in accordance with this Law.

(2) The authorization referred to in paragraph (1) of this Article shall be also required in the case of increase of the installed power of the existing energy facilities.

(3) An authorization shall not be required, if:

1) the energy generating facility has a total installed electrical and/or thermal power less than or equal
to 10 MW;
2) the expansion of the energy generating facility increases the total installed electrical and/or thermal power by maximum 10 MW and
3) the energy generated in the energy facility is to be used exclusively for personal needs.

(4) The authorization for construction of energy facilities referred to in paragraph (1) of this Article shall not be required if the performance of the energy activity generation of the corresponding type of energy has been conditioned by providing a concession for use of a natural resource. The conditions for construction of the concerned energy facility shall be determined by the concession agreement.

(5) The construction of new or expansion of existing facilities for generation of electrical and/or heat energy shall be carried out in accordance with the laws and other regulations regulating construction.

(6) The decision on authorization of the construction of new or expansion of existing facilities for electrical energy generation or for combined-cycle production of electrical and heat energy shall be adopted by the Government of the Republic of Macedonia.

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

(8) In order to protect and promote the environment, the plants for generation of electrical renewable energy sources, as well as the highly efficient combined-cycle plants that meet the requirements prescribed in accordance with Article 151 of this Law shall be facilities of public interest.

Article 50

(1) The procedure for issuance of an authorization for construction or expansion of facilities for generation of electrical energy, for combined-cycle generation of electrical and heat energy or for generation of heat energy shall be based on the principles of objectivity, transparency and non-discrimination.

(2) The authorizations shall be issued based on criteria that refer to:
1) reliability in the supply of a particular type of energy;
2) safety and reliability of the energy system, facilities and the relevant equipment;
3) protection of public health and safety;
4) protection of the environment;
5) use of land and locations;
6) use of public land;
7) energy efficiency;
8) type of primary energy and
9) specific characteristics of the entity that submits the request regarding its technical, financial and economic capacities.
Article 51

(1) In order to be issued an authorization for construction of new or reconstruction of the facilities for generation referred to in Article 49 paragraph (6) of this Law, the interested national and foreign investors shall submit a request for issuance of an authorization to the Government of the Republic of Macedonia, and for the facilities for generation referred to in Article 49 paragraph (7) of this Law to the local self-government unit.

(2) The Government of the Republic of Macedonia shall publish the request in the “Official Gazette of the Republic of Macedonia” in a period of eight days from the day of its receipt and shall submit it to the Ministry.

(3) The mayor of the local self-government unit shall publish the request in the official gazette of the local self-government unit in a period of eight days from the day of its receipt.

(4) The Minister shall prescribe in detail the form and content of the request for an authorization for construction or reconstruction of the facilities referred to in paragraph (1) of this Article.

Article 52

In addition to the request for an authorization, the concerned entity shall be obliged to submit the following documentation:
1) a concept design and an economic analysis;
2) a statement of consent for connection to the transmission or distribution system for electrical energy in accordance with the corresponding network rules and/or a statement of consent for connection to the transmission or distribution system for natural gas in the cases where the natural gas is used as fuel;
3) a decision granting a consent for the implementation of the project, i.e. a decision on approval of the environmental feasibility study, if, in accordance with a law, the project requires a study;
4) an excerpt from the existing planning documentation, i.e. an excerpt from the state urban planning documentation or an excerpt from the local urban planning documentation;
5) sources of funding for the planned facility;
6) a statement from a reputable financial institution or a bank regarding its intention to ensure a credit line for the project implementation to the entity, if the project implementation anticipates use of a credit;
7) an evidence of the financial capacity of the entity requesting the authorization to ensure its own participation in the financing of the facility;
8) references of the entity requesting the authorization and of the potential partners related to implementation of the same type of projects;
9) documents from the registration of the entity requesting the authorization;
10) documents from a competent body to prove that the entity requesting the authorization does not undergo a bankruptcy or liquidation procedure;
11) documents from a competent body to prove that there is no criminal or misdemeanor procedure against the entity requesting the authorization in regard to its professional activity and
12) a statement from the entity requesting the authorization on the authenticity of the data.
Article 53

(1) The procedure for issuance of an authorization for construction or reconstruction of facilities shall be conducted by a Commission for Implementation of the Procedure for Granting Authorizations for the facilities referred to in Article 49 paragraph (6) of this Law, established by the Minister.

(2) The Commission referred to in paragraph (1) of this Article shall be composed of nine members, two from the Ministry and one representative each from the ministries competent for performance of the activities in the field of construction, finances, environment and agriculture, from the Energy Agency, the operator of the electrical energy transmission system, as well as one member from other institutions or independent experts. One of the representatives from the Ministry shall be appointed a president. The term of office of the members of the Commission shall be four years. The members of the Commission shall be entitled to a monthly remuneration for the performed activities, the amount of which shall be determined by the Government of the Republic of Macedonia and the funds shall be provided from the Budget of the Republic of Macedonia.

(3) The procedure for issuance of an authorization for construction of the facilities for generation referred to in Article 49 paragraph (7) of this Law shall be implemented by a five-member commission established by the mayor of the local self-government unit, composed of experts in the fields of energy, economy and law. The term of office of the members of the commission shall be four years. The members of the commission shall be entitled to a monthly remuneration for the performed activities which shall be determined by the council of the local self-government unit, and the funds shall be provided from the budget of the local self-government unit.

(4) The president and the members of the commissions referred to in paragraphs (1) and (3) of this Article shall be obliged to abide by the procedure and deadlines for implementation of the procedure determined by this and other law.

(5) The commissions referred to in paragraphs (1) and (3) of this Article shall adopt rules of procedure for their work.

(6) The monthly remuneration referred to in paragraphs (2) and (3) of this Article cannot be higher than 30% of the average salary paid in the Republic of Macedonia in the previous calendar year.

Article 54

(1) If the commissions referred to in Article 53 paragraphs (1) and (3) of this Law establish, within a period not longer than 15 days from the day of publication of the request in the “Official Gazette of the Republic of Macedonia”, i.e. in the official gazette of the local self-government unit, that the request for an authorization is incomplete, they shall propose to the Minister, i.e. to the mayor to oblige the entity requesting the authorization to complete the documentation prescribed by Article 52 of this Law.

(2) Within a period of seven days at the most, the Minister, i.e. the mayor shall, by a conclusion, oblige the entity requesting the authorization to complete the documentation within a deadline that cannot be shorter than 15 days from the day of receipt of the conclusion.

(3) If the entity requesting the authorization does not complete the documentation within the deadline determined by the conclusion referred to in paragraph (2) of this Article, the Government of the
Republic of Macedonia, upon a proposal of the Minister, i.e. the council of the local self-government unit, on a proposal of the mayor shall adopt a decision on termination of the procedure.

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

**Article 55**

(1) On a proposal of the Minister, the Government of the Republic of Macedonia, in a period of 60 days from the day of receipt of the request, shall adopt a decision on issuing or on rejecting the request for issuance of an authorization for construction of new or reconstruction of existing facilities for generation of electrical energy or for combined-cycle generation of electrical and heat energy. The Government of the Republic of Macedonia shall request an opinion from the Energy Regulatory Commission prior to the adoption of the decision.

(2) The Government of the Republic of Macedonia shall adopt a decision, including an explanation why it has rejected the request for issuance of an authorization, if any of the following conditions is met:
1) an effective decision has been adopted to reject the request for project implementation, i.e. a decision that disapproves the environmental feasibility study;
2) the construction of facilities for generation of energy is not anticipated in the existing planning documentation, in the cases where the request refers to a new facility for generation of electrical and/or heat energy and
3) the entity requesting the authorization does not prove that it can ensure the financing of the construction of the facility.

(3) The decision on issuance of an authorization referred to in paragraph (1) of this Article shall be published in the “Official Gazette of the Republic of Macedonia”.

(4) The council of the local self-government unit, on a proposal of the mayor, shall adopt a decision on issuing or on rejecting the request for issuance of an authorization for construction of new or reconstruction of existing facilities for generation of heat energy in a period of 60 days from the day of receipt of the request.

(5) The council of the local self-government unit shall adopt a decision, including an explanation why it has rejected the request for issuance of an authorization, if any of the conditions referred to in paragraph (2) of this Article is met.

(6) The decision on issuance of an authorization referred to in paragraph (4) of this Article shall be published in the official gazette of the local self-government unit.

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

**Article 56**

The authorization for construction of new or reconstruction of existing facilities for generation of electrical energy, for combined-cycle generation of electrical and heat energy or for generation of heat energy shall determine the following in particular:
1) the type, characteristics, installed power and the expected annual generation of energy, the type and
necessary quantities of fuel;
2) the location of the facility, in accordance with the relevant urban planning documentation;
3) the validity period of the authorization;
4) the treatment of the facility after termination of its operation;
5) the manner of use of the public infrastructure;
6) the conditions to be met for protection of the environment, in accordance with a law;
7) the conditions regarding the efficiency of operations of the facility and
8) the other conditions related to the construction of the facility.

**Article 57**

(1) The validity period of the authorization referred to in Article 56 of this Law shall be three years from the day it enters into force.

(2) The authorization for construction or reconstruction of energy facilities shall cease to be valid, if the holder of the authorization fails to obtain an approval for construction of the facility within the time period determined in paragraph (1) of this Article.

**Article 58**

(1) At a request of the authorization holder, the authorization may be transferred to a third party upon a prior consent of the Government of the Republic of Macedonia, i.e. of the council of the local self-government unit.

(2) The data and documents for the person to which the authorization should be transferred, listed in Article 52 paragraph (1) points 5 to 12 of this Law, shall be attached to the request for transfer of the authorization. The procedure for transfer of the authorization shall be implemented by the commission referred to in Article 53 paragraph (1), i.e. paragraph (3) of this Law, in the same manner and procedure as for granting an authorization.

**Article 59**

(1) If, based on the issued authorizations for construction of new or reconstruction of existing facilities for generation of electrical energy and for combined-cycle generation of electrical and heat energy, and in accordance with the Energy Development Strategy of the Republic of Macedonia, on the forecasts of electrical energy consumption, taking into consideration the energy efficiency improvement measures and the demand management and the possibilities to meet those demands, it is assessed that the reliability of the energy supply might be impaired, the Government of the Republic of Macedonia, on a proposal of the Ministry, may adopt a decision and announce a public call for construction of facilities for electrical energy generation and combined-cycle generation of electrical and heat energy.

(2) The public call referred to in paragraph (1) of this Article may also be published for construction of facilities that may acquire the status of privileged producers of electrical energy, in accordance with the Energy Development Strategy of the Republic of Macedonia, due to the need to reduce the negative impact on the environment and to promote the use of renewable energy sources, as well as in order to introduce new technologies and combined-cycle generation of electrical and heat energy.

(3) The decision referred to in paragraph (1) of this Article shall determine the manner and the funds required for preparation of the tendering documentation.
(4) The Ministry shall be responsible for the preparation of the tender documentation referred to in paragraph (3) of this Article, as well as for the implementation of the public call procedure referred to in paragraph (1) of this Article.

(5) Prior to submission of the proposal for adoption of the decision referred to in paragraph (1) of this Article, the Ministry shall be obliged to determine whether the reliability in the supply of electrical energy can be ensured by measures for efficient use of the electrical energy and demand management.

(6) The offers for supply of electrical energy that guarantee long-term dispatch of energy from the existing facilities for generation should be reviewed prior to the adoption of the decision on announcement of the public call.

(7) If, based on the issued authorizations for construction of new facilities for generation of heat energy and the forecasts of the heat energy demand, taking into consideration the energy efficiency improvement measures and management of the loads and the possibilities of meeting those demands, it is assessed that the reliability of supply is not ensured, the local self-government unit may adopt a decision to announce a public call for construction of facilities for generation of heat energy.

(8) The decision referred to in paragraph (7) of this Article shall determine the manner of preparation, the required funds and the body, i.e. the institution that will prepare the tender documentation.

(9) The public call referred to in paragraph (7) of this Article shall be implemented by the mayor of the local self-government unit.

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**Article 60**

(1) The body responsible for the implementation of the procedure referred to in Article 59 of this Law shall publish the public call in at least two newspapers and in the “Official Gazette of the Republic of Macedonia”, i.e. in the official gazette of the local self-government unit.

(2) The public call referred to in paragraph (1) of this Article shall, in particular, contain:
1) the type of energy facility for which the public call is announced;
2) the planned capacity;
3) the time period for commencement of the construction of facilities;
4) the location where the facility is going to be built, established on the basis of an excerpt from the existing planning documentation, the state urban planning documentation or the local urban planning documentation;
5) the required economic, technical or operative capacities of the bidder;
6) the possible stimulation measures and
7) the manner and deadline for submission of the offers.

(3) The deadline for submission of the offers cannot be shorter than 90 days from the day of publication of the public call.

(4) The tender documentation shall, in particular, contain:
1) the type of energy facility for which the public call is announced;
2) the planned capacity;
3) the time period for commencement of the construction of facilities;
4) the location where the facility is going to be built;
5) the required economic, technical or operative capacities of the bidder;
6) the manner and deadline for submission of the offers;
7) the criteria for selection of the most favorable bidder;
8) the manner and conditions for generation and connection to the corresponding networks;
9) the contract for granting the right of construction which shall regulate the mutual rights and obligations regarding the construction of the facility;
10) the possible stimulation measures;
11) the treatment of the facility after termination of its operation;
12) the manner of using the public infrastructure;
13) the conditions to be fulfilled in order to protect the environment, in accordance with a law;
14) the conditions regarding the efficiency in the operation of the facility and
15) the other necessary data.

(5) For each public call referred to in Article 59 of this Law, the institution responsible for implementation of the public call shall establish a commission for implementation of the public call procedure.

(6) The Government of the Republic of Macedonia, i.e. the council of the local self-government unit shall give consent to the tender documentation upon a proposal of the body responsible for implementation of the public call.

(7) On a proposal of the body responsible for the implementation of the public call, the Government of the Republic of Macedonia, i.e. the council of the local self-government unit shall adopt a decision on selection of the most favorable bidder who will be granted the right to construct the energy facility.

(8) The procedure for implementation of the public call and the criteria for participation and decision-making should be based on the principles of transparency, objectivity, competitiveness and non-discrimination.

(9) The provisions of this Law and of the Law on Concessions and other Types of Public Private Partnership shall apply accordingly to the procedure for implementation of the public calls referred to in Article 59 of this Law.

**V.2. Construction of new transmission and distribution systems and direct lines**

**Article 61**

(1) The construction of new systems for distribution of electrical energy, of new networks for transmission of natural gas and of new facilities for transport of crude oil and oil derivatives shall be carried out by legal entities, on the basis of an authorization.
(2) On a proposal of the Minister, the Government of the Republic of Macedonia shall adopt a decision on authorization for construction of the new systems, networks or facilities referred to in paragraph (1) of this Article.

(3) The provisions of Articles 50 to 58 of this Law shall apply to the procedure for issuance of the authorizations referred to in paragraph (1) of this Article.

Article 62

(1) The construction of new systems for distribution of natural gas in a given area of the territory of the Republic of Macedonia shall be carried out by legal entities based on a concession awarded by the Government of the Republic of Macedonia.

(2) The concession referred to in paragraph (1) of this Article shall also include the right to carry out the regulated energy activity distribution of natural gas.

(3) The period for which the concession is granted cannot be shorter than 20 years and longer than 35 years. The concession, upon a request of the concessionary, may be extended for the period for which the previous concession has been granted. The concessionary shall not have the right to transfer the concession to a third party.

(4) The Government of the Republic of Macedonia, on a proposal of the Minister or of the local self-government unit, shall adopt a decision on commencement of the procedure for awarding a concession for construction of a new system for distribution of natural gas. The Government of the Republic of Macedonia shall prescribe the type of procedure for awarding the concession, the obligation for payment of the concession fee, as well as the criteria for participation and selection of the most favorable bidder by the decision.

(5) Prior to the adoption of the decision referred to in paragraph (4) of this Article, the Government of the Republic of Macedonia, in accordance with the Law on Local Self-Government, may conclude an agreement for cooperation with the local self-government units on the area of which the system for distribution of natural gas shall be built.

(6) The procedure for awarding a concession shall be prepared, organized and implemented by a commission established by the Minister. The commission shall prepare the tender documentation. On a proposal of the Minister, the Government of the Republic of Macedonia shall give consent to the tender documentation.

(7) The provisions of this Law and of the Law on Concessions and other Types of Private Public Partnership shall apply to the procedure for awarding a concession and to the concession agreement.

(8) The Government of the Republic of Macedonia shall authorize the Minister to conclude the concession agreement on behalf of the Government.
Article 63

(1) The construction of new systems for distribution of heat energy for the area of a local self-government unit shall be carried out on the basis of a concession for construction awarded by the council of the local self-government unit.

(2) The concession referred to in paragraph (1) of this Article shall also include the right to carry out the regulated energy activity distribution of heat energy.

(3) The period for which the concession is awarded cannot be shorter than 20 years and longer than 35 years. The concession, upon a request of the concessionary, may be extended for the period for which the previous concession has been awarded. The concessionary shall not have the right to transfer the concession to a third party.

(4) The council of the local self-government unit, on a proposal of the mayor, shall adopt a decision to commence the procedure for awarding a concession for construction of a new system for distribution of heat energy. The council of the local self-government unit shall prescribe the type of procedure for awarding the concession, the obligation for payment of the concession fee, as well as the criteria for participation and selection of the most favorable bidder by the decision.

(5) The procedure for awarding a concession shall be prepared, organized and implemented by a commission established by the mayor. The commission shall prepare the tender documentation. Upon a proposal of the mayor, the council of the local self-government unit shall adopt the tender documentation by way of a decision.

(6) The procedure for awarding a concession shall be implemented pursuant to the provisions of the Law on Concessions and other Types of Public Private Partnership and the provisions of this Law.

(7) The council of the local self-government unit shall authorize the mayor to conclude the concession agreement on behalf of the council.

Article 64

(1) Direct lines for transmission of electrical energy or transmission of natural gas shall be constructed on the bases of a construction authorization.

(2) Direct lines may be constructed only in the cases where the consumer or supplier cannot acquire the right to connection or access to an existing system for transmission, i.e. distribution of electrical energy or natural gas.

(3) The request for construction of a direct line shall be submitted to the Government of the Republic of Macedonia.

(4) The entity that submits the request for construction of a direct line shall attach the documentation referred to in Article 52, except the statement of consent referred to in point 2 of this Law, as well as the decision by which the Energy Regulatory Commission confirms the decision of the operator of the corresponding transmission or distribution system on rejecting the request for connection or access.
(5) The provisions of articles 50 to 58 of this Law shall apply accordingly to the procedure for issuance of the authorizations referred to in paragraph (1) of this Article.

(6) The direct line shall not be considered a part of the systems for transmission, i.e. distribution of electrical energy or natural gas.

VI. ELECTRICAL ENERGY MARKET

Article 65

(1) The producer of electrical energy may sell electrical energy and/or system services in the country or abroad to traders, suppliers of electrical energy and to the operator of the electrical energy transmission system and the operators of electrical energy distribution systems.

(2) The producer of electrical energy shall be obliged to:

1) ensure availability of the agreed energy and/or system services to the point of receipt in the transmission or distribution system, in accordance with the license;
2) work in accordance with the laws, other regulations, as well as the network rules for transmission or network rules for distribution, the market rules and the conditions determined by the licenses;
3) submit reports, data and information to the Energy Regulatory Commission in accordance with the conditions prescribed in the license;
4) submit reports, data and information to the operator of the electrical energy transmission system or to the operator of the distribution system, in accordance with the network rules for transmission or the network rules for distribution;
5) submit data and information from the contracts for sale of electrical energy, on the availability of the generating capacity and/or system services, excluding the commercial and financial data in accordance with the market rules, to the operator of the electrical energy market and to the operator of the electrical energy transmission system and
6) provide electrical energy for its own needs from its capacities or at the open market.

(3) In order to ensure reliability in the supply of electrical energy, the producers of electrical energy that use mazut as fuel shall be obliged to have at any time operational reserves of mazut that are at least equal to the quantities necessary for work at maximum capacity in a period of fifteen days.

Article 66

(1) The producer of electrical energy whose obligation to provide a public service has been determined in the license shall fulfill the obligation for provision of the public service by generating electrical energy for the needs of the households and small consumers supplied by an electrical energy supplier of last resort.

(2) The producer referred to in paragraph (1) of this Article and the electrical energy supplier of last resort shall be obliged, by 30 November every calendar year at the latest, to submit to the Energy Regulatory Commission for approval a contract for sale and purchase of electrical energy for the following year, the duration of which 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 in a period of ten days from its submission. It shall be deemed that the contract is concluded once it is approved by the Energy Regulatory Commission.

(4) The contract referred to in paragraph (2) of this Article shall, in particular, regulate the following:

1) the manner of adjustment of the planned dispatch of electrical energy by the producer to the needs of the users supplied by the supplier of last resort for each month during a year, based on the annual estimates prepared by the supplier of last resort;

2) the manner of everyday adjustment of the planned dispatch of electrical energy by the producer to the needs of the consumers supplied by the supplier of last resort for each hour of the following day, based on the detailed estimates prepared by the supplier of last resort and taking into consideration the availability and optimal use of the generating capacities of the producer;

3) the manner and procedure of data exchange, alteration and adjustment of the agreed amounts on monthly, daily and hourly basis;

4) the price at which the supplier of last resort procures the electrical energy, approved by the Energy Regulatory Commission in accordance with the regulation referred to in Article 24 paragraph (2) of this Law and

5) the mutual rights and obligations of the producer and supplier in the case referred to in Article 80 paragraph (7) of this Law.

(5) If the contract referred to in paragraph (2) of this Article is not submitted within the determined deadline, or if the Energy Regulatory Commission does not approve the contract in a period of ten days from its submission, the Energy Regulatory Commission shall adopt a decision to regulate the relations between the producer referred to in paragraph (1) of this Article and the electrical energy supplier of last resort, which shall regulate the issues referred to in paragraph (4) of this Article, by 15 December the same calendar year at the latest.

(6) The producer referred to in paragraph (1) of this Article and the electrical energy supplier of last resort shall be obliged to apply the decision referred to in paragraph (5) of this Article until the contract referred to in paragraph (2) of this Article is concluded.

(7) Once the producer referred to in paragraph (1) of this Article meets the needs of the consumers defined by the contracts referred to in paragraph (2) or by the decision referred to in paragraph (5) of this Article, it may sell the surplus electrical energy on the market, in accordance with the rules previously approved by the Energy Regulatory Commission.

(8) The rules referred to in paragraph (7) of this Article on sale of the surplus electrical energy on the market shall be prepared by the producer referred to in paragraph (1) of this Article and shall regulate the conditions, manner and procedure for sale, based on transparent and non-discriminatory principles.

(9) The producer referred to in paragraph (1) of this Article shall be obliged to submit separate monthly reports on the sales referred to in paragraphs (2) and (7) of this Article to the Energy Regulatory Commission.

(10) The producer referred to in paragraph (1) of this Article, in addition to the obligations referred to in Article 65 of this Law, shall be obliged to:

1) submit financial reports in accordance with Article 5 of this Law to the Energy Regulatory Commission and
2) keep separate accounting records for the sale to the supplier of last resort and the sale of electrical energy and system services on the market, as well as to keep all documents and records and make them available upon a request of the Energy Regulatory Commission.

Article 67

(1) The electrical energy transmission system operator shall maintain, upgrade and expand the transmission network, manage the electrical energy system of the Republic of Macedonia and shall ensure connection of the transmission system to the transmission systems of the neighboring countries.

(2) The electrical energy transmission system operator shall be obliged to provide:
1) reliable and safe operation of the electrical energy system of the Republic of Macedonia, in accordance with the valid regulations that determine the technical rules;
2) reliable, safe and quality transmission and dispatch of electrical energy through the transmission network of the Republic of Macedonia in a non-discriminatory and transparent manner, with a prescribed quality;
3) connection of producers, consumers and operators of distribution systems to the transmission network, as well as access of third parties to use the electrical energy transmission system, in accordance with this Law and the network rules on transmission, and based on objective, transparent and non-discriminatory principles;
4) construction of new interconnection capacities with the neighboring systems, taking into consideration the efficient use of the existing interconnection capacities and the balance between the investment costs and the benefits for the consumers;
5) cross-border flow of electrical energy through the transmission network of the Republic of Macedonia, within the limits of the available transmission capacity;
6) development, reconstruction and maintenance of the transmission system for the purpose of reliable and efficient operation of the system, in accordance with the valid regulations that determine the technical rules and for the purpose of ensuring long-term capacity of the system to meet the justified demands for transmission of electrical energy;
7) a plan for maintenance of the network in accordance with the network rules on transmission, its submission to the Energy Regulatory Commission and publication on the web site of the operator;
8) real time management of the flows of electric power, taking into consideration the generation of electrical energy in the Republic of Macedonia, the declared import, the declared export and the declared transits through the transmission system of the Republic of Macedonia, on the basis of the nominations of the market participants submitted to the operator of the electrical energy market, in accordance with the rules on the electrical energy market;
9) parallel operation of the electric power system of the Republic of Macedonia and the neighboring electric power systems, as well as exchange of data with operators of other electrical energy transmission systems, in accordance with the obligations assumed by the Republic of Macedonia under international treaties or the obligations of the operator resulting from its membership in international associations;
10) publication of data on the available transmission capacities of the interconnection lines with the neighboring countries, in order to provide non-discriminatory, objective and transparent access and use of the electrical energy transmission system;
11) installation and maintenance of measuring devices at all measuring locations at the points of receipt and dispatch from the transmission system;
12) measuring the electrical energy at the points of receipt and dispatch from the transmission system and submission of the measurement data to the relevant users of the transmission system and to the...
market operator;
13) electrical energy to cover the losses in the electrical energy transmission system under market conditions, in a transparent, non-discriminatory and competitive manner, according to the rules on the electrical energy market;
14) procurement of system services and corresponding operational reserves, under market conditions, in a transparent, non-discriminatory and competitive manner, according to the rules on the electrical energy market;
15) handling of overloads in the transmission system in accordance with the network rules on transmission;
16) real time balancing of the discrepancies between the actual and planned electricity consumption, in accordance with the network rules on transmission of electrical energy;
17) transparent and non-discriminatory application of the procedures for balancing the indicated and completed transactions on the electrical energy market and the manner of charging for the services;
18) implementation of necessary changes in the order and time of engagement of generating capacities and procurement of electrical energy in the cases where the reliability of the supply with electrical energy is threatened, in cases of major accidents or major discrepancies between the electrical energy consumption and the planned quantities;
19) access of users to measuring devices owned by the operator, in accordance with this Law and the network rules on transmission;
20) confidentiality of commercial and business data of system services users and
21) cooperation with operators of electrical energy transmission systems and corresponding associations, in accordance with the obligations assumed under the ratified international treaties or obligations assumed from international organizations.

(3) The operator of the electrical energy transmission system shall be obliged to keep a dispatching book, to keep records on the reliability of the electrical energy transmission system, data from the surveillance and management system, measurement data and to keep such books, records and data for minimum ten years.

(4) The operator of the electrical energy transmission system shall be obliged to keep records on the operation of the electrical energy transmission system and to notify thereof the Energy Regulatory Commission, upon its request.

(5) The charge for the use of the electrical energy transmission system shall be paid by the consumers of electrical energy in the Republic of Macedonia, according to the published tariff. The operator of the electrical energy transmission system shall invoice the charge for the use of the system to:
1) the consumers directly connected to the electrical energy transmission system that act individually on the electrical energy market;
2) the suppliers or traders for the consumers directly connected to the electrical energy transmission system that do not act individually on the electrical energy market and
3) the operators of the electrical energy distribution systems or the suppliers for the consumers connected to the electrical energy distribution systems.

(6) The operator of the electrical energy transmission system shall invoice the participants in the electrical energy market the amount for the deviations from the indicated physical transactions, at prices calculated in accordance with the methodology for calculation of the charge for the balancing services.
(7) The operator of the electrical energy transmission system may temporarily discontinue the dispatch of electrical energy from the transmission network when carrying out the planned controls, examinations, control measurements, maintenance, reconstructions, expansion of networks, devices and installations, connection of new users to the transmission networks, as well as in the case of need to prevent a risk of disturbance in the electric power system. The manner, procedures and notifications of the discontinuations shall be carried out on the basis of objective, transparent and non-discriminatory principles, and shall be regulated in detail by the network rules on transmission of electrical energy.

