INTRODUCTION

**I. ASSESSING THE SITUATION IN THE AREA TO BE REGULATED BY THE LAW AND REASONS FOR ADOPTION OF THE LAW**

By ratifying the Treaty establishing the Energy Community in 2006, the Republic of Macedonia, as contracting party to the Energy Community, undertook, among other things, obligations to transpose the legal framework in the area of energy of the European Union in its domestic legislation. This obligation is continuously implemented, i.e. any change in the EU’s so called energy legislative package is correspondingly transposed into the domestic legislation. The second energy package is transposed into the Energy Law (Official Gazette of Republic of Macedonia No. 16/11, 136/11, 79/13, 64/13, 41/14, 151/14, 33/15, 192/15, 215/15, 6/16, 53/16 and 189/16), while the third energy package is transposed into the existing on Energy Law (Official Gazette of Republic of Macedonia No. 96/19 and 236/22). Manner and scope of law transposition in terms of energy packages are determined by appropriate decisions adopted by the Energy Community’s Ministerial Council, which are mandatory for the contracting parties, in accordance with the Treaty establishing the Energy Community.

In 2019, the European Union adopted the so called Clean Energy Package comprising of the Directive 2019/944 on common rules for the internal market for electricity and regulations regulating issues related to the operation of the internal electricity market, congestion management and allocation of transmission capacities, balancing of electricity systems, preparation for dealing with risks in electricity and gas supply and other issues relating to the internal electricity and gas market of the European Union. In accordance with the Ministerial Council of the Energy Community’ Decision No. 2021/13/MC-EnC and the Ministerial Council of the Energy Community’ Decision No. 2022/03/MC-EnC, each Contracting Party to the Energy Community shall be obliged to transpose the directives and regulations comprising the Clean Energy Package into its national legislation by 31.12.2023.

Clean Energy Package’s transposition into the proposed Energy Law(\*) creates a legal prerequisite for smooth and active inclusion of energy systems and electricity and gas markets as an integral part of the regional and European Union’s electricity and gas markets. For the purpose of achieving smooth and active integration of energy systems and electricity and gas markets into the regional and internal markets of the European Union, new rights, obligations and responsibilities of the competent state authorities, transmission system operators, as well as electricity and gas market operators shall be established, not only in terms of implementation, but also in terms of active involvement in the adoption of common rules regulating all aspects of the operation of the regional energy markets.

By establishing the Ministry of Energy, Mining and Mineral Resources, the process of preparation of Draft Energy Law by the Ministry of Economy continued in a transparent procedure at a level of a working group, with expert support and with representatives from the Energy Regulatory Commission, MEPSO, ESM, EVN, TE-TO, MEMO, Chambers of Commerce, associations and other institutions, i.e. with stakeholders directly involved in the implementation and regulation of this area covered by the law. The working group re-reviewed the content of the Draft Law’s text and provided its comments on it, which were discussed at 14 working meetings. Part of the proposals was incorporated into the Draft Law, which was re-attached to the Single National Register of Regulations on 25 October, 2024. In addition to the Single National Registry, the Draft Law’s text was submitted to the Energy Community, competent institutions, chambers and other stakeholders for provision of their opinion.

The Ministry reviewed the comments submitted on ENER and the written opinions, and incorporated them accordingly into the Draft Law, by which, *inter alia*, in accordance with the Ministerial Council of the Energy Community’ Decision No. 2021/13/MC-EnC, it aligned the Directive (EU) 2019/944 of the European Parliament and of the Council of 5 June 2019 on common rules for the internal market for electricity and amending Directive 2012/27/EU (CELEX No. 32019L0944), Regulation (EU) 2019/943 of the European Parliament and of the Council of 5 June 2019 on the internal market for electricity (CELEX No. 32019R0943); Regulation (EU) 2017/1938 of the European Parliament and of the Council of 25 October 2017 concerning measures to safeguard the security of gas supply and repealing Regulation (EU) No. 994/2010 (CELEX No. 32017R1938); Regulation (EU) 2022/1032 of the European Parliament and of the Council of 29 June 2022 amending Regulations (EU) 2017/1938 and (EC) No. 715/2009 with regard to gas storage (CELEX No. 32022R1032), Regulation (EU) No. 1227/2011 of the European Parliament and of the Council of 25 October 2011 on wholesale energy market integrity and transparency (CELEX No. 32011R1227) and Regulation (EU) No. 2015/1222 of the European Commission of 24 July 2015 establishing a guideline on capacity allocation and congestion management (CELEX No. 32015R1222).

**II. OBJECTIVES, PRINCIPLES AND BASIC SOLUTIONS**

Adoption and implementation of the law is expected to achieve the following objectives:

1. secure, safe and quality energy supply to customers;

2. efficient, competitive and financially sustainable energy sector, based on the principles of non-discrimination, fairness and transparency ensuring a high level of reliability and quality in energy supply;

3. strengthening and promoting customer rights and their active role in energy markets;

4. fulfilment of obligations for provision of public service, as well as protection of the rights and interests of energy systems’ users;

5. protection of the energy customers’, in particular vulnerable customers’ rights;

6. safe, secure and efficient operation, maintenance and development of electricity and gas transmission and distribution systems, as well as heat distribution systems, in order to provide a high level of services for the needs of these systems’ users;

7. readiness of the energy sector to deal with crises;

8. application of internationally harmonized rules established for cross-border exchange of electricity and gas, as well as cooperation of the electricity and gas transmission system operators and the nominated operator on the organized electricity market with the relevant operators from other countries within the organized forms of operators’ cooperation;

9. participation and connection to regional and European electricity and gas markets in accordance with the rights and obligations arising out of the ratified international treaties;

10. cooperation with other Contracting Parties to the Energy Community and the European Union’s Member States for the purpose of preventing, preparing for and managing crisis situations in the supply of electricity and gas based on the principles of solidarity, transparency, non-discrimination and competitiveness;

11. ownership unbundling of the electricity transmission system and the gas transmission system;

12. environmental protection and climate change mitigation against negative impacts of energy activities.

In order to achieve an energy-efficient, competitive and financially sustainable energy sector, the principles of non-discrimination, fairness and transparency shall be applied in the conditions and procedures regulated by this Law.

Basic solutions contained in the draft law are as follows:

1. harmonization with the European Union Clean Energy Legislative Package, which can achieve the objective only by transposing the provisions of the regulations and directives into this draft law, which will provide a legal basis for regulating some of the provisions in the by-laws;

2. price interventions through which the Government will, by decision, oblige the universal supplier to supply households that fall into the category of vulnerable customers and small customers, at prices lower than the applicable prices for a period not exceeding one year;

3. financial measures through an annual programme are determined for the category of vulnerable customers, which is adopted by the Government upon proposal of the Ministry;

4. new energy policy is being established which, through a strategic planning process, will enable reliable, safe and quality supply of customers with all types of energy, stability, competitiveness and economic operability of the energy sector, efficient provision of services and protection and promotion of customer rights, reduction of energy poverty and protection of vulnerable customers, integration of energy markets in regional and international markets, use of energy sources in a manner ensuring sustainable energy development, promotion of energy efficiency, reduction of the use of fossil fuels for energy production, protection of the public health, the environment and mitigation of climate change against harmful impacts arising out of the performance of energy activities, fulfilment of obligations arising out of ratified international treaties and other objectives. The energy policy will be implemented by implementing the following strategic documents:

4.1. Energy Development Strategy, adopted by the Government upon proposal of the Ministry;

4.2. Integrated National Energy and Climate Plan prepared in a procedure of public consultations and participation of stakeholders and in cooperation with the Ministry of Environment and Spatial Planning, and submitted to the Secretariat of the Energy Community for opinion, and adopted for a period of at least ten years, with a projection for additional 20 years;

4.3. indicative planning document - Planned Energy Balance determining the total energy needs and the needs of certain types of energy, the possibilities for meeting the needs by domestic production and imports for a period of one year and the greenhouse gas emission factor per MWh generated;

4.4. Action Plan for Implementation of the Integrated National Energy and Climate Plan and

4.5. municipal energy plans prepared by local self-government units in cooperation with the Ministry;

5. the procedure for assessing risks to the security of electricity supply, i.e. short-term and seasonal adequacy assessment in the event of an electricity crisis have also been regulated, as well as the adoption of the preparedness plan for dealing with risks against an electricity crisis and its content, or more specifically, provisions for adequacy assessment have been added, whereby the transmission system operator shall, by applying the Short‑term and Seasonal Adequacy Assessments Methodology prepared by ENTSO-E and approved by ACER, and the short-term assessment prepared by the Regional Coordination Centre on the basis of the seasonal assessment of resource adequacy and in coordination with the Contracting Parties to the Energy Community or the European Union’s Member States, prepare a short-term assessment of resource adequacy in the course of one month, one week and a day-ahead, as well as provisions for the plan for implementing measures to eliminate identified deficiencies, which upon a proposal by the Energy Regulatory Commission and the transmission system operator shall be adopted and published by the Ministry;

6. Reliability criterion is introduced by the Ministry in accordance with the methodology developed by ENTSO-E and approved by ACER, and the calculation shall take into account the values ​​of lost load and the cost of building new capacities for a certain time interval at the least, with the criterion being expressed by the parameters "Expected Energy Not Served" and "Loss of Load Expectation";

7. principles for the capacity mechanism, principles for the creation of the capacity mechanism and the rules for cross-border participation in the capacity mechanism have been elaborated in detail;

8. The Ministry of Energy, Mining and Mineral Resources has been designated as the competent authority for preparedness to deal with risks in the electricity sector, with defined tasks and responsibilities;

9. provisions for early warning and declaration of an electricity crisis, cooperation with the Contracting Parties to the Energy Community and the European Union’s Member States and ex-post evaluation of the electricity crisis have been entered, and a basis for adopting a Regulation on Preparedness for Dealing with Risk and Electricity Crisis has been provided.