Article 68

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

(2) The operator of the electrical energy transmission system shall be obliged to adopt every year a plan for the development of the electrical energy transmission system for the following five years. The operator shall submit the plan to the Energy Regulatory Commission by 31 October the latest, and upon obtaining consent from the Energy Regulatory Commission, it shall publish the plan on its web site. The plan should contain all necessary information regarding the expansion and upgrade of the system, and its content shall be regulated by the network rules on transmission.

(3) The operator of the electrical energy transmission system shall prepare and submit, by 31 October every calendar year at the latest, one-year, five-year and ten-year forecasts of the needs of electrical energy in the Republic of Macedonia to the Ministry and the Energy Regulatory Commission.

(4) For each regulated period the operator of the electrical energy transmission system shall prepare and submit to the Energy Regulatory Commission for approval a plan for investments in the transmission system, which shall, in particular, present the expected increase of efficiency in the operation of the electrical energy transmission system by reduction of the losses of electrical energy and improvement of the quality of the dispatched electrical energy from the transmission network, as a result of the planned investments.

(5) The operator of the electrical energy transmission system shall be obliged to submit to the Energy Regulatory Commission reports on the financial and physical volume of planned and delivered services, in a manner, under conditions and within deadlines determined by the license.

Article 69

The operator of the electrical energy transmission system shall be obliged to adopt and, upon prior approval of the Energy Regulatory Commission, to publish in the “Official Gazette of the Republic of Macedonia” and on its web site the network rules on transmission, that shall, in particular, regulate the following:
1) the technical and other conditions for reliable and safe operation of the transmission system;
2) the technical and technological conditions and manner of connection of users, based on transparent and non-discriminatory principles;
3) the conditions, manner and methodology for determination of the charge for connection to the transmission network, based on transparent and non-discriminatory principles;
4) the conditions and manner of access of third parties to the transmission system, based on transparent and non-discriminatory principles;
5) the objective, non-discriminatory and transparent procedures for handling the overloads in the transmission system;
6) the technical and technological conditions for operation of the facilities for generation of electrical energy under a temporary license work regime;
7) the planning of maintenance and development of the transmission system;
8) the content of the plans for development of the transmission system, as well as the manner and procedure according to which the system users submit the data necessary for the preparation of the development plans;
9) the manner and procedure of forecasting the electrical energy demand, as well as the obligations of users of the electrical energy transmission system (suppliers of electrical energy, producers of electrical energy and consumers directly connected to the electrical energy transmission system) in regard to the delivery of data necessary for the preparation of the forecasts;
10) the measures which ensure the required operational reliability of the electrical energy transmission system;
11) the measures, activities and procedures in cases of disorders and major accidents;
12) the functional requirements and the class of accuracy of the measuring devices, as well as the manner of measuring the electrical energy and power;
13) the criteria for the provision of system services;
14) the dispatching of electrical energy;
15) the quality of the electrical energy dispatched through the transmission system;
16) the quality of the services delivered to the users by the operator;
17) the communication protocols for the surveillance and management system;
18) the work of the operative management systems;
19) the manner of publishing the information which it is obliged to publish in accordance with this Law and
20) the manner and procedure of notifying the system users.

Article 70

(1) The operator of the electrical energy transmission system shall be obliged, upon prior approval by the Energy Regulatory Commission, to adopt and publish in the “Official Gazette of the Republic of Macedonia” and on its web site the rules on allocation of cross-border transmission capacities.

(2) The rules referred to in paragraph (1) of this Article shall be based on the principles of transparency and non-discrimination of the system users and on the obligations that the Republic of Macedonia has assumed under international treaties, as well as on the technical capacities of the electrical energy transmission system, and they shall regulate in particular:
1) the manner of calculation of the available cross-border capacities;
2) the manner of allocation of cross-border transmission capacities, taking into account the congestion in the electrical energy transmission system;
3) the manner of payment for the use of cross-border transmission capacities in the cases of congestion of interconnection lines and
4) the manner of publishing the data.
Article 71

(1) The legal entity that carries out the activity transmission of electrical energy cannot hold a license for carrying out the activities generation, distribution, trade in, supply of electrical energy and electrical energy supply of last resort.

(2) For the purpose of ensuring independence in carrying out the energy activity transmission of electrical energy, as well as fulfillment of the obligation for provision of a public service in a non-discriminatory, objective and transparent manner, the operator of the electrical energy transmission system should ensure:
   1) that the persons who are responsible for the governance and management of the operator of the electrical energy transmission system do not participate in the governance and management structures of license holders for production, distribution, trade in or supply of electrical energy;
   2) that the persons responsible for the governance and management of the operator of the electrical energy transmission system enjoy independence in their work and decision-making and
   3) that the decision-making process regarding the funds required for the operation, maintenance and development of the system is independent from the interests of the vertically integrated enterprise to which the operator belongs or from the interests of the associated enterprise.

(3) The operator of the electrical energy transmission system shall be obliged to adopt and submit to the Energy Regulatory Commission for approval a program for adjustment which shall define measures for prevention of discriminatory behavior and impose appropriate obligations on the employees, in accordance with paragraph (2) of this Article.

Article 72

(1) The operator of the electrical energy market shall be responsible for the organization, efficient operation and development of the electrical energy market, in accordance with the principles of openness, transparency, non-discrimination and competitiveness, for the provision of services that fall within its area of competences in accordance with this Law and in accordance with the conditions stated in the license.

(2) The operator of the electrical energy market shall prepare and submit information to the operator of the electrical energy transmission system necessary for the preparation of the schedule for dispatching, in accordance with the market rules.

(3) The operator of the electrical energy market shall keep records of the physical transactions of electrical energy, based on the information on transactions for sale and purchase and transit of electrical energy submitted by the users of the electrical energy market.

(4) The operator of the electrical energy market shall calculate the taken-up, transmitted and dispatched electrical energy among the electrical energy market participants, as well as the imbalance between the indicated and actual transactions and shall deliver the calculations to the operator of the electrical energy transmission system.

(5) The charge for the use of the electrical energy market shall be paid by the suppliers or traders on behalf of the consumers in the Republic of Macedonia with whom they have concluded contracts for
supply, i.e. sale of electrical energy. The charge for the use of the electrical energy market shall be also paid by the operators of the electrical energy transmission and distribution systems when they purchase electrical energy to cover the losses of electrical energy.

(6) The operator of the electrical energy market shall calculate the charge for the use of the market based on the indicated transactions and by applying the published tariff, previously approved by the Energy Regulatory Commission.

(7) The operator of the electrical energy market shall be obliged to ensure confidentiality of the commercial and business data that the participants in the electrical energy market are obliged to submit to it.

**Article 73**

(1) The rules on the electrical energy market, adopted by the Energy Regulatory Commission, shall, in particular, regulate:

1) the organization of the electrical energy market;
2) the requirements to be met by the participants in the electrical energy market;
3) the manner and conditions for grouping of buyers and/or producers of electrical energy in balance groups for the purpose of reducing the balancing costs;
4) the establishment, organization and control of the trade in electrical energy and system services, including the cross-border trade;
5) the methodology for calculation of the charge for balancing services and the manner of payment for the services, as well as the financial guarantees for the obligations of the participants in the electrical energy market regarding the payment for the balancing services;
6) the procedure for calculation of the discrepancies between the agreed and actual transactions, based on the data from the measurements carried out by the operator of the electrical energy transmission system and the operators of the distribution systems;
7) the conditions, manner and procedure for procurement of electrical energy and system services by the entities carrying out regulated energy activities, in order the procurements to be carried out in a transparent and non-discriminatory manner and to provide equal access to all interested domestic and foreign bidders;
8) the purchase of electrical energy from privileged producers of electrical energy and its sale to suppliers or traders, as well as the manner of regulation of the rights and obligations of the market operator and of the operators of the transmission and distribution systems and the privileged producers and
9) the procedure and manner of gathering and submitting data to the Energy Regulatory Commission regarding the conditions and occurrences on the electrical energy market.

(2) The rules on the electrical energy market shall determine equal contractual rights and obligations of the privileged producers, depending on the type of the power plant, with whom the market operator should conclude a contract pursuant to the provisions of Article 153 of this Law, as well as the elements of the contracts in accordance with the decisions of the Energy Regulatory Commission for application of the privileged tariffs.

(3) The operator of the electrical energy market shall be obliged to cooperate with the Energy Regulatory Commission in the preparation of the rules on the electrical energy market.
Article 74

(1) The operator of a distribution system for electrical energy shall be obliged to maintain, upgrade, expand and manage the distribution system it uses for carrying out its activity, as well as to ensure its connection to the electrical energy transmission system.

(2) The operator of a distribution system shall be obliged to ensure:

1) secure and reliable operation of the distribution system, in accordance with the valid regulations that define the technical rules;

2) reliable, safe and quality distribution and dispatch of electrical energy through the distribution system it manages, on a non-discriminatory and transparent basis, with prescribed quality;

3) connection of producers and consumers to the distribution network, as well as access of third parties for the purpose of using the distribution system, in accordance with this Law and with the network rules on distribution, and based on objective, transparent and non-discriminatory principles;

4) development, reconstruction and maintenance of the distribution system, in accordance with the valid regulations that define the technical rules and to ensure long-term capacity of the system to meet the reasonable demands for distribution of electrical energy;

5) a plan for maintenance of the network in accordance with the network rules on distribution and its submission to the Energy Regulatory Commission;

6) coordination of the handling within the distribution system with the operator of the electrical energy transmission system;

7) electrical energy for covering of the losses in the distribution network and system services under market conditions in a transparent, non-discriminatory and competitive manner, according to the rules on the electrical energy market;

8) measuring the electrical energy taken-over from the producers and from the electrical energy transmission system and the electrical energy dispatched to the consumers connected to the distribution system and submission of the data from the measurements to the producers or suppliers or traders, as well as to the market operator;

9) access of users to measuring devices owned by the operator of the distribution system, in accordance with this Law and the network rules on distribution;

10) preparation of reports on the financial and physical volume of the planned and actual services and their submission to the Energy Regulatory Commission, in a manner and under conditions and within deadlines established by the license;

11) keeping a dispatching book, records on the reliability of the communication systems, data from the surveillance and management system, measurement data and keeping of such books, records and data for at least ten years and

12) confidentiality of the commercial and business data regarding the users of the distribution system.

(3) The charge for the use of the distribution system shall be paid by the consumers of electrical energy connected to the distribution network. The operator of the distribution system shall invoice to the consumers connected to the electrical energy distribution system the charge for the use of the electrical energy distribution system, as well as the charge for the use of the electrical energy transmission system, in accordance with the published tariffs.

(4) As an exception to paragraph (3) of this Article, the operator of the electrical energy distribution system may conclude a contract with suppliers or traders engaged in trade in electrical energy and authorize them to collect the charge referred to in paragraph (3) of this Article.

(5) The operator of the electrical energy distribution system may temporarily discontinue the dispatch
of electrical energy from the distribution network when carrying out the planned check-ups, examinations, control measurements, maintenance, reconstruction, expansion of networks, devices and installations, as well as in the case of need to prevent a risk of disturbance of the electric power system. The manner, procedures and notifications of such discontinuations shall be done by the operator of the distribution system in accordance with the network rules on distribution.

**Article 75**

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

(2) The operator of the distribution system shall be obliged to adopt every year a plan for development of the distribution system for the period of the next five years. The operator shall submit the plan to the Energy Regulatory Commission by 31 October at the latest, and after obtaining consent from the Energy Regulatory Commission, it shall publish the plan on its web site. The plan should contain all necessary information on expansion and upgrade of the system, and its content shall be regulated by the network rules on distribution.

(3) The operator of the distribution system shall prepare and, by 31 October at the latest every year, it shall submit to the Ministry and the Energy Regulatory Commission annual and five-year forecasts of the electrical energy demand for the distribution system it manages.

(4) For each regulated period the operator of the distribution system shall prepare and submit to the Energy Regulatory Commission for approval a plan for investments in the distribution system that shall present, in particular, the expected increase of efficiency in the operation of the distribution system by reduction of the losses of electrical energy and by improvement of the quality of the dispatched electrical energy from the distribution network, as a result of the planned investments.

**Article 76**

(1) The operator of the distribution system shall be obliged to measure the electrical energy it takes over from and dispatches to the consumers connected to the distribution network with measuring devices, in accordance with this Law and the network rules on distribution of electrical energy.

(2) The measuring devices at the newly built connections shall be owned by the operator of the distribution system.

(3) The operator of the distribution system shall have the right to substitute the existing measuring devices owned by the consumers connected to the distribution network with new ones, within deadlines determined by the network rules. The newly installed measuring devices shall be owned by the operator of the distribution network. The costs for the substitution of the measuring devices shall be borne by the operator of the distribution system and they shall be covered through the tariff for the distribution of electrical energy.

(4) The location of the measuring devices shall be determined by the operator of the distribution system, depending on the technical possibilities at the location itself, and it can be within or outside the boundaries of the property of the consumers connected to the distribution network. If, in the course of substituting the existing measuring device owned by the user, the operator of the distribution system
establishes that it is necessary to dislocate the measuring point, it shall be obliged to bear the costs for the dislocation by causing minimum disturbance to the provision of the service to the user. The operator of the distribution system shall be obliged to compensate the damage to the property of the user caused by the dislocation of the measuring point.

(5) If the measuring device is located on the user’s property, the user shall be obliged to allow the authorized person of the operator of the distribution system access to every property or facility up to the measuring device, in order to:
1) read the measuring devices;
2) control, install, supervise, replace and maintain the equipment at the measuring point;
3) disconnect the consumer if it acts contrary to the conditions for use of the distribution system prescribed by the network rules on distribution and
4) disconnect the consumer upon a request of the supplier, in accordance with the provisions of the Rules on Supply.

Article 77

(1) The operator of the distribution system shall be obliged, upon prior approval by the Energy Regulatory Commission, to adopt and publish in the “Official Gazette of the Republic of Macedonia” and on its web site the network rules on distribution that shall, in particular, regulate:
1) the technical and technological requirements and the manner of connection of electric power facilities on the basis of transparent and non-discriminatory principles;
2) the terms and conditions and the manner of use of the distribution system by third parties on the basis of transparent and non-discriminatory principles;
3) the technical and other requirements for reliable and safe operation of the distribution system and provision of quality service;
4) the technical and technological conditions for operation of the facilities for generation of electrical energy under a temporary license work regime;
5) the planning, maintenance and development of the distribution system;
6) the measures, activities and procedures in cases of disorders and major accidents;
7) the methodology for determination of the charge for connection to the distribution network, based on transparent and non-discriminatory principles;
8) the confidentiality of commercial and business data of the distribution system services users;
9) the functional requirements and the class of accuracy of the measuring devices, as well as the manner of measuring the electrical energy and power;
10) the quality of the electrical energy dispatched through the distribution system;
11) the quality of the services provided by the operator to the users;
12) the content of the plans for development of the distribution system, as well as the manner and procedure according to which the system users submit the data necessary for the preparation of the development plans;
13) the submission of data for long-term forecasts of demands of electrical energy to the operator of the electrical energy transmission system;
14) the communication protocols for the surveillance, management and control system and the supervision and control of the systems for management of the distribution system and
15) the manner and procedure of notifying the system users.

(2) In the case where there are several operators of electrical energy distribution systems, the Energy Regulatory Commission should ensure harmonization of the individual network rules on distribution.
Article 78

(1) The legal entity that carries out the activity distribution of electrical energy cannot hold a license for carrying out the activities production, transmission, trade in, supply of, electrical energy or electrical energy supply of last resort.

(2) In order to ensure independence in carrying out the energy activity distribution of electrical energy, as well as fulfillment of the obligation to provide a public service in a non-discriminatory, objective and transparent manner, the operator of the distribution system should ensure:
1) that the persons who are responsible for the governance and management of the operator of the distribution system do not participate in the governance and management structures of the holders of licenses for production, transmission, trade in or supply of electrical energy;
2) that the persons responsible for the governance and management of the operator of the distribution system enjoy independence in their work and decision-making and
3) that the adoption of the decisions regarding the funds required for operation, maintenance and development of the system is independent from the interests of the vertically integrated enterprise to which the operator belongs or from the interests of the associated enterprise.

(3) The operator of the electrical energy distribution system shall be obliged to adopt and submit to the Energy Regulatory Commission for approval a program for adjustment that shall define measures for prevention of discriminatory behavior and shall impose appropriate obligations on the employees, in accordance with paragraph (2) of this Article.

(4) As an exception to paragraph (1) of this Article, the legal entity that carries out the activity distribution of electrical energy may carry out the activities supply of electrical energy and electrical energy supply of last resort, if less than 100,000 consumers are connected to its distribution system.

Article 79

(1) The supplier of electrical energy shall procure electrical energy from the country and abroad for the purpose of selling it to consumers, traders, other suppliers, the operator of the electrical energy transmission system or the operators of the electrical energy distribution systems, as well as to buyers from abroad.

(2) The supplier of electrical energy, for the electrical energy it has made commitments to deliver to its consumers, shall provide corresponding transmission and/or distribution capacity from the operators in accordance with the valid tariffs, the market rules, the network rules on transmission and the network rules on distribution.

(3) The supplier of electrical energy shall invoice its consumers for the dispatched electrical energy at the agreed price and for the charge for use of the electrical energy market. If the supplier has concluded a contract with the operator of the distribution system in accordance with Article 74 paragraph (4) of this Law, the supplier of electrical energy shall also invoice its consumers for the charges for use of the transmission and/or distribution system. The invoicing shall be made on the basis of the measuring of consumed real and/or reactive power and the engaged electric power, carried out by the relevant system operator.
(4) The supplier of electrical energy shall be obliged to:
1) operate in accordance with the rules on supply and the rules on the electrical energy market in regard to the reliability and volume of supply, in order to fulfill the obligations towards the buyers;
2) submit to the operator of the electrical energy market data on the transactions and plans for consumption of electrical energy by its consumers, necessary to calculate the imbalances, in accordance with the market rules, the network rules for transmission and the network rules for distribution;
3) meet the requirements for financial guarantees determined by the market rules;
4) pay the procured quantities of electrical energy, as well as the leased capacities and the corresponding regulated services of the operators of the electrical energy transmission system and/or distribution systems and the operator of the electrical energy market and
5) submit to the Energy Regulatory Commission, upon its request and within a determined deadline, information and reports on its transactions and business activities starting, ending on or passing through the territory of the Republic of Macedonia.

Article 80

(1) The electrical energy supplier of last resort shall procure electrical energy for the needs of the households and small consumers that have decided to be supplied by a supplier of last resort. The procurement prices and the corresponding contracts with the producer referred to in Article 66 of this Law shall be approved by the Energy Regulatory Commission.

(2) The electrical energy supplier of last resort shall provide, for the needs of its consumers, necessary transmission and/or distribution capacity, as well as services from the operator of the electrical energy market.

(3) The electrical energy supplier of last resort shall invoice its consumers for the dispatched electrical energy and provided services, in accordance with the Tariff System for Sale of Electrical Energy to Households and Small Consumers.

(4) The electrical energy supplier of last resort may procure electrical energy on the market at market prices, if:
1) the market conditions and prices are more favorable than the conditions and prices established for the producer referred to in Article 66 of this Law or
2) in given time periods the electrical energy generated by the producer referred to in Article 66 of this Law is not sufficient to meet the electrical energy needs of the households and small consumers.

(5) The Energy Regulatory Commission shall approve the rules for procurement of electrical energy referred to in paragraph (4) of this Article prepared by the electrical energy supplier of last resort, that contain the conditions, manner and procedure for procurement, based on transparent and non-discriminatory principles.

(6) The electrical energy supplier of last resort shall be obliged to submit to the operator of the electrical energy market data on the transactions, i.e. the contracts and balances for the needs of electrical energy of its consumers necessary for calculation of the imbalances, in accordance with the market rules, the network rules for transmission and the network rules for distribution.

(7) As an exception to paragraph (4) of this Article and up to the level which is necessary to ensure the
reliability of the supply to households and small consumers, the Energy Regulatory Commission, upon a request of the supplier of last resort, may by a decision temporarily oblige another market participant that has an obligation to provide a public service to procure electrical energy for the households and small consumers in a period determined by the decision. The supplier of last resort shall provide evidence of its inability to procure electrical energy in a manner that ensures the reliability of the supply.

(8) The Energy Regulatory Commission may abolish the decision referred to in paragraph (7) of this Article as soon as it confirms that the reasons for its adoption have ceased to exist.

Article 81

(1) The trader in electrical energy shall buy electrical energy from the country and abroad in order to sell it to other traders, suppliers, to the operator of the electrical energy transmission system and the operators of the distribution systems, as well as to sell it to buyers abroad.

(2) As an exception to paragraph (1) of this Article, the trader, in the capacity of a supplier, may also sell electrical energy to consumers that meet the requirements for independent participation in the electrical energy market, determined by the market rules.

(3) The trader in electrical energy shall be obliged to submit information to the operator of the electrical energy market regarding the quantity of electrical energy and the corresponding schedule from all contracts for sale and purchase of electrical energy, as well as regarding the contracts on cross-border transactions through the transmission network, in accordance with the market rules.

(4) The trader in electrical energy in the cases where it executes cross-border transactions of electrical energy shall be obliged, for the energy it has made commitments to deliver to its buyers, to ensure sufficient cross-border transmission capacity and/or distribution capacity and regulated services, in accordance with the market rules, the network rules on transmission and/or distribution, as well as the Rules on Allocation of Cross-border Transmission Capacities.

(5) The trader in electrical energy shall be obliged to:
1) operate in accordance with the rules on the electrical energy market regarding the reliability and volume of the supply, in order to fulfill the obligations towards the buyers;
2) fulfill the requirements for financial guarantees determined by the market rules and
3) submit information and reports on the transactions of electrical energy and the business activities that start, end on or pass through the territory of the Republic of Macedonia, upon a request of the Energy Regulatory Commission.

Article 82

(1) All buyers of electrical energy shall be eligible buyers of electrical energy.

(2) Consumers of electrical energy shall buy electrical energy from suppliers of electrical energy, pursuant to this Law and the conditions and principles defined by the Rules on Supply.

(3) As an exception to paragraph (2) of this Article, the consumers that meet the requirements for
independent participation in the electrical energy market determined by the market rules, may also buy electrical energy from traders in electrical energy.

(4) The supply of electrical energy to the consumers that do not have a contract for supply of electrical energy shall be discontinued by the operator of the corresponding system.

(5) As an exception to paragraph (4) of this Article, the operator of the corresponding system shall not terminate the supply of electrical energy to consumers from the categories households and small consumers, and such consumers will be supplied by a supplier of last resort.

(6) Consumers of electrical energy may be also supplied with electrical energy through direct lines.

Article 83

For the purpose of transparent, efficient and competitive trade in electrical energy and system services, the participants in the electrical energy market may trade electrical energy and system services through an electrical energy exchange in the Republic of Macedonia, established pursuant to a law or through a regional electrical energy exchange.

VII. NATURAL GAS MARKET

Article 84

(1) The operator of the transmission network for natural gas shall carry out transmission of natural gas through a transmission network for natural gas in its ownership or through a network it is entitled to use and shall cooperate with the operator of the system for transmission of natural gas in order to maintain, upgrade and expand the transmission network.

(2) The operator of the transmission network shall be responsible for:

1) financing the investments in the transmission network, in accordance with the plan for development of the transmission system prepared by the operator of the system for transmission of natural gas, and approved by the Energy Regulatory Commission;
2) maintenance of the network on order of the operator of the system for transmission of natural gas, in accordance with the procedures determined by the network rules on transmission;
3) construction of the connections and connection of new users to the transmission system or other operators of transmission networks, on the basis of consent for connection issued by the operator of the system for transmission of natural gas;
4) cooperation with other network operators and with the transmission operator and
5) confidentiality of the commercial and business data of the users connected to the transmission network.

(3) For the purpose of providing support to the operator of the transmission system in the fulfillment of its competences, the operator of the transmission network shall be obliged to cooperate with the operator of the transmission system and to provide it with all necessary information, and for that purpose it shall be also obliged to:

1) install and maintain the measuring devices at the measuring points of its network through which the natural gas is received in or delivered from the transmission system;
2) measure the quantities of natural gas at the points through which the natural gas is received in or
delivered from the transmission system and to submit the measurement data to the operator of the transmission system;
3) allow access to the measuring devices for the users of the transmission system and the transmission operator, in accordance with this Law and the network rules on transmission and
4) submit all relevant information to the system operator and to other network operators, in accordance with the network rules and the rules on the natural gas market.

(4) The operator of the transmission network shall be obliged to hand over in the possession of the operator of the transmission system those parts of the transmission network which are necessary for the management of the transmission system on the day the approval for use of the relevant facilities of the transmission network takes legal effect.

Article 85

(1) The operator of the transmission system for natural gas shall be a public enterprise or a trade company in the ownership of the Republic of Macedonia or a trade company in which the Republic of Macedonia has dominant ownership and that manages the transmission system for natural gas and ensures connection of the transmission system to the transmission systems of the neighboring countries.

(2) The transmission system operator shall be responsible for:
1) reliable, safe, economical and quality transmission and delivery of natural gas through the transmission system, in a non-discriminatory and transparent manner and with the prescribed quality;
2) secure and reliable operation of the transmission system, in accordance with the valid regulations which define the technical rules;
3) planning the development of the transmission system under economic conditions for the purpose of ensuring reliable and efficient operation of the transmission system, taking account of the environment and in accordance with the valid regulations which establish the technical rules, as well as for the purpose of ensuring long-term capacity of the system to meet the reasonable demands for transmission of natural gas;
4) planning the construction of new interconnection capacities with the transmission systems abroad, taking into account the efficient utilization of the existing interconnection capacities and the balance between the investment costs and the benefits for the consumers;
5) adopting a plan for development of the transmission system in accordance with the network rules on transmission and submitting the plan to the Energy Regulatory Commission for approval, as well as publishing it on the web site of the operator of the transmission system;
6) maintaining the system for transmission of natural gas in accordance with the plan for maintenance of the system for transmission of natural gas;
7) adopting a plan for maintenance of the system for transmission of natural gas, in accordance with the network rules on transmission, on a proposal of the operators of the transmission networks, submitting the plan to the Energy Regulatory Commission and publishing the maintenance plan on the web site of the operator of the transmission system;
8) approving the requests from users for connection to the transmission system;
9) access of third parties for the purpose of using the transmission system, in accordance with this Law and the network rules on transmission, and on the basis of objective, transparent and non-discriminatory principles;
10) allocating the available transmission capacities and handling of overloads in the transmission
network, in accordance with the network rules on transmission of natural gas and the rules on the natural gas market;

11) coordinated operation of the transmission system and the transmission systems to which it is directly connected, as well as cooperation and exchange of data with operators of other transmission systems, in accordance with the obligations determined by this Law, as well as the obligations that the Republic of Macedonia has assumed under international treaties and the obligations of the operator resulting from its membership in international associations;

12) publishing data on the available transmission capacities of interconnection pipelines with the neighboring transmission systems or transnational gas pipelines, for the purpose of ensuring non-discriminatory, objective and transparent access and use of the transmission system;

13) the natural gas for covering the losses in the system for transmission of natural gas and the necessary auxiliary services, under market conditions, in a transparent and non-discriminatory manner, according to rules previously approved by the Energy Regulatory Commission;

14) daily dispatching of the planned import and export transactions and the transactions for transit through its transmission system, based on the nominations by the participants in the natural gas market and updating of the schedule in regular time intervals, in accordance with the network rules on transmission;

15) balancing the discrepancies between the actual and planned consumption of natural gas in real time, in accordance with the rules on the natural gas market;

16) transparent and non-discriminatory application of the procedures for balancing the announced and actual transactions of natural gas and the manner of charging for the services;

17) keeping records and schedule of the physical transactions and calculating the deviations from the announced transactions and charging the users for the incurred imbalances;

18) implementing necessary changes in the schedule for dispatching natural gas in the case the reliability of the supply of natural gas is endangered, in cases of major accident and major deviations of the consumption of natural gas from the determined quantities;

19) confidentiality of the commercial and business data of the users of system services;

20) information to the operators of the transmission and distribution systems to which it is connected, in order to ensure safe and efficient operation of the systems and the interconnection pipelines;

21) preparing reports on the financial and physical volume of the planned and delivered services and submitting them to the Energy Regulatory Commission in a manner, under conditions and within deadlines established by the license;

22) keeping a dispatching book, records on the reliability of the transmission system, data from the surveillance and management system, measurement data and keeping such books, records and data for at least ten years and

23) keeping records on the operation of the transmission system and notifying the Energy Regulatory Commission thereof, upon its request.

(3) The operator of the system for transmission of natural gas shall be obliged to constantly publish on its website and update the published data referring to technical information, in a numerical and intelligible manner, regarding the agreed and available transmission capacity for each access point, including the entry and exit points of the system for transmission of natural gas, in accordance with the network rules on transmission of natural gas.

(4) The charge for the use of the system for transmission of natural gas shall be paid by all consumers in the Republic of Macedonia that receive natural gas through the transmission system. The system operator shall invoice the charge for the use of the system in line with the published tariff, previously approved by the Energy Regulatory Commission, to:
1) the consumers that participate independently in the natural gas market, directly connected to the transmission system and
2) the suppliers of consumers that do not meet the requirements for independent participation in the natural gas market, connected to the transmission system or to the distribution systems connected to the transmission system.

(5) The charge for the use of the transmission system referred to in paragraph (4) of this Article shall be composed of a part for the transmission of natural gas and a part for the management of the transmission system, whereas:
1) the part of the charge for the management shall be determined on the basis of the regulated income of the operator of the transmission system, including the costs for maintenance of the facilities that are not in possession of the operator of the transmission system and
2) the part of the charge intended for the transmission of natural gas shall be calculated on the basis of the total regulated income of all operators of the transmission networks.

(6) The Energy Regulatory Commission, in the relevant regulations and methodologies referred to in articles 24 paragraph (1) and 25 paragraph (1) of this Law, shall prescribe the manner in which the operator of the transmission system will allocate the income from the charge for the use of the transmission system to the operators of the transmission networks. The Energy Regulatory Commission may oblige the operator of the transmission system and the suppliers to list separately the parts of the charge for the system management and for the transmission in the invoices referred to in paragraph (4) of this Article.

(7) The operator of the system for transmission of natural gas shall invoice the participants in the natural gas market for the incurred deviations from the announced physical transactions, at prices calculated in accordance with the methodology for calculation of the charge for balancing services, which is an integral part of the rules on the natural gas market.

Article 86

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

(2) The operator of the system for transmission of natural gas shall be obliged, every year, to adopt a plan for development of the transmission system for natural gas which it manages for a period of the following ten years. The operator shall submit the plan to the Energy Regulatory Commission by 31 October at the latest, and after obtaining the approval by the Energy Regulatory Commission, it shall publish the plan on its web site. The plan should contain all necessary information regarding the expansion and upgrade of the system, as well as the obligations of the operators of the transmission networks regarding the implementation of the plan.

(3) The operator of the transmission system shall prepare the development plans referred to in paragraph (2) of this Article in cooperation with the operators of the transmission networks. The system operator shall determine in the development plans which of the network operators shall be obliged to finance the necessary development investments.

(4) The operators of the transmission networks shall be obliged to submit all necessary data regarding the planning and shall be obliged to fulfill their obligations under the development plan referred to in
paragraph (2) of this Article.

(5) If an operator of a transmission network, except in the cases which are not under its control, has not commenced the implementation of the investments included in the plan referred to in paragraph (2) of this Article, planned to be completed in the following three years, the operator of the transmission system shall request the Energy Regulatory Commission, by a decision, to oblige the operator of the transmission network:
1) to start the implementation of the planned investments in a determined time period or
2) to organize and implement an open public call for implementation of the planned investments by other investors, by application of the provisions of the law that regulates the public procurement or
3) to accept financing of the planned investments by increase of the capital through investments by other investors.

(6) The decision on selection of the most favorable bidder in the procedure referred to in paragraph (5) point 2 of this Article shall be adopted by the operator of the transmission network upon prior approval by the Energy Regulatory Commission. After completion of the planned investment, the most favorable bidder shall be obliged to conclude a contract for lease or sale with the operator of the transmission network for natural gas referred to in paragraph (5) of this Article.

(7) The operator of the system for transmission of natural gas, for each regulated period, shall prepare and submit to the Energy Regulatory Commission for approval a plan for investments in the transmission system that shall indicate, in particular, the expected increase in the efficiency of the system operation as a result of the planned investments.

(8) The operator of the system for transmission of natural gas shall be obliged to prepare, and by 31 October at the latest each calendar year, to submit to the Ministry and Energy Regulatory Commission annual, five-year and ten-year forecasts of the needs of natural gas for the system it manages.

Article 87

(1) The operator of the transmission system for natural gas or the operator of the transmission network for natural gas, upon previous approval by the operator of the transmission system for natural gas, may temporarily discontinue the delivery of natural gas from the transmission network when carrying out the planned check-ups, examinations and control measurements, overhauls, maintenance, reconstructions and expansions of the facilities, devices and installations, as well as in the case of need to prevent a risk of disturbance in the transmission network. The manner, procedures and notifications on such discontinuations shall be done by the operators in accordance with the network rules on transmission of natural gas.

(2) The temporary discontinuation referred to in paragraph (1) of this Article shall be done at a time when it causes the least damage to the users, in accordance with the program for maintenance of the facilities, devices and plants and the annual energy balance, and the operator of the system for natural gas shall be obliged to notify the users and the Ministry at least seven days before the discontinuation of the day, hour and duration of the temporary discontinuation.

(3) The operator of the transmission network for natural gas and the operator of the transmission system for natural gas, for the purpose of supervision, control and maintenance, shall have the right to access the installations and measuring and regulating stations, which are an integral part of the
transmission network, and which are located on the properties of consumers or users directly connected to the transmission system for natural gas, in a manner and under conditions established by the network rules on transmission of natural gas.

**Article 88**

The operator of the system for transmission of natural gas shall be obliged to adopt network rules on transmission of natural gas for the system it manages, and upon the approval of the Energy Regulatory Commission, it shall publish them in the “Official Gazette of the Republic of Macedonia” and on its website, and they shall regulate, in particular:

1) the technical and technological conditions for connection of facilities, devices and plants to the system for transmission of natural gas;
2) the conditions, manner and methodology for determination of the charge for connection to the transmission network, based on transparent and non-discriminatory principles;
3) the procedure for granting consent for connection of users to the transmission networks, as well as the cooperation and the obligations of the operator of the transmission system and the operators of the transmission networks;
4) the manner of using the system for natural gas in the facilities for production of electrical and heat energy under a temporary license work regime;
5) the conditions and the manner of access of third parties to the transmission system on the basis of transparent and non-discriminatory principles;
6) the technical and other conditions for reliable and safe operation of the system for the transmission network;
7) the planning of maintenance and development of the transmission system;
8) the content of the plans for development and maintenance of the transmission system, as well as the manner and procedure according to which the users of the system submit the necessary data for preparation of the plans;
9) the manner and procedure of forecasting the natural gas demands, as well as the obligations of the users of the system for transmission of natural gas (suppliers of natural gas and consumers directly connected to the system for transmission of natural gas) in terms of submission of the necessary data required for the preparation of the forecasts;
10) the measures, activities and procedures in cases of disorders and major accidents;
11) the functional requirements and the class of accuracy of the measuring devices, as well as the manner of measuring the natural gas quantities;
12) the criteria for provision of the system services;
13) the manner and procedure for announcing the available transmission capacity and allocation of the available transmission capacity and handling of overloads in the transmission network;
14) the manner and procedure for access to the installations and metering and regulation stations that are an integral part of the transmission network and are owned by consumers or users;
15) the quality of the services provided by the operator to the users;
16) the operation of the management systems;
17) the manner of publishing the information which it is obliged to publish in accordance with this Law;
18) the manner and the procedure of notifying the system users and
19) the manner of cooperation among the operators of the systems for natural gas.
Article 89

(1) A legal entity, holder of a license for transmission of natural gas, cannot hold a license for carrying out the activities management of the system for transmission, trade in, supply of natural gas or natural gas supply of last resort. The legal entity, holder of a license for management of the system for transmission of natural gas, cannot hold a license for carrying out the activities transmission of natural gas, trade in, supply of natural gas or natural gas supply of last resort.

(2) In order to ensure independence in carrying out the energy activities transmission of natural gas and management of the system for transmission of natural gas, as well as fulfillment of the obligation for provision of a public service in a non-discriminatory, objective and transparent manner, the legal entities referred to in paragraph (1) of this Article shall ensure:

1) that the persons responsible for the governance and management of the legal entities referred to in paragraph (1) of this Article do not participate in the governance and management structures of other legal entities holders of licenses which cannot be held by the legal entity in accordance with paragraph (1) of this Article;

2) that the persons responsible for the governance and management of the operator of the transmission system or the operator of the transmission network enjoy independence in their work and decision-making and

3) that the activities related to the operation, maintenance and development of the system are independent from the interests of the vertically integrated enterprise to which the legal entity referred to in paragraph (1) of this Article belongs, or the interests of the associated enterprise.

(3) The legal entities referred to in paragraph (1) of this Article shall be obliged to adopt and to submit for approval to the Energy Regulatory Commission a program for adjustment that defines measures for prevention of discriminatory behavior and imposes appropriate obligations on the employees, in accordance with paragraph (2) of this Article.

Article 90

The rules on the natural gas market, adopted by the Energy Regulatory Commission, shall regulate in particular:

1) the organization of the natural gas market;

2) the conditions to be fulfilled by the participants in the natural gas market;

3) the manner and the conditions for grouping of buyers and/or sellers of natural gas in balance groups, in order to reduce the balancing costs;

4) the establishment, organization and control of the trade in natural gas and system services, including the cross-border trade;

5) the methodology for calculation of the charge for the balancing services and the manner of payment for the services, as well as financial guarantees for the obligations of the participants in the natural gas market regarding the payment of the balancing services;

6) the procedure for calculation of the discrepancies between the agreed and actual transactions, based on data from measurements carried out by the operator of the system for natural gas and the operators of the distribution systems;

7) the conditions, manner and procedure for procurement of natural gas and auxiliary services by the entities that carry out regulated energy activities, in order to ensure procurement in a transparent and non-discriminatory manner and in order to ensure equal access of all interested domestic and foreign
bidders and
8) the procedure and manner of gathering and submitting data to the Energy Regulatory Commission on the conditions and occurrences on the natural gas market.

Article 91

(1) The operator of the distribution system for natural gas for the part of the territory of the Republic of Macedonia where it carries out its activities, shall maintain and, if economically feasible, upgrade and expand the distribution system, shall manage the distribution system and shall ensure its connection to a system for transmission of natural gas.

(2) The operator of the distribution system for natural gas shall be obliged to ensure:
1) secure, safe, economical and reliable operation of the distribution system, in accordance with the valid regulations that determine the technical rules;
2) reliable, safe and quality distribution and delivery of natural gas through the distribution network on a non-discriminatory and transparent basis;
3) connection of consumers to the distribution network, as well as access of third parties for the purpose of using the distribution system, in accordance with this Law and with the network rules on distribution, and on the basis of objective, transparent and non-discriminatory principles;
4) development, reconstruction and maintenance of the distribution system, in accordance with the valid regulations that determine the technical rules, and to provide long-term capacity of the system to meet the reasonable demands for distribution of natural gas;
5) preparation of a plan for network maintenance, in accordance with the network rules on distribution, its submission to the Energy Regulatory Commission and its publication on the web site of the operator;
6) necessary quantities of natural gas for performance of its functions, based on transparent, non-discriminatory and market procedures, in accordance with the rules previously approved by the Energy Regulatory Commission;
7) measuring of the natural gas quantities delivered to consumers and submission of measurements data to suppliers;
8) access of users to the measuring devices owned by the operator of the distribution system, in accordance with this Law and the network rules on distribution;
9) preparation of reports on the financial and physical volume of planned and delivered services and their submission to the Energy Regulatory Commission, in a manner, under conditions and within deadlines determined by the license;
10) keeping a dispatching book, records on the reliability of the communication systems, data from the system for surveillance and management, measurement data and keeping such books, records and data for at least ten years and
11) confidentiality of the commercial and business data of the distribution system users.

(3) The operator of the distribution system for natural gas may temporarily discontinue the delivery of natural gas from the distribution system when carrying out the planned check-ups, examinations, control measurements, maintenance, reconstructions, expansion of networks, devices and installations. The temporary discontinuation may be done at a time when it causes the least damage to the consumers, in accordance with the network rules on distribution.

(4) The operator of the system for distribution of natural gas shall be obliged to prepare and submit for approval to the Energy Regulatory Commission the rules on the procurement of natural gas referred to
in paragraph (2) point 6 of this Article, in accordance with the instructions on procurement and sale of electrical energy and natural gas and procurement of system services by the entities carrying out regulated energy activities, adopted by the Energy Regulatory Commission.

(5) As an exception to paragraph (1) of this Article, if the distribution system is not connected to a system for transmission of natural gas and is fed by compressed natural gas, transported by auto or railway tanks or other forms of transport, the operator of the distribution system shall be also obliged to regulate the provision of auxiliary services and balancing of discrepancies between the actual and planned consumption of natural gas in real time in the network rules on distribution of natural gas, adopted in accordance with Article 94 of this Law.

Article 92

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

(2) The operator of the distribution system shall be obliged to adopt a plan for the development of the distribution system it manages every year for the period of the following five years. The operator shall submit the plan to the Energy Regulatory Commission by 31 October at the latest, and upon the obtained consent from the Energy Regulatory Commission, it shall publish the plan on its web site. The plan shall contain all necessary information regarding the expansion and upgrade of the system, and its content shall be regulated by the network rules on distribution.

(3) The operator of the distribution system shall prepare, and by 31 October each calendar year at the latest, it shall submit to the Ministry and Energy Regulatory Commission annual and five-year forecasts of the natural gas demands for the system it manages.

(4) For each regulated period, the operator of the distribution system shall prepare and submit for approval to the Energy Regulatory Commission a plan for investments in the distribution system that shall indicate, in particular, the expected increase of the efficiency of operation of the distribution system as a result of the planned investments.

Article 93

(1) The operator of the distribution system shall be obliged to measure the natural gas quantities delivered to users connected to the distribution system by measuring devices, in accordance with this Law and the network rules on distribution of natural gas.

(2) The measuring devices referred to in paragraph (1) of this Article shall be owned by the operator of the distribution system.

(3) The location of the measuring devices shall be determined by the operator of the distribution system, depending on the technical possibilities of the site, and it may be in or out of the boundaries of a consumer’s property.

(4) If the measuring device is located on the property of a consumer, the consumer shall be obliged to allow the authorized person of the distribution system operator a right to access any property or facility to the measuring device, in order to:
1) read the measuring devices;  
2) carry out control, installation, supervision, change and replacement of the measuring device;  
3) disconnect the consumer when it acts contrary to the conditions for use of the distribution system, prescribed by the network rules on distribution and  
4) disconnect the consumer upon a request of the supplier, in accordance with the provisions of the rules on natural gas supply.

**Article 94**

(1) The operator of the distribution system for natural gas shall be obliged, within a deadline determined by the license, to adopt, and upon prior approval of the Energy Regulatory Commission, to publish in the “Official Gazette of the Republic of Macedonia” and on its web site the network rules on distribution of natural gas for the network it manages, that shall regulate in particular:  
1) the technical conditions for connection of natural gas consumers to the distribution network, on the basis of transparent and non-discriminatory principles;  
2) the methodology for establishment of the charge for connection to the distribution network, based on transparent and non-discriminatory principles;  
3) the conditions and manner for access of third parties to the system, on the basis of transparent and non-discriminatory principles;  
4) the technical and other conditions for reliable and safe operation of the system;  
5) the measures, activities and procedures in cases of disorders and major accidents;  
6) the manner and procedure for surveillance and testing of the distribution network;  
7) the manner and procedure for regulation of the flow and pressure of the natural gas in the distribution network;  
8) the manner and procedure for coordination of the handling within the distribution system with the handling within the system for transmission of natural gas;  
9) the functional requirements and the class of accuracy of the measuring devices, as well as the manner of measuring the natural gas;  
10) the planning of maintenance and development of the distribution network;  
11) the content of the plans for development of the distribution system, as well as the manner and procedure according to which the system users deliver data necessary for the preparation of the development plans;  
12) the quality of delivery of natural gas, in accordance with the rules on supply;  
13) the forecast of the natural gas demands, on the basis of the data obtained from suppliers and the development plans of consumers;  
14) the manner and procedure of notifying the system users and  
15) the manner of cooperation of the other operators of natural gas systems.

(2) In the case where there are several operators of systems for distribution of natural gas, the Energy Regulatory Commission should ensure harmonization of the individual network rules on distribution of natural gas.

**Article 95**

(1) The legal entity that carries out the activity distribution of natural gas cannot hold a license for performance of the activities trade in, supply of natural gas or natural gas supply of last resort.
(2) In order to ensure independence in carrying out the energy activity distribution of natural gas, as well as to fulfill the obligation for provision of a public service in a non-discriminatory, objective and transparent manner, the following shall be ensured:

1) that the persons responsible for the governance and management of the operator of the system for distribution of natural gas do not participate in the governance and management structures of holders of licenses for transmission, trade in or supply of natural gas;

2) that the persons responsible for the governance and management of the operator of the distribution system enjoy independence in their work and decision-making and

3) that the adoption of the decisions regarding the funds necessary for the operation, maintenance and development of the system is independent from the interests of the vertically integrated enterprise to which the operator belongs, or the interests of the associated enterprise.

(3) The operator of the system for distribution of natural gas shall be obliged to adopt and submit to the Energy Regulatory Commission for approval a program for adjustment that shall define measures for prevention of discriminatory behavior and impose appropriate obligations on the employees, in accordance with paragraph (2) of this Article.

(4) As an exception to paragraph (1) of this Article, the legal entity that carries out the activity distribution of natural gas may also carry out the activities supply of natural gas and natural gas supply of last resort, if less than 100,000 consumers are connected to its distribution system.

Article 96

(1) Licenses for transmission and distribution of natural gas may be issued to a legal entity as a combined operator of systems for transmission and distribution of natural gas.

(2) The combined operator referred to in paragraph (1) of this Article shall have the rights and obligations determined by this Law of an operator of a system for transmission and an operator of a system for distribution of natural gas.

(3) The combined operator referred to in paragraph (1) of this Article cannot be issued a license for the activities supply of or trade in natural gas.

Article 97

(1) The supplier of natural gas shall sell natural gas to consumers, traders, other suppliers, producers of electrical and/or heat energy, operators of systems for transmission or distribution of natural gas, as well as to buyers abroad.

(2) The supplier of natural gas, for the needs of the consumers with whom it has concluded a supply contract, shall procure natural gas in the country or abroad.

(3) The supplier of natural gas shall ensure appropriate transmission and/or distribution capacity and regulated services, in accordance with the valid tariffs, the network rules for transmission and the network rules for distribution, for the natural gas it has made commitments to deliver to consumers.

(4) The supplier of natural gas, on the basis of measurements done by the corresponding network operator, shall invoice the consumers with whom it has concluded a supply contract for the delivered
natural gas at an agreed price and for the charges for using the transmission and/or distribution systems.

(5) The supplier of natural gas shall be obliged to:
1) work in accordance with the rules on supply, in terms of confidentiality of data and quantities of natural gas delivered to consumers;
2) fulfill the requirements for financial guarantees determined by the operator of the system for transmission of natural gas in regard to the obligations related to balancing of the planned and actual transactions;
3) submit, within a determined deadline, information and reports on the transactions and business activities that start, end or pass through the Republic of Macedonia, to the Energy Regulatory Commission, upon its request;
4) invoice its buyers for the natural gas, as well as for the transmission and/or distribution capacity;
5) pay the procured amounts of natural gas, as well as the leased capacities and regulated services of the operators of the transmission and/or distribution system and
6) work in accordance with the laws and other regulations in the Republic of Macedonia, the regulations determined by the Energy Regulatory Commission, the network rules on transmission and the network rules on distribution.

Article 98

(1) The natural gas supplier of last resort shall supply consumers in the Republic of Macedonia connected to a system for transmission or distribution of natural gas who have not concluded a contract with any of the suppliers of natural gas, or if their previous suppliers have ceased to fulfill the obligations from the supply contracts.

(2) The Energy Regulatory Commission shall approve the rules for procurement of natural gas prepared by the natural gas supplier of last resort, which shall contain the conditions, manner and procedure for procurement, based on transparent and non-discriminatory principles.

(3) The natural gas supplier of last resort shall, for the needs of its consumers, ensure the necessary transmission and/or distribution capacity and other services from the operators of the transmission and distribution system, at prices and tariffs approved and previously published by the Energy Regulatory Commission.

(4) The natural gas supplier of last resort shall invoice for the dispatched natural gas and services, in accordance with the Tariff System for Sale of Natural Gas to Consumers Supplied by a Supplier of Last Resort, on the basis of the measurements carried out by the corresponding network operators, and in accordance with the Rules on Supply in the Last Resort and the corresponding network rules.

(5) The natural gas supplier of last resort shall be obliged to prepare balances for the needs of its consumers and to submit them to the operators of the transmission and/or distribution systems, in accordance with the network rules on transmission and/or the network rules on distribution.

Article 99

(1) The trader in natural gas shall buy natural gas for the purpose of re-selling it to other traders, suppliers, producers of electrical and/or heat energy, operators of the systems for transmission and
distribution of natural gas or buyers from abroad.

(2) As an exception to paragraph (1) of this Article, the trader, in the capacity of a supplier, may also sell natural gas to consumers that fulfill the conditions for independent participation in the natural gas market determined by the rules for the natural gas market. The mutual rights and obligations of the trader and the consumer, as well as the obligations towards the operator of the transmission system and/or the operators of the distribution systems shall be regulated by a contract.

(3) The trader in natural gas shall be obliged to submit information to the operator of the system for transmission of natural gas regarding the quantities of natural gas and the corresponding time schedule from all contracts for purchase and sale of natural gas, for the natural gas it has obliged itself to deliver to its buyers, as well as about the contracts for transit in the transmission system.

(4) The trader in natural gas, in the cases where it carries out export or transit of natural gas, shall be obliged to provide sufficient transmission capacity, in accordance with the valid tariffs and with the network rules on transmission.

(5) The trader in natural gas shall be obliged to:
1) fulfill the requirements for financial guarantees determined by the operator of the system for transmission of natural gas regarding the obligations related to the balancing of the planned and actual transactions;
2) submit, within a defined deadline, information and reports on the transactions and business activities that start, end or pass through the territory of the Republic of Macedonia, to the Energy Regulatory Commission, upon its request;
3) invoice its buyers for the natural gas, as well as for the transmission capacity and/or distribution capacity, if it has been authorized for their provision by the buyer;
4) work in accordance with the laws and other regulations in the Republic of Macedonia, the regulations determined by the Energy Regulatory Commission, the network rules for transmission and the network rules for distribution and
5) work in accordance with the rules on supply, in terms of confidentiality of the data and quantities of natural gas delivered to consumers.

**Article 100**

(1) All buyers of natural gas shall be eligible buyers of natural gas.

(2) Consumers of natural gas may conclude contracts for procurement of natural gas with suppliers of natural gas, according to the conditions defined by the rules on supply.

(3) As an exception to paragraph (2) of this Article, the consumers that fulfill the conditions for independent participation in the natural gas market determined by the rules on the natural gas market, as well as the producers of electrical and/or heat energy from natural gas, may buy natural gas from traders, as well as from abroad.

(4) Buyers of natural gas shall provide appropriate transmission and/or distribution capacity for their needs or may transfer this obligation to their suppliers.

(5) Buyers of natural gas may be also supplied with natural gas through direct pipelines.
VIII. MARKET IN CRUDE OIL, OIL DERIVATIVES AND TRANSPORT FUELS

**Article 101**

(1) The entities that carry out the energy activities:
   1) crude oil refining and production of oil derivatives;
   2) production of biofuel;
   3) production of fuels intended for use in transport by mixing fossil and biofuels;
   4) transport of crude oil or oil derivatives through oil pipelines, i.e. refined products pipelines;
   5) storage of crude oil, oil derivatives, biofuels and fuels intended for use in transport and
   6) trade in crude oil, oil derivatives, transport fuels and biofuels, shall be obliged to use and maintain
   the facilities, devices and plants for carrying out the energy activities in accordance with the technical
   regulations and standards and the other regulations for secure and safe operation and protection of the
   environment.

   (2) The technical regulations referred to in paragraph (1) of this Article shall be adopted by the Minister,
   upon prior consent of the minister competent for the activities in the field of transport and
   communications, the minister competent for the activities in the field of environmental protection and
   the minister competent for activities in the field of internal affairs.

**Article 102**

(1) The entity that carries out the activity transport of crude oil and/or oil derivatives through an oil
   and/or refined product pipeline shall be obliged to adopt rules on the operation of the oil pipeline, i.e.
   the refined product pipeline and to publish them on its web site. These rules shall, in particular,
   regulate:
   1) the technical requirements for transport of crude oil, i.e. oil derivatives;
   2) the technical requirements for maintenance and safe operation of the oil pipeline, i.e. the refined
      product pipeline;
   3) the measures and procedures in the case of major accident;
   4) the manner, conditions and procedure for agreed access of third parties to the system for transport
      of crude oil, i.e. oil derivatives;
   5) the functional requirements and the class of accuracy of the measuring devices, as well as the
      manner of measuring the transported quantities of crude oil, i.e. oil derivatives and
   6) the other conditions necessary for reliable and safe transport.

   (2) The entity that carries out the activity transport of crude oil and/or oil derivatives through an oil
   pipeline and/or a refined product pipeline shall be obliged to prepare the rules referred to in paragraph
   (1) of this Article in accordance with the technical regulations referred to in Article 101 of this Law. The
   rules referred to in paragraph (1) of this Article shall be submitted to the Ministry for approval, upon
   prior opinions received from the ministers referred to in Article 101 paragraph (2) of this Law. The
   ministries shall be obliged to submit their opinions to the Ministry within a deadline not exceeding 60
days.
Article 103

(1) The wholesale trader in fuels shall buy crude oil, oil derivatives, biofuels and/or transport fuels from the producers, trade with other wholesale traders in fuels and supply the retail traders in fuels and the consumers with fuels.

(2) The wholesale trader in fuels shall have in its ownership or shall have the right to use a space for storage of crude oil, oil derivatives, biofuels and/or transport fuels.

(3) The wholesale trader in fuels shall be obliged to have at any time operational reserves of oil derivatives and transport fuels that can cover five-day average volume of trade, calculated on the basis of the actual volume of trade in each derivative separately in the previous year.

(4) The consumers may also procure oil derivatives or transport fuels from abroad, if they use the oil derivatives or transport fuels exclusively for their needs, for which purpose no license for wholesale trade in crude oil, oil derivatives, biofuels or transport fuels shall be required.

Article 104

(1) The wholesale trader in crude oil, oil derivatives and transport fuels may fill in and distribute pressure vessels with liquid gas oil for single or multiple use, if it has built or has the right to use fillers for liquid gas oil that meet the prescribed requirements and standards for construction, maintenance and safe operation.

(2) The logo of the trader shall be mandatorily displayed on each pressure vessel for liquid gas oil.

Article 105

(1) The retail trader in fuels shall perform its activity through gas stations or facilities that fulfill the requirements prescribed by law or by other regulation.

(2) The retail trader in fuels may display on the gas station and may use the logo of the fuel producer or of the wholesale trader in fuels in any other manner, in accordance with a mutual agreement, in order to indicate the origin of the oil derivative or the transport fuel, thus guaranteeing to consumers reliable and uninterrupted supply of oil derivatives and transport fuels of quality guaranteed by the producer or the wholesale trader.

Article 106

(1) The facilities and tanks for storage of crude oil, oil derivatives, biofuels or transport fuels should be built and used in accordance with the prescribed requirements for construction, maintenance and safe operation.

(2) The facility for storage of crude oil, oil derivatives, biofuels or transport fuels shall be a technical-technological and functional unit intended for storage, composed of tanks and auxiliary plants.
(3) Owners or leaseholders of facilities intended for storage of crude oil, oil derivatives or transport fuels that are not used for storing for personal needs or are not a part of gas stations, shall be obliged to hold a license for performance of the activity storage of crude oil, oil derivatives, biofuels and/or transport fuels.

**Article 107**

(1) In order to protect the environment, the Government of the Republic of Macedonia, in accordance with the Action Plan referred to in Article 146 of this Law, shall by a decision determine the annual percentage share of biofuels in the total quantities of transport fuels in the Republic of Macedonia.

(2) The decision referred to in paragraph (1) of this Article may refer to one or more calendar years and it shall be adopted six months prior to its entry into force, at the latest.

(3) The decision referred to in paragraph (1) of this Article shall also determine the minimum percentage of biofuels in the mixtures of fossil and biofuels for transport, as well as the transitional period for replacement of the reserves of fossil and biofuels mixtures for transport.

**Article 108**

(1) The Government of the Republic of Macedonia, on a proposal of the Ministry, shall adopt a decree on the quality of liquid fuels.