10. new procedure for appointing president and members of the Energy Regulatory Commission has been introduced, which shall be implemented through the Assembly’s Committee on Election and Appointment Issues, thus replacing the current model by a new one that is expected to enable greater efficiency and independence. This section further specifies the provisions regarding the integrity and conflict of interest of the Energy Regulatory Commission’s members;

11. substantial change is foreseen in the power plant construction approvals, i.e. basis for construction will be the annual plan for construction of new power plants adopted by the Government upon proposal of the Ministry. According to the provisions of the law, the following permits shall be granted:

11.1. for construction of power plants for generation of electricity with an installed capacity equal to or greater than 1 MW and for highly efficient combined cycle plants, plants for production of synthetic fuels using electricity, plants for production of hydrogen using electricity and electricity storage facilities, as well as for electricity storage facilities for which a tender procedure for allocation of land under long-term lease or sale of state-owned land is conducted;

11.2. for construction of power plants for generation of electricity with an installed capacity equal to or greater than 1 MW and for highly efficient combined cycle plants, plants for production of synthetic fuels using electricity, plants for production of hydrogen using electricity and electricity storage facilities whose construction will be carried out on privately owned land, based on a previously submitted request from an investor;

11.3. for construction of energy facilities generating electricity and for highly efficient combined cycle plants, plants for production of synthetic fuels using electricity, plants for production of hydrogen using electricity and electricity storage facilities for which a procedure has been carried out and a contract for establishment of a public-private partnership has been awarded

11.4. for construction of energy facilities generating electricity, plants for production of synthetic fuels using electricity, plants for production of hydrogen using electricity and electricity storage facilities for which a procedure has been carried out and a concession for goods of general interest has been awarded, and

11.5. for construction of an energy facility for generation of electricity and for a highly efficient combined cycle plant generating electricity, plants for production of synthetic fuels using electricity, plants for production of hydrogen using electricity and electricity storage facilities for which a special law regulating the realization of the investment for its construction has been adopted. The law regulates the obligation for the applicant requesting granting of permit to submit a guarantee for securing the construction of an electricity facility in the form of a bank guarantee or deposit expressed in euros per MW of planned installed capacity;

12. provisions for energy storage as an energy activity are foreseen, i.e. the issues of who, when and how can use a storage facility are more precisely regulated, a prohibition for the transmission system operator and the distribution system operator to own storage facilities and to use storage facilities for commercial purposes, except as a technologically integrated part of the system, has been established, and an exception to the prohibition for them has been developed;

13. the rights and duties of the electricity transmission system operator have been expanded in the domain of managing the capacity of interconnections and congestion, cross-border cooperation with system operators and Regional Coordination Centres, market integration, data exchange and interoperability, system security and risk management, and the cost-effectiveness of system operation and development;

14. coupling of markets and cooperation in the region for coordinated capacity calculation has been developed, new provisions have been prescribed, which also refer to: adoption and application of rules and methodologies for coordinated calculation of cross-zonal transmission capacities in the coordinated calculation region and market methods for allocating cross-zonal capacities, for cooperation in the region for coordinated system management and transfer of rules and methodologies from the ENTSO-E network codes and methodologies for coordinated management of the electricity transmission system, for exchange and coordinated access to common resources for system balancing and system defence and restoration of its functions in the event of an outage;

15. use of energy storage, energy efficiency mechanisms, demand-side management and aggregation, priority dispatching are regulated;

16. the electricity transmission system operator is envisaged to prepare a ten-year transmission system development plan every two years, upon consultation with the affected market participants, users of the transmission system and customers;

17. congestion management in the Bidding Zone has been regulated, which also regulates the revision of the Zone configuration in cooperation with the operators from the Region, as well as the treatment of system congestion, as well as the management of system congestion in the Bidding Zone;

18. rules for allocation of inter-zonal capacities in the region and the management of physical congestion, as well as the procedure for allocation of inter-zonal transmission capacities with allocation in different time frames have also been covered;

19. harmonized calculation of congestion charges through ACER methodology, which also regulates the procedure for use and purpose of congestion revenues;

20. in terms of international cooperation, the provisions establish the regions of cooperation, i.e. the region of coordinated capacity calculation and the region of coordinated management of electricity transmission systems. The obligation for coordinated calculation of transmission capacities at the borders of the Bidding Zone through the common mechanism has also been regulated;

21. the electricity market has been regulated in more detail by introducing principles regarding the operation of electricity markets and adding new market participants such as aggregators;

22. obligations of the Operator of the organised electricity market arising out of the Regulation (EU) No. 2015/1222 of the European Commission of 24 July 2015 establishing a guideline on capacity allocation and congestion management (CELEX No. 32015R1222) or the CACM Regulation have been transposed accordingly in the articles of the law;

25. it has also been made possible for operators of organized markets nominated in other countries to perform day-ahead and intraday market services outside the countries where they are nominated;

26. revocation of the organized market operator’s license has been regulated;

27. the balancing market has been established as a separate market with provisions for its operation, and long-term markets have been added as a new type of market;

28. new obligations to the distribution system operator, such as enabling consumption management, access of users to energy markets, participation in the preparation of spatial plans under the jurisdiction of municipalities, etc., have been given;

29. for the part of integration of electromobility into the electrical grid, the integration of electric vehicle chargers into the electrical distribution system has been enabled;

30. new opportunities for customers have been provided, including:

30.1. entering into more than one electricity supply contract at the same time, provided that there are separate connection points and metering devices.

30.2. entering into a dynamic electricity supply contract and

30.3. entering into aggregation contract;

31. customers are enabled to produce, store and sell electricity, i.e. to participate in the electricity market directly or through an aggregator, as well as to participate in mechanisms for ensuring system flexibility and energy efficiency schemes;

32. civil energy community has been introduced as a legal entity registered in the register of other legal entities, in which members or owners of shares as natural persons, local self-government units or legal entities in accordance with the Company Law sharing a common connection to the electricity distribution or transmission network, voluntarily and openly participate and effectively control it. Its primary objective is to provide environmental, economic or social benefits to its members or shareholders or to the local area where it operates. Citizen energy community may engage in the generation of electricity, including from renewable energy sources, in the sale, distribution within the scope of the citizen energy community, supply, consumption, aggregation, energy storage, energy efficiency services or electric vehicle charging services or to provide other energy services to its members or shareholders;

32. the system of smart metering systems has been introduced, i.e. the conditions and manner in which they should be introduced and

33. other issues in the area regulated by the law are regulated.

**III. ASSESSMENT OF THE DRAFT LAW’S FINANCIAL CONSEQUENCES ON THE BUDGET AND OTHER PUBLIC FUNDS**

The implementation of the Draft Energy Law (\*) has fiscal implications for the Budget arising out of the provisions envisaged, providing the Government with the opportunity to intervene in market-based supply prices, i.e. in the obligation of the universal supplier to supply the category of vulnerable customers, customers affected by energy poverty, as well as households not included in the category of vulnerable customers and small customers, at prices lower than the price-setting rules, with the right to compensation granted by the Government, due to the financial or non-financial measures for customers included in the annual Programme for the Protection of Vulnerable Energy Customers, state aid or financial incentives for holders of licenses for performing energy activities, the possibility of granting support measures for energy facilities construction, fees for members of the Commission for Granting Approvals provided for in the law, the appropriate compensation for public service, as well as the adoption of strategic documents in the area of ​​energy policy.

**IV. ASSESSMENT OF THE FINANCIAL RESOURCES REQUIRED FOR IMPLEMENTATION OF THE LAW, THE METHOD OF THEIR PROVISION, DATA ON WHETHER THE IMPLEMENTATION OF THE LAW ENTAILS MATERIAL OBLIGATIONS FOR INDIVIDUAL ENTITIES**

Implementation of the Draft Energy Law (\*) will be provided by the Budget of the Ministry of Energy, Mining and Mineral Resources in accordance with the medium-term fiscal projections and it entails material obligations for individual entities, i.e. producers, operators, suppliers, traders and customers of energy.

DRAFT LAW ON ENERGY ([[1]](#footnote-2)\*)

SECTION ONE

GENERAL PROVISIONS

Subject of Regulation

Article 1

This Law regulates the following:

1. objectives and manner of implementing the energy policy;
2. energy activities, the manner and conditions for their performance;
3. rights and obligations of energy customers and energy system users;
4. procedure for determining and fulfilling the obligations for providing public services in the supply of electricity, gas and heat;
5. reliability of energy supply;
6. status, competence and manner of operation of the Energy, Water Services and Municipal Waste Management Services Regulatory Commission of the Republic of North Macedonia (hereinafter referred to as: the Energy Regulatory Commission);
7. conditions and manner of access and connection to energy transmission and distribution systems;
8. construction of energy facilities;
9. markets for electricity, gas, heat, as well as the market for crude oil, oil derivatives and fuels for transport, and
10. other issues in the field of energy.

Objectives of the Law

Article 2

The objective of this Law is to ensure:

1. reliable, safe and quality energy supply to customers;
2. efficient, competitive and financially sustainable energy sector, based on the principles of non-discrimination, fairness and transparency ensuring a high level of reliability and quality in energy supply;
3. strengthening and promoting customer rights and their active role in energy markets;
4. protection of the energy customers’, in particular vulnerable customers’ rights;
5. fulfilment of obligations for provision of public service, as well as protection of the rights and interests of energy systems’ users;
6. safe, secure and efficient operation, maintenance and development of electricity and gas transmission and distribution systems, transportation of crude oil or oil derivatives through an oil pipeline or product pipeline, as well as heat distribution systems, in order to provide a high level of services for the needs of these systems’ users;
7. readiness of the energy sector to deal with energy crises;
8. application of internationally harmonized rules established for cross-border exchange of electricity and gas, as well as cooperation of the electricity and gas transmission system operators and the nominated operator on the organized electricity market with the relevant operators from other countries within the organized forms of operators’ cooperation;
9. participation and connection to regional and European electricity and gas markets in accordance with the rights and obligations arising out of the ratified international treaties in accordance with the Constitution of the Republic of North Macedonia (hereinafter referred to as: ratified international treaties);
10. cooperation between the Republic of North Macedonia and other Contracting Parties to the Energy Community and the European Union’s Member States for the purpose of preventing, preparing for and managing crisis situations in the supply of electricity and gas based on the principles of solidarity, transparency, non-discrimination and competitiveness;
11. ownership unbundling of the electricity transmission system and the gas transmission system, and
12. environmental protection and climate change mitigation against negative impacts of energy activities.

## Definitions

Article 3

1. Certain terms used in this Law shall have the following meaning:
2. ‘shipping agent’ means the entity with the task of transferring net positions between different counter parties;
3. ‘aggregator’ means an entity performing an aggregation;
4. ‘aggregation’ means a function performed by a natural or legal person who combines multiple customer loads and/or generated electricity for sale, purchase or auction in any electricity market;
5. ‘resource adequacy’ is a reliability criterion of the electricity system that demonstrates the ability of the system to meet the peak demand of final customers at any time;
6. ‘active customer’ means a final customer, or a group of jointly acting final customers, who consumes or stores electricity generated within its premises located within confined boundaries or who sells self-generated electricity or participates in flexibility or energy efficiency schemes, provided that those activities do not constitute its primary registered activity;
7. ‘continuous trading matching algorithm’ means the algorithm used in single intraday coupling for matching orders and allocating cross-zonal capacities continuously;
8. ‘price coupling algorithm’ means the algorithm used in single day-ahead coupling for simultaneously matching orders and allocating cross-zonal capacities;
9. ‘ACER’ means the Agency for the Cooperation of Energy Regulators;
10. ‘balancing capacity’ means a volume of capacity that a balancing service provider has agreed to hold and in respect to which the balancing service provider has agreed to submit bids for a corresponding volume of balancing energy to the transmission system operator for the duration of the contract;
11. ‘balancing mechanism’ means a set of documents, rules, procedures and methodologies that define the rights and obligations of electricity market participants or gas market participants in relation to balancing responsibility;
12. ‘balancing’ means all actions and processes, in all timelines, through which transmission system operator ensures, in an ongoing manner, maintenance of the system frequency within a predefined stability range and compliance with the amount of reserves needed with respect to the required quality, i.e. the gas transmission system operator maintains the system balance by changing the flow of gas into or out of the system within predefined stability range, with the exception of activities and processes related to gas taken by system users and gas used for system management;
13. ’balancing group’ means a group consisting of one or more participants in the electricity market or the gas market, one member of which assumes full balancing responsibility and represents the balance responsible party for that group;
14. ‘balancing energy’ means energy used by transmission system operators to carry out balancing;
15. ‘balance responsibility’ means the responsibility of electricity market participants in relation to the generation, consumption and/or transactions with electricity or consumption and/or transactions with gas, in accordance with the accepted physical schedules (nominations) and the financial responsibility towards the electricity transmission system operator or the gas transmission system operator for any deviation and, if necessary, for settlement of deviations (imbalances);
16. ‘balance responsible party’ means an electricity market gas market participant or its chosen representative responsible assuming balance responsibility and submitting physical schedules (nominations) for the balance group in accordance with their mutual contractual obligations, and responsible for imbalances towards the electricity transmission system operator or the gas transmission system operator;
17. ‘biofuels’ means liquid or gaseous fuels for transport produced from biomass;
18. ‘biomass’ means the biodegradable fraction of products, waste and residues of biological origin from agricultural (plant and animal) substances, forestry and other related industries such as fisheries and aquaculture, as well as from industrial and municipal waste of biological origin;
19. ‘gross final energy consumption’ means the total consumption of energy for energy purposes by all customers (households, industry, agriculture, transport, fisheries, service activities and public services), and which includes the consumption of electricity and heat in the energy sector for generation of electricity and heat, as well as losses in the transmission and distribution of electricity and heat;
20. ‘vertically integrated undertaking’ means an undertaking (hereinafter referred to as: company) or a group of affiliated undertakings where the same person or the same persons are entitled, directly or indirectly, to exercise control, and where the undertaking or group of undertakings performs at least one of the functions of transmission or distribution of electricity/gas, or function with gas and/or liquefied gas storage facilities, and at least one of the functions of generation, supply or trade with electricity and/or gas;
21. ‘force majeure in terms of electricity market’ means any unforeseeable or unusual event or situation beyond the reasonable control of a transmission system operator, and not due to a fault of the transmission system operator, which cannot be avoided or overcome with reasonable foresight and diligence, which cannot be solved by measures which are from a technical, financial or economic point of view reasonably possible for the transmission system operator, which has actually happened and is objectively verifiable, and which makes it impossible for the transmission system operator to fulfil, temporarily or permanently, its obligations in connection to merging of the markets;
22. ‘inside information’ means information of a precise nature which has not been made public, which relates, directly or indirectly, to one or more wholesale energy products and which, if it were made public, would be likely to affect the prices of those wholesale energy products. For the purposes of this definition, ‘information’ means:

20.1. information which is required to be made public in accordance with this Law and the regulations and other acts adopted or approved pursuant to this Law, or

20.2. 20.2. information relating to the capacity and use of facilities for production, storage, consumption or transmission of electricity or natural gas, including planned or unplanned unavailability of these facilities, or

20.3. information which is required to be disclosed in accordance with the obligations determined by this Law and with the regulations and other acts adopted or approved pursuant to this Law, contracts or customs on the relevant wholesale energy market, in so far as this information is likely to have a significant effect on the prices of wholesale energy products, or

20.4. other information that the market participants would be likely to use as part of the basis of their decision to enter into a transaction relating to, or to issue an order to trade in, a wholesale energy product;

1. ‘value of lost load’ means an estimation in euro/MWh, of the maximum electricity price that customers in the Republic of North Macedonia (hereinafter referred to as: customers) are willing to pay to avoid an outage;
2. ‘day-ahead firmness deadline’ means the point in time after which cross-zonal capacity becomes firm;
3. ‘intraday cross-zonal gate opening time’ means the point in time when cross-zonal capacity between bidding zones is released for a given market time unit and a given bidding zone border;
4. ‘intraday cross-zonal gate closure time’ means the point in time where cross-zonal capacity allocation is no longer permitted for a given market time unit;
5. ’liquefied natural gas (LNG) (hereinafter referred to as: liquefied natural gas)’ means purified natural gas that has been converted into a liquid state by a process of refrigeration;
6. ‘gas’ means natural gas and hydrogen, whereby natural gas means all gases primarily composed of methane, including biomass gas, in particular biomethane or other types of gases, which can be technically and safely introduced and transported through the gas system;
7. ‘firm transmission capacity’ means a guarantee that cross-zonal capacity rights will remain uninterruptible and that compensation will be provided if they are interrupted;
8. ‘transport fuels’ means fuels intended for use in transport, such as petroleum derivatives, biofuels or blends of biofuels and petroleum derivatives;
9. ‘citizen energy community’ means a legal entity that is based on voluntary and open participation and is effectively controlled by members or shareholders that are natural persons, municipalities, the municipalities of the city of Skopje and the city of Skopje (hereinafter referred to as: local self-government units) or legal entities pursuant to the Company Law which share a common connection to the electricity distribution or transmission network; Its primary purpose is to provide environmental, economic or social community benefits to its members or shareholders or to the local areas where it operates. It may engage in generation, including from renewable sources, distribution within the scope of the civil energy community, supply, consumption, aggregation, energy storage, energy efficiency services or charging services for electric vehicles or provide other energy services to its members or shareholders;
10. ‘balancing service provider’ means a market participant providing balancing services to the electricity transmission system operator or the gas transmission system operator on the basis of a balancing market participation contract;
11. ‘demonstration project’ means a project which demonstrates an innovative measure or technology as a first of its kind in the Republic of North Macedonia and represents a significant innovation that goes well beyond the state of the art;
12. ‘delegated operator’ means regional coordination centre or NEMO nominated in the Member States of the European Union, to which the transmission system operator or NEMO delegates specific tasks or responsibilities;
13. ‘electricity/gas derivatives’ means financial instruments such as options, futures, swaps, forward contracts and other derivative contracts, which can be settled in cash, physically or through recognised clearing houses, in order to protect participants in the organised electricity/gas market from possible price fluctuations;
14. ‘direct line’ means either an electricity line linking an isolated generation site with an isolated customer or an electricity line linking a producer and an electricity supply undertaking to supply directly their own premises, subsidiaries and customers;
15. ‘distributed generation’ means generation of electricity from power plants connected to an electricity distribution system;
16. ‘gas distribution’ means transport of natural gas through a gas distribution system, and operation of a natural gas distribution system for the purpose of delivering gas to customers, not including gas supply;
17. ‘electricity distribution’ means transmission and delivery of electricity through high-voltage, medium-voltage and low-voltage electricity distribution systems and management of the electricity distribution system in a specific area, not including electricity supply;
18. "heat distribution" means transmission of hot water or steam through a distribution network and management of the heat distribution system in a specific area for the purpose of delivering heat to customers, not including supply of heat;
19. ‘gas supply contract’ means a contract for the supply of natural gas, but does not include gas trading derivatives;
20. ‘electricity supply contract’ means a contract for the supply of electricity, but does not include electricity derivatives
21. ‘dynamic electricity price contract’ means an electricity supply contract between a supplier and a final customer that reflects the price variation in the organized markets, at intervals at least equal to the market settlement frequency;
22. ‘capacity allocation’ means the attribution of the right to use inter-zonal capacity on an interconnecting electricity transmission line, or of the capacity of a cross-border line of a gas transmission system, within a specified time frame;
23. ‘household customer’ means a customer who purchases electricity for the customer's own household consumption, excluding commercial or professional activities;
24. ‘electricity undertaking’ means a natural or legal person who carries out at least one of the following functions: generation, transmission, distribution, aggregation, demand response, energy storage, supply or purchase of electricity, and who is responsible for the commercial, technical or maintenance tasks related to those functions, but does not include final customers;
25. ‘single intraday coupling’ means the continuous process where collected orders are matched and cross-zonal capacity is allocated simultaneously for different bidding zones in the intraday market;
26. ‘single day-ahead coupling’ means the auctioning process where collected orders are matched and cross-zonal capacity is allocated simultaneously for different bidding zones in the day-ahead market;
27. ‘economic surplus for the single day-ahead or intraday coupling’ means the sum of the supplier surplus for the single day-ahead or intraday coupling for the relevant time period, the customer surplus for the single day-ahead or intraday coupling, the congestion income and other related costs and benefits where these increase economic efficiency for the relevant time period, supplier and customer surplus being the difference between the accepted orders and the clearing price per energy unit multiplied by the volume of energy of the orders.
28. ‘electricity distribution system’ is an energy system for the distribution of electricity, through high-voltage, medium-voltage and low-voltage networks, in a certain area of ​​the territory of the Republic of North Macedonia, connected to the electricity transmission system;
29. ‘electricity distribution network’ is an electrical network of interconnected electrical lines, transformers and other equipment and facilities that form an integral part of the electricity distribution system and through which electricity is delivered/received at low, medium and high voltage;
30. ‘electricity system’ means a system consisting of generation facilities, an electricity transmission network, one or more electricity distribution networks and electricity customers;
31. ‘electricity transmission system’ means a system for the transmission of electricity through the electricity transmission network in the Republic of North Macedonia;
32. ‘electricity transmission network’ means a network used for the transmission of high-voltage electricity through high-voltage transmission lines, transformers and other high-voltage equipment and facilities, from the point of reception by electricity producers or electricity interconnection lines, to the point of delivery;
33. ‘power plant’ is an energy facility or energy plant for the generation of electricity composed of one or more generator units and/or inverters and/or other appropriate facilities that share the same metering device and which is connected to the electricity transmission or distribution system or produces electricity for its own needs;
34. ‘energy efficiency’ means the ratio of output of performance, service and the input of energy to achieve that output of performance;
35. ‘electricity crisis’ means a present or imminent situation in which there is a significant electricity, heat, natural gas or oil shortage, as determined by the regulations and described in their risk-preparedness plans, or in which it is impossible to supply electricity to customers;
36. ‘energy facility’ means part of the energy system intended for generation, transmission, distribution, consumption and/or storage of energy;
37. ‘wholesale energy products’ means contract or derivative, irrespective of where and how they are traded, for the supply of electricity or natural gas where delivery is on the territory of the Republic of North Macedonia or on the territory of counter party to the Energy Community or on European Union’s Member-State, whereby contracts for supply and distribution of electricity or natural gas to final customers are not considered wholesale energy products, except for contracts for supply of final customers with a consumption capacity equal to or greater than the consumption specified in this Law.
38. ‘energy system’ means a system of interconnected facilities, devices and facilities for generation, transmission or distribution of energy, which represents an integrated technical and technological and functional whole and serves to supply customers with energy from generators, i.e. energy sources;
39. ‘electricity undertaking’ means a natural or legal person who carries out at least one of the following functions: generation, transmission, distribution, aggregation, energy storage, supply or purchase of electricity, and who is responsible for the commercial, technical or maintenance tasks related to those functions, but does not include final customers;
40. ‘energy’ means all forms of energy and energy products, combustible fuels, heat, renewable energy, electricity, or any other form of energy, which can come from fossil, nuclear or renewable sources;
41. ‘ECDSO-E’ means the Coordination Group of Energy Community Distribution System Operators in Electricity established by a Procedural Act of the Ministerial Council of the Energy Community;
42. ‘ECRB’ means the Energy Community Regulatory Board;
43. ‘ENTSO-E’ means the European Network of Transmission System Operators for Electricity and
44. ‘ENTSO-G’ means the European Network of Transmission System Operators for Gas;
45. ‘congestion’ means a situation in which all requests from market participants to trade between network areas cannot be accommodated because they would significantly affect the physical flows on network elements which cannot accommodate those flows;
46. ‘contractual congestion’ means a situation where the level of firm capacity demand exceeds the technical capacity of the system in certain moment;
47. ‘common grid model’ means a Union-wide data set agreed between various transmission system operators describing the main characteristic of the power system (generation, loads and grid topology) and rules for changing these characteristics during the capacity calculation process, extended to the transmission system operators of the counter parties;
48. ‘shared order book’ means a module in the continuous intraday coupling system collecting all matchable orders from the NEMOs participating in single intraday coupling and performing continuous matching of those orders;
49. ) ‘bidding zone’ means the largest geographical area within which market participants are able to exchange energy without capacity allocation;
50. ‘installed capacity of a power plant" means the sum of the nominal active capacities of all generating units (electric generators and/or inverters) installed in the power plant;
51. ‘interconnector line’ means an electricity line or gas pipeline, including the associated equipment and facilities, by which the electricity transmission system or gas transmission system of the Republic of North Macedonia is connected to the corresponding transmission system of a neighbouring country;
52. ‘interoperability’ means the ability of energy or communication networks, systems, devices, applications or components to interwork to exchange information with other such facility in order to perform required functions or to provide users with access to the necessary information;
53. ‘electricity supply’ means the physical delivery of electricity to the networks or its withdrawal from the networks;
54. ‘simultaneous electricity crisis’ means an electricity crisis affecting more than one counter party at the same time;
55. ‘coordinated capacity calculator’ means the entity or entities with the task of calculating transmission capacity, at regional level or above;
56. ‘scheduled exchange calculator’ means the entity or entities with the task of calculating scheduled exchanges;
57. ‘clearing price’ means the price determined by matching the highest accepted selling order and the lowest accepted buying order in the electricity market;
58. ‘compressed natural gas (CNG)’ means natural gas in a gaseous state, compressed to a pressure greater than 100 bars;
59. ‘conventional meter’ means an analogue or electronic meter with no capability to both transmit and receive data;
60. ’final daily schedule’ means a document prepared by the electricity transmission system operator for the entire electricity generation, internal and cross-border transactions through the electricity transmission system, on the basis of physical schedules submitted by the electricity market participants, approved by the electricity transmission system operator;
61. ‘countertrading’ means a cross-border exchange of electricity initiated by electricity transmission system operator and/or operator of another electricity transmission system beyond the bidding zone in order to relieve physical congestion of the capacity transmission system or an interconnecting line;
62. ‘control’ means rights, contracts or other means which, either separately or in combination and having regard to the considerations of fact or law involved, confer the possibility of exercising decisive influence on an undertaking, in particular by:

ownership or the right to use all or part of the assets of an undertaking;

rights or contracts which confer decisive influence on the composition, voting or decisions of the organs of an undertaking;

1. ‘control area’ means a coherent part of the interconnected system, operated by a single system operator and shall include all connected customers and generation units;
2. ‘Security of Supply Coordination Group’ means a group established by the Ministerial Council of the Energy Community, in accordance with the obligations arising out of the ratified international treaties, established for monitoring, coordination, exchange of experiences related to security of supply and development of comprehensive risk analysis;
3. ‘coordinated net transmission capacity’ means a capacity calculation method based on the principle of assessing and defining ex ante a maximum energy exchange between adjacent bidding zones;
4. ‘corrective measure’ means any measure applied by a transmission system operator or several transmission system operators, manually or automatically, in order to maintain operational security;
5. ‘system user’ means an electricity producer, final customer, storage operator, aggregator, supplier, trader and other system operators;
6. ‘risk management coordinator’ means a person, a group of persons, a team composed of relevant national experts in the field of energy, appointed by the Ministry of Energy, Mining and Mineral Resources (hereinafter referred to as: the Ministry) or an institution tasked with acting as a contact point and coordinating the flow of information during an energy crisis;
7. ‘final customer’ means a customer who purchases electricity, natural gas or heat for own use;
8. ‘critical network element’ means a network element either within a bidding zone or between bidding zones taken into account in the capacity calculation process, limiting the amount of capacity that can be exchanged;
9. ‘customer’ means a person who purchases energy for their own needs or for further sale;
10. ‘wholesale customer’ means a natural or legal person who purchases electricity for the purpose of resale inside or outside the system where that person is established;
11. "line pack" is an actual quantity of gas stored under pressure in the gas transmission or distribution system, which can be used in the short term to maintain operational reliability and balance the system within the permitted range of pressure changes;
12. ‘person means a natural person, as well as a legal or natural person registered in the appropriate register in the Republic of North Macedonia;
13. ‘license’ is an act issued by the Energy Regulatory Commission on the basis of which the person to whom it is issued may perform an energy activity in the Republic of North Macedonia;
14. ‘small electricity/gas customer" is a person who, in accordance with the Company Law, is classified as a micro or small trader;
15. ‘reliability margin’ means the reduction of cross-zonal capacity to cover the uncertainties within capacity calculation;
16. ‘cross-zonal capacity’ means the capability of the interconnected system to accommodate energy transfer between bidding zones;
17. ‘generation shift key’ means a method of translating a net position change of a given bidding zone into estimated specific injection increases or decreases in the common grid model;
18. ‘capacity mechanism’ means a temporary measure to ensure the achievement of the necessary level of resource adequacy by remunerating resources for their availability, excluding measures relating to ancillary services or congestion management;
19. ‘contract termination fee’ means a charge or penalty imposed on customers by suppliers or market participants engaged in aggregation, for terminating an electricity supply or service contract;
20. ‘competent authority for preparation for dealing with risks in the electricity sector and the gas sector’ is a state administration body or another body or regulatory authority nominated in accordance with this Law;
21. ‘orders’ means an intention to purchase or sell energy or capacity expressed by a market participant subject to specified execution conditions;
22. "national TCMs" means conditions, regulations and methodologies developed and proposed for approval by the Energy Regulatory Commission by the transmission system operator and/or NEMO in accordance with the provisions of this Law;
23. ‘best available techniques’ means the most effective, advanced and practically suitable techniques for providing the basis for complying with the data protection and security regulations;
24. ‘biofuel blending’ means the addition of biofuels to fuels of petroleum origin in prescribed contents;
25. ‘oil pipeline’ means a pipeline with appropriate devices and facilities for the transport of crude oil;
26. ‘petroleum derivatives’ means unleaded motor gasoline, aviation gasoline, jet fuel, gas oils (diesel fuels), heating oils, fuel oils, liquefied petroleum gas and other;
27. ‘independent aggregator’ means a market participant engaged in aggregation who is not affiliated to the customer's supplier;
28. ‘uninterruptibility of the electricity or gas supply service or of the allocated transmission capacity of the relevant transmission system for a certain period of time" is a contractual guarantee given by the electricity or gas transmission system operator to the system user that the service or access to the contracted capacity during that period of time will not be interrupted or changed under normal market conditions;
29. ‘net position’ means the netted sum of electricity exports and imports for each market time unit for a bidding zone;
30. ‘new interconnector’ means an interconnector not completed by 1 July 2007;
31. ‘nominated electricity market operator (hereinafter referred to as: NEMO)’ means an operator of the organized electricity market appointed by the Government of the Republic of North Macedonia (hereinafter referred to as: the Government) in accordance with this Law, to perform tasks related to single day-ahead or single intraday coupling;
32. ’nominated electricity market operator’ means an electricity market operator that performs the tasks related to each single day-ahead or single intraday coupling electricity markets of the Republic of North Macedonia with the corresponding markets of a neighbouring counter party of the Energy Community or a Member State of the European Union;
33. ‘imbalance price area’ means the area in which an imbalance price is calculated;
34. ‘energy from renewable sources’ means energy from renewable non-fossil sources, namely wind, solar (solar thermal and solar photovoltaic), geothermal energy, ambient energy, hydropower, biomass, biogas, landfill gas and sewage treatment plant gas, fuel obtained from processed waste and solid fuel obtained by processing waste that meet the criteria for a energy from renewable source;
35. ‘allocation constraints’ means the constraints to be respected during capacity allocation to maintain the transmission system within operational security limits and have not been translated into cross-zonal capacity or that are needed to increase the efficiency of capacity allocation;
36. ‘operational security limits’ means the acceptable operating boundaries for secure grid operation such as thermal limits, voltage limits, short-circuit current limits, frequency and dynamic stability limits;
37. ‘gas storage operator’ means a person who carries out the energy activity of storage and management of gas storage facility and is responsible for the operation, maintenance and development of the gas storage facility;
38. ‘distribution system operator’ means an undertaking which carries out an activity of electricity distribution and manages with the distribution system in the Republic of North Macedonia and is responsible for the operation of the system, its maintenance, development and its interconnections with other systems, and for ensuring the long-term ability of the system to meet reasonable demands for the distribution of electricity;
39. ‘transmission system operator’ means an undertaking that carries out electricity transmission activities, manages the electricity transmission system in the Republic of North Macedonia and is responsible for secure and stable operation of the system, its maintenance, development and interconnection with the electricity systems of neighbouring countries;
40. ‘organized electricity market operator’ means an undertaking that organises and manages the organised electricity market, i.e. provides services for matching electricity sale orders with electricity purchase offers;
41. ‘natural gas market operator’ means an undertaking that organizes and manages the gas market and is responsible for its efficient operation and development;
42. ‘electricity market operator’ means an undertaking that organizes and manages the electricity bilateral contracts market and is responsible for its efficient operation and development;
43. ‘natural gas distribution system operator" means an undertaking that carries out gas distribution activities and manages the gas distribution system, for which it has been issued with a license and is responsible for its operation, maintenance, development and interconnection to other gas systems and for ensuring the long-term ability of the system to meet reasonable gas distribution needs;
44. ‘heat distribution system operator’ means an undertaking that carries out the activity of heat distribution and manages the heat distribution system in the Republic of North Macedonia and is responsible for the operation of the system, its maintenance and development and for ensuring the long-term ability of the system to meet reasonable needs for heat distribution, excluding the supply of heat;
45. ‘natural gas transmission system operator’ means an undertaking that manages the gas transmission system and is responsible for the operation, maintenance and development of the gas transmission system, as well as for its interconnection with other gas systems and ensuring the long-term ability of the system to meet reasonable gas transmission needs;
46. ‘electricity storage operator’ means a person carrying out an energy activity - storage of generated or purchased electricity in an electricity storage facility;
47. ‘load’ means the power delivered to the system or fraction of the system or customers and is expressed in kilowatts (hereinafter referred to as: kW) or kilovolt amperes (hereinafter referred to as: kVA), or megawatts (hereinafter referred to as: MW) or megavolt amperes (hereinafter referred to as: MVA);
48. ‘organized electricity market’ means an institutionally regulated relationship between supply and demand from electricity market participants with predetermined standardized products, as well as physical and financial settlements, over a period of time that may be a day-ahead or intraday;
49. ‘deviation (imbalance) means the difference between the values ​​ measured or the physical schedules achieved and the physical schedules nominated for each calculation interval;
50. ‘balancing energy market’ means market-oriented management of the balancing of electricity transmission system or gas transmission system by the electricity transmission system operator or the gas transmission system operator, respectively;
51. ‘electricity market’ means a wholesale electricity market, which includes a market for bilateral contracts and organised markets or electricity exchanges, on which energy, power, balancing energy or system services are traded in all timeframes including long-term markets, day-ahead markets and intraday markets;
52. ‘wholesale energy market’ means any market in a counter party to the Energy Community or in a Member State of the European Union on which wholesale energy products are traded;
53. ‘energy market’ is an organized fashion of purchasing and selling energy based on supply and demand, applying conditions and procedures prescribed under this Law;
54. ‘market plan’ means a set of aggregated physical schedules on a daily and monthly basis from each balancing group for each market participant, prepared by the electricity market operator;
55. ‘market congestion’ means a situation in which the economic surplus for single day-ahead or intraday coupling has been limited by cross-zonal capacity or allocation constraints;
56. ‘pan-European TCMs’ means the conditions, regulations and methodologies approved by ACER in accordance with European Union acquis that the transmission system operator and/or NEMO are obliged to apply in accordance with the provisions of this Law;
57. ) ‘smart metering system’ means a digital electronic system that is capable of independent measuring electricity fed into the grid, providing more information than a conventional meter, and that is capable of independent transmitting and receiving data for information, monitoring and control purposes, using a form of electronic communication;
58. ‘settlement period’ means the shortest period of time for which the imbalance of the balance responsible parties is calculated;
59. ‘PECI’ is a project of interest to the Energy Community necessary for implementation of the energy infrastructure and is contained on the list of the Energy Community (Project of Energy Community Interest);
60. "in written" or "in written form" means any record consisting of words or figures that can be read, reproduced and further communicated, including an electronic document, the content of which is stored in electronic form and transmitted by electronic means, in particular textual or sound, visual or audio-visual records;
61. ‘scheduled exchange’ means an electricity transfer scheduled between geographic areas, for each market time unit and for a given direction;
62. ‘PMI’ is a project of mutual interest promoted by the European Union in cooperation with the Republic of North Macedonia in accordance with letters of support from the governments of the countries directly concerned or other non-binding agreements, which is on the list of projects of the European Union (Project of Mutual Interest);
63. ‘interconnected electricity transmission system’ means a system of two or more electricity transmission and/or electricity distribution systems interconnected by one or more interconnecting lines;
64. ‘affiliated undertakings’ means affiliated undertakings in accordance with the Company Law;
65. ‘ancillary gas service’ means a service necessary for the operation of the system for access to transmission networks, distribution networks and/or storage facilities, including services for balancing, blending and injection of inert gases, not including facilities intended for meeting its needs exclusively;
66. ‘electricity ancillary service’ means a service necessary for the operation of a transmission or distribution system, including balancing and non-frequency ancillary services, but not including congestion management;
67. ‘firm capacity’ means the natural gas capacity that the transmission system operator guarantees to the system user in the agreed volume;
68. ‘customer’ means a wholesale buyer or final customer who purchases electricity, natural gas or heat;
69. ‘interruptible capacity’ means gas transmission capacity that may be interrupted by the transmission system operator in accordance with the conditions stipulated in the transport contract;
70. ‘cross-border flow’ means a physical flow of electricity or natural gas on an electricity transmission network or natural gas transmission network of a counter party to the Energy Community or of a Member State of the European Union that results from the impact of the activity of producers, customers, or electricity or gas storage operators, outside that counter party or Member State of the European Union appropriately;
71. ‘natural gas transmission’ means the transport of gas through the gas transmission system and the operation of the gas transmission system for the purpose of delivering gas to customers and does not include supply of gas;
72. ‘electricity transmission’ means the transmission of electricity through an electricity transmission system and the management of the electricity system for the purpose of delivery of electricity and does not include the supply of electricity;
73. ‘precise information’ means information that refers to a set of circumstances or events that exist or are expected to arise or occur and is sufficiently detailed to enable a conclusion to be drawn about the impact of those circumstances or events on the wholesale prices of energy products;
74. ‘near real-time’ means, in the context of smart metering, a short time period, usually down to seconds or up to the imbalance settlement period in the electricity market;
75. ‘priority dispatch’ means the dispatch of power plants on the basis of criteria which are different from the economic order of bids, giving priority to the dispatch of product facilities using particular generation technologies;
76. ‘essential social service’ means a service related to healthcare, essential social care, emergency, security, education or public administration;
77. ‘flow-based approach’ means a capacity calculation method in which energy exchanges between bidding zones are limited by capacity transfer distribution factors and available margins on critical network elements;
78. ‘third-party access’ means the right of users to have access to the transmission or distribution system of electricity, gas or heat, in an objective and non-discriminatory manner, under regulated conditions and according to previously published tariffs;