(2) The decree referred to in paragraph (1) of this Article, shall contain in particular:
   1) the type of liquid fuels that can be released on the market, including their features;
   2) the manner of determination of the qualitative features of liquid fuels;
   3) the manner and procedure for monitoring the quality of liquid fuels;
   4) the rights and obligations of the participants in the market in crude oil, oil derivatives and transport fuels, referred to in Article 110 of this Law and
   5) the rights and obligations of the market participants and the state bodies in the transitional period necessary for replacement of the reserves of fossil and biofuels mixtures for transport.

(3) The participants in the liquid fuels market shall be obliged to comply with the obligations determined by the decree referred to in paragraph (1) of this Article.

**Article 109**

(1) The highest refinery and retail prices of oil derivatives and the highest retail prices of mixtures of fossil fuels and biofuels shall be determined in accordance with the regulation on formation of prices of oil derivatives and transport fuels referred to in Article 24 paragraph (3) of this Law.

(2) When determining the highest retail prices of mixtures of fossil fuels and biofuels, the highest refinery price of the corresponding oil derivative, the exchange market price of the biofuel and the mixing costs should be taken into account, in accordance with the regulation referred to in Article 24 paragraph (3) of this Law.
(3) The decision on the highest refinery and retail prices of oil derivatives shall be adopted by the Energy Regulatory Commission, upon a request for determination of the highest refinery prices of oil derivatives submitted by the trade company for refining of crude oil and production of oil derivatives, in accordance with the regulation referred to in Article 24 paragraph (3) of this Law.

(4) The decision on the highest retail prices of mixtures of fossil fuels and biofuels shall be adopted by the Energy Regulatory Commission upon the entry into force of the decision referred to in paragraph (3) of this Article, in accordance with the regulation referred to in Article 24 paragraph (3) of this Law.

Article 110

(1) The producers, wholesale traders in fuels and the retail traders in fuels shall be responsible for the quality of oil derivatives and transport fuels, in accordance with the decree on the quality of liquid fuels referred to in Article 108 of this Law.

(2) The quality of the oil derivatives and transport fuels shall be confirmed by a statement of conformity that shall be provided by the producers or wholesale traders in the derivative or the transport fuel from an accredited laboratory.

IX. HEAT ENERGY MARKET

Article 111

For the purpose of reliable, safe, uninterrupted and quality supply of heat energy to the consumers in its area, the local self-government units shall be obliged to allow performance of the following energy activities:
1) production of heat energy;
2) distribution of heat energy and
3) supply of heat energy.

Article 112

(1) The producer of heat energy shall own and manage the work of a plant for generation of heat energy, in accordance with a law, other regulations, the network rules and the conditions and criteria prescribed in the license and shall sell heat energy to the operator of the system for distribution of heat energy to which it is connected, under conditions determined by this Law.

(2) The producer of heat energy may also sell heat energy to consumers that are not connected to the system for distribution of heat energy and are connected directly to its generating plant.

(3) The producer of heat energy, in accordance with the issued license, shall be obliged to submit annual reports to the Energy Regulatory Commission and to the mayor of the local self-government unit regarding the equipment, capacities, maintenance plans, as well as the planned availability.

(4) In order to ensure reliability in the supply of heat energy, the producers of heat energy that use crude oil as fuel shall be obliged to have at any time operational reserves of crude oil which are at least equal to the fifteen-day needs for operation at maximum capacity.
Article 113

(1) The regulated producer of heat energy shall be obliged to provide a public service generation of heat energy for the needs of the consumers and shall provide energy for covering of the losses in the system, a system reserve and system services for maintenance of the necessary work parameters (temperature and pressure) within the system for heat energy it is connected to.

(2) The activity regulated generation of heat energy shall be carried out on the basis of a license, issued upon completion of a public call by the Energy Regulatory Commission. The public call should indicate the requirements that should be fulfilled by the entity that carries out the activity, and in particular:
   1) to own, or to have the right to use capacities intended for generation of heat energy not less than two thirds of the total installed power of the connected consumers in the year preceding the year in which the public call is announced;
   2) to have the ability to maintain the prescribed temperature regime of its plants for generation of heat energy and the necessary pressure of the heat carrier, determined by the network rules on distribution of heat energy;
   3) to submit evidence of the financial ability to procure the necessary fuel for generation of heat energy and
   4) to have an organizational structure and experts that will ensure reliable, safe and uninterrupted generation of heat energy of the prescribed quality.

(3) As an exception to paragraph (2) of this Article, in the systems for distribution of heat energy in which there is only one producer of heat energy, the producer shall be issued a license for regulated generation of heat energy.

(4) The Energy Regulatory Commission, upon a request of the regulated producer, shall determine the charge that the regulated producer shall receive for the provision of the services in the system for heat energy. In determining the charge, the fixed and variable costs of the regulated producer, as well as the reasonable return of the capital should be taken into account. The charge shall consist of two parts: a charge for provision of system services and system reserve and a regulated price of the generated heat energy.

(5) The Energy Regulatory Commission shall adopt a rulebook on the prices of heat energy and system services, based on the principles referred to in Article 24 paragraph (4) of this Law, that shall regulate the manner, procedure and methodology for determination of the charge for the system services and system reserve, the regulated price of the generated heat energy referred to in paragraph (4) of this Article, as well as the manner of calculation and the period for which the average price of heat energy referred to in Article 116 paragraph (7) of this Law shall be calculated.

Article 114

(1) Distribution of heat energy shall be carried out by legal entities who are owners of systems for distribution of heat energy or on the basis of a concession agreement for construction of a new system or a concession agreement for a public service management, use and maintenance of an existing system for distribution of heat energy or by public enterprises established by the local self-government units.

(2) The operator of the system for distribution of heat energy, on the basis of an issued license, shall
carry out the activity distribution of heat energy and management of the system for distribution of heat energy.

(3) Users of the system for distribution of heat energy shall be the producers, suppliers and consumers of heat energy.

(4) The operator of the system for distribution of heat energy may temporarily discontinue the delivery of energy from the system for heat energy while carrying out the planned check-ups, examinations and control measurements, overhauls and reconstructions and expansions of the facilities, devices and installations.

(5) The temporary discontinuation referred to in paragraph (4) of this Article may be done by the operator of the system for distribution of heat energy at a time when it causes the least damage to the users, in accordance with the network rules on distribution.

Article 115

The operator of the system for distribution of heat energy shall be obliged to maintain, upgrade and expand the distribution network for heat energy in the system and shall be obliged to ensure:

1) safe and reliable operation and management of the system for distribution of heat energy, in accordance with the network rules on distribution of heat energy and the conditions determined by the license;

2) maintenance, development and, when economically feasible, expansion of the system for distribution, in accordance with the network rules on distribution of heat energy and the plans for development of the system, harmonized with the plans and programs for energy development of the local self-government units where the thermal system is located;

3) access and/or connection of users to the system for distribution, in accordance with the network rules on distribution of heat energy and by application of prices and tariffs approved and previously published by the Energy Regulatory Commission;

4) heat energy for covering the losses in the distribution network and the system services from the regulated producer;

5) procurement, installation and maintenance of measuring devices at the exit points of the production plants and in the thermal substations to which the facilities of consumers are connected and measuring of the heat energy taken over or delivered by the thermal system, in accordance with the network rules on distribution of heat energy;

6) that all prescribed safety measures in the course of use of the system for distribution of heat energy are taken, as well as the measures for protection of the environment;

7) distribution of the heat energy from the connection points in the generating plants to the connection points of consumers in the system (thermal substation), in accordance with the network rules on distribution and the conditions determined by the license;

8) quality of the delivery of heat energy through the system for distribution;

9) coordination of the handling within the system with the producers for the purpose of uninterrupted distribution of heat energy;

10) surveillance and testing of the system for distribution of heat energy;

11) monitoring of the technical and functional condition of the facilities for distribution of heat energy and

12) long-term forecast of the heat energy demands.
Article 116

(1) The operator of the system for distribution of heat energy shall buy the heat energy generated by the producers connected to the distribution system it manages.

(2) The share of the generation of the regulated producer in the total energy delivered to the distribution system shall be determined on the basis of the technical abilities of the plants of the regulated producer and the parameters of the delivered heat energy by the other producers.

(3) The operator of the system for distribution of heat energy, upon prior approval of the Energy Regulatory Commission, shall be obliged to conclude a contract with the regulated producer of heat energy in duration not shorter than one year, for:

1) provision of a system reserve;
2) system services for ensuring the necessary functional parameters in the distribution system; 3) heat energy for covering of the losses in the distribution system and
4) heat energy for the needs of the consumers.

(4) The contract referred to in paragraph (3) of this Article shall regulate in particular:

1) the manner and procedure for provision of the system reserve and system services, in accordance with the network rules on distribution of heat energy and
2) the manner of payment for the services and the heat energy provided by the regulated producer in the distribution system.

(5) The operator of the system for distribution of heat energy shall be obliged to buy the heat energy delivered by the producers of heat energy in the distribution system, if the price of the heat energy offered by the producer is lower than the regulated price of the heat energy by the regulated producer.

(7) The operator of the system for distribution of heat energy, upon prior approval from the Energy Regulatory Commission, shall be obliged to conclude contracts with suppliers of heat energy for sale of heat energy intended for the needs of the consumers

(8) The price at which the operator of the system for distribution of heat energy shall sell the heat energy to suppliers shall be calculated as an average price of the regulated price of the regulated producer and the prices for procurement from the other producers, and shall include the charge for provision of the system reserve and system services provided by the regulated producer.

(9) The operator of the system for distribution of heat energy shall be obliged to submit to the Energy Regulatory Commission all documentation regarding the implementation of the contracts with the producers and suppliers of heat energy, as well as the financial reports and audit of the financial reports prepared by an authorized auditor, reports on the work and other data, in accordance with the conditions prescribed in the license issued by the Energy Regulatory Commission.

Article 117

The operator of the system for distribution of heat energy, upon prior approval by the Energy Regulatory Commission, shall be obliged to adopt and publish in the “Official Gazette of the Republic of Macedonia” and on its web site the network rules on distribution of heat energy that shall regulate in
particular:
1) the technical-technological requirements for connection of consumers and producers of heat energy to the system for distribution of heat energy, based on the principles of non-discrimination, objectivity and transparency;
2) the technical and other requirements to be met by the users of the system for distribution of heat energy;
3) the measures, activities and procedures in cases of major accidents;
4) the conditions and manner of access of third parties to the system for distribution of heat energy, based on the principles of non-discrimination, objectivity and transparency;
5) the functional requirements and the class of accuracy of the measuring devices, as well as the manner of measuring and calculating delivered energy;
6) the content of the plans for development of the distribution system, as well as the manner and procedure according to which users of the system deliver data necessary for the preparation of the development plans;
7) the manner and procedure for provision of the system reserve and system services by the regulated producer;
8) the manner and procedure for exchange of data among the operator of the distribution system, the regulated producer, the producers and the suppliers and
9) the manner and procedure of notifying the system users.

Article 118

(1) The supplier of heat energy shall be obliged to ensure reliable, uninterrupted and quality supply of heat energy for the consumers with whom it has concluded a contract, in accordance with the Rules on Supply of Heat energy, the supply contracts concluded with the consumers and the issued license.

(2) The supplier of heat energy, for each system of heat energy used to supply consumers, shall be obliged to conclude an annual contract with the operator of the system for distribution of heat energy for procurement of heat energy for the needs of its consumers, as well as a contract for use of the distribution system, at prices and tariffs approved and previously 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 regulate in detail the mutual relations of the suppliers and operators of distribution systems, and shall be based on the network rules for distribution and the rules on supply of heat energy.

(4) The supplier of heat energy shall be obliged to submit data to the Energy Regulatory Commission and annual reports for the heat energy sold, in accordance with the conditions determined by the license.

(5) The supplier of heat energy shall be obliged to submit the annual reports referred to in paragraph (4) of this Article to the Ministry and to the mayors of the local self-government units where the supplier carries out its activity, as well.
Article 119

(1) The measuring devices at the exit point of the generating plant and the measuring devices in the thermal substations through which the facilities of consumers are connected to the distribution network shall be owned by the operator of the system for distribution of heat energy.

(2) The location of the measuring devices shall be determined by the operator of the system for distribution, depending on the technical conditions of the connection point and it may be within or out of the boundaries of the consumer’s property.

(3) If the measuring device is on the user’s property, the user shall be obliged to allow the authorized person of the operator of the system for distribution of heat energy a right of access to any property or facility up to the measuring device, i.e. the connection point, in order to:
   1) read the measuring devices;
   2) control, install, supervise, replace and maintain the equipment at the measuring point;
   3) disconnect the user when it acts contrary to the terms and conditions for using the distribution network, prescribed by the network rules on distribution and
   4) disconnect the consumer upon a request of the supplier, in accordance with the provisions of the Rulebook on Supply.

(4) The devices on the bases of which the heat energy is distributed locally among different consumers in a single facility for which there is only one measuring device shall be an integral part of the system for measuring the heat energy consumed in the facility and shall be owned by the operator of the distribution system.

(5) The installation of the devices referred to in paragraph (4) of this Article, as well as the methodology for distribution and calculation of the consumed heat energy shall be regulated by the network rules on distribution.

(6) The manner of reading the devices referred to in paragraph (4) of this Article shall be regulated by the supply contract between the supplier and consumer, in accordance with the Rules on Supply of Heat energy.

Article 120

(1) The consumers of heat energy connected to a system for distribution in the area where a system of heat energy is established shall have the right to freely choose the supplier.

(2) The supplier of heat energy, on the basis of the reading of the measuring devices and the reading of the devices for local distribution referred to in Article 119 paragraph (4) of this Law shall invoice and charge for the delivered heat energy to the consumers at a price that consists of the average price of heat energy referred to in Article 116 paragraph (7) of this Law for the calculating period determined in accordance with the Rulebook referred to in Article 113 paragraph (5) of this Law, the tariff for use of the distribution system and the charge for supply of heat energy.

(3) The highest amount of the charge for supply referred to in paragraph (2) of this Article shall be determined by the Energy Regulatory Commission by way of a decision adopted before the beginning of each calendar year.
Article 121

(1) The holder of a license for the activity regulated generation of heat energy cannot be a holder of a license for the activities distribution of heat energy and supply of heat energy.

(2) The holder of a license for the activity distribution of heat energy cannot be a holder of a license for the activities generation of heat energy and supply of heat energy.

(3) As an exception to the provisions referred to in paragraphs (1) and (2) of this Article, if in one system of heat energy the total installed power of the consumers is less than 80 MW, the licenses for performance of the activities generation or regulated generation of heat energy, operator of the system for distribution of heat energy and supply of heat energy may be granted to a single entity.

X. ACCESS OF THIRD PARTIES AND CONNECTION TO NETWORKS

Article 122

(1) The operators of the systems for transmission and/or distribution, on the basis of published tariffs, shall be obliged to allow access of eligible buyers to the corresponding system in an objective and transparent manner that prevents discrimination of the system users.

(2) The operators of the systems for transmission and/or distribution shall be obliged to allow connection to the corresponding systems in accordance with the corresponding network rules: 1) to all consumers of electrical energy and all users of the system for transmission and the systems for distribution of electrical energy on the territory of the Republic of Macedonia and 2) to all consumers of natural gas or heat energy and to all users of the systems for transmission and distribution of natural gas or heat energy in the area where the service is provided, in the economically justifiable cases.

(3) The operators of the electrical energy transmission and electrical energy distribution systems shall ensure priority access to the systems for the electrical energy generated from renewable sources, taking into account the limitations resulting from the operational capacities of the electric power system.

Article 123

(1) The operator of the system for transmission, i.e. distribution of a given type of energy or natural gas shall be obliged, in accordance with the corresponding network rules and the rules on supply, to allow the existing and new users access to the network for transmission, i.e. distribution of the corresponding type of energy: 1) in an objective, transparent and non-discriminatory manner; 2) based on the principle of regulated access by a third party and 3) by applying prices and tariffs that prior to their publication have been approved by the Energy Regulatory Commission.

(2) The operator of the system for transmission, i.e. distribution of a given type of energy may deny access to the network only in the cases where there is a lack of capacity for transmission or distribution of energy or natural gas and shall be obliged to elaborate in writing and in a detailed and unequivocal
manner the reasons for the denial to the person that has requested the access. The operator of the system for transmission of natural gas may also deny access to the system if the reliability of supply in the Republic of Macedonia is endangered.

(3) The persons that have been denied access to the network or who are dissatisfied with the conditions for access to the network may file an appeal with the Energy Regulatory Commission.

**Article 124**

(1) The operator of the electrical energy transmission system or the operator of the system for transmission of natural gas may submit a request to the Energy Regulatory Commission for exemption from the obligation to ensure access of third parties when it is invested in new interconnection lines or the capacity of the existing interconnection lines is significantly increased in order to increase the supply capacities.

(2) The Energy Regulatory Commission shall approve the requests referred to in paragraph (1) of this Article if the following conditions are fulfilled:
1) the investment increases the competition and reliability in the supply of electrical energy, i.e. natural gas;
2) the risk related to the investment is such that it will not be implemented if the exemption from the obligation to ensure access of third parties is not allowed;
3) the interconnection line, i.e. the gas pipeline for which the exemption from the obligation to ensure access of third parties is requested has to be in ownership of a legal entity or a physical entity that is independent, at least in its legal form, from the operators of the systems where the line shall be built;
4) the users of the line will pay a charge to use it;
5) no part of the investments or of the operational costs for the interconnection line can be covered by the charge for use of the systems connected by the interconnection line and
6) the exemption from the obligation to ensure access of third parties does not affect the competition and efficiency of the electrical energy market, i.e. the natural gas market or the efficient operation of the regulated system for transmission to which the line, i.e. the gas pipeline shall be connected.

(3) The Energy Regulatory Commission shall prescribe in detail the procedure, conditions and manner of decision-making upon the requests referred to in paragraph (1) of this Article, as well as the manner of publishing the decision and its submission to the competent international institutions, in accordance with the obligations assumed by the Republic of Macedonia under the ratified international treaties.

**Article 125**

(1) The operator of a system for transmission, i.e. distribution of a given type of energy shall be obliged to lay down the rules for connection to the network and a methodology for calculation of the charge for connection in the network rules. The rules on connection should take into consideration the consequences of the connection suffered by the other users of the network, the connection point of the plants, facilities and devices for which the connection is requested, and the type of necessary installation for connection to the network.

(2) The charge for connection to the network, as well as the charge for alteration of the energy parameters defined in the consent for connection of an existing user shall be paid by the user and shall consist of a charge for construction of the connection or upgrade of an existing connection, as well as
participation in the costs for creation of technical conditions in the system for connection of new users or for increase of the capacity of the existing connections. The charge shall be calculated by applying the methodology contained in the corresponding network rules.

(3) The operator of the system for transmission, i.e. distribution of a given type of energy shall be obliged to provide the persons requesting connection to the corresponding network with a detailed estimation of the costs for construction of the connection and estimation of the costs for creation of the technical conditions in the network.

(4) The Energy Regulatory Commission shall oblige the operators of the corresponding energy systems to bear the costs for connection of the privileged producers to the corresponding system and to cover the costs for connection through the tariff of the regulated service, if necessary in order to:
1) stimulate the generation of electrical energy from renewable energy sources or from highly efficient combined-cycle plants or
2) achieve the goals of the Energy Development Strategy, the Strategy for Energy Efficiency or the Strategy for Renewable Energy Sources.

(5) The Energy Regulatory Commission shall prescribe the period during which the obligation of the operators referred to in paragraph (4) shall apply, as well as the conditions that need to be fulfilled by the privileged producers in order to be connected to the corresponding system in accordance with paragraph (4) of this Article.

Article 126

(1) The entities requesting connection to an energy system or the users requesting change of an existing connection shall be obliged to submit a request for connection to the operator of the corresponding system for transmission, i.e. distribution, in accordance with the network rules.

(2) The entities requesting connection to the network may be connected to it only on the basis of an obtained decision on consent for connection, issued by the operator of the system for transmission, i.e. distribution, in accordance with the network rules.

(3) The following shall be determined, in particular, by the decision referred to in paragraph (2) of this Article:
1) the technical requirements for the connection; 2) the connection charge to be paid by the user; 3) the deadline for connection and
4) the obligations of the operator of the energy system or the operator of the transmission network for natural gas in regard to the connection.

(4) The decision on the consent for connection shall cease to be valid if the construction of the connection has not commenced within the deadline determined by the approval for construction of the connection.

(5) The operator of the transmission network for natural gas shall cooperate with the operator of the system for transmission of natural gas in the procedure for issuance of the consent for connection to the transmission network, in a procedure determined by the network rules on transmission of natural gas.
Article 127

(1) The operator of the energy system shall define deadlines for adoption of a decision regarding the request for issuance of consent for connection and deadlines for completing the connection to the network in the corresponding network rules.

(2) If the operator of the energy system does not issue a decision on consent for connection, or if the issued decision is not in accordance with the corresponding network rules, the entity requesting connection may file an appeal with the Energy Regulatory Commission.

Article 128

(1) The new facilities for expansion of an existing energy system, including the construction of new or upgrade of existing connections in ownership of the operator of the system or the operator of the network for natural gas, when defined by this Law, shall be built by the operator of the corresponding system or network and shall be in its ownership.

(2) As an exception to paragraph (1) of this Article, in the cases where the connection is intended for connecting one user (a consumer, an energy system or a plant for generation of electrical or heat energy), the connection, upon prior approval by the system operator, may be built by the user, in accordance with the corresponding network rules and the connection shall be in its ownership.

(3) The operator of the system shall determine the conditions and manner of construction of the connection in the approval referred to in paragraph (2) of this Article, on the basis of the network rules.

(4) The user may file an appeal with the Energy Regulatory Commission against the decision of the operator of the system rejecting the request of the user to build the connection referred to in paragraph (2) of this Article.

(5) If the user builds the connection, it shall be obliged to pay the part of the charge for connection that refers to creation of technical conditions in the system for connection of new users or increase of the capacity of existing connections.

(6) If the user has built the connection, it may hand over the connection to the ownership of the operator of the system or the operator of the network free of charge.

(7) If the user retains the connection in its ownership, it shall be obliged to:
   1) allow the operator of the system to manage it in a manner and according to a procedure defined in the corresponding network rules and
   2) ensure maintenance of the connection according to criteria defined by the corresponding network rules.

(8) The connection charges referred to in Article 125 paragraph (2) of this Law, charged by the operator of the corresponding system or the operator of the transmission network for natural gas where it builds the connection, the charge referred to in paragraph (5) of this Article where the users build the connections, as well as the connections or other parts of the network that the users cede to the corresponding operator should be taken into consideration in determining the regulated incomes of the operator. The Energy Regulatory Commission shall prescribe in detail the manner and procedure for
keeping records of the connection charges and the assets that the users cede to the operators free of charge in the regulations referred to in Article 24 paragraph (1) of this Law.

(9) Regarding the electric energy facilities that are part of the energy system, built with funds and in ownership of users of the energy system, that are not an integral part of the connection used exclusively by the owner of the electric energy facility, the operator of the system and the owner of the facility shall conclude a contract that will regulate their mutual rights and obligations arising from the use of the facility by the operator, in a manner and under conditions determined by the corresponding network rules.

(10) In order to fulfill the obligation for provision of a public service, the operator of a transmission or distribution system shall be obliged to maintain the energy facilities that are an integral part of the corresponding energy system and whose owner is unknown.

XI. ENERGY EFFICIENCY

Article 129

(1) The energy efficiency policy shall be implemented through measures and activities for efficient use of energy, adoption of programs and plans for improvement and promotion of energy efficiency and their implementation, delivery of energy efficiency services and energy audits, as well as through fulfillment of the obligations of the public sector regarding energy efficiency and energy savings.

(2) The energy efficiency policy shall ensure achievement of the goals for sustainable energy development, decrease of the negative impact on the environment in the performance of the energy activities and energy consumption, improvement of the reliability in the energy supply, as well as fulfillment of the international obligations of the Republic of Macedonia in regard to the decrease of greenhouse gas emissions.

Article 130

(1) The policy for efficient use of energy shall be determined by the Strategy for Energy Efficiency adopted by the Government of the Republic of Macedonia, upon a proposal of the Ministry, and shall refer to a period of ten years, in accordance with the Energy Development Strategy.

(2) The Strategy for Energy Efficiency shall contain a description and an assessment of the state of play regarding the gross final energy consumption, an assessment of the potential for combined-cycle production in highly efficient combined-cycle plants, energy efficiency indicators, measures for improvement and promotion of energy efficiency and long-term goals that should be achieved by such measures, as well as energy efficiency stimulating measures.

(3) The funds for preparation of the Strategy for Energy Efficiency shall be provided from the Budget of the Republic of Macedonia and from other sources.
(4) The Government of the Republic of Macedonia may implement mechanisms for financial support for the achievement of the goals of the Strategy for Energy Efficiency.

(5) The funds for 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, in accordance with the Law on State Aid.

(6) For the purpose of efficient implementation of the measures and achievement of the indicative targets of the energy efficiency action plans referred to in Article 131 of this Law, an energy efficiency fund that will implement the support to the public and private sectors for fulfillment of the obligations for energy efficiency improvement may be established by a law.

Article 131

(1) In order to implement the Strategy for Energy Efficiency of the Republic of Macedonia, the Government of the Republic of Macedonia, on a proposal of the Ministry, shall adopt an energy efficiency action plan every three years.

(2) The Energy Agency shall participate in the preparation of the energy efficiency action plan.

(3) The energy efficiency action plan shall, in particular, contain:
1) an analysis and report on the implementation of the measures and activities from the previous action plan;
2) measures and activities for energy efficiency improvement in the next three-year period, in order to achieve the indicative targets for energy savings;
3) educational and promotional activities aimed at stimulation of the rational use of energy;
4) deadlines for implementation of the individual activities;
5) funds necessary for the implementation of the planned activities and manner of their provision and
6) entities responsible for carrying out the activities.

(4) The Government of the Republic of Macedonia, on a proposal of the Ministry, shall adopt a decree that will establish the indicative targets for energy savings for a period of nine years from the day of adoption of the first energy efficiency action plan. The indicative targets shall be established in accordance with the Strategy for Energy Efficiency. The methodology for calculation of the indicative targets shall be an integral part of the decree.

(5) The Energy Agency shall monitor the implementation of the measures and activities of the energy efficiency action plans, as well as the compliance with the timescale for achievement of the indicative targets prescribed by the decree referred to in paragraph (4) of this Article and shall submit annual reports to the Ministry by 31 March every year, at the latest.
Article 132

(1) In accordance with the Strategy for Energy Efficiency of the Republic of Macedonia and the energy efficiency action plan, the council of the local self-government unit shall adopt an energy efficiency program that refers to a period of three years, upon a proposal of the mayor and upon a prior opinion of the Energy Agency.

(2) The program referred to in paragraph (1) of this Article shall contain a description and an assessment of the state of play regarding energy and energy demands, indicative targets for energy savings at local level, measures for improvement and promotion of energy efficiency and the goals to be achieved by those measures, the sources of financing the investments necessary for implementation of the measures, activities and deadlines for implementation of the measures, the entities responsible for the activities and other necessary data.

(3) The program referred to in paragraph (1) of this Article shall be implemented on the basis of an annual plan that, on a proposal of the mayor, shall be adopted by the council of the local self-government unit.

(4) The local self-government units shall submit the energy efficiency programs referred to in paragraph (1) of this Article to the Energy Agency 30 days after their adoption, at the latest. The Energy Agency, 30 days from the day of submission of the program by the local self-government unit at the latest, shall be obliged to submit a report to the Ministry on the level of harmonization of the program referred to in paragraph (1) of this Article with the Strategy for Energy Efficiency of the Republic of Macedonia and the action plan referred to in Article 131 of this Law.

(5) The local self-government unit, by the end of February at the latest, shall submit the annual plan referred to in paragraph (3) of this Article for the current year to the Energy Agency, as well as information for the implementation of the program referred to in paragraph (1) of this Article in the previous year. The Energy Agency, by 31 May at the latest, shall submit to the Ministry a collective report prepared on the basis of the submitted annual reports of the local self-government units and the information on implementation of the programs.

Article 133

The energy suppliers shall be obliged, by 31 January every year at the latest, to submit to the Ministry and to the Energy Agency data on the previous calendar year that contain an overall description and the structure of consumption of the consumers they supply, geographical location and grouping of consumers according to the features of their consumption, an assessment of the state of play regarding energy efficiency, proposed measures for energy efficiency improvement, as well as other necessary data for implementation of the energy efficiency action plan.

Article 134

(1) The public sector entities shall be obliged to apply measures for improvement of the energy efficiency of buildings, building units, devices and plants.

(2) In the fulfillment of the obligations referred to in paragraph (1) of this Article, the public sector
entities shall be obliged to:

1) adopt three-year programs for energy efficiency improvement and to implement the measures determined by the program;

2) prepare annual analyses of the energy consumption and organize monitoring of the energy consumption;

3) provide, at least once in every three years, energy audits of the buildings or building units in which they carry out their activity;

4) provide a certificate for energy performance of a building, for the buildings or building units owned by the public sector entities and

5) install solar collectors for hot water, if economically feasible, in the cases where they construct new or undertake major renovations of buildings or building units in their ownership, in accordance with the Rulebook on Energy Performance of Buildings referred to in Article 136 of this Law.

(3) The fulfillment of the obligations referred to in paragraph (2) of this Article by the public institutions and public enterprises established by the Republic of Macedonia or by the local self-government units shall be ensured by the competent ministries, i.e. local self-government units.

(4) The public sector entities, i.e. the competent ministries or local self-government units referred to in paragraph (3) of this Article shall be obliged to submit collective reports to the Energy Agency for the completed energy audits in the previous calendar year by the end of February, at the latest. The Energy Agency, on the basis of the collective reports, shall be obliged to prepare and by the end of June at the latest to submit annual reports to the Ministry on the completed energy audits in the previous calendar year.

(5) The energy efficiency action plan shall establish the measures that the public sector entities, depending on the activity they carry out, are obliged to apply in their work in order to achieve the energy savings and energy efficiency goals.

(6) In conducting public procurement procedures, the public sector entities shall be obliged to define that the energy efficiency of the subject of the public procurement is a mandatory criterion for selecting the most favorable bid.

(7) In the cases where the public sector entities rent business premises, there should be an energy performance certificate for the building or the building unit where the business premise is located.

(8) The Energy Agency, upon previously obtained opinion from the Public Procurement Bureau, shall adopt instructions on application of the measures for energy efficiency and energy savings when determining the features of the goods and services that are subject of public procurement, as well as on application of the energy efficiency and energy savings criteria for the selection of the most favorable bidder.

(9) The instruction referred to in paragraph (8) of this Article shall be published on the web site of the Energy Agency and of the Public Procurement Bureau.
Article 135

(1) The energy audit shall provide for:
1) an assessment and cost-effectiveness of the opportunities for reduction of energy consumption in buildings, additional (auxiliary) plants and equipment, as well as in industrial processes;
2) issuance of an energy performance certificate for a building, in accordance with the special regulations and
3) determination of the realized savings resulting from the application of the measures for improvement of energy efficiency and energy savings.

(2) The entity that has ordered the energy audit shall be obliged to submit for insight all data, technical and other documentation for the subject of the energy audit and to ensure conditions for unobstructed conduct of the energy audit to the energy auditor with whom a contract for an energy audit has been concluded.

(3) The energy audit shall consist of gathering and analyzing data regarding the subject of the energy audit, measuring of energy consumption in the facility, assessment of energy efficiency and cost-effectiveness of the opportunities for energy savings, as well as preparation and submission of a report on the findings of the energy audit.

(4) The report on the findings of the energy audit shall contain in particular:
1) data on the basic energy consumption of the building, building unit, devices and plants, including consumption indicators;
2) data on the level of harmonization of the performance of the facility that is subject of the energy audit with the technical regulations on energy performance of construction facilities and other regulations regulating energy efficiency of buildings and building units;
3) an assessment of the energy efficiency;
4) identification of measures for reduction of energy consumption and improvement of energy efficiency;
5) an assessment of the energy savings and the procedure for establishing the savings;
6) calculation of the cost-effectiveness of application of energy efficiency improvement measures;
7) recommendations for application of energy efficiency improvement measures and
8) other necessary data.

(5) The Minister shall adopt a Rulebook on Energy Audit that shall regulate in detail:
1) the conduct of the energy audit;
2) the manner of assessment of the basic energy consumption;
3) the content and form of the report on the energy audit;
4) the basic elements for formation of the amount of the charge for conducting the energy audit;
5) the manner, procedure and conditions for selection of legal entities that will conduct trainings for energy auditors;
6) the basic elements of the program and the manner of delivery of the training and taking the professional exam for energy auditors;
7) the issuance, extension and revocation of the authorizations for conducting energy audits, as well as the recognition of the validity of authorizations or other corresponding documents for conducting energy audits issued in other countries;
8) the form, content and manner of keeping the register of persons authorized to conduct energy
audits and
9) the content and form of the reports referred to in Article 134 paragraph (4) of this Law submitted by
the persons in the public sector, i.e. the Energy Agency.

(6) The methodology for measuring and verification of energy savings shall be an integral part of the
Rulebook on Energy Audit.

**Article 136**

(1) The certificate for energy performance of a building shall be issued for buildings or building units
that have useful floor area more than the area determined by the Rulebook on Energy Performance of
Buildings referred to in paragraph (8) of this Article.

(2) The certificates for energy performance of buildings shall be issued by legal entities authorized to
conduct energy audits with a validity period in accordance with the Rulebook on Energy Performance of
Buildings referred to in paragraph (8) of this Article that cannot last longer than ten years as of the day
of issuance of the certificate.

(3) The investor shall be obliged to attach to the request for issuance of an approval for construction of
new buildings or for major renovation of existing buildings, as a part of the concept design, a statement
from a legal entity authorized to conduct energy audits on the level of harmonization of the concept
design with the basic requirements for the building in terms of fulfillment of the minimum requirements
determined by the Rulebook on Energy Performance of Buildings referred to in paragraph (8) of this
Article.

(4) Upon completion of construction of a building or upon major renovation of existing buildings, the
investor shall be obliged to provide an energy performance certificate for the building and to submit it
with the request for issuance of an approval for use of the building.

(5) The sellers or renters of buildings or building units shall be obliged to hand over the certificate for
energy performance of the building to the buyers or tenants in its original form or a copy verified by a
notary.

(6) The sellers or renters of buildings or building units, for the buildings or building units which are not
yet completed, shall be obliged to deliver a copy of the statement referred to in paragraph
(3) of this Article verified by a notary to the buyers or the tenants, while the obligation referred to in
paragraph (5) of this Article shall be fulfilled upon receipt of the approval for use of the building or the
building unit.

(7) The owners of buildings or building units that have useful floor area larger than the one prescribed
by the Rulebook referred to in paragraph (8) of this Article shall be obliged to display in a visible place
the energy performance certificate for the buildings or building units in ownership or rented by public
sector entities, as well as for buildings or building units of public character.
(8) In order to improve the energy efficiency of buildings, the Minister shall by the Rulebook on Energy Performance of Buildings prescribe the requirements and conditions pertaining to:

1) the methodology for determination of energy performance of buildings, i.e. building units;
2) the minimum requirements for energy efficiency of new buildings and building units, as well as buildings and building units which are subject to major renovation;
3) the manner of control of the level of adjustment of buildings and building units, devices and plants to the provisions of the Rulebook;
4) the conditions for design and construction of new and major renovation of existing buildings or building units in terms of energy efficiency;
5) the manner and period of control of the heating systems with boilers of an effective rated output for space heating purposes of more than 20 kW;
6) the manner and period of control of the air-conditioning systems in buildings of an effective rated output of more than 12 kW;
7) the types of buildings and building units in ownership of public sector entities for which installation of solar collectors for hot water when constructing new and major renovation of existing facilities is mandatory;
8) the labeling of buildings and building units in regard to their energy performance;
9) the form and content of the statement on the level of adjustment of the concept design for construction or renovation to the minimum requirements prescribed by the Rulebook;
10) the form, content, as well as the period of validity of the energy performance certificates for buildings and
11) the smallest useful floor area of buildings or building units for which there is an obligation to obtain and display an energy performance certificate.

Article 137

(1) The energy audit may be conducted by an energy auditor.

(2) A physical entity may acquire an authorization for conducting energy audits, if it meets the following requirements:

1) to hold at least a university degree in a technical science;
2) to have at least five years professional working experience in design, surveillance and maintenance of construction facilities, examination of energy or processing plants, performance of energy audits or other energy services or in professional or scientific activities in the field of energy and
3) to pass the professional exam for an energy auditor, in accordance with the Rulebook on Energy Audit.

(3) A legal entity may acquire the authorization for conducting energy audits, if it has at least two energy auditors employed constantly.

(4) The Minister shall issue an authorization for conduct of energy audits, if the physical entity, i.e. the legal entity meets the requirements determined in paragraphs (2) and (3) of this Article, i.e. a decision rejecting the request for issuance of an authorization for conduct of energy audits, in accordance with the Rulebook on Energy Audit.
(5) The legal entity that has acquired an authorization for conduct of energy audits shall be obliged to notify the Ministry on each change of the number of authorized auditors employed therein.

(6) The authorization for energy audits for a physical entity shall be valid for a period of three years and may be extended upon the expiry of the validity period only if the energy auditor meets the requirements of the Rulebook on Energy Audit.

(7) The Minister shall adopt a decision on revocation of the authorization for conduct of energy audits, if:
   1) the energy auditor carries out the audit contrary to the provisions of this Law and the regulations adopted on the basis of this Law and
   2) the employment of all energy auditors in the legal entity has terminated.

(8) An administrative dispute may be initiated against the decision of the Minister referred to in paragraphs (4) and (7) of this Article.

(9) The Energy Agency shall organize training and exams for energy auditors every year, as well as training for professional development of energy auditors, on the basis of programs for training and examinations prepared by the Energy Agency and approved by the Ministry.

(10) The Energy Agency shall select legal entities for the delivery of the training referred to in paragraph (9) of this Article through a public call.

(11) The legal entities referred to in paragraph (10) of this Article should hold an authorization for conduct of energy audits and the training should be delivered by energy auditors.

(12) A foreign physical entity that holds an authorization or any other corresponding document for conduct of energy audits issued by another country may carry out energy audits in the Republic of Macedonia, if the authorization or the corresponding document is recognized by the Ministry in a procedure prescribed by the Rulebook referred to in Article 135 of this Law.

(13) The Ministry shall keep a register of authorized persons for conduct of energy audits and shall publish the register on its web site. The authorizations or other corresponding documents for conduct of the energy audits referred to in paragraph (12) of this Article shall also be entered in the register.

**Article 138**

(1) The energy auditor shall be obliged to conduct the energy audit autonomously, independently and objectively, in accordance with a law and the technical regulations.

(2) The legal entities authorized to conduct energy audits shall be obliged to keep records of the completed energy audits and to keep the documentation of the completed audits for a period of at least ten years.
(3) The legal entities authorized to conduct energy audits shall be obliged, by 31 January at the latest, to submit to the Energy Agency a report on the completed energy audits in public sector entities in the previous calendar year.

(4) The Energy Agency, on the basis of the reports referred to in paragraph (3) of this Article, shall prepare an annual report for the previous calendar year and, by 31 March at the latest, it shall submit it to the Ministry.

(5) The authorized entity for conduct of energy audits shall be obliged, upon a request of the client, to conduct the energy audit in accordance with the provisions of this Law.

(6) The energy auditor cannot conduct an energy audit, if the client is a legal entity:
   1) in which it holds stocks or a share;
   2) that it has cooperated with in the construction of the project, review of the project, has supervised the construction of, or has performed activities for maintenance of the facility for which the energy audit is requested or
   3) in a management body of which it is a member, in which it is a procurator, an agent or an employee.

(7) The energy auditor cannot conduct an energy audit, if the client is a physical entity:
   1) that it has cooperated with in the construction of the project, review of the project, supervision of the construction, or performance of other maintenance activities for the facility for which the energy audit is requested and
   2) that is his/her spouse or a relative.

(8) The legal entity authorized to conduct energy audits shall issue a certificate for energy performance of the buildings on the basis of a completed energy audit.

**Article 139**

(1) The contracts for energy services concluded by public sector entities shall mandatorily regulate:
   1) the subject of the contract that includes the scope of energy services or other services in order to improve the energy efficiency;
   2) the determination of the basic energy consumption in the facility, devices and plants, in accordance with the Rulebook on Energy Audit;
   3) the assessment of the savings by applying energy efficiency measures, as well as the guaranteed energy savings and the procedures for determination of the savings;
   4) the volume and manner of financing the investments for implementation of the contract and 5) the manner of payment for the services.

(2) The necessary investments by the ESCO for implementation of the contracts referred to in paragraph (1) of this Article shall be compensated by ESCO by decreasing the energy costs as a result of the energy savings, calculated in comparison to the basic energy consumption prior to the conclusion of the contract.
(3) Upon expiry of the time period for which the contract for energy services has been concluded, the installed equipment, devices and plants built-in in the facility in order to implement the contracts referred to in paragraph (1) of this Article shall remain in the ownership of the public sector entity.

Article 140

(1) The operators of the systems for distribution of a given type of energy or natural gas, as well as the suppliers of energy and energy-generating products shall promote the application of energy efficiency measures by publishing information on the energy efficiency services on their web sites and periodically in the mass media.

(2) The information for the services referred to in paragraph (1) of this Article shall contain the possible measures for energy efficiency improvement and the effects of the application of those measures, the indicative prices at which the services are provided, the possible ways and mechanisms of financing, the standard form contracts, as well as contact information for the potential service providers.

Article 141

(1) The corresponding network rules on distribution of energy or natural gas should define obligations for the distribution system operator to define, to the extent that it is technically and economically justifiable, the technical specifications of the devices for measurement of energy consumption that will enable the consumers to get accurate data on the consumed energy or natural gas and on the time when the energy or natural gas was used.

(2) The corresponding network rules, where it is technically feasible and economically cost-effective in relation to the long-term energy savings, may provide for installation of measuring devices for each part of the construction considered to be an independent unit.

(3) The operator of the corresponding system for distribution and/or the suppliers of electrical or heat energy and natural gas shall be obliged to ensure, where technically feasible and economically possible, that the calculation of the consumed energy is based on the actual energy consumption and to present it in a clear, unambiguous and comprehensible manner.

(4) The suppliers of electrical or heat energy and natural gas shall be obliged to inform the consumers in a clear and unambiguous manner in their bills about:
1) a detailed presentation of the prices and the consumed energy or natural gas;
2) a comparison of the energy consumption with the energy consumption for the same period in the previous year, preferably in graphic form;
3) wherever possible and useful, a comparison of the energy consumption with normalized values or with the consumption of a benchmarked consumer in the same consumer category and 4) the consumers organizations, energy bodies or institutions with contact information, including an internet address where they may obtain information regarding the energy efficiency measures, specifications for the equipment and comparison of the energy consumption of different consumer groups.
(5) The operators of the distribution systems and the suppliers of electrical and heat energy and natural gas must not prevent the development of the energy services market, the taking of other energy efficiency measures and the provision of energy services by ESCOs.

**Article 142**

(1) In order to achieve the goals of the Strategy referred to in Article 130 of this Law, the Minister shall adopt a Rulebook on Labeling the Consumption of Energy and Other Resources for the products that use energy.

(2) The Rulebook referred to in paragraph (1) of this Article shall, in particular, regulate:

1) the products to be labeled;
2) the manner of labeling the products;
3) the manner of establishing the products’ features;
4) the form and content of the label and
5) the manner of controlling the labeling.

(3) The products referred to in paragraph (2) point 1 of this Article may be imported and/or released onto the market in the Republic of Macedonia only if they are labeled in accordance with the Rulebook referred to in paragraph (1) of this Article.

**Article 143**

(1) The Energy Agency shall issue and keep a register of issued guarantees of origin of the electrical energy generated by highly-efficient combined-cycle plants.

(2) In order to obtain guarantees of origin of the electrical energy referred to in paragraph (1) of this Article, the producer of electrical energy shall be obliged to pay a fee to the account of the Energy Agency, according to the tariff adopted by the Energy Agency, approved by the Government of the Republic of Macedonia.

(3) The guarantee of origin of the electrical energy from highly-efficient combined-cycle plants shall contain data on the producer and the plant, the thermal value of the used fuel, the period of generation, the use of the generated heat energy, the quantity of generated electrical energy and the savings of primary energy calculated in accordance with the methodology adopted by the Minister.

(4) The guarantees of origin of the electrical energy from highly-efficient combined-cycle plants issued by other countries shall be recognized under conditions and in a manner prescribed in accordance with this Law.

(5) The Minister, by the Rulebook on Highly-efficient Combined-cycle Plants, shall prescribe in detail:

1) the methodology for calculation of the coefficient of efficiency of the highly-efficient combined-cycle plants for generation of electrical and heat energy;
2) the methodology for assessment of the savings of primary energy in the highly-efficient combined-cycle plants;
3) the content, form and manner of keeping the register of highly-efficient combined-cycle plants;
4) the manner of issuance, transfer and revocation of the guarantees of origin of the electrical energy generated in highly-efficient combined-cycle plants, as well as the manner, procedure and conditions for recognition of the guarantees for origin issued abroad;
5) the manner and procedure for determination of the energy value of the fuels used in the highly-efficient combined-cycle plants and
6) the content, form and manner of keeping the register of issued guarantees of origin of the electrical energy from highly-efficient combined-cycle plants.

(6) The Energy Agency shall support the Ministry in the preparation of the regulation referred to in paragraph (5) of this Article.

XII. RENEWABLE ENERGY SOURCES

Article 144

(1) The policy for use of renewable energy sources in the Republic of Macedonia shall be determined by the Strategy for Renewable Energy Sources in the Republic of Macedonia, in accordance with the Energy Development Strategy.

(2) The Government of the Republic of Macedonia, on a proposal of the Ministry, every five years shall adopt a Strategy for Renewable Energy Sources that refers to the following ten years.

(3) The funds for preparation of the Strategy for Renewable Energy Sources shall be provided by the Budget of the Republic of Macedonia, grants or donations.

Article 145

(1) The Strategy for Renewable Energy Sources in the Republic of Macedonia shall define the goals of using the renewable energy sources and the manner to achieve those goals, and in particular:
1) the potential of the renewable energy sources and the manner to achieve those goals, and in particular: the potential of the renewable energy sources;
2) the feasibility of using the potential of the renewable energy sources;
3) the planned scope and the timescale for increasing the participation of the renewable energy sources and biofuels in the gross final energy consumption, as well as the participation of the biofuels in the total consumption of fuels in the transport and
4) the definition of measures to support the use of renewable energy sources.

(2) In order to accomplish the goals of the Strategy for Renewable Energy Sources, support measures may be applied, so that the following is achieved:
1) reduction of the costs for generation of renewable energy sources and production of biofuels;
2) increase of the prices at which the renewable energy sources or the biofuels are sold or bought or
3) obligations for buying the energy generated from renewable sources or an obligation for mixing fossil fuels and biofuels in the fuels intended for transport.

(3) The support measures referred to in paragraph (2) of this Article shall include in particular: 1) investment support; 2) tax alleviations; 3) mandatory purchase of the electrical energy generated from renewable energy sources by the suppliers of electrical energy and an obligation for mandatory placement on the market of mixtures of fossil fuels and biofuels; 4) issuance of guarantees of origin of the electrical energy; 5) privileged tariffs for purchase of the generated electrical energy or 6) increase of the prices to be paid by consumers for the use of renewable energy sources.

(4) The funds for the implementation of the support measures referred to in paragraph (3) of this Article may be provided, inter alia, from: 1) the Budget of the Republic of Macedonia; 2) grants, donations and sponsorships; 3) loans or 4) state aid, in accordance with law.

Article 146

(1) In order to implement the Strategy for Renewable Energy Sources, the Government of the Republic of Macedonia, on a proposal of the Ministry, shall adopt an action plan for the renewable energy sources for a period of ten years.

(2) The action plan for the renewable energy sources shall define the measures for promotion of the use of renewable energy sources, and shall contain in particular:
1) the expected gross final consumption of electrical energy, transport fuels, heating and cooling energy, in accordance with the Energy Development Strategy and the Strategy for Renewable Energy Sources, taking into consideration the measures for energy efficiency improvement;
2) the defined targets and annual timescales for increased participation of the renewable energy sources in the energy consumption;
3) the measures for achievement of the defined targets;
4) the presentation of the relevant policies and measures for promotion of renewable energy sources;
5) the specific measures for reduction of the administrative barriers, measures for information and training and adequate development and improvement of the transmission and distribution systems;
6) the support measures referred to in Article 145 of this Law for generation of electrical energy, for using it for heating and cooling, transport and use of the biomass;
7) the assessment of the expected contribution of individual renewable energy sources, in order to achieve the goals defined in the Strategy for Renewable Energy Sources;
8) the assessment of possible joint projects with other countries, in order to achieve the goals defined in the Strategy for Renewable Energy Sources;
9) the sources of financing and 10) the responsible entities and deadlines for completion of the defined activities.
(3) Every two years, the Ministry shall prepare a report on the implementation of the action plan for renewable energy sources for the past period. If, on the basis of the findings in the report it is assessed that the planned annual timescale referred to in paragraph (2) point 2 of this Article is not being met, the Ministry shall propose to the Government of the Republic of Macedonia additional measures and corresponding amendments in the action plan.

(4) The Government of the Republic of Macedonia shall, by a decision, prescribe the targets and the annual timescale for increase of the participation of the renewable energy sources in the final energy consumption, in accordance with the action plan on renewable energy sources and the obligations of the Republic of Macedonia assumed under the ratified international treaties.


Article 147

(1) The Energy Agency shall issue, transfer and revoke guarantees of origin of the electrical energy generated from renewable energy sources and shall keep a register of issued guarantees.

(2) In order to obtain guarantees of origin of the electrical energy referred to in paragraph (1) of this Article, the producer of electrical energy shall be obliged to pay a fee to the account of the Energy Agency, according to a tariff adopted by the Energy Agency which should be approved by the Government of the Republic of Macedonia.

(3) The guarantee of origin of the electrical renewable energy sources shall be issued for a minimum quantity of 1 MWh and shall contain data on the producer and the power plant, the renewable source from which the electrical energy has been generated, the period of generation and other data determined by the Rulebook on Renewable Energy Sources referred to in Article 148 of this Law.

(4) The guarantees of origin of the electrical renewable energy sources issued in other countries shall be recognized under conditions and in a manner prescribed in accordance with this Law.

Article 148

(1) By the Rulebook on Renewable Energy Sources the Minister shall regulate in detail:

1) the types of plants for generation of electrical renewable energy sources;

2) the methodology for calculation of the necessary percentages of fossil fuels and biofuels in the mixtures for transport, in order to achieve the defined targets from the action plan for renewable energy sources;

3) the manner of measuring the wind potential for generation of electrical energy;

4) the manner of issuance of an approval for measuring the wind potential for generation of electrical energy;

5) the content, form and manner of keeping the register of power plants that use renewable energy sources;

6) the manner of issuance, transfer and revocation of the guarantees of origin of electrical energy
generated from renewable energy sources electronically, which should ensure accuracy, confidentiality and should prevent abuse;
7) the manner, procedure and conditions for recognition of guarantees of origin issued abroad and
8) the content, form and manner of keeping the electronic register of issued guarantees of origin of the electrical renewable energy sources, taking into account that the same quantity of electrical energy generated from renewable sources is registered only once.

(2) The Energy Agency shall issue an approval for measuring the wind potential for generation of electrical energy and shall keep a register of plants that use renewable energy sources.

(3) The Energy Agency shall support the Ministry in the preparation of the regulation referred to in paragraph (1) of this Article.

XIII. PRIVILEDGED PRODUCERS OF ELECTRICAL ENERGY

Article 149

In order to stimulate the construction of new power plants for renewable sources or of highly-efficient combined-cycle plants, these production facilities may acquire the status of a privileged producer, and thus also acquire the right to sell the generated electrical energy at privileged tariffs.

Article 150

(1) The privileged tariffs referred to in Article 149 of this Law may be applied by the producers that acquire the status of a privileged producer in a manner and procedure prescribed by this Law and by the secondary legislation adopted on the basis of this Law.

(2) The Government of the Republic of Macedonia, by a decree on the privileged tariffs for electrical energy for each type of privileged producer separately, shall prescribe:
1) the specific conditions to be fulfilled by a power plant in order to acquire the status of a privileged producer;
2) the upper limit of installed power of the power plant which may acquire the status of a privileged producer and
3) the privileged tariffs for the electrical energy and the period of their application.

(3) The Government of the Republic of Macedonia, depending on the achievement of the goals and the timescales for implementation defined in the Strategy for Renewable Energy Sources, the action plan for renewable energy sources, the Strategy for Energy Efficiency and the energy efficiency action plan, shall, by a decision, prescribe the total installed power of the privileged producers for each renewable source of energy individually and for the highly-efficient combined-cycle plants in the Republic of Macedonia.
Article 151

(1) A power plant may acquire the status of a privileged producer, if it meets the following conditions:
1) generates electrical renewable energy sources or in highly-efficient combined-cycle power plants;
2) fulfills the specific conditions and the upper limit of installed power, prescribed by the decree referred to in Article 150 of this Law and
3) the sum of the installed power of the power plant and the total installed power of the power plants of the same type that by that moment have been entered in the register of privileged producers do not exceed the total installed power of privileged producers of that type, defined by the decision of the Government of the Republic of Macedonia referred to in Article 150 paragraph (3) of this Law.

(2) In addition to the conditions referred to in paragraph (1) of this Article, it shall be necessary to fulfill one of the following conditions for acquiring the status of a privileged producer:
1) to have obtained an authorization for construction of energy facilities in accordance with this Law or
2) to have provided an approval for construction of energy facilities for which no authorization is required or
3) to have a concluded concession agreement for use of a natural resource for generation of electrical energy or
4) the right to construct an energy facility has been acquired in a public call procedure, in accordance with this Law.

(3) The Energy Regulatory Commission shall issue a decision for acquiring the status of a privileged producer and shall keep a register of privileged producers. The Energy Regulatory Commission shall adopt a Rulebook on Privileged Producers in which the manner and procedure for acquiring the status of a privileged producer, the manner and procedure for decision-making in regard to the application of the privileged tariff, as well as the form, content and manner of keeping the register of privileged producers shall be prescribed. The register of privileged producers shall be published on the web site of the Energy Regulatory Commission.

(4) The interested parties shall submit a request for acquiring the status of a privileged producer to the Energy Regulatory Commission and shall attach the required documentation prescribed by the Rulebook on Privileged Producers to the request.

(5) If the planned power plant fulfills the conditions for acquiring the status of a privileged producer, the Energy Regulatory Commission, in a period not exceeding 30 days from the day of submission of the request, shall issue a temporary decision for entry in the register of privileged producers to the entity that has submitted the request. The temporary decision shall also define a deadline within which the power plant should start to operate and it should be adjusted to the deadline from the document submitted in accordance with paragraph (2) of this Article.

(6) The holder of the temporary decision referred to in paragraph (5) of this Article shall have the right to request from the Energy Regulatory Commission extension of the validity of the temporary decision, in a manner and according to a procedure determined by the Rulebook on Privileged Producers.
(7) The Energy Regulatory Commission shall strike off the plant from the register of privileged producers, if the power plant does not start its operation within the deadline defined by the temporary decision referred to in paragraph (5) of this Article and the status of a privileged producer of the power plant shall be terminated.

(8) The privileged producers shall apply the privileged tariff in accordance with the conditions valid on the day of obtaining the temporary decision referred to in paragraph (5) of this Article.

(9) The Energy Regulatory Commission shall initiate the procedures for issuance of a license for generation of electrical energy and for issuance of a decision for privileged producer when the entity which submits the request shall submit the necessary documentation for issuance of a license and for acquiring the status of a privileged producer. In the procedure for issuance of a decision for acquiring the status of a privileged producer, the Energy Regulatory Commission shall request from the Energy Agency a confirmation that the plant has been built and that it fulfills the specific conditions and the installed power established by the decree referred to in paragraph (2) and by the decision referred to in paragraph (3) of Article 150 of this Law that were in force on the day of issuance of the temporary decision for a privileged producer.

(10) If the confirmation issued by the Energy Agency is positive, the Energy Regulatory Commission shall issue a decision for a privileged producer and a decision for application of a privileged tariff valid as of the day of adoption of the decision, whereby the privileged producer shall acquire all the rights arising from this Law.

(11) The Energy Agency shall be obliged to issue the confirmation referred to in paragraph (9) of this Article within a deadline not longer than 15 days as of the day of submission of the request.

(12) In order to issue the certificate referred to in paragraph (9) of this Article, the Energy Regulatory Commission shall pay a fee to the Energy Agency according to a tariff adopted by the Energy Agency, prepared on the basis of the costs of the Energy Agency related to the procedure for issuance of the confirmation referred to in paragraph (9) of this Article.

(13) The tariff referred to in paragraph (12) of this Article shall be approved by the Government of the Republic of Macedonia.