‘congestion income’ means the revenues received as a result of capacity allocation;

1. ‘product pipeline’ means a pipeline with appropriate devices and facilities for the transport of petroleum derivatives or fuels for transport;
2. ‘generation’ means the generation of electricity;
3. ‘generation facility’ means a facility for the generation of electricity and/or heat connected to an appropriate network, by which primary energy, including energy obtained from renewable sources, is converted into electricity or heat;
4. ‘electricity producer’ means a person who carries out an energy activity - electricity generation and is registered in the trade register in the Republic of North Macedonia, as well as another legal entity that is registered in the register of other legal entities in the Republic of North Macedonia and produces electricity;
5. ‘generation unit’ means a single electricity producer belonging to a production facility.
6. ‘prequalification process’ means the process to verify the compliance of a provider of balancing capacity with the requirements set by the transmission system operators;
7. ‘vulnerable customer’ means a household in which a person lives who, due to their social situation and/or health condition, is granted the right to use the network and/or the supply of electricity, gas or heat under special conditions;
8. ‘early warning’ means a provision of concrete, serious, reliable information indicating that an event may occur which is likely to result in a significant deterioration of the electricity supply situation and is likely to lead to electricity crisis;
9. ‘available balancing capacity’ means the volume of balancing power that may be available to the transmission system operator by a generation unit for dispatching or by the load for dispatching, in the course of the dispatching interval;

‘capacity allocation’ means the attribution of cross-zonal capacity;

1. ‘regional TCMs’ are conditions, regulations and methodologies developed and proposed for approval by the transmission system operator and/or NEMO of a specific region and approved by all regulatory bodies of the affected region, ECRB or ACER in accordance with this Law;
2. ‘capacity calculation region’ means the geographic area in which the mutually coordinated capacity calculation of cross-border transmission capacities is applied and to which the Republic of North Macedonia belongs;
3. ‘system operation regions’ means regions that include transmission system operators, a trading zone, trading zone borders, regions of coordinated capacity calculation and a region for coordination of unavailability of power plants and elements;
4. ‘Regional Coordination Center’ is a regional body coordinating the activities of electricity transmission system operators in the relevant system operation region;
5. ‘regulatory authority’ is an independent and sole regulatory body that regulates and controls the manner of performing energy activities under this Law;
6. ‘regulated period’ is a period determined by the Energy Regulatory Commission for which a regulated maximum income, i.e. a regulated maximum tariff required for performing regulated energy activities is determined for an entity performing regulated energy activities;
7. ‘regulated energy activity’ is an energy activity that is carried out in accordance with the conditions, manner and, if justified, in accordance with prices and tariffs prescribed, i.e. approved by the Energy Regulatory Commission, in accordance with the public service obligation under this Law;
8. ‘redispatching’ means an interim measure of changes in the generation and/or load pattern of the system, in an upward or downward direction, which is activated by the transmission system operator or by the distribution system operator, in order to change the physical energy flows of the system and to remove congestion or otherwise enable safe operation of the system;
9. ‘reserve power’ means the amount of power reserves intended for frequency maintenance, frequency restoration or replacement, which should be available to the transmission system operator;
10. ‘reserve capacity’ means the amount of frequency containment reserves, frequency restoration reserves or replacement reserves that needs to be available to the transmission system operator;
11. ‘cybersecurity’ means the ability of the network and information systems forming an integral part of the energy transmission and distribution systems and of the systems for managing electricity generation facilities, to defend themselves, at a defined level of security, against attacks and incidents that violate the confidentiality, integrity, authenticity and availability of data processed in these systems or of the related services provided or accessed through these networks and systems;
12. ‘self-dispatch model’ means a scheduling and dispatching model where the generation schedules and consumption schedules as well as dispatching of power-generating facilities and demand facilities are determined by the scheduling agents of those facilities;
13. ‘security of electricity or gas supply’ means the ability of the electricity system or gas transmission system to supply customers with electricity or gas, with a clearly defined level of system characteristics and quality of service;
14. ‘gas distribution system’ means a network of low-pressure and medium-pressure gas pipelines, other equipment and facilities, as well as operational reserves;
15. ‘heat distribution system’ means an energy system for the distribution of heat energy in a specific area or fraction of an area of ​​a local self-government unit;
16. ‘gas transmission system means a gas transmission pipeline system owned and operated by a gas transmission system operator and consisting of high-pressure gas pipelines, operational reserve and other equipment and facilities that constitute an integral part of the gas transmission system;
17. ‘gas system services’ means services necessary for the operation of the gas transmission system or the gas distribution system in order to ensure secure and reliable operation and management of the systems, defined in the relevant network codes;
18. ‘electricity system services’ means services that are necessary for the secure and stable operation of the electricity transmission system, such as: operational reserve for frequency and exchange power regulation, voltage regulation, ability for independent commissioning and other;
19. ‘non-frequency ancillary service’ means a service used by a transmission system operator or distribution system operator for steady state voltage control, fast reactive current injections, inertia for local grid stability, short-circuit current, black start capability and island operation capability referring to the electricity transmission system;
20. ‘energy storage’ means, in the electricity system, deferring the final use of electricity to a moment later than when it was generated, or the conversion of electrical energy into a form of energy which can be stored, the storing of such energy, and the subsequent reconversion of such energy into electrical energy or use as another energy carrier;
21. ‘gas storage facility’ means a facility or plant that allows storage of gas and is owned and/or managed by a legal entity engaged in gas trading, including the part of the liquefied natural gas facilities used for storage, which does not include the part used for production and the capacities reserved by the gas transmission system operator that are used exclusively to meet its needs;
22. ‘electricity storage’ means a plant (system) or facility that enables storage of energy in the electricity system by charging it from the electricity transmission or distribution network or directly from a power plant and its subsequent use as electricity or as another energy carrier;
23. ‘electricity and gas supply’ means the sale, including resale, of electricity and gas to customers;
24. ‘gas supplier of last resort’ means a gas supplier that provides a public service of gas supply to customers for a limited period of time and in the cases determined by this Law;
25. ‘electricity supplier of last resort’ means an electricity supplier designated in accordance with the provisions of this Law, which provides the public service of electricity supply to customers, except small customers and households, for a limited period of time and in the cases determined by this Law;
26. ‘energy supplier’ means a licensee who supplies energy to customers and who may engage in energy trade;
27. ‘matched orders’ means all buy and sell orders matched by the price coupling algorithm or the continuous trade matching algorithm;
28. ‘matching’ means the trading mode through which sell orders are assigned to appropriate buy orders to ensure the maximisation of economic surplus for single day-ahead or intraday coupling;
29. ‘specific balancing product’ means a balancing product different from a standard balancing product;
30. ‘single intraday coupling’ means the continuous process where collected orders are matched and cross-zonal capacity is allocated simultaneously for different bidding zones in the intraday market;
31. ‘single day-ahead coupling’ means the determination of the price of electricity and the establishment of an implicit mechanism for allocation of cross-border electricity transmission capacities in bidding zones, with simultaneous matching of trading orders received day-ahead from each bidding zone, respecting the interconnecting transmission capacities between zones and the restrictions on their allocation between bidding zones;
32. ‘market coupling’ means the integration into a single day-ahead and/or intraday electricity market in the Republic of North Macedonia with one or more electricity markets from neighbouring countries or the region, through a price coupling mechanism and implicit allocation of cross-border electricity transmission capacities;
33. ‘random outage’ means an identified and possible or already occurred fault of an element, including not only transmission system elements, but also significant network users and distribution network elements, if relevant for the operational security of the transmission system;
34. ‘standard balancing product’ means a harmonised balancing product defined by all transmission system operators for the exchange of balancing services;
35. ‘charging station’ means a device for charging one electric vehicle at a given time or replacing the battery of an electric vehicle;
36. ‘strategic reserve’ means mechanism used by the transmission system operator to provide power, whereby the provided power is not offered on the electricity market, but it is used only if market participants have not offered quantities of electricity sufficient to meet short-term demand;
37. ‘structural congestion’ means congestion in the transmission system that is capable of being unambiguously defined, is predictable, is geographically stable over time, and frequently reoccurs under normal electricity system conditions;
38. ‘scenario’ means the forecasted status of the power system for a given time-frame;
39. ‘tariff’ means the price of the service provided by the entities performing regulated energy activities for transmission, organization and management of the market and distribution of electricity or gas, established according to the regulations for establishing prices and tariff systems of the Energy Regulatory Commission, in accordance with this Law;
40. ‘tariff system’ means a regulation determining the elements for formation of tariffs for individual regulated energy services, as well as for determining the elements for calculation of the sales prices for electricity by the universal supplier and the supplier of last resort and for the sale price for gas by the gas supplier with a public service obligation;
41. ‘energy transit’ means the transfer, i.e. transport of energy carried out through the territory of the Republic of North Macedonia, which originates from another country and is intended either for that other country or for a third country;
42. ‘transaction’ means an agreement concluded between market participants for the purchase or sale of certain quantities of power, electricity and system services in a certain period of time;
43. ‘trader’ is a person who purchases energy for the purpose of further sale;
44. ‘electricity trade’ means one or more matched orders;
45. ‘trade in compressed gas, liquefied gas and hydrogen’ means the purchase and/or sale of compressed gas, liquefied gas and/or hydrogen to traders and consumed in the Republic of North Macedonia and another country;
46. ‘TCMs’ means pan-European, regional or national terms, conditions and methodologies applied or developed by the transmission system operator and/or NEMO and approved by the Energy Regulatory Commission, ECRB or ACER, regulated by this Law and the by-laws adopted on the basis of this Law (Terms and conditions or methodologies).
47. ‘universal electricity supply service’ means the right of all households and small customers to be supplied with electricity of a specified quality at reasonable, clearly comparable, transparent and non-discriminatory prices;
48. ‘demand-side management’ means a change in the demand for electricity or gas by final customers relative to their usual or current demand pattern in response to market signals, including in response to time-varying electricity or gas prices or incentive payments, or in response to the acceptance of an offer by the final customer to reduce or increase their electricity or gas consumption, independently or through aggregation;
49. ‘flexibility service’ means any system service that increases the ability of the electricity transmission or distribution system operator to maintain the system in a state of operational balance, in conditions of variability and instability of sources of renewable energy;
50. ‘balancing services’ means leased reserve power and activated electricity, which the transmission system operator uses to balance the system;
51. ‘market participant’ means a person who buys and/or sells, directly or through an intermediary, electricity or gas on one or more markets, including balancing energy and system services markets, who produces electricity or gas, who trades or supplies electricity or gas or who consumes electricity or gas for its own needs, who is engaged in aggregation or who offers energy or gas storage or demand management services or who is an operator of demand response or energy storage services, including by placing trading orders;
52. ‘physical congestion’ means any network situation where forecasted or realised power flows violate the thermal limits of the elements of the grid and voltage stability or the angle stability limits of the power system;
53. ‘physical schedule’ means a document submitted to the electricity market operator and the transmission system operator by the balance responsible party with a defined hourly schedule of electricity generation, consumption and exchange, including cross-border transactions for a specific day, in accordance with bilateral contracts between market participants;
54. ‘final energy consumption’ means all energy supplied to energy sector by all customers (households, industry, agriculture, transport);
55. ‘market coupling operator (MCO) function’ means the task of matching orders from the day-ahead and intraday markets for different bidding zones and simultaneously allocating cross-zonal capacities;
56. ‘horizontally integrated undertaking’ means an electricity undertaking performing at least one of the functions of generation for sale, or transmission, or distribution, or supply, and another non-electricity activity;
57. ‘horizontally integrated electricity undertaking’ means an electricity undertaking that carries out at least one of the activities of generation, transmission, distribution, or supply of electricity, and carries out another non-electricity activity;
58. ‘fully integrated network components’ means network components that are integrated in the transmission or distribution system, including storage facilities, and that are used for the sole purpose of ensuring a secure and reliable operation of the transmission or distribution system, and not for balancing or congestion management;
59. ‘imbalance settlement price’ means a price that may be positive, equal to zero or negative in any period of calculation of the imbalance in any direction;
60. ‘central counter party’ means the entity or entities with the task of entering into contracts with market participants, by novation of the contracts resulting from the matching process, and of organising the transfer of net positions resulting from capacity allocation with other central counter parties or shipping agents;