**Article 152**

The privileged producer of electrical energy, in addition to the obligations referred to in Article 65 paragraph (2) of this Law, shall be obliged:

1) to sell the generated electrical energy to the operator of the electrical energy market in accordance with the contract for purchase of electrical energy referred to in Article 153 paragraph (2) of this Law;
2) to submit plans for generation of electrical energy to the operator of the electrical energy market in accordance with the market rules and
3) in the course of its operations to comply with the requirements defined by the decree referred to in Article 150 paragraph (2) of this Law.
Article 153

(1) The operator of the electrical energy market shall be obliged to purchase the electrical energy produced by the privileged producers of electrical energy.

(2) The operator of the electrical energy market shall be obliged, upon a request of the privileged producer, to conclude a contract for purchase of electrical energy referred to in paragraph (1) of this Article. The contract should be in accordance with this Law, the decision on application of the privileged tariff issued by the Energy Regulatory Commission and with the market rules.

(3) The operator of the electrical energy market shall be obliged, in a period not exceeding 30 days from the day of submission of the request, to conclude the contract referred to in paragraph (2) of this Article, which shall be valid as of the day of entry into force of the decision for a privileged producer issued by the Energy Regulatory Commission.

(4) The privileged producer shall have the right to cancel the contract referred to in paragraph (2) of this Article before the expiry of the time period for which it has been concluded, and in such case it shall lose the status of a privileged producer without the right to regain the same status.

(5) The operator of the electrical energy market shall be obliged to compensate the costs for balancing and for the necessary system services related to the operation of the privileged producers to the operator of the electrical energy transmission system.

(6) The electrical energy referred to in paragraph (1) of this Article shall be sold by the operator of the electrical energy market to suppliers and traders in electrical energy that sell electrical energy to the consumers referred to in Article 82 paragraph (3) of this Law.

(7) The suppliers and traders referred to in paragraph (6) of this Article shall be obliged, on a daily basis, to purchase quantities of the electrical energy generated by the privileged producers from the market operator proportionate to the participation of the announcements for electrical energy demands of their consumers in the total anticipated demands of consumers of electrical energy in the Republic of Macedonia. The price at which the market operator sells the electrical energy to the suppliers and traders shall be calculated at the end of the month as an average price at which the operator has purchased the electrical energy from the privileged producers, increased for the costs referred to in paragraph (5) of this Article incurred in the same month.

(8) The prices, quantities of electrical energy, as well as the manner of payment of the liabilities referred to in paragraph (7) of this Article shall be regulated in detail by the Rules on the Electrical Energy Market.

(9) The suppliers and traders referred to in paragraph (6) of this Article shall be obliged to provide information for the percentage of participation of the electrical energy generated by privileged producers and the average price referred to in paragraph (7) of this Article, in the bills, i.e. the invoices they deliver to their consumers.
XIV. SPECIAL PROVISIONS

Article 154

(1) The user of the energy system shall be obliged:
1) to use and/or manage its energy facilities, devices or installations in accordance with a law, other regulations and the corresponding network rules and not to endanger the human life and health and property;
2) to remedy within the determined deadline the deficiencies of its energy facilities, devices or installations established by the State Inspectorate for Technical Inspection;
3) not to connect its facility, device or installation to the energy system, i.e. not to allow through its facilities, devices or installations connection of another user without the consent of the operator of the transmission or distribution system;
4) to ensure proper recording of the consumed energy or natural gas and not to use them without measuring devices or to use them with measuring devices that are not installed by the operator of the corresponding system;
5) not to manipulate the measuring devices;
6) not to obstruct the delivery of energy to other users;
7) to pay for the delivered energy or natural gas to the supplier, within the prescribed or agreed deadline and
8) in case of crisis to follow the measures prescribed in accordance with Article 13 of this Law.

(2) The investor referred to in Article 39 of this Law, for the purpose of putting to use the equipment built-in in a newly built energy facility or built-in in an existing construction facility, should have a decision for putting the equipment to use for the first time issued by the State Inspectorate for Technical Inspection, upon previously implemented procedure for putting the equipment to use for the first time, in accordance with the Law on Technical Inspection.

Article 155

(1) The operator of the corresponding system for transmission or distribution of energy or natural gas shall be entitled to compensation for the damage that has occurred as a result of unauthorized taking over of energy or natural gas or unregistered quantities of energy or natural gas, due to unauthorized manipulation of the measuring devices.

(2) The procedure for determination of the reasons for the occurred damage, as well as the manner of calculation of the damage and the compensation to be paid by the user shall be determined by the corresponding network rules.

(3) The consumers of energy or natural gas shall be entitled to compensation for the damage occurred due to decreased delivery or interruption in the delivery of energy or natural gas by the operator of the corresponding system for transmission or distribution, under conditions and in a manner determined by the corresponding rules on supply of energy or natural gas.

(4) The producers of energy shall be entitled to compensation from the operator for the damage occurred due to decreased delivery or interruption in the delivery of energy in the system, under conditions and in a manner determined by the network rules for the corresponding energy system.
Article 156

(1) Upon a request of a supplier, the operator of the transmission, i.e. distribution system may disconnect a consumer from the corresponding system in a procedure determined by the rules on supply.

(2) The operator of the transmission, i.e. distribution system may disconnect a user from the system, under conditions and according to a procedure determined in the corresponding network rules.

Article 157

(1) The persons who handle energy devices and plants must have passed an exam for professional qualification.

(2) The procedure for taking the exam referred to in paragraph (1) of this Article shall be implemented by a commission established by the Minister and composed of experts with minimum five years of practical 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 it cannot be higher than 15% of the average monthly net salary paid in the Republic of Macedonia in the previous calendar year.

(4) The amount of the remuneration for the work of 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 gained in accordance with paragraph (3) of this Article, decreased by the costs paid for organization and taking of the exams.

(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 prescribe the conditions to be fulfilled by the handlers, the program and the manner of taking the exam referred to in paragraph (1) of this Article.

Article 158

(1) The Minister, by a Rulebook on the Control of Electrical Energy Quality, shall prescribe the manner and procedure for measuring the quality of the electrical energy dispatched through the electrical energy transmission system or through the electrical energy distribution systems.

(2) Upon a request of a user of the system for transmission and/or distribution of electrical energy, the State Inspectorate for Technical Inspection or the inspection body accredited in accordance with the Law on Accreditation shall measure the quality of the electrical energy dispatched by the operator of the electrical energy transmission system or the electrical energy distribution system, under normal operating regime conditions of the corresponding system.
(3) Where the user is a consumer of electrical energy, it shall submit a request for measuring the quality of the dispatched electrical energy to the State Inspectorate for Technical Inspection through its supplier or trader or shall conclude a contract with an accredited inspection body.

(4) The fee for the measurements of the electrical energy quality performed by the State Inspectorate for Technical Inspection, on a proposal of the Minister, shall be prescribed by the Government of the Republic of Macedonia, depending on the type of the network and the special requests for quality measurements.

(5) The fee for the measurements of the electrical energy quality performed by an accredited inspection body shall be determined by the contract referred to in paragraph (3) of this Article.

(6) If the results of the measurements are in conformity with the quality prescribed by the rules on supply of electrical energy and the network rules on transmission or distribution, the fee for the completed measurements shall be paid by the user.

(7) If the results of the completed measurements performed by the State Inspectorate for Technical Inspection or by the accredited inspection body are not in conformity with the quality prescribed by the rules on supply of electrical energy and the network rules on transmission or distribution, the operator of the system through which electrical energy with the prescribed quality is not dispatched shall pay the fee for the completed measurements that cannot be higher than the amount determined by the regulation referred to in paragraph (4) of this Article.

(8) The operators of the electrical energy transmission and distribution systems shall control the quality of the electrical energy and check whether the users of the corresponding system use the system according to the conditions and criteria prescribed by the corresponding network rules.

(9) On a proposal of the State Inspectorate for Technical Inspection, the Minister, by 31 December at the latest, shall adopt a plan for measuring the quality of electrical energy, including the measuring points and the timetable of carrying out the measurements for the following calendar year.

(10) The State Inspectorate for Technical Inspection, by 15 March at the latest, shall submit a report to the Ministry and the Energy Regulatory Commission for the implementation of the plan referred to in paragraph (9) of this Article in the previous calendar year.

**Article 159**

The investor in an energy facility may request the State Inspectorate for Technical Inspection, following the construction and before the adoption of the approval for use of the facility, to be allowed to put the equipment in the energy facility to use for the first time in accordance with the Law on Technical Inspection.
Article 160

(1) The entities carrying out energy activities shall be obliged to ensure and guarantee confidentiality of business data and information they obtain from the users in the performance of the activity in accordance with a law.

(2) The obligation to ensure confidentiality of the information referred to in paragraph (1) of this Article shall not refer to:
   1) information available to the public;
   2) information for which there is a written consent from the person it refers to;
   3) information that the license holder should provide in accordance with the obligations determined by the license, a decision of a competent court or upon a request of a state body and 4) information necessary to fulfill the obligations determined by the license.

(3) The entities that carry out energy activities cannot abuse the business secrets and information obtained in the performance of the activity in order to gain business benefit, as well as to take discriminatory actions for the benefit of third parties.

Article 161

(1) Construction and performance of other activities, planting plants and trees on land under, above and by the energy facilities, devices and plants that disturb the process of generation, transmission and distribution of energy or endanger the safety of people and property shall not be allowed, except in the cases determined by this Law.

(2) As an exception to paragraph (1) of this Article, if the performance of the activities is necessary for the purpose of protecting certain public interest, the entity that carries out the energy activity, upon a request of the entity carrying out the activities, shall be obliged to give a consent for the performance of the activities in a period of 15 days as of the day of submission of the request, in which it shall also determine the necessary measures for protection of the facilities, devices and plants.

(3) Taking of the protection measures determined in the consent referred to in paragraph (2) of this Article shall be at the expense of the entity that carries out the activities.

Article 162

(1) The owner, i.e. the user of the land shall be obliged to allow temporary passage over the land for the purpose of doing surveys, recordings, designs and carrying out maintenance and reconstruction of transmission and distribution energy facilities, as well as for carrying out inspection on the land where they are located.

(2) The owner, i.e. the user of the land shall be entitled to compensation for a possible damage occurred as a result of the activities referred to in paragraph (1) of this Article.
Article 163

(1) Where the entity carrying out a regulated energy activity requests opening of a bankruptcy procedure managed by the company itself, prior to the submission of the request for opening a bankruptcy procedure it shall be obliged to submit the company's management plan for opinion to the Energy Regulatory Commission.

(2) The Energy Regulatory Commission, in a period not longer than 30 days as of the day of receipt of the company's management plan referred to in paragraph (1) of this Article, shall be obliged to submit the opinion regarding the company's management plan to the entity carrying out the regulated energy activity. In the opinion regarding the plan the Energy Regulatory Commission, in addition to the obligations determined by the license, may also determine other obligations for the entity carrying out the regulated energy activity in the implementation of the company's management plan.

(3) The bankruptcy judge shall be obliged to submit the decision on opening a bankruptcy procedure managed by the company itself to the Energy Regulatory Commission.

(4) Where a bankruptcy procedure is opened upon a request of a creditor against an entity that carries out a regulated energy activity:
   1) the bankruptcy judge shall be obliged to submit the decision for opening of the bankruptcy procedure to the Energy Regulatory Commission;
   2) the bankruptcy manager shall be obliged, in a period not longer than three days as of the day of adoption of the decisions, to submit to the Energy Regulatory Commission all decisions adopted by the bankruptcy judge, bankruptcy manager, the board and assembly of creditors;
   3) the Energy Regulatory Commission shall transfer the license for the regulated energy activity from the enterprise under bankruptcy procedure to the enterprise in bankruptcy and
   4) the bankruptcy manager shall be obliged to ensure uninterrupted performance of the regulated energy activity by the enterprise in bankruptcy until the adoption of a decision by the assembly of creditors.

(5) During the bankruptcy procedure the assembly of creditors cannot adopt a decision for liquidation of the enterprise in bankruptcy.

(6) If during the bankruptcy procedure a decision on reorganization of the enterprise is adopted, the bankruptcy judge shall be obliged to submit the plan on reorganization to the Energy Regulatory Commission.

(7) The Energy Regulatory Commission, in a period not longer than 30 days as of the day of receipt of the plan for reorganization referred to in paragraph (6) of this Article, shall be obliged to submit to the bankruptcy judge and the assembly of creditors an opinion regarding the plan for reorganization of the enterprise.

(8) Upon approval of the plan for reorganization and if the opinion on the plan for reorganization from the Energy Regulatory Commission is positive, the Energy Regulatory Commission, in a period not longer than seven days as of the day of receipt of the notification from the bankruptcy manager on the adoption of the plan for reorganization, shall adopt a decision on transfer of the license for performance of the energy activity to the enterprise that implements the plan for reorganization of the enterprise.
Article 164

(1) Where the license for carrying out a regulated energy activity is terminated upon a request of the license holder or the license is revoked in accordance with Article 48 of this Law, the Energy Regulatory Commission shall notify the Government of the Republic of Macedonia about the decision on termination of the license validity, i.e. on revocation of the license immediately, and in cooperation with the Ministry, it shall propose to the Government of the Republic of Macedonia urgent measures necessary for ensuring quality, continuous, safe and reliable delivery of the public service related to the regulated energy activity.

(2) In the cases referred to in paragraph (1) of this Article the Energy Regulatory Commission shall open a public call for selection of a new license holder. The provisions of the Law on Concessions and other Types of Public Private Partnership shall apply accordingly to the public call procedure.

(3) The Energy Regulatory Commission shall open the public call referred to in paragraph (2) of this Article in a period not longer than 90 days as of the day of entry into force of the decision on termination of the validity, i.e. revocation of the license.

(4) Until the legal validity of the decision for selection of a new license holder for performance of the concerned regulated energy activity and commencement of the activity by the new license holder, the previous license holder shall be obliged to act in accordance with the measures referred to in paragraph (1) of this Article and to continue the performance of the activity under the conditions determined by the measures, generating income based on the valid prices and tariffs.

Article 165

(1) The products that use energy or the products that affect the energy consumption may be imported, released on the market in the Republic of Macedonia and/or put to use only if: 1) they are in conformity with the prescribed requirements for eco design of the products; 2) the conformity with the prescribed requirements is determined in a prescribed procedure and 3) they are labeled in accordance with the regulation pertaining to that group of products.

(2) The Government of the Republic of Macedonia, on a proposal of the Ministry, in cooperation with the ministry competent for the environment, shall adopt a decree on eco design by which it shall prescribe in detail:
1) the general conditions for eco design of products;
2) the methods for determination of the generic and specific requirements for eco design;
3) the generic and specific requirements for eco design of certain types of products or groups of products;
4) the internal control of the eco design;
5) the system for management of the assessment of conformity;
6) the timescale and deadlines for application of the conditions and requirements from the decree regarding certain types of products and
7) the other conditions that should ensure that the products that use energy or affect the energy consumption meet the requirements for eco design.
(3) The producers and importers of the products referred to in paragraph (1) of this Article shall be obliged to meet the obligations prescribed by the decree referred to in paragraph (2) of this Article.

Article 166

The Minister shall adopt technical regulations on construction, maintenance and safe operation of energy facilities, devices and installations.

XV. SUPERVISION

Article 167

(1) The Ministry shall supervise the implementation of this Law and the regulations adopted on the basis of this Law, except the regulations adopted by the Energy Regulatory Commission.

(2) The Ministry shall supervise the work of the Energy Agency and of the enterprises that carry out regulated energy activities regarding the fulfillment of the obligations prescribed by this Law.

(3) The Ministry shall supervise the fulfillment of the obligations of the public sector entities determined by Article 134 of this Law.

(4) The Ministry shall supervise the legality of work of the local self-government units.

(5) Within the framework of the supervision referred to in paragraphs (2) and (3) of this Article, the Ministry shall also supervise the implementation of the plans and programs the adoption of which is prescribed by this Law.

(6) The performance of supervision referred to in paragraphs (2), (3) and (4) shall be based on the principle of legality, accountability and independence in the exercise of the competences determined by this and other law.

Article 168

(1) In the performance of the supervision referred to in Article 167 paragraph (2) of this Law, the Ministry shall be obliged to inform the entities that have been supervised about the established irregularities and deficiencies and to propose a deadline for their remedy.

(2) If the entities that have been subject to supervision do not remedy the established irregularities and deficiencies within the determined deadline, the Ministry shall take remedial measures.

(3) In the case where the established irregularities and deficiencies can cause harmful consequences for the interests of the citizens or the work of the Ministry, the Ministry shall notify the Government of the Republic of Macedonia thereof immediately, and, if necessary, other bodies as well, and shall propose to it remedial measures.

(4) Where the irregularities and deficiencies referred to in paragraph (3) of this Article are established during the performance of supervision in the enterprises that carry out regulated energy activities, and
are not remedied within the deadline determined by the notification referred to in paragraph (1) of this Article, the Ministry may request the Energy Regulatory Commission to initiate a procedure for suspension, i.e. revocation of the license.

**Article 169**

(1) In the performance of the supervision referred to in Article 167 paragraph (4) of this Law, the Ministry shall:

1) monitor the legality of the work of the council and mayor of the local self-government unit, take measures and activities and raise initiatives for exercise of their competences in accordance with law;
2) assess whether the bodies of the local self-government units ensure that the activities within their competence are carried out in accordance with the standards and procedures determined by this Law;
3) indicate to the council and mayor of the local self-government unit that they have overstepped their powers determined by law or by other regulation, and propose adequate measures for dealing with such circumstances;
4) indicate certain substantial and procedural deficiencies in the work of the council or mayor of the local self-government unit that might prevent the performance of public interest activities of local significance;
5) give recommendations for consistent exercise of the competences of the council and mayor of the local self-government unit that should be exercised within the limits of the law, upon their request;
6) monitor the timely adoption of the acts determined by this Law by the council and mayor of the local self-government unit;
7) submit initiatives and proposals to the council and mayor of the local self-government unit, should it establish failure to implement the law as a result of conflict of competences between the municipal bodies;
8) monitor the legality of the decisions the mayor adopts in the decision-making process in administrative matters regarding the rights, obligations and interests of physical entities and legal entities adopted on the basis of this or other law, and
9) notify the bodies of the council and mayor of the local self-government unit in a timely manner of the established state of play regarding their work and of the measures taken in the performance of the supervision.

(2) The Ministry shall inform the council and the mayor of the local self-government unit about the taken measures and activities referred to in paragraph (1) of this Article.

(3) If, despite the indications and the measures and activities taken, the council and the mayor of the local self-government unit do not ensure the performance of the activities referred to in paragraph (1) of this Article, the exercise of the relevant competence shall be revoked or limited by force of law.

(4) The performance of the revoked activities shall be taken over by the Ministry for a period of maximum one year from the day of their taking over.

(5) The performance of the revoked activities in the competence of the council and mayor of the local self-government unit shall be performed by the Ministry on behalf of and for the account of the local self-government unit.
Article 170

(1) The State Inspectorate for Technical Inspection and the State Market Inspectorate shall conduct inspection of the implementation of this Law.

(2) The inspection shall include supervision over the implementation of the provisions of this Law, of other regulations, rules, standards, technical specifications and norms concerning the quality that refer to the performance of energy activities by the entities carrying out energy activities, the public sector entities, the users of energy systems and the consumers of energy and energy-generating products.

(3) In the conduct of the inspection, the inspection bodies referred to in paragraph (1) of this Article may authorize experts from other bodies and institutions, i.e. other legal entities to carry out certain activities related to the inspection, if special expertise or equipment is necessary for their performance.

Article 171

The Minister may order conduct of joint inspection by the inspection bodies referred to in Article 170 paragraph (1) of this Law, in the case if:
1) it is necessary for elimination of a direct risk to the human life and health or to the property of greater value;
2) it is necessary for taking urgent measures that cannot be delayed;
3) it is necessary due to the complexity of the supervision or the significance of remedying the deficiencies;
4) it is necessary for the control of facilities of special significance in the field of energy;
5) it is assessed that the supervision in such a manner may be carried out faster and with less costs and waste of time for the entity under supervision and for the inspectors and
6) it is necessary for examination of allegations in an initiative or complaint, and it is within the competence of both inspection bodies.

Article 172

The entities carrying out energy activities, the public sector entities, the users of energy systems and the consumers of energy and energy-generating products shall be obliged to act upon the request, i.e. order from the inspection bodies referred to in Article 170 of this Law, and in particular:
1) to allow unobstructed conduct of the inspection;
2) to allow insight into documents and data necessary for the conduct of the supervision;
3) to ensure conditions necessary for unobstructed work and determination of the actual state of play;
4) to allow, in a defined time period, access to the premises, products, documents or any other means which is subject to inspection;
5) upon a written request of the inspection body, to discontinue the work during the inspection, if it is necessary for the conduct of the supervision and determination of the actual state of play and
6) upon a written request of the inspection body, within a deadline determined by the request, to submit to or prepare for the inspector accurate and complete data, reports, materials or other documents necessary for the conduct of the inspection.
Article 173

(1) If in the course of the inspection the inspector from the State Inspectorate for Technical Inspection establishes that the provisions of this Law, other regulations, rules, standards, technical specifications and quality norms are not applied or are not properly applied, it shall adopt a decision to:
1) order remedying of the established deficiencies that affect the operation of the plants and devices and to determine a deadline for their remedy;
2) prohibit the use of the facility, plant, device or installation, if the entity fails to remedy the established irregularities and deficiencies within the determined deadline and
3) prohibit the use, i.e. building and construction of the facility, plant, device or installation until the established deficiencies and irregularities are remedied.

(2) The inspector shall be obliged to notify the Energy Regulatory Commission of the adopted decision referred to in paragraph (1) of this Article that concerns a holder of a license for carrying out an energy activity and to request revocation or suspension of the license for carrying out of the energy activity.

Article 174

(1) If in the course of the inspection the state market inspector establishes that:
1) the rules regulating the supply of energy or natural gas to consumers are not applied or are not properly applied, it shall adopt a decision to determine a deadline for remedying the deficiency and to determine an inspection measure;
2) the participants in the liquid fuels market do not comply with the obligations determined by the decree on the quality of liquid fuels, it shall adopt a decision to order withdrawal from circulation of the liquid fuels the quality of which do not correspond to the prescribed quality and to determine an inspection measure and
3) the labeling of the products that use energy is not in conformity with the Rulebook on Labeling the Consumption of Energy and other Resources for the Products that Use Energy, it shall adopt a decision to order withdrawal from circulation of the improperly labeled products and to determine a deadline for remedy of the irregularities and deficiencies.

(2) If in the course of the inspection the state market inspector establishes that there is an irregularity referred to in paragraph (1) point 3 of this Article, the state market inspector shall be obliged to prepare minutes to establish the irregularity and to indicate remedying of the established irregularity within a period of eight days and at the same time shall hand over an invitation for education of the person or entity where the irregularity has been established in the course of the inspection.

(3) The form and content of the invitation for education, as well as the manner of delivering the education shall be prescribed by the Minister.

(4) The education shall be organized and delivered by the State Market Inspectorate, in a period not longer than eight days from the day of the inspection. The education may be delivered for several identical established irregularities or several established irregularities of the same kind, for one or more entities.

(5) If the person or entity to be educated does not appear for the scheduled education, the education shall be considered delivered.
(6) If the person or entity to be educated attends the scheduled education and completes it, such person or entity shall be considered educated in regard to the established irregularity.

(7) If in the course of the control supervision the state market inspector establishes that the irregularities referred to in paragraph (1) of this Article have been remedied, it shall adopt a conclusion to terminate the inspection procedure.

(8) If in the course of the control supervision the state market inspector establishes that the irregularities referred to in paragraph (1) of this Article have not been remedied, it shall file a motion for initiation of a misdemeanor procedure with the Misdemeanor Commission.

(9) The State Market Inspectorate shall keep records of the delivered education in a manner prescribed by the Minister.

(10) The Ministry – the State Market Inspectorate shall prepare quarterly reports for the completed inspections that are published on the web site of the Ministry.

XVI. MISDEMEANOR PROVISIONS

Article 175

(1) Initiation of a misdemeanor procedure for misdemeanors determined by this Law may be requested by the bodies obliged by this Law to conduct inspection, the Energy Regulatory Commission and the Energy Agency.

(2) The competent bodies referred to in paragraph (1) of this Article shall file a motion for initiation of a misdemeanor procedure to the competent court for the misdemeanors referred to in articles 179, 180, 182, 183, 185 paragraph (1), 186 paragraph (1), 187, 188, 189 paragraph (1) and 190 paragraph (1) of this Law.

(3) The provisions of the Law on Misdemeanors shall apply to the procedures initiated in accordance with paragraph (2) of this Article.

(4) Misdemeanor procedure for the misdemeanors referred to in articles 179, 180, 182, 183, 185 paragraph (1), 186 paragraph (1), 187 paragraphs (1) and (2), 188, 189 paragraph (1) and 190 paragraph (1) of this Law cannot be initiated nor conducted four years after the day the misdemeanor has been committed.

(5) If the misdemeanors referred to in articles 179, 180, 182, 183, 185 paragraph (1), 186 paragraph (1), 187 paragraphs (1) and (2), 188, 189 paragraph (1) and 190 paragraph (1) of this Law are committed due to covetousness or their commission causes greater property damage, the competent court may impose a fine in an amount ten times more than the determined minimum.

Article 176

(1) The Ministry shall conduct a misdemeanor procedure and pronounce misdemeanor sanctions for the
misdemeanors referred to in articles 181 paragraph (1), 182 paragraphs (2) and (3), 184 paragraphs (1), (2) and (3), 185 paragraph (2), 186 paragraph (2) and 190 paragraph (2) of this Law.

(2) For conducting the misdemeanor procedure and pronouncing misdemeanor sanction for the misdemeanors determined in paragraph (1) of this Article the Minister shall, by a decision, establish a Misdemeanor Commission, composed of three members from among the employees in the Ministry, as follows:
1) one member a law graduate, with passed judicial exam and five years of working experience in its field, who is the president of the Misdemeanor Commission;
2) one member with a university degree in the field of technical sciences with five years of working experience in its field and
3) one member with a university degree in the field of economy sciences with five years working experience in its field.

(3) The Misdemeanor Commission shall be elected for a period of three years with the right to re-election of the members.

(4) The Minister, on a proposal of the president of the Misdemeanor Commission, may adopt a decision on dismissal of a member of the Misdemeanor Commission in the following cases:
1) upon the expiry of the time period for which a member has been appointed;
2) upon personal request;
3) by fulfillment of the requirements for old age pension, in accordance with a law;
4) if he/she has been convicted for a crime by a legally valid verdict;
5) if permanent incapacity of a member to participate in the work of the Misdemeanor Commission has been established;
6) violation of the regulations for conducting a misdemeanor procedure is established by a legally valid decision;
7) if he/she does not fulfill the obligations arising from the work in the Misdemeanor Commission and
(5) if he/she has not reported the existence of conflict of interests regarding a case being decided by the Misdemeanor Commission. The members of the Misdemeanor Commission shall be entitled to a remuneration for their work in the Misdemeanor Commission, determined by the Minister, which shall be reasonable and corresponding to the significance, scope of work of the members and complexity of the misdemeanors.

(6) The Misdemeanor Commission shall adopt Rules of Procedure for its work, approved by the Minister.

(7) The Misdemeanor Commission shall work in a council and shall decide by majority votes of the total number of members.

(8) The members of the Misdemeanor Commission shall decide autonomously and independently, on the basis of law and according to their professional knowledge and personal belief.

(9) An administrative dispute may be initiated against the decisions of the Misdemeanor Commission pronouncing a misdemeanor sanction.

(10) The Minister shall prescribe the manner in which the Misdemeanor Commission shall keep single
records of the misdemeanors, imposed sanctions and adopted decisions, as well as the manner of accessing the information contained in the records.

Article 177

(1) Where a competent inspector establishes that a misdemeanor has been committed, he shall prepare minutes that contain the important elements concerning the action, time, place and manner of commission of the misdemeanor, description of the action and the people caught on the scene.

(2) Prior to filing the motion for initiation of a misdemeanor procedure for the misdemeanors determined in articles 181 paragraph (1) point 3, 182 paragraph (1) points 1, 2 and 8, 183 paragraph (1) points 2 and 7, 184 paragraph (3), 185 paragraph (1) points 2 and 8, 186 paragraph (1) points 2 and 7 and paragraph (2) point 1, 187 paragraph (1) points 1 and 3, 188 paragraph (1) point 2 and 189 paragraph (1) point 3 of this Law, the competent inspector shall be obliged to propose a settlement procedure to the person that committed the misdemeanor.

(3) If the person who committed the misdemeanor agrees with the initiation of a settlement procedure, the competent inspector shall determine the manner of elimination of the harmful consequences in the settlement procedure, in the minutes referred to in paragraph (1) of this Article, as well as the manner of dealing with the consequences of committing the misdemeanor.