Energy Activities

Article 4

(1) Energy activities shall be the following:

1. electricity transmission;

2. administration and control of the electricity bilateral contracts market;

3. electricity distribution;

4. natural gas transmission;

5. administration and control of the natural gas market;

6. gas distribution;

7. regulated heat production;

8. distribution of heat;

9. supply of heat;

10. management of an organized electricity market;

11. electricity generation;

12. heat production;

13. combined electricity and heat production;

14. electricity storage;

15. natural gas storage;

16. electricity supply;

17. electricity trade;

18. natural gas supply;

19. natural gas trade;

20. production of biomethane;

21. production of hydrogen;

22. crude oil processing and petroleum derivative production;

23. biofuel production;

24. production of fuels for transport by blending petroleum derivatives and biofuels;

25. filling and sale of pressure vessels with liquefied petroleum gas;

26. trade in compressed gas, liquefied gas and hydrogen;

27. transport of crude oil through oil pipelines;

28. transport of petroleum derivatives through product pipelines and

29. wholesale in crude oil, petroleum derivatives, biofuels and fuels for transport.

(2) Activities referred to in paragraph (1) of this Article shall be carried out in accordance with this Law, other laws and regulations, as well as the regulations and rules adopted on the basis of this Law and the conditions for performing the activity specified in the issued license for performing the relevant energy activity.

(3) Activities referred to in paragraph (1) of this Article may be carried out by domestic and foreign entities on the basis of a license for performing the relevant energy activity issued by the Energy Regulatory Commission or in another manner determined by this Law.

(4) Entities carrying out the energy activities referred to in paragraph (1), items 1 to 10 of this Article, shall be obliged to provide a public service when performing the activity in a manner and under conditions determined by this Law (hereinafter referred to as: regulated energy activities).

Separate Accounting

Article 5

(1) For the purpose of preventing discriminatory behavior, cross-subsidization and distortion of competition in cases where an undertaking, regardless of its ownership and legal form, performs one or more regulated energy activities or performs one or more regulated energy activities and another energy activity or another activity or performs one or more unregulated energy activities and another activity, it shall be obliged to:

1. keep separate accounting for each individual regulated energy activity it carries out;

2. keep separate accounting for unregulated energy activities and other activities it carries out; and

3. prepare separate financial statements for the energy activity for which it is obliged to provide a public service, if, in accordance with this Law, it has been granted compensation for the provision of services of general economic interest in accordance with the state aid regulations.

(2) The undertaking referred to in paragraph (1) of this Article shall be obliged to keep a copy of the documents referred to in paragraph (1) of this Article at its registered office and to make them available for inspection by the Energy Regulatory Commission.

(3) In addition to the obligations specified in paragraphs (1) and (2) of this Article, the undertaking carrying out regulated energy activity shall be obliged to prepare audited annual financial statements for each regulated energy activity separately, to submit them to the Energy Regulatory Commission and to publish them on its website. For unregulated energy and other activities, the financial statement submitted to the Energy Regulatory Commission may be provided in consolidated form. Financial statements shall be prepared in accordance with financial reporting and auditing regulations.

(4) Energy Regulatory Commission may prescribe an obligation for undertakings carrying out regulated energy activities to keep, publish and submit other statements, accounts and records and prescribe their form and content.

Market-Based Supply Prices

Article 6

(1) Electricity suppliers shall determine the price at which they supply electricity to customers independently.

(2) As an exception to paragraph (1) of this Article, upon a proposal of the Ministry, and after previous opinion obtained from the ministry competent for matters in the field of social protection, the Government may adopt a decision obliging the universal supplier to supply households falling into the category of vulnerable customers and households affected by energy poverty, at prices lower than the prices determined by applying the regulations and methodologies referred to in Article 61, paragraph (1), item 4 of this Law.

(3) The Ministry, in cooperation with the ministry competent for social protection, shall adopt a Methodology for Measuring the Energy Poverty Level in the Republic of North Macedonia.

(4) When adopting the decision referred to in paragraph (2) of this Article, the following shall be taken into account:

1. the requirements for ensuring the general economic interest not to be exceeded;

2. prices to be clearly defined, transparent, non-discriminatory and easily verifiable, with price verification being carried out by the Energy Regulatory Commission;

3. guaranteeing equal access to energy operators by the counter parties of the Energy Community and the European Union’s Member States to customers in the Republic of North Macedonia;

4. application of prices should be time-limited and appropriate to the user needs;

5. additional costs for market participants not to be created in a discriminatory manner, and

6. results obtained from the Methodology for Measuring the Energy Poverty Level applied in the Republic of North Macedonia.

(5) In order to protect the general economic interest, for the needs of the transition period, in which effective competition for electricity supply contracts between suppliers should be established, and to achieve fully effective market-based retail pricing of electricity, the Government may decide that households that do not fall into the category of vulnerable customers and small customers that, in accordance with the Company Law, fall into the category of micro-traders, shall be supplied by the universal supplier or another supplier at prices lower than the prices determined by applying the regulations and methodologies referred to in Article 61, paragraph (1), item 4 of this Law.

(6) When adopting the decision referred to in paragraph (5) of this Article, the conditions referred to in paragraph (4) of this Article shall be taken into account, whereby the prices shall:

1. be defined based on a methodology developed by the Energy Regulatory Commission ensuring non-discriminatory treatment for all suppliers;

2. be defined above the cost of electricity on the electricity market in order to enable effective competition;

3. not cause negative impact on the wholesale electricity market;

4. ensure that all price users have the opportunity to choose a competitive market offer and are informed quarterly about the offers and opportunities for savings on the competitive retail electricity market, in particular about dynamic price electricity supply contracts and the use of market-based offers, as well as about the possibility of using smart metering devices and technical assistance for their installation and

5. not lead to cross-subsidization between customers who are supplied at market prices and customers who are supplied at prices determined in accordance with paragraph (2) of this Article.

(7) The decision referred to in paragraph (5) of this Article shall contain measures for achieving efficient competition in the retail electricity market and a method for assessing the progress achieved with the implementation of the measures.

(8) The users determined by the decision referred to in paragraphs (2) and (5) of this Article who are not covered by the decision referred to in Article 186 paragraph (2) of this Law, shall be informed about the possibility of installing smart metering devices, and the necessary technical assistance shall be provided by the operator of the relevant electricity system, and the costs of installing smart metering devices shall not exceed the costs specified in Article 188 paragraph (3) of this Law.