(4) The competent inspector in the settlement procedure shall issue a payment order to the person who committed the misdemeanor. If the committer accepts the payment order, it shall sign it.

(5) Where the committer of the misdemeanor is a legal entity, the minutes and the payment order shall be signed by the official, i.e. the responsible person caught on the scene during the inspection or another official or responsible person that has stated to have the right to sign the minutes and receive the payment order.

(6) The receipt of the payment order by the committee of the misdemeanor referred to in paragraph (4) of this Article and the statement referred to in paragraph (5) of this Article shall be noted in the minutes.

(7) The competent inspector shall be obliged to keep records of the initiated settlement procedures and their outcome.

Article 178

(1) In regard to the misdemeanors referred to in articles 182 paragraph (1) point 12, 183 paragraph (1) point 12, 185 paragraph (1) point 11, 186 paragraph (1) point 11, 187 paragraph (1) point 4, 189 paragraph (1) point 11 and 190 paragraph (1) point 8 of this Law the competent inspector may offer the committer of the misdemeanor mediation and reaching consent according to which the committer of the misdemeanor shall pay the fine, the other costs or shall eliminate the consequences of the misdemeanor.

(2) In the cases referred to in paragraph (1) of this Article the competent inspector shall prepare minutes which shall indicate the consent of both parties for initiation of a mediation procedure, that shall also be signed by the committer of the misdemeanor.
(3) The mediation procedure shall be initiated by a request from the competent inspector in a period of eight days after the commission of the misdemeanor is established.

(4) The consent for mediation shall be reached in a period of eight days as of the day of initiation of the mediation procedure.

(5) The Minister shall form a Mediation Commission that shall conduct the mediation procedure and shall adopt Rules of Procedure and determine the costs of the work of the Commission on the basis of the actual costs the body has for the purpose of ensuring the work of the Mediation Commission, as well as reasonable remuneration for the members of the Commission.

(6) The Commission referred to in paragraph (5) of this Article shall be composed of five members, one of whom shall perform the function of a president. The members of the Commission shall be elected from among the civil servants employed in the Ministry, one of them being a law graduate.

(7) The president shall be obliged to initiate the mediation procedure in a period of 24 hours as of the day the request referred to in paragraph (3) of this Article is received.

(8) The Commission shall work in a session mandatorily attended by representatives of the committer of the misdemeanor and the competent inspector.

(9) An agreement about the consent reached upon the mediation shall be prepared, which shall indicate the consent of both parties and shall determine the obligations of the committer of the misdemeanor, in particular:
   1) the amount and manner of payment of the fine;
   2) the amount and manner of payment of other duties and costs and
   3) the measures to be undertaken by the committee in order to eliminate the consequences of the misdemeanor.

(10) In the cases where consent for mediation has been reached, the fine for the committer may be decreased by one half of the highest fine prescribed for the misdemeanor by this Law, at the most.

(11) The Mediation Commission shall be obliged to keep records of the initiated mediation procedures and their outcome.

Article 179

(1) Fine in the amount of Euro 5,000 to 7,000 in Denar counter-value shall be imposed for a misdemeanor on a legal entity:
   1) that carries out one or more regulated energy activities and does not keep separate accounting records for each regulated activity (Article 5 paragraph (5));
   2) that carries out a regulated energy activity and does not submit its annual audited financial reports to the Energy Regulatory Commission and does not publish them on its web site (Article 5 paragraph (6));
   3) operator of a system for transmission and distribution of a given type of energy or energy generating product, that has not prepared an action plan for crises and has not submitted it to the Energy Regulatory Commission for approval (Article 13 paragraph (2));
   4) that does not conform to the prices and tariffs determined by the decisions adopted by the Energy...
Regulatory Commission (Article 26 paragraph (4));
5) that carries out an energy activity, if upon its request and within a determined time period, does not submit all necessary documents, data and information to the Energy Regulatory Commission (Article 29 paragraph (1));
6) that commences to carry out the energy activity without a license for carrying out the activity being issued (Article 37 paragraph (1));
7) holder of a license for carrying out a regulated energy activity, if without prior approval of the Energy Regulatory Commission has temporarily discontinued to carry out the activity for which a license has been issued (Article 46 paragraph (1)) and
8) holder of a license for carrying out a regulated energy activity if, in a period of eight hours upon discontinuation of the activity, it does not seek approval for temporary discontinuation of the activity from the Energy Regulatory Commission (Article 46 paragraph (3)).

(2) Fine in the amount of Euro 700 to 1.000 in Denar counter-value shall be imposed on the responsible person in the legal entity for the actions referred to in paragraph (1) of this Article.

(3) Fine in the amount of Euro 300 to 500 in Denar counter-value shall be imposed on the official in the legal entity for the actions referred to in paragraph (1) of this Article.
(4) Fine in the amount of Euro 700 to 1.000 in Denar counter-value shall be imposed on the physical entity for the actions referred to in paragraph (1) points 4, 5 and 6 of this Article.

Article 180

(1) Fine in the amount of Euro 5.000 to 7.000 in Denar counter-value shall be imposed for a misdemeanor on a legal entity:
1) holder of a license for carrying out energy activities or a consumer of energy or energy generating products that does not submit data for preparation and monitoring of the energy balance and data necessary for the preparation of the strategies, programs and reports for implementation of the programs, the adoption of which is determined by this Law (Article 12 paragraph (8));
2) holder of a license that has not acted in accordance with the decision of the Energy Regulatory Commission referred to in Article 23 paragraph (2) of this Law, and
3) holder of a license, if it does not submit to the Energy Regulatory Commission monthly, quarterly, annual and other reports about the performance of the activity, in a manner and under conditions and with a content determined by the license (Article 29 paragraph (3)).

(2) Fine in the amount of Euro 500 to 700 in Denar counter-value shall be imposed on the responsible person in the legal entity for the actions referred to in paragraph (1) of this Article.

(3) Fine in the amount of Euro 200 to 400 in Denar counter-value shall be imposed on the official in the legal entity for the actions referred to in paragraph (1) of this Article.

(4) Fine in the amount of Euro 700 to 1.000 in Denar counter-value shall be imposed on a physical entity holder of a license or energy consumer for the actions referred to in paragraph (1) of this Article.
XVI.1. Misdemeanor provisions for the electrical energy market

Article 181

(1) Fine in the amount of Euro 3,000 to 5,000 in Denar counter-value shall be imposed for a misdemeanor on a legal entity, producer of electrical energy, that:

1) does not submit reports, data and information to the operator of the electrical energy transmission system or the operator of the electrical energy distribution system, in accordance with the network rules on transmission or the network rules on distribution (Article 65 paragraph (2) point 4);

2) does not submit data and information from the contracts for sale of electrical energy and/or system services to the operator of the electrical energy market, in accordance with the market rules (Article 65 paragraph (2) point 5);

3) uses crude oil as a fuel in its generation, and has not provided operational reserves of crude oil at all times which are at least equal to the seven-day needs for operation at full capacity (Article 65 paragraph (3)) and

4) as a producer of electrical energy providing a public service, does not submit separate monthly reports to the Energy Regulatory Commission about the sales to the supplier of electrical energy in the last resort and at the electrical energy market (Article 66 paragraph (9)).

(2) Fine in the amount of Euro 700 to 1,000 in Denar counter-value shall be imposed on the responsible person in the legal entity for the actions referred to in paragraph (1) of this Article.

(3) Fine in the amount of Euro 300 to 500 in Denar counter-value shall be imposed on the official in the legal entity for the actions referred to in paragraph (1) of this Article.

(4) Fine in the amount of Euro 700 to 1,000 in Denar counter-value shall be imposed on a physical entity for the actions referred to in paragraph (1) of this Article.

Article 182

(1) Fine in the amount of Euro 5,000 to 7,000 in Denar counter-value shall be imposed for a misdemeanor on a legal entity, the electrical energy transmission system operator, if it:

1) does not ensure reliable and secure operation of the electrical energy transmission system of the Republic of Macedonia, in accordance with the valid regulations that determine the technical rules (Article 67 paragraph (2) point 1);

2) does not ensure connection of producers, consumers and operators of the distribution systems to the transmission network, as well as access of third parties in order to use the electrical energy transmission system, in accordance with this Law and the network rules on transmission, and on the basis of objective, transparent and non-discriminatory principles (Article 67 paragraph (2) point 3);

3) does not ensure development, reconstruction and maintenance of the transmission system for the purpose of secure and efficient operation of the system, in accordance with the valid regulations that determine the technical rules and does not ensure long-term capacity of the system to meet the justified demands for transmission of electrical energy (Article 67 paragraph (2) point 6);

4) does not provide a plan for maintenance of the network in accordance with the network rules on transmission, its submission to the Energy Regulatory Commission and publication on the web site of the
operator (Article 67 paragraph (2) point 7);
5) does not ensure installation and maintenance of measuring devices at all measuring locations at the points of receipt and dispatch from the transmission system (Article 67 paragraph (2) point 11);
6) does not ensure measuring of the electrical energy at the points of receipt or dispatch from the transmission system and submission of the measurement data to the relevant users of the transmission system and the market operator (Article 67 paragraph (2) point 12);
7) does not ensure transparent and non-discriminatory application of the methodology for calculation of the charge for the balancing services and the manner of charging the services (Article 67 paragraph (2) point 17);
8) does not ensure access of the users to the measuring devices that are in ownership of the operator, in accordance with this Law and the network rules on transmission (Article 67 paragraph (2) point 19);
9) does not adopt a plan for development of the electrical energy transmission system (Article 68 paragraph (2));
10) does not prepare annual, five-year and ten-year forecasts of the demands of electrical energy in the Republic of Macedonia and does not submit them to the Ministry and the Energy Regulatory Commission (Article 68 paragraph (3));
11) does not adopt network rules on transmission in a period determined by this Law (Article 69 paragraph (1)), and
12) does not adopt a program for adjustment and does not submit it to the Energy Regulatory Commission (Article 71 paragraph (3)).

(2) Fine in the amount of Euro 3,000 to 5,000 in Denar counter-value shall be imposed for a misdemeanor on a legal entity, the electrical energy transmission system operator, if it:
1) does not ensure publication of the data for the available transmission capacities of the interconnection lines with the neighboring systems, in order to ensure non-discriminatory, objective and transparent access and use of the electrical energy transmission system (Article 67 paragraph (2) point 10);
2) does not ensure handling of overloads in the transmission system in accordance with the network rules on transmission (Article 67 paragraph (2) point 15);
3) does not ensure balancing of the discrepancies between the actual and planned consumption of electrical energy in real time, in accordance with the rules of the electrical energy market (Article 67 paragraph (2) point 16);
4) does not ensure keeping of a dispatching book, records on the reliability of the electrical energy transmission system, data from the surveillance and management systems, measuring data and their keeping for at least ten years (Article 67 paragraph (3)), and
5) does not ensure keeping records of the operation of the electrical energy transmission system and does not notify the Energy Regulatory Commission thereof, upon its request (Article 67 paragraph (4)).

(3) Fine in the amount of Euro 3,000 to 5,000 in Denar counter-value shall be imposed for a misdemeanor on a legal entity, the electrical energy market operator, if it does not prepare and submit information to the operator of the electrical energy transmission system necessary for the preparation of the dispatching schedule, in order to handle the overload in accordance with the market rules (Article 72 paragraph (2)).

(4) Fine in the amount of Euro 700 to 1,000 in Denar counter-value shall be imposed on the responsible person in the legal entity for the actions referred to in paragraph (1) of this Article.
(5) Fine in the amount of Euro 500 to 700 in Denar counter-value shall be imposed on the responsible person in the legal entity for the actions referred to in paragraphs (2) and (3) of this Article.

(6) Fine in the amount of Euro 300 to 500 in Denar counter-value shall be imposed on the official in the legal entity for the actions referred to in paragraph (1) of this Article.

(7) Fine in the amount of Euro 200 to 400 in Denar counter-value shall be imposed on the official in the legal entity for the actions referred to in paragraphs (2) and (3) of this Article.

**Article 183**

(1) Fine in the amount of Euro 5.000 to 7.000 in Denar counter-value shall be imposed for a misdemeanor on a legal entity, the electrical energy distribution system operator, if it:
1) does not ensure secure and reliable operation of the distribution system, in accordance with the valid regulations determined by the technical rules (Article 74 paragraph (2) point 1);
2) does not provide connection of producers and consumers to the distribution network, as well as access of third parties in order to use the distribution system, in accordance with this Law and the network rules on distribution, and on the basis of objective, transparent and non-discriminatory principles (Article 74 paragraph (2) point 3);
3) does not ensure development, reconstruction and maintenance of the distribution system, in accordance with the valid regulations that determine the technical rules, and ensure long-term capacity of the system to meet the reasonable demands for electrical energy distribution (Article 74 paragraph (2) point 4);
4) does not provide a network maintenance plan in accordance with the network rules on distribution, its submission to the Energy Regulatory Commission and its publication on the web site of the operator (Article 74 paragraph (2) point 5);
5) does not ensure coordination of the handling within the distribution system with the operator of the electrical energy transmission system (Article 74 paragraph (2) point 6);
6) does not ensure measuring of the electrical energy that is taken over by the producers and by the electrical energy transmission system and the electrical energy dispatched to consumers connected to the distribution system and submission of measurement data to the producers or suppliers or traders, as well as to the market operator (Article 74 paragraph (2) point 8);
7) does not provide access of the users to the measuring devices that are in ownership of the operator of the distribution system, in accordance with this Law and the network rules on distribution (Article 74 paragraph (2) point 9);
8) does not ensure keeping of a dispatching book, records on the reliability of the communication systems, data from the surveillance and management system, measurement data, and keeping of such books, records and data for a period of at least ten years (Article 74 paragraph (2) point 11);
9) does not adopt a plan for development of the distribution system every year for a period of the next five years (Article 75 paragraph (2));
10) does not prepare annual and five-year forecasts of the demands of electrical energy for the distribution system it manages and does not submit them to the Ministry and the Energy Regulatory Commission (Article 75 paragraph (3));
11) does not measure the electrical energy it takes over from, and dispatches to the users connected to the distribution network by measuring devices in accordance with this Law and the network rules on distribution of electrical energy (Article 76 paragraph (1));
12) does not adopt the network rules on distribution in the time period determined by this Law (Article 77 paragraph (1)), and
13) does not adopt a program for adjustment and does not submit it to the Energy Regulatory Commission for approval (Article 78 paragraph (3)).

(2) Fine in the amount of Euro 700 to 1.000 in Denar counter-value shall be imposed on the responsible person in the legal entity for the actions referred to in paragraph (1) of this Article.

(3) Fine in the amount of Euro 300 to 500 in Denar counter-value shall be imposed on the official in the legal entity 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 pronounced by the Misdemeanor Commission.

**Article 184**

(1) Fine in the amount of Euro 3.000 to 5.000 in Denar counter-value shall be imposed for a misdemeanor on a legal entity, supplier of electrical energy, if it does not submit:

1) data on the transactions, i.e. contracts and balances for the demands of electrical energy of its consumers necessary for calculation of the imbalances to the operator of the electrical energy market, in accordance with the market rules, network rules on transmission and network rules on distribution (Article 79 paragraph (4) point 2), and

2) information and reports on the transactions and business activities that start, end or pass through the territory of the Republic of Macedonia to the Energy Regulatory Commission, upon its request and within a determined time period (Article 79 paragraph (4) point 5).

(2) Fine in the amount of Euro 3.000 to 5.000 in Denar counter-value shall be imposed for a misdemeanor on a legal entity, trader in electrical energy, if upon a request and within a deadline determined by the Energy Regulatory Commission, it does not submit information and reports on the transactions and business activities that start, end or pass through the territory of the Republic of Macedonia (Article 81 paragraph (5) point 3).

(3) Fine in the amount of Euro 3.000 to 5.000 in Denar counter-value shall be imposed for a misdemeanor on a legal entity, user of the electrical energy distribution system, if it does not ensure the right to access to the person authorized by the operator of the distribution system in order to carry out the activities referred to in Article 76 paragraph (5) of this Law.

(4) Fine in the amount of Euro 500 to 700 in Denar counter-value shall be imposed on the responsible person in the legal entity for the actions referred to in paragraphs (1), (2) and (3) of this Article.

(5) Fine in the amount of Euro 200 to 400 in Denar counter-value shall be imposed on the official in the legal entity for the actions referred to in paragraphs (1), (2) and (3) of this Article.

(6) Fine in the amount of Euro 700 to 1.000 in Denar counter-value shall be imposed on a physical entity supplier of electrical energy, trader in electrical energy or user of a electrical energy distribution system for the actions referred to in paragraphs (1), (2) and (3) of this Article.
XVI.2. Misdemeanor provisions for the natural gas market

Article 185

(1) Fine in the amount of Euro 5,000 to 7,000 in Denar counter-value shall be imposed for a misdemeanor on a legal entity, operator of the natural gas transmission network, if it:
1) does not ensure connection of new users to the system or of other operators of natural gas transmission networks (Article 84 paragraph (2) point 3);
2) does not ensure installation and maintenance of the measuring devices at all measuring locations at the points of receipt and delivery from the transmission system (Article 84 paragraph (3) point 1);
3) does not ensure measuring of the quantities of natural gas at the points of receipt or dispatch from the transmission system and submission of measurement data to the respective users of the transmission system (Article 84 paragraph (3) point 2);
4) does not ensure access of the users or the operator of the transmission system to the measuring devices in ownership of the operator of the transmission network, in accordance with this Law and the network rules on transmission (Article 84 paragraph (3) point 3);
5) does not adopt a program for adjustment and does not submit it to the Energy Regulatory Commission for approval (Article 89 paragraph (3)), and
6) does not transfer the parts of the transmission network necessary for management into possession of the operator of the natural gas transmission system (Article 84 paragraph (4) and Article 204 paragraph (3)).

(2) Fine in the amount of Euro 5,000 to 7,000 in Denar counter-value shall be imposed for a misdemeanor on a legal entity, the natural gas transmission system operator, if it:
1) does not ensure reliable and secure operation of the transmission system, in accordance with the valid regulations that determine the technical rules (Article 85 paragraph (2) point 2);
2) access of third parties in order to use the transmission system, in accordance with this Law and the network rules on transmission, on the basis of objective, transparent and non-discriminatory principles (Article 85 paragraph (2) point 9);
3) does not ensure allocation of the available transmission capacities and handling of overloads in the transmission network, in accordance with the network rules on transmission of natural gas (Article 85 paragraph (2) point 10);
4) does not adopt a plan for development of the natural gas transmission system (Article 86 paragraph (2));
5) does not provide a plan for maintenance of the network in accordance with the network rules on transmission, its submission to the Energy Regulatory Commission and publication on the web site of the operator (Article 85 paragraph (2) point 6);
6) does not ensure transparent and non-discriminatory application of the methodology for calculation of the charges for balancing services and the manner of charging for the services (Article 84 paragraph (2) point 15);
7) does not prepare annual, five-year and ten-year forecasts of the demands of natural gas for the system it manages and does not submit them to the Ministry and Energy Regulatory Commission (Article 86 paragraph (8));
8) does not adopt the network rules on transmission of natural gas in the period determined by this Law (Article 88 paragraph (1)), and
9) does not adopt a program for adjustment and does not submit it to the Energy Regulatory Commission for approval (Article 89 paragraph (3)).
(3) Fine in the amount of Euro 3,000 to 5,000 in Denar counter-value shall be imposed for a misdemeanor on the legal entity, the natural gas transmission system operator, if it:

1) does not ensure access of third parties in order to use the transmission system, in accordance with this Law and the network rules on transmission, on the basis of objective, transparent and non-discriminatory principles (Article 85 paragraph (2) point 9);
2) does not ensure coordinated work of the transmission system and the neighboring transmission systems to which it is connected (Article 85 paragraph (2) point 11);
3) does not ensure publication of the data about the available transmission capacities of the interconnection pipelines with the neighboring transmission systems in order to provide non-discriminatory, objective and transparent access and use of the transmission system (Article 85 paragraph (2) point 12);
4) does not ensure balancing of the discrepancies between the actual and planned consumption of natural gas in real time, in accordance with the network rules on transmission of natural gas (Article 85 paragraph (2) point 15);
5) does not provide information to the operators of the transmission and distribution systems to which it is connected, in order to ensure safe and efficient operation of the systems and interconnection pipelines (Article 85 paragraph (2) point 20);
6) does not ensure keeping records of the operation of the transmission system and does not notify the Energy Regulatory Commission thereof, upon its request (Article 85 paragraph (2) point 17), and
7) does not publish continuously and does not update the published data referring to technical information, in a numerical and comprehensible manner, in regard to the agreed and available transmission capacity for each access point, including the entry and exit points of the natural gas transmission system (Article 85 paragraph (3)).

(4) Fine in the amount of Euro 700 to 1,000 in Denar counter-value shall be imposed on the responsible person in the legal entity for the actions referred to in paragraphs (1) and (2) of this Article.

(5) Fine in the amount of Euro 500 to 700 in Denar counter-value shall be imposed on the responsible person in the legal entity for the actions referred to in paragraph (3) of this Article.

(6) Fine in the amount of Euro 300 to 500 in Denar counter-value shall be imposed on the official in the legal entity for the actions referred to in paragraphs (1) and (2) of this Article.

(7) Fine in the amount of Euro 200 to 400 in Denar counter-value shall be imposed on the official in the legal entity for the actions referred to in paragraph (3) of this Article.

**Article 186**

(1) Fine in the amount of Euro 5,000 to 7,000 in Denar counter-value shall be imposed for a misdemeanor on a legal entity, natural gas distribution system operator, if it:

1) does not ensure secure, safe, cost-effective and reliable operation of the distribution system, in accordance with the valid regulations that determine the technical rules (Article 91 paragraph (2) point 1);
2) does not ensure connection of consumers to the distribution network, as well as access of third parties in order to use the distribution system, in accordance with this Law and the network rules on distribution, and on the basis of objective, transparent and non-discriminatory principles (Article 91 paragraph (2) point 2).

paragraph (2) point 3);
3) does not ensure development, reconstruction and maintenance of the distribution system, in accordance with the valid regulations that determine the technical rules and does not ensure long-term capacity of the system to meet the reasonable demands for natural gas distribution (Article 91 paragraph (2) point 4);
4) does not ensure the preparation of a plan for maintenance of the network in accordance with the network rules on distribution, its submission to the Energy Regulatory Commission and its publication on the web site of the operator (Article 91 paragraph (2) point 5);
5) does not ensure necessary quantities of natural gas for carrying out the operations under transparent, non-discriminatory and market-based procedures (Article 91 paragraph (2) point 6);
6) does not ensure measuring of the quantities of natural gas that are delivered to consumers and submission of measurement data to the suppliers (Article 91 paragraph (2) point 7);
7) does not ensure access of users to the measuring devices that are in ownership of the operator of the distribution system, in accordance with this Law and the network rules on distribution (Article 91 paragraph (2) point 8);
8) does not ensure keeping of a dispatching book, records on the reliability of the communication systems, data from the surveillance and management system, measurement data and keeping of such books, records and data for at least ten years (Article 91 paragraph (2) point 10);
9) does not adopt a plan for development of the distribution system (Article 92 paragraph (2));
10) does not prepare and submit annual and five-year forecasts of the demands of natural gas for the system it manages to the Ministry and the Energy Regulatory Commission (Article 92 paragraph (3))
11) does not adopt the network rules on distribution of natural gas in a time period determined by the license (Article 94 paragraph (1)), and
12) does not adopt and submit a program for adjustment to the Energy Regulatory Commission for approval (Article 95 paragraph (3)).

(2) Fine in the amount of Euro 2.000 to 4.000 in Denar counter-value shall be imposed for a misdemeanor on a legal entity:
1) user of the natural gas distribution system, if it does not ensure the authorized person of the distribution system operator the access right in order to carry out the activities referred to in Article 93 paragraph (3) of this Law, and
2) trader in natural gas, if it does not submit information to the operator of the natural gas transmission system about the quantities of natural gas and the time schedule of all contracts for sale and purchase of natural gas for the natural gas it has made commitments to deliver to its buyers, as well as about the contracts for transit in the transmission system (Article 99 paragraph (3)).

(3) Fine in the amount of Euro 700 to 1.000 in Denar counter-value shall be imposed on the responsible person in the legal entity for the actions referred to in paragraphs (1) and (2) of this Article.

(4) Fine in the amount of Euro 300 to 500 in Denar counter-value shall be imposed on the official in the legal entity for the actions referred to in paragraphs (1) and (2) of this Article.

(5) Fine in the amount of Euro 700 to 1.000 in Denar counter-value shall be imposed on the physical entity for the actions referred to in paragraph (2) of this Article.
XVI.3. Misdemeanor provisions for the market in crude oil, oil derivatives and transport fuels

Article 187

(1) Fine in the amount of 5,000 to 7,000 in Denar counter-value shall be imposed for a misdemeanor on a legal entity carrying out the activity:

1) refining of crude oil and production of oil derivatives, biofuels, fuels intended for transport by mixing fossil and biofuels, transport of crude oil or oil derivatives through oil pipelines, i.e. refined products pipelines, storage of crude oil, oil derivatives, biofuels and fuels intended for transport and/or trade in crude oil, oil derivatives, transport fuels and biofuels, if it does not use and maintain the facilities, devices and installations for carrying out the activity for which the license has been issued in accordance with the technical regulations and standards and other regulations on safe and reliable operation and environmental protection (Article 101 paragraph (1));

2) transport of crude oil and/or oil derivatives through an oil pipeline and/or refined product pipeline, if it does not adopt rules for the operation of the oil pipeline, i.e. refined product pipeline and publish them on its web site (Article 102 paragraph (1));

3) wholesale trade in oil derivatives and transport fuels, if there are no operational reserves of oil derivatives and transport fuels at all times to cover five-day average trading volume (Article 103 paragraph (3)), and

4) wholesale trade in oil derivatives and transport fuels, if it fills in and distributes pressure vessels with liquid gas oil for single or multiple use, and its logo is not displayed on each individual pressure vessel (Article 104 paragraph (2)).

(2) Fine in the amount of Euro 5,000 to 7,000 in Denar counter-value shall be imposed for a misdemeanor on a legal entity, participant in the liquid fuels market, if it does not abide by the obligations determined by the decree referred to in Article 108 paragraph (1) of this Law.

(3) Fine in the amount of Euro 700 to 1,000 in Denar counter-value shall be imposed on the responsible person in the legal entity for the actions referred to in paragraphs (1) and (2) of this Article.

(4) Fine in the amount of Euro 300 to 500 in Denar counter-value shall be imposed on the official in the legal entity for the actions referred to in paragraphs (1) and (2) and of this Article.

(5) Fine in the amount of Euro 700 to 1,000 in Denar counter-value shall be imposed on a physical entity for the actions referred to in paragraphs (1) and (2) of this Article.

XVI.4. Misdemeanor provisions for the heat energy market

Article 188

(1) Fine in the amount of Euro 5,000 to 7,000 in Denar counter-value shall be imposed for a misdemeanor on a legal entity, producer of heat energy, if it:

1) does not submit annual reports to the Energy Regulatory Commission and to the mayor of the local self-government unit on the equipment, capacities, maintenance plans, as well as the planned availability (Article 112 paragraph (3)), and

2) has not supplied, at all times, operational reserves of mazut that are at least equal to seven-day
demands for operation at full capacity (Article 112 paragraph (4)).

(2) Fine in the amount of Euro 700 to 1.000 in Denar counter-value shall be imposed on the responsible person in the legal entity for the actions referred to in paragraph (1) of this Article.

(3) Fine in the amount of Euro 300 to 500 in Denar counter-value shall be imposed on the official in the legal entity for the actions referred to in paragraph (1) of this Article.

(4) Fine in the amount of Euro 700 to 1.000 in Denar counter-value shall be imposed on a physical entity for the actions referred to in paragraph (1) of this Article.