(9) In the events referred to in paragraphs (2) and (5) of this Article, upon a previous opinion obtained from the Energy Regulatory Commission and the Commission for Protection of Competition in accordance with the state aid regulations, the Government may grant the universal supplier and other supplier a compensation for providing a service of general economic interest in an amount not exceeding the costs of providing the service, if the price established in accordance with Article 61 paragraph (4) of this Law fails to cover the costs of providing the service.

(10) The Government shall notify the Energy Community Secretariat of the measures contained in the decisions referred to in paragraphs (2) and (5) of this Article, within one month of the adoption of the decision, stating in the notification the reasons for adopting the decision and the measures’ impact on competition in the electricity market, the manner of determining prices, the duration of the measures, the scope of customers and the number of customers from the household category to which the measures apply.

(11) If the Government decides to apply universal supply in accordance with paragraph (5) of this Article, it shall submit a report to the Energy Community Secretariat on compliance with the conditions set out in paragraph (6) of this Article, including the impact of regulated prices on the supplier’s financial situation.

Public Service

Article 7

(1) Upon a proposal of the Ministry or the local self-government units and upon a previous opinion received from the Energy Regulatory Commission and an opinion or decision of the Commission for Protection of Competition, the Government may adopt a decision imposing an obligation on an entity carrying out an unregulated energy activity to provide a public service within a certain period of time.

(2) The purpose of the public service is to provide:

1. security, including security of supply;

2. regularity, quality and price of supply;

3. efficient and cost-effective use of natural resources intended for energy generation;

4. improvement in energy efficiency;

5. greater use of energy from renewable sources or

6. environmental protection and climate change mitigation.

(3) The decision referred to in paragraph (1) of this Article, must clearly define the public service obligation, in non-discriminatory manner, to be easily verifiable and to guarantee equal access of customers to the public service, not to distort the competition on the market in the Republic of North Macedonia, in the region and in the European Union, except to the extent necessary for the achievement of the general economic interest, as well as to determine the financial, technical and personnel requirements that must be met by the provider of the unregulated energy activity on which the public service obligation is imposed.

(4) If the purpose of imposing a public service obligation relates to the price of the supply, the requirements referred to in Article 6 paragraph (4) of this Law shall be taken into account when adopting the decision referred to in paragraph (1) of this Article.

(5) The Ministry shall immediately notify the Energy Community Secretariat of the decision referred to in paragraph (1) of this Article, as well as of the possible impacts on the operation of the electricity or gas market, and shall notify it every two years of the need to extend the obligation to provide a public service.

(6) The entity carrying out energy activity on which the obligation to provide a public service has been imposed by the decision referred to in paragraph (1) of this Article shall be granted with compensation for the provision of a service of general economic interest in a transparent and non-discriminatory manner in accordance with the state aid regulations, which shall compensate the entity carrying out energy activity for its losses, taking into account the opinion or decision of the Commission for Protection of Competition.

(7) In the license for carrying out an energy activity of the entity carrying out an unregulated energy activity referred to in paragraph (1) of this Article, the Energy Regulatory Commission shall specify the conditions and manner for fulfilling the obligation to provide a public service determined in the decision referred to in paragraph (1) of this Article, and in particular the scope and content of the public service, the area in which the public service is provided, as well as the duration and necessary quality of the service in fulfilling the public service obligation.

(8) The Energy Regulatory Commission shall, at least once a year, publish a report comparing the prices at which the public service is provided and the prices on the relevant energy market and submit it to the Commission for Protection of Competition and the Customer Protection Council. The report shall contain an assessment of the impacts of fulfilling the public service obligation on competition in the relevant energy market.

Universal Service

Article 8

(1) In order to exercise the right of households and small customers to universal service in the electricity supply (hereinafter referred to as: universal service), the Government shall choose an electricity supplier that provides universal service (hereinafter referred to as: universal supplier).

(2) The universal supplier shall be chosen for a period of five years.

(3) At least nine months before the expiry of the period for which the universal supplier has been chosen or appointed, the Energy Regulatory Commission shall submit to the Ministry a prepared analysis of the situation on the electricity market, which shall, *inter alia*, take into account the cost recovery on the basis of which it proposes:

1. criteria for determining the ability to choose the most favorable qualified bidder and

2. criterion for choosing a universal supplier.

(4) Upon a proposal of the Ministry and taking into account the analysis referred to in paragraph (3) of this Article, the Government shall adopt a decision to implement a procedure for choosing a universal supplier. The regulations governing the procurement of public services shall be applied appropriately in the procedure.

(5) The decision referred to in paragraph (4) of this Article shall determine:

1. criteria from paragraph (3) of this Article and

2. deadline for adopting a decision to choose the most favorable bidder or to discontinue the procedure.

(6) Bids may be submitted in the procedure for choosing a universal supplier by holders of an electricity supply license issued by the Energy Regulatory Commission or entities registered in the register of foreign persons maintained by the Energy Regulatory Commission who may perform energy activities in the Republic of North Macedonia.

(7) In the event that, after the implementation of the procedure, a universal supplier has not been chosen, the Government shall, within 30 days from the date of finality of the decision, to discontinue the procedure, initiate a new procedure for selecting a universal supplier.

(8) If the second procedure fails, the Government shall, upon a proposal of the Ministry and after receiving an opinion from the Energy Regulatory Commission, adopt a decision to appoint a universal supplier.

(9) The chosen, i.e. designated universal supplier shall at the same time be a supplier of last resort.

(10) When supplying customers referred to in paragraph (1) of this Article, the universal supplier shall be obliged to ensure adequate quality of supply and to apply reasonable, clear, easily comparable, transparent and non-discriminatory prices for electricity established by the regulation adopted pursuant to Article 61 paragraph (1) item 4 of this Law.

(11) In addition to the obligations referred to in paragraph (10) of this Article, the universal supplier shall be obliged to:

1. supply vulnerable customers and customers in remote areas, in accordance with the measures contained in the programme referred to in Article 10, paragraph (4) of this Law;

2. inform customers on and publish on its website the rights and conditions under which customers may be supplied by the universal supplier, the prices for electricity supply and the procedure for exercising the right to change supplier;

3. inform customers about changes in supply conditions and the price of electricity and

4. implement an electricity procurement procedures in accordance with the rules for electricity procurement for the universal supplier adopted by the Energy Regulatory Commission.

(12) Energy Regulatory Commission shall, every two years, conduct an analysis of the electricity prices at which the universal supplier supplies households and small customers. Energy Regulatory Commission shall submit the analysis report to the Commission for Protection of Competition, the Customer Protection Council and the Energy Community Secretariat.

(13) Customers referred to in paragraph (11) item 1 of this Article may be supplied with electricity from another supplier, in addition to the universal supplier.

Supply of Last Resort

Article 9

(1) In order to ensure the right of customers to a reliable, regular and quality supply of electricity and gas at prices determined in accordance with the regulations and methodologies referred to in Article 61, paragraph (1), item 4 of this Law, the Government shall, under the conditions, manner and procedure determined by this Law, choose:

1. natural gas supplier of last resort in accordance with Article 232 of this Law and

2. electricity supplier of last resort in accordance with Article 8 of this Law.

(2) Energy supplier of last resort or natural gas supplier of last resort shall be obliged to supply customers who are left without a supplier in the event that:

1. the previous supplier has ceased to fulfill its supply obligations under existing electricity or natural gas supply contracts;

2. the previous supplier is unable to supply because a bankruptcy procedure with personal administration or at a request of a creditor has been initiated against it or a liquidation procedure has been initiated against it;

3. the customer has not entered into a new electricity or natural gas supply contract after the existing supply contract has been terminated or has expired;

4. the previous supplier's license has been suspended, permanently revoked or has ceased to be valid, or

5. the previous supplier has been suspended or its contract for participation in the electricity market or the gas market has been terminated.

(3) In the cases referred to in paragraph (2) of this Article, if the electricity customer is a household or a small customer, they may request to be supplied by the universal supplier.

(4) An electricity customer who is connected to the electricity transmission system and is a participant in the wholesale electricity market shall not be entitled to be supplied by a supplier of last resort, unless the customer has an obligation to provide a service of public interest.

(5) Electricity supplier who is unable to supply due to the cases referred to in paragraph (2), items 1 and 2 of this Article, shall be obliged to, within the deadline set by the relevant supply rules, notify the supplier of last resort, its customers, the Energy Regulatory Commission, as well as the electricity or natural gas transmission and distribution system operators of the day on which it shall cease to supply.

(6) When the supplier is unable to supply due to the cases referred to in paragraph (2) item 4 of this Article, the Energy Regulatory Commission shall publish a notice on its website:

1. at least 15 days before the effective date of the decision to terminate the license or

2. at least three days before the effective date of the decision to suspend or permanently revoke the license.

(7) Electricity supplier who has not entred into a new supply contract after the termination of the existing supply contract due to the event specified in paragraph (2) item 5 of this Article, shall be obliged to, within the deadline set by the relevant supply rules, notify the supplier of last resort, as well as the electricity or natural gas transmission and distribution system operators, of the day and hour when the supply of electricity or natural gas shall cease.

(8) The contract to supply electricity or natural gas of last resort shall be deemed concluded on the day when the conditions for exercising the right to supply of last resort from paragraph (2) of this Article are met.

(9) Supply of last resort shall commence on the day of cessation of supply by the previous supplier.

(10) Electricity or gas supply of last resort cannot last longer than 90 days.

(11) The supplier of last resort shall sell electricity or gas at prices established in accordance with the regulation referred to in Article 61, paragraph (1), items 4 and 5 of this Law, which it shall publish on its website and update at least once a month.

(12) The supplier of last resort shall be entitled to request an instrument to secure payment. If, upon request of the supplier, the customer fails to provide an instrument to secure payment, the supplier shall be entitled to terminate the contract unilaterally and without consequences.

(13) If the customer who is supplied through a supplier of last resort does not enter into a supply contract with a new electricity or natural gas supplier within the period specified in paragraph (10) of this Article, the electricity or natural gas transmission or distribution system operator shall be obliged to terminate the supply to the affected customer.

(14) The supplier of last resort shall publish information on its website at least once a year in connection to:

1. the number of custumers it supplies;

2. the total quantity of electricity or natural gas delivered and the balancing costs;

3. the average supply period and

4. prices and methods of purchasing electricity or natural gas.

(15) Electricity or natural gas transmission or distribution system operator shall submit information to the supplier of last resort for customers who have started with last resort supply within five days from the date of the notification referred to in paragraphs (5) and (6) of this Article.

Protection of Vulnerable Customers

Article 10

(1) Vulnerable energy customer is a customer from the household category:

1. which is in a state of energy poverty, i.e. the household's inaccessibility to basic energy services that provide acceptable standards of living and health, including adequate heating, hot water, cooling, lighting and energy to power household appliances and the inability to implement energy efficiency measures due to low income, as well as the high share of energy costs in the total household income;

2. which is located in a remote area;

3. in which lives a person whose health condition is maintained with the help of devices that consume energy or who are immobile or difficult to move;

4. who are entitled to disability compensation or are beneficiaries of guaranteed minimum assistance and beneficiaries of social security for the elderly, determined in accordance with law or

5. in which the only income comes from a pension beneficiary, the amount of which is lower than the amount of the average pension in accordance with the law.