Article 189

(1) Fine in the amount of Euro 5.000 to 7.000 in Denar counter-value shall be imposed for a misdemeanor on a legal entity, operator of the heat energy distribution system if it:

1) does not ensure safe and reliable operation and management of the heat energy distribution system in accordance with the network rules for distribution of heat energy and the conditions determined by the license (Article 115 paragraph (1) point 1);

2) does not ensure maintenance, development and, when economically feasible, expansion of the distribution system, in accordance with the network rules for distribution of heat energy and the plans for system development, in conformity with the plans and programs for energy development in the local self-government units where the thermal system is located (Article 115 paragraph (1) point 2);

3) does not ensure access and/or connection of users to the distribution system in accordance with the capacities of the distribution network, applying prices and tariffs approved and previously published by the Energy Regulatory Commission (Article 115 paragraph (1) point 3); 4) does not ensure procurement, installation and maintenance of the measuring devices on the exit of the generating plants and in the thermal substations to which the facilities of consumers are connected and measuring of the heat energy taken over or delivered from the thermal system, in accordance with the network rules on distribution of heat energy (Article 115 paragraph (1) point 5);

5) does not ensure taking of all prescribed measures for safety in the course of using the heat energy distribution system, as well as the measures for environmental protection (Article 115 paragraph (1) point 6);

6) does not ensure coordination of the handling within the system with the producers, for the purpose of uninterrupted distribution of heat energy (Article 115 paragraph (1) point 9); 7) does not ensure control and testing of the heat energy distribution system (Article 115 paragraph (1) point 10);

8) does not ensure monitoring of the technical and functional condition of the facilities for distribution of heat energy (Article 115 paragraph (1) point 11);

9) does not ensure long-term forecast of the demand for heat energy (Article 115 paragraph (1) point 12);

10) does not purchase heat energy from the other producers, if the offered price is lower or equal to the regulated price of heat energy for the regulated producer (Article 116 paragraph (5)), and

11) does not adopt the network rules on distribution of heat energy in the time period determined by this Law (Article 117 paragraph (1)).

(2) Fine in the amount of Euro 2.000 to 4.000 in Denar counter-value shall be imposed for a misdemeanor on a legal entity, user of the heat energy distribution system, if it does not ensure the right to access for the authorized person of the distribution system operator for the purpose of carrying
out the activities referred to in Article 119 paragraph (3) of this Law.

(3) Fine in the amount of Euro 700 to 1.000 in Denar counter-value shall be imposed on the responsible person in the legal entity for the actions referred to in paragraph (1) of this Article.

(4) Fine in the amount of Euro 300 to 500 in Denar counter-value shall be imposed on the official in the legal entity for the actions referred to in paragraph (1) of this Article.

(5) Fine in the amount of Euro 700 to 1.000 in Denar counter-value shall be imposed on a physical entity for the actions referred to in paragraph (2) of this Article.

**XVI.5. Other misdemeanor provisions**

**Article 190**

(1) Fine in the amount of Euro 5.000 to 7.000 in Denar counter-value shall be imposed for a misdemeanor on a legal entity:

1) producer of electrical energy or supplier of electrical energy in the last resort, if it does not conclude the contract referred to in Article 66 paragraph (2) or does not implement the decision referred to in Article 66 paragraph (5) of this Law;

2) operator of an electrical energy transmission system or electrical energy distribution systems, if within the framework of the operational capacities of the corresponding system they do not ensure a priority access to the systems for the electrical energy generated from renewable sources (Article 122 paragraph (3));

3) user of the energy system, if it acts contrary to the obligations determined by Article 154 of this Law;

4) carrying out an energy activity, if it has not ensured confidentiality of the business data and information it has obtained from the users in carrying out the activity in accordance with law (Article 160 paragraph (1));

5) entity in the public sector, if it does not fulfill the obligations referred to in Article 134 paragraph (2) of this Law;

6) entity in the public sector, if it does not submit to the Energy Agency the report from the energy audit (Article 134 paragraph (3));

7) entity in the public sector if, when implementing public procurement procedures, it does not establish that the energy efficiency of the subject of public procurement is also a mandatory criterion for selection of the most favorable offer (Article 134 paragraph (5));

8) entity in the public sector, if it leases business premises in a facility that does not hold a certificate of conformity to the requirements for energy performance of buildings (Article 134 paragraph (6));

9) privileged producer of electrical energy, if it does not submit plans for electrical energy generation to the operator of the electrical energy market in accordance with the market rules (Article 152 paragraph (1) point 2));

10) operator of the electrical energy market, if it does not conclude a contract for purchase of electrical energy from privileged producers (Article 153 paragraph (2));

11) operator of the electrical energy market, if it does not compensate the operator of the electrical energy transmission system the costs for balancing and the necessary system services related to the operation of the privileged producers (Article 153 paragraph (5)), and

12) supplier of, or trader in electrical energy, if it does not purchase from the market operator the necessary quantity of electrical energy generated by privileged producers (Article 153 paragraph (7)).
(2) Fine in the amount of Euro 3.000 to 5.000 in Denar counter-value shall be imposed for a misdemeanor on a legal entity:

1) supplier of energy if, by 31 January at the latest, does not submit to the Ministry and to the Energy Agency the data from the previous calendar year, prescribed by Article 133 of this Law; 2) energy auditor that conducts energy audits contrary to a law and the technical regulations (Article 138 paragraph (1));

3) that conducts energy audits, if it does not keep records of the completed energy audits and does not keep the documentation of the completed audits for at least ten years (Article 138 paragraph (2));

4) that does not submit a report to the Energy Agency for the completed energy audits during the previous calendar year (Article 138 paragraph (3));

5) supplier of electrical or heat energy and natural gas, if it does not inform the consumers in the bills about the data determined in Article 141 paragraph (4) of this Law in a clear and unambiguous manner;

6) that imports and/or releases on the market in the Republic of Macedonia products that are not labeled in accordance with Article 142 of this Law;

7) that carries out an energy activity, if it has abused the business secrets and information obtained in the course of carrying out the activity, in order to acquire business benefit, as well as in order to undertake discriminatory actions for the benefit of third parties (Article 160 paragraph (3));

8) that constructs or carries out other activities, plants plants and trees on land under, above and by the energy facilities, devices and installations that disturb the process of generation, transmission and distribution of energy or endanger the safety of people and property, except in the cases determined by this Law (Article 161 paragraph (1));

9) owner, i.e. user of the land, if it does not allow passing through the land in order to conduct survey, recording, designing and carrying out activities for maintenance and reconstruction of the transmission and distribution energy facilities, as well as conducting inspection on the land where they have been placed (Article 162 paragraph (1)), and

10) that does not fulfill the obligations prescribed by the decree on eco design (Article 165 paragraph (3)).

(3) Fine in the amount of Euro 700 to 1.000 in Denar counter-value shall be imposed on the responsible person in the legal entity for the actions referred to in paragraph (1) of this Article.

(4) Fine in the amount of Euro 500 to 700 in Denar counter-value shall be imposed on the responsible person in the legal entity for the actions referred to in paragraph (2) of this Article.

(5) Fine in the amount of Euro 300 to 500 in Denar counter-value shall be imposed on the official in the legal entity for the actions referred to in paragraph (1) of this Article.

(6) Fine in the amount of Euro 200 to 400 in Denar counter-value shall be imposed on the official in the legal entity for the actions referred to in paragraph (2) of this Article.

(7) Fine in the amount of Euro 700 to 1.000 in Denar counter-value shall be imposed on a physical entity for the actions referred to in paragraph (1) points 1, 3, 4, 11 and 14 of this Article.

(8) Fine in the amount of Euro 500 to 700 in Denar counter-value shall be imposed on a physical entity for the actions referred to in paragraph (2) of this Article.

(9) Fine in the amount of Euro 3.000 to 5.000 in Denar counter-value shall be imposed for a
misdemeanor on a legal entity if it issues a certificate for energy performance of a building without having an authorization for conducting energy audits (Article 136 paragraph (2)).

(10) Fine in the amount of Euro 200 to 400 in Denar counter-value shall be imposed on the official in the legal entity for the actions referred to in paragraph (9) of this Article.

XVII. TRANSITIONAL AND FINAL PROVISIONS

Article 191

The members of the Energy Regulatory Commission and the members of the Appeal Commission and their deputies appointed prior to the entry into force of this Law shall continue to hold their offices until the end of the term of office they have been appointed for.

Article 192

(1) The holder of a license issued prior to the entry into force of this Law shall continue to carry out the energy activity based on the issued license, in duration determined by the license.

(2) If the license referred to in paragraph (1) of this Article determines rights and obligations contrary to the provisions of this Law, the holder of the license shall carry out the energy activity in accordance with the provisions of this Law until the license is altered by the Energy Regulatory Commission.

(3) The Energy Regulatory Commission shall ex officio alter the provisions of the existing licenses that are contrary to the provisions of this Law in a period of one year as of the day of entry into force of this Law.

(4) The procedures for issuance of licenses that have commenced prior to the entry into force of this Law shall be completed by the Energy Regulatory Commission in accordance with the provisions of this Law.

Article 193

(1) The Government of the Republic of Macedonia shall adopt:
1) the decree on the criteria and conditions for declaration of crisis referred to in Article 13 of this Law in a period of one year from the day of entry into force of this Law at the latest;
2) the decree on the quality of liquid fuels referred to in Article 108 of this Law in a period of one year from the day of entry into force of this Law at the latest;
3) the first energy efficiency action plan referred to in Article 131 paragraph (1) of this Law in a period of six months as of the day of entry into force of this Law at the latest;
4) the decree on the indicative energy savings targets, referred to in Article 131 paragraph (4) of this Law, in a period of six months as of the day of entry into force of this Law at the latest;
5) the renewable energy sources action plan referred to in Article 146 paragraph (1) of this Law in a period of 18 months from the day of entry into force of this Law at the latest;
6) the decree on the privileged tariffs for electrical energy referred to in Article 150 paragraph (2) of this Law in a period of one year from the day of entry into force of this Law at the latest, and
7) the decree on eco design referred to in Article 165 paragraph (2) of this Law in a period of six months.
as of the day of entry into force of this Law at the latest.

(2) The Ministry shall adopt:

1) the Rulebook on Energy Balances and Energy Statistics referred to in Article 12 of this Law in a period of one year from the day of entry into force of this Law at the latest;

2) the Rulebook on Energy Audit referred to in Article 135 of this Law in a period of one year as of the day of entry into force of this Law at the latest;

3) the Rulebook on Energy Performance of Buildings referred to in Article 136 paragraph (8) of this Law in a period of nine months from the day of entry into force of this Law at the latest, and - the Rulebook on Energy Performance of Buildings shall regulate the manner, procedure and/or conditions for taking a professional exam and issuance, extension and revocation of the authorizations for carrying out energy audits of buildings, as well as the content of the register of entities authorized to carry out energy audits of buildings, in accordance with the appropriate provisions referred to in Article 135 paragraph (5) of this Law, and

- upon the adoption of the Rulebook on Energy Audit referred to in Article 135 paragraph (5) of this Law, the provisions of the Rulebook on Energy Performance of Buildings in regard to the energy audit of buildings shall cease to be valid, and the appropriate provisions of the Rulebook on Energy Audit shall apply;

4) the Rulebook on Labeling the Consumption of Energy and other Resources for the Products that Use Energy, referred to in Article 142 of this Law in a period of one year as of the day of entry into force of this Law at the latest;

5) the Rulebook on Highly-efficient Combined-cycle Plants referred to in Article 143 of this Law in a period of six months from the day of entry into force of this Law at the latest, and

6) the Rulebook on Renewable Energy Sources referred to in Article 148 of this Law in a period of six months as of the day of entry into force of this Law at the latest.

(3) The Energy Regulatory Commission shall adopt:

1) the Rulebook on Monitoring the Operation of Energy Markets referred to in Article 23 of this Law one year as of the day of entry into force of this Law;

2) the rulebooks on formation of tariffs for the regulated energy activities referred to in Article 24 paragraph (1) of this Law in a period of six months as of the day of entry into force of this Law at the latest;

3) the Rulebook on Prices of Electrical Energy for the Supplier of Last Resort referred to in Article 24 paragraph (2) of this Law in a period of one year as of the day of entry into force of this Law at the latest;

4) the Rulebook on Prices of Natural Gas for the Supplier of Last Resort referred to in Article 24 paragraph (2) of this Law in a period of one year as of the day of entry into force of this Law at the latest;

5) the Rulebook on Price Formation for Oil Derivatives and Transport Fuels referred to in Article 24 paragraph (3) of this Law in a period of six months as of the day of entry into force of this Law at the latest;

6) the Rulebook on Prices of Heat energy and System Services referred to in Article 113 paragraph (5) of this Law in a period of six months as of the day of entry into force of this Law at the latest;

7) the tariff systems for transmission, distribution of energy or natural gas and the services provided by the electrical energy market operator referred to in Article 25 paragraph (1) of this Law in a period of nine months as of the day of entry into force of this Law at the latest;

8) the tariff system for sale of electrical energy to consumers that are supplied by a supplier of last resort referred to in Article 25 paragraph (2) of this Law in a period of 18 months as of the day of entry
into force of this Law at the latest;
9) the tariff system for sale of natural gas to consumers that are supplied by a supplier of last resort referred to in Article 25 paragraph (2) of this Law in a period of 18 months as of the day of entry into force of this Law at the latest;
10) the rules on the electrical energy market referred to in Article 73 of this Law in a period of nine months as of the day of entry into force of this Law at the latest;
11) the rules on the natural gas market referred to in Article 90 of this Law in a period of nine months as of the day of entry into force of this Law at the latest;
12) the rules on supply of electrical energy referred to in Article 28 of this Law in a period of nine months as of the day of entry into force of this Law at the latest;
13) the rules on supply of natural gas referred to in Article 28 of this Law in a period of nine months as of the day of entry into force of this Law at the latest;
14) the rules on supply of heat energy referred to in Article 28 of this Law in a period of nine months as of the day of entry into force of this Law at the latest;
15) the rules on electrical energy supply of last resort referred to in Article 28 of this Law in a period of one year as of the day of entry into force of this Law at the latest;
16) the rules on natural gas supply of last resort referred to in Article 28 of this Law in a period of one year as of the day of entry into force of this Law at the latest;
17) the Rulebook on the Manner, Conditions and Procedure for Decision-making in Disputes referred to in Article 36 of this Law in a period of nine months as of the day of entry into force of this Law at the latest;
18) the Rulebook on Licenses referred to in Article 41 of this Law in a period of six months as of the day of entry into force of this Law at the latest, and
19) the Rulebook on Privileged Producers referred to in Article 151 paragraph (3) of this Law in a period of six months as of the day of entry into force of this Law at the latest.

(4) The Energy Agency shall adopt the instructions referred to in Article 134 paragraph (8) of this Law in a period of nine months as of the day of entry into force of this Law at the latest.

(5) The local self-government units shall adopt the energy efficiency programs referred to in Article 132 of this Law in a period of one year as of the day of entry into force of this Law at the latest.

(6) The electrical energy transmission system operator, in accordance with Article 69 of this Law, shall submit the network rules on transmission of electrical energy to the Energy Regulatory Commission for approval in a period of one year as of the day of entry into force of this Law at the latest.

(7) The operator of the electrical energy transmission system, in accordance with Article 70 of this Law, shall submit the rules on allocation of cross-border transmission capacities to the Energy Regulatory Commission for approval in a period of six months as of the day of entry into force of this Law at the latest.

(8) The electrical energy distribution systems operators, in accordance with Article 77 of this Law, shall submit the network rules on distribution of electrical energy to the Energy Regulatory Commission for approval in a period of one year as of the day of entry into force of this Law at the latest.

(9) The natural gas transmission system operator, in accordance with Article 88 of this Law, shall submit the network rules on transmission of natural gas to the Energy Regulatory Commission for approval in a
period of one year as of the day of entry into force of this Law at the latest.

(10) The heat energy distribution systems operators, in accordance with Article 117 of this Law, shall submit the network rules on distribution of heat energy to the Energy Regulatory Commission for approval in a period of one year as of the day of entry into force of this Law at the latest.

(11) The regulations, rules and other general acts the adoption of which is determined by this Law, but the deadline for their adoption is not determined by this Article, shall be adopted in a period of 18 months as of the day of entry into force of this Law at the latest.

Article 194

Until the regulations and approvals of the acts referred to in Article 193 paragraphs (1) to (11) of this Law are adopted, the regulations, rules and acts adopted, i.e. approved in accordance with the Energy Law (“Official Gazette of the Republic of Macedonia” nos. 63/2006, 36/2007, 106/2008 and 119/10) shall apply.

Article 195

(1) The procedures for issuance of authorizations for construction, as well as the procedures for adoption of decisions on granting the right of construction of generation, transmission and distribution energy facilities and systems commenced prior to the entry into force of this Law shall be completed in accordance with the Energy Law (“Official Gazette of the Republic of Macedonia” nos. 63/2006, 36/2007, 106/2008 and 119/10).

(2) The procedures for acquiring the status of a privileged producer of electrical energy that have commenced prior to the entry into force of this Law shall be completed in accordance with the Energy Law (“Official Gazette of the Republic of Macedonia” nos. 63/2006, 36/2007, 106/2008 and 119/10).

(3) Upon legal validity of the decisions for acquiring the status of privileged producers of electrical renewable energy sources, in a period of three months, the Energy Agency shall hand over the documentation and the register of privileged producers of electrical energy generated from renewable energy sources to the Energy Regulatory Commission.

Article 196

(1) The provisions referred to in Article 136 paragraphs (1) to (7) of this Law shall apply as of 1 January 2013.

(2) The entities in the public sector shall be obliged to meet the obligations:
1) referred to in Article 134 paragraph (2) points 3 and 4 of this Law as of 1 January 2013;
2) referred to in Article 134 paragraph (6) of this Law as of 1 January 2012, and
3) referred to in Article 134 paragraph (7) of this Law as of 1 January 2013.

XVII.1. Application of the chapter referring to the electrical energy market

Article 197

(1) As an exception to Article 82 paragraph (1) of this Law, until 31 December 2014, the households shall be tariff consumers, while the other consumers of electrical energy that are tariff consumers on the day of entry into force of this Law shall acquire the status of eligible consumers as of the day the following regulations enter into force:
1) rules on supply of electrical energy;
2) rules on supply of electrical energy in the last resort;
3) Rulebook on Prices of Electrical Energy for the Supplier of Last Resort; 4) rules on the electrical energy market, and
5) tariff systems for transmission and distribution of electrical energy and for the services provided by the operator of the electrical energy market.

(2) The consumers that have acquired the capacity of eligible consumers shall be obliged to conclude a contract with a supplier of electrical energy 30 days prior to the day of acquiring the capacity of an eligible consumer at the latest.

(3) The supplier of tariff consumers shall be obliged to notify its consumer of the obligation referred to in paragraph (2) of this Article 90 days before the day the consumer acquires the capacity of an eligible consumer at the latest.

(4) Until 31 December 2014, the suppliers of tariff consumers shall supply the consumers that, in accordance with the provisions of this Article, will have the capacity of tariff consumers.

(5) As an exception to Article 4 of this Law, supply of electrical energy to tariff consumers shall be considered a regulated energy activity, and shall cease to be carried out as of 1 January 2015.

(6) The Energy Regulatory Commission shall, by 30 June 2011 at the latest, adopt the following: 1) rules on supply of electrical energy to tariff consumers, in accordance with the principles referred to in Article 28 of this Law;
2) rulebook on prices of electrical energy for tariff consumers, in accordance with the principles referred to in Article 24 of this Law, and
3) tariff system for sale of electrical energy to tariff consumers, on the basis of the principles referred to in Article 24 of this Law.

(7) In terms of the provisions of this chapter, a tariff consumer of electrical energy shall be the consumer that purchases electrical energy under prescribed conditions and prices and cannot choose its supplier.

Article 198

(1) The producer of electrical energy which, on the day of entry into force of this Law, holds a license for generation of electrical energy setting out an obligation for selling the generated electrical energy to suppliers of tariff consumers shall be obliged to provide the public service in accordance with Article 66 of this Law.
(2) Until 31 December 2014, the producer referred to in Article 66 of this Law, in addition to the obligations determined in Article 66 of this Law, at prices approved and published by the Energy Regulatory Commission shall:
1) generate electrical energy for the needs of the tariff consumers, and
2) provide system services, operational reserves and balancing energy for the needs of the electrical energy transmission system operator, within the limitations and possibilities of its generating units.

(3) The producer referred to in Article 66 of this Law shall conclude contracts with the suppliers of electrical energy to tariff consumers for dispatch of electrical energy and with the operator of the electrical energy transmission system for rendering the services referred to in paragraph (2) of this Article.

(4) The provisions of Article 66 of this Law shall apply accordingly to the conclusion and approval of the contracts referred to in paragraph (3) of this Article.

(5) The producer referred to in Article 66 of this Law shall be obliged to ensure non-discriminatory treatment of the suppliers of tariff consumers and the supplier of last resort in the case of lack of electrical energy for the quantities it assumed the obligation to dispatch under the contracts referred to in paragraph (3) of this Article and in Article 66 paragraph (4) of this Law.

Article 199

(1) The supplier of electrical energy to tariff consumers shall procure electrical energy for the needs of the tariff consumers connected to the distribution system for which it holds a license for supply of tariff consumers. The procurement prices and the corresponding contracts with the producer referred to in Article 66 of this Law shall be approved by the Energy Regulatory Commission.

(2) The supplier of electrical energy to tariff consumers shall provide, for the needs of the tariff consumers, necessary transmission and/or distribution capacity, as well as services from the operator of the electrical energy market.

(3) The supplier of electrical energy to tariff consumers shall invoice its consumers for the dispatched electrical energy and provided services in accordance with the Tariff System for Sale of Electrical Energy to Tariff Consumers.

(4) The supplier of electrical energy to tariff consumers may procure electrical energy on the open market, at market prices, if:
1) the market conditions and prices are more favorable than the conditions and prices determined for the producer referred to in Article 66 of this Law, or
2) the generation of the producer referred to in Article 66 of this Law, determined by the regulated contract, is not sufficient to meet the demands for electrical energy of the tariff consumers at regulated prices.

(5) The supplier of electrical energy to tariff consumers shall be obliged to prepare and submit for approval to the Energy Regulatory Commission, rules on procurement of electrical energy referred to in paragraph (4) of this Article, that contain the conditions, manner and procedure for procurement, based on transparent and non-discriminatory principles.
(6) The supplier of electrical energy to tariff consumers shall be obliged to submit to the operator of the electrical energy market data on the transactions, i.e. contracts and balances for the demands for electrical energy of its consumers necessary for calculation of the imbalance, in accordance with the market rules, network rules on transmission and network rules on distribution.

(7) As an exception to paragraph (4) of this Article, and to the extent necessary to ensure reliability in the supply of tariff consumers, the Energy Regulatory Commission, on request of the supplier of tariff consumers, by a decision, may temporarily oblige another participant in the market which has an obligation to provide a public service to supply electrical energy for the needs of the tariff consumers, in a time period determined by the decision. The supplier of electrical energy to tariff consumers shall provide evidence of its inability to procure electrical energy in a manner that ensures reliability in the supply.

(8) The Energy Regulatory Commission may abolish the decision referred to in paragraph (7) of this Article as soon as it establishes that the reasons for its adoption have ceased to exist.

**Article 200**

(1) The regulated contracts for sale and purchase of electrical energy for the needs of the tariff consumers concluded before the day this Law enters into force shall apply until the regulations referred to in Article 197 paragraph (1) of this Law enter into force at the latest.

(2) The contracts for sale and purchase of electrical energy for the losses in the electrical energy transmission and distribution systems concluded before the day this Law enters into force shall apply until 31 December 2011 at the latest.

**Article 201**

The operators of distribution systems shall be obliged to adjust their operation to the obligation referred to in Article 78 paragraph (1) of this Law by 31 October 2011 at the latest.

**Article 202**

The suppliers of electrical energy in the last resort referred to in Article 8 paragraph (5) of this Law shall commence carrying out the activity upon fulfillment of the conditions referred to in Article 197 paragraph (1) of this Law.

**XVII.2. Application of the chapter referring to the natural gas market**

**Article 203**

(1) As an exception to Article 100 paragraph (1) of this Law, the consumers of natural gas that are tariff consumers on the day of entry into force of this Law shall acquire the status of eligible consumers upon entry into force of the following regulations:

1) rules on supply of natural gas;

2) rules on supply of natural gas in the last resort;
3) rulebook on prices of natural gas for the supplier of last resort; 4) rules on the natural gas market, and 5) tariff systems for transmission and distribution of natural gas.

(2) As an exception to Article 4 of this Law, the supply of natural gas to tariff consumers shall be considered a regulated energy activity and its performance shall terminate upon entry into force of the regulations referred to in paragraph (1) of this Article.

(3) The supply of natural gas to tariff consumers shall be carried out in accordance with the regulations that regulate the supply to tariff consumers on the day of entry into force this Law.

(4) The consumers that have acquired the capacity of eligible consumers may conclude a contract with a supplier of natural gas of their own choice.

(5) The supplier of tariff consumers shall be obliged to notify its consumer of the right referred to in paragraph (4) of this Article 90 days before the day the consumer acquires the capacity of an eligible consumer at the latest.

(6) The suppliers of natural gas in the last resort shall commence to carry out the activity upon entry into force of the regulations referred to in paragraph (1) of this Article.

(7) In terms of the provisions referred to in this Article, a tariff consumer of natural gas shall be the consumer that purchases natural gas under prescribed conditions and prices and cannot choose its supplier.

**Article 204**

(1) The parts of the natural gas transmission system in the Republic of Macedonia with nominal pressure lower than 12 bar and which have been put to use until the day of entry into force of this Law shall be considered a part of the natural gas transmission system.

(2) The current holder of the license for management of the system for natural gas issued on the basis of the Energy Law (“Official Gazette of the Republic of Macedonia” nos. 63/2006, 36/2007, 106/2008 and 119/10) shall continue to carry out the activity for management of the system for natural gas on the basis of the issued license and this Law. As of the day the license for management of the system for natural gas issued according to the provisions of this Law becomes effective, the license for management of the system for natural gas issued in accordance with the Energy Law (“Official Gazette of the Republic of Macedonia” nos. 63/2006, 36/2007, 106/2008 and 119/10) shall cease to be valid.

(3) The operator of a transmission network shall be obliged to transfer the parts of the transmission network that are necessary for the management of the transmission system into possession of the transmission system operator in a period of 15 days as of the day the license for management of the transmission system referred to in paragraph (2) of this Law becomes effective at the latest.
XVII.3. Application of the chapter referring to the heat energy market

Article 205

(1) Until the issuance of licenses for the activity regulated generation of heat energy referred to in Article 113 paragraph (2) of this Law, the activity regulated generation of heat energy shall be carried out by the current holders of licenses for generation of heat energy for the determined thermal systems.

(2) As an exception to Article 114 paragraph (1) of this Law, the existing contracts for management, use and maintenance of the heat energy distribution systems shall apply until the day of expiry of their validity.

(3) Until a concessioner is selected for an existing heat energy system or until a public enterprise referred to in Article 114 paragraph (1) of this Law is established, the activity distribution of heat energy shall be carried out by the current license holder.

XVII.4. Application of the chapter referring to the privileged producers of electrical energy

Article 206

(1) Paragraphs (6), (7), (8) and (9) of Article 153 of this Law shall apply as of 1 January 2015.

(2) By 31 December 2014:
1) the operator of the electrical energy market shall sell the electrical energy referred to in Article 153 paragraph (1) of this Law to the regulated producer at a price at which the regulated producer sells the electrical energy to the suppliers of tariff consumers;
2) the costs for purchase of electrical energy from privileged producers by the market operator, the costs for balancing, and the costs for system services for privileged producers, decreased for the incomes from the sale, in accordance with point 1 of this paragraph, shall be covered by the tariff for use of the electrical energy market;
3) the manner of payment of the liability referred to in point 1 of this paragraph shall be regulated in detail by the Rules on the Electrical Energy Market;
4) when determining the tariff for use of the electrical energy market, the Energy Regulatory Commission shall separately calculate and publish the part of the tariff for the costs referred to in point 2 of this paragraph, and
5) the suppliers and traders in electrical energy that sell electrical energy to the consumers referred to in Article 82 paragraph (3) of this Law shall be obliged to indicate separately the part of the tariff for use of the electrical energy market referred to in point 4 of this paragraph in the bills, i.e. invoices they send to their consumers.

(3) The decisions for a privileged producer of electrical energy issued before this Law enters into force shall continue to be valid until the expiry of the period they have been issued for.
XVII.5. Final provisions

Article 207

As of the day this Law enters into force, the Energy Law (“Official Gazette of the Republic of Macedonia” nos. 63/2006, 36/2007, 106/2008 and 119/10) shall cease to be valid.

Article 208

This Law shall enter into force on the eight day from the day of its publication in the “Official Gazette of the Republic of Macedonia”.

PROVISIONS OF OTHER LAW


Article 2

The bylaw referred to in Article 1 of this Law shall be adopted by the Energy Regulatory Commission in a period of 30 days as of the day of entry into force of this Law. As of the entry into force of the bylaw referred to in paragraph 1 of this Article, it shall be published on the web site of the Energy Regulatory Commission forthwith, or within 24 hours at the latest.