(2) The number of vulnerable customers shall be determined based on the criteria referred to in paragraph (1) of this Article. The number of vulnerable customers determins shall be taken into account when determining the measures to reduce energy poverty in the Integrated National Energy and Climate Plan.

(3) The protection of vulnerable customers shall be ensured through financial and non-financial measures determined and granted in accordance with this or another law, whereby:

1. the financial measures consist of granting direct compensation beyond the supply price for ensuring minimum energy needs for the purpose of:

1.1. home heating or

1.2. covering part of the energy costs in certain periods of the year or

1.3. replacement of existing and procurement of new energy-efficient devices and equipment intended for lighting, heating, cooling and provision of sanitary hot water or

1.4. procurement of products and services to improve the energy performance of buildings or

1.5. connection to energy networks;

2. non-financial measures consist of:

2.1. enabling access of the vulnerable customer's devices to energy networks necessary to meet minimum energy needs, including a ban on disconnecting the vulnerable customer from the relevant energy network in accordance with the supply rules and

2.2. providing advice and information to customers on the procedures and costs of accessing energy networks.

(4) By 31 December of the current year, upon a proposal of the Ministry, and upon a previous opinion received from the Energy Regulatory Commission, the Government shall adopt an annual programme on protection of vulnerable energy customers for the following year. The programme shall be prepared by the Ministry in cooperation with the ministry competent for social protection and shall, *inter alia*, determine:

1. customers who fall into the category of vulnerable customers, including a precise determination of the state of energy poverty;

2. measures to be taken to protect vulnerable energy customers, including energy consumption subsidies intended for households not provided for by the energy consumption subsidy programme in accordance with social protection regulations;

3. measures for energy saving and improving energy efficiency;

4. the manner of implementing the measures and the competent authorities responsible for their implementation;

5. measures taken by energy distribution system operators;

6. measures to be taken by the supplier with an obligation to provide a public service, i.e. universal service in the supply of energy and

7. the funds and sources of financing necessary.

(5) The measures from the programme referred to in paragraph (4) of this Article must not distort competition and hinder the efficient operation of the electricity, gas and heat markets and must not lead to cross-subsidization between certain categories of customers.

(6) The Government shall report every two years to the Energy Community Secretariat on the implementation of the measures from the programme referred to in paragraph (4) of this Article.

(7) The rules governing energy distribution, energy supply and handling of complaints adopted or approved by the Energy Regulatory Commission shall establish special measures and procedures for protection and promotion of the rights of vulnerable customers with regard to the connection of the vulnerable customer's facility to energy networks, the terms and conditions of supply contracts and the handling of complaints.

(8) The Ombudsman of the Republic of North Macedonia shall protect the rights and interests of electricity, gas and heat customers in a manner and procedure established by law.

SECTION TWO

ENERGY POLICY

Energy Policy Objectives

Article 11

(1) The energy policy shall ensure:

1. reliable, safe and quality supply of all types of energy to customers;

2. stability, competitiveness and economic functionality of the energy sector;

3. efficient provision of services and protection and promotion of customer rights;

4. reducing energy poverty and protecting vulnerable customers;

5. integration of the energy markets of the Republic of North Macedonia into regional and international energy markets;

6. using energy sources in a manner ensuring sustainable energy development;

7. improvement in energy efficiency;

8. reducing the use of fossil fuels for energy generation;

9. encouraging the use of renewable energy sources;

10. compliance with regional development policies;

11. appropriate use of degraded land;

12. protection of public health, the environment and mitigation of climate change from the harmful impacts arising out of the performance of energy activities, and

13. fulfilment of the obligations of the Republic of North Macedonia arising out ratified international treaties.

(2) In order to achieve the goals of energy policy, the competent state authorities and energy system operators of the Republic of North Macedonia shall cooperate with scientific, educational and professional institutions and organizations, competent authorities and bodies, entities or legal entities of other countries, as well as with the authorities and bodies at the regional and international level established by ratified international treaties.

Article 12

(1) Energy policy is determined in the Energy Development Strategy (hereinafter: Strategy), which is adopted by the Government upon the proposal of the Ministry.

(2) The Strategy shall determine the following:

1. long-term objectives for the development of individual energy activities to ensure security of supply of various types of energy;

2. priorities for development of the energy sector;

3. priorities in interconnecting the energy systems of the Republic of North Macedonia with the energy systems of other countries;

4. integration of the energy markets of the Republic of North Macedonia into regional and international energy markets;

5. determination and use of energy resources and capacities of strategic interest to the state;

6. sources of and methods for providing the necessary quantities of energy;

7. long-term forecasting of investment needs in generation, transmission and distribution capacities and storage facilities in order to meet energy needs;

8. manner of implementing the planned investments and securing the necessary financial resources;

9. potential of energy from renewable sources, including energy storage capabilities, as well as measures to support the use of energy from renewable sources, with the aim of increasing the share of energy generated from renewable sources in gross final energy consumption;

10. energy efficiency measures and measures to stimulate their implementation;

11. measures reducing the use of fossil fuels for energy generation;

12. conditions and methods for ensuring environmental protection and climate change mitigation, as well as measures for implementation of the protection;

13. encouraging competition in energy markets;

14. customer protection and

15. other elements of importance for the development of the energy sector of the Republic of North Macedonia.

(3) The strategy shall be adopted for a period of at least 20 years, with special emphasis on the first 10 years.

(5) The Ministry shall monitor the implementation of the Strategy and every three years, no later than December 31 of the third year, shall prepare a report with proposed amendments, which shall be submitted to the Government.

(6) If, from the reports, the Ministry assesses that the development direction of the energy sector is inappropriate and does not follow the guidelines of the Strategy and the Integrated National Energy and Climate Plan, it shall propose to the Government adoption of a new strategy.

(7) The Strategy shall be aligned with the objectives and priorities set out in the National Development Strategy of the Republic of North Macedonia, the Long-Term Climate Action Strategy of the Republic of North Macedonia, as well as the obligations arising out of ratified international treaties.

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

(9) The funds necessary for the preparation of the Strategy shall be provided from the Budget of the Republic of North Macedonia (hereinafter: the Budget), as well as from grants or donations.

(10) In the event of significant changes in the obligations undertaken by the Energy Community or the European Union, the Strategy shall be revised and updated, thus ensuring compliance of the national energy policy with regional and European standards and objectives.

Integrated National Energy and Climate Plan

Article 13

(1) The Government, upon a proposal from the Ministry, shall adopt a decision to pass the Integrated National Energy and Climate Plan for a period of at least 10 years, with a long-term projection for an additional 20 years.

(2) The Integrated National Energy and Climate Plan shall be prepared by the Ministry, taking into account the energy policy established in the Strategy referred to in Article 12 of this Law, in cooperation with the ministry competent for environmental affairs, ensuring the participation of:

1. other entities at national and local level, including scientific, educational and expert institutions and other organizations, and

2. authorities and bodies at regional and international level, including the Energy Community Secretariat.

(3) The Ministry shall conduct public consultations on the Draft Integrated National Energy and Climate Plan and shall compily a summary of the conducted consultation process, which it shall submit it to the Energy Community Secretariat together with the Draft Integrated National Energy and Climate Plan.

(4) The Ministry shall take into account the recommendations of the Energy Community Secretariat and shall publish on its website the reasons for deviation from the recommendations.

(5) Integrated National Energy and Climate Plan shall, in particular, contain:

1. an overview of the adoption process, consisting of summary, description of the public consultations and stakeholder participation and results of the consultations, as well as the regional cooperation achieved with other Contracting Parties to the Energy Community and Member States of the European Union;

2. description of the national general and quantitative objectives and the indicative trajectory for the five dimensions defined by the European Union acquis, as well as the contribution related to the implementation of the obligations undertaken by the ratified international treaties;

3. description of the policies and measures planned to meet the general and quantitative objectives and contributions referred to in item 2 of this paragraph, based on an analysis of legal, institutional, economic and social constraints to their achievement, as well as measures to address energy poverty;

4. general overview of the investments needed to meet the general and quantitative objectives and contributions referred to in item 2 of this paragraph;

5. description of the current situation of the five dimensions of decarbonisation, energy security, energy efficiency, internal energy market and research, innovation and competitiveness, including the energy system, greenhouse gas emissions and sinks, as well as projections in relation to the general objectives set out in item 2 of this paragraph and the policies and measures already existing;

6. description of the regulatory and non-regulatory obstacles to achieving the general and quantitative objectives or contributions related to energy from renewable sources and energy efficiency;

7. assessment of the planned policies’ and measures’ impact on achieving the general objectives referred to in item 2 of this paragraph, including their consistency with the long-term objectives for reducing greenhouse gas emissions under the Paris Agreement and the Long-Term Climate Action Strategy;

8. baseline scenario with existing measures and a scenario with additional measures that meet the general and quantified national targets and contributions and

9. general assessment of the impacts of planned policies and measures across the European Union’s five dimensions;

10. Annexes providing for the methodologies and policy measures for achieving the energy saving requirement in accordance with national energy saving regulations.

(6) The adopted Integrated National Energy and Climate Plan shall be published in the "Official Gazette of the Republic of North Macedonia", on the websites of the Government, the Ministry, the ministry competent for environmental affairs and shall be submitted to the Secretariat of the Energy Community.

(7) In cooperation with the ministry competent for the affairs in environment and the ministry competent for agriculture, forestry and water management, and, if necessary, other authorities competent for implementation of the Integrated National Energy and Climate Plan, and by using a special electronic platform established by law, the Ministry shall monitor the implementation and shall report on the implementation of all five dimensions of the European Union covered by the Integrated National Energy and Climate Plan every two years for the previous two calendar years, in the electronic platform in accordance with the obligations undertaken within the Energy Community, no later than 15 March of the current year.

(8) Upon a proposal of the Ministry and the ministry competent for environmental affairs, the Government shall adopt a regulation on the manner of submitting the Integrated National Energy and Climate Report on the progress of the status of implementation of the Integrated National Energy and Climate Plan. Integrated National Energy And Climate Report shall contain in particular information and data on:

1. progress achieved in meeting the objectives referred to in paragraph (5) item 2 of this Article, including progress towards the climate neutrality objective, the targets and contributions set out in the Integrated National Energy and Climate Plan, as well as progress in financing and implementing the policies and measures needed to meet them, including a review of actual investments compared to initial investment assumptions;

2. adjustments to the indicative trajectory referred to in paragraph (5) item 2 of this Article;

3. quantification of the impact of policies and measures in the Integrated National Energy and Climate Plan on energy consumption, greenhouse gas emissions, air quality and emissions of pollutants into the air, and

4. policies and measures adopted or planned upon recommendation of the Energy Community Secretariat with a timeframe for their implementation;

5. updated policies and measures, if any;

6. adaptation, and

7. manner of appointing responsible persons who shall submit data and information.

(9) In cooperation with the ministry competent for environmental affairs, the Ministry shall publish on its websites the reports submitted to the Secretariat in accordance with this Article.

(10) If from the notification referred to in paragraph (7) of this Article appears that the achievement of the Integrated National Energy and Climate Plan’s objectives is not in line with the dynamics of the indicative trajectory, the Government shall, by 31 March of the following year, adopt updated policies and measures in line with the Strategy referred to in Article 12 of this Law and enabling achievement of national objectives and contributions in relation to the objectives arising out of ratified international treaties, as well as the efforts made to mitigate all negative impacts on the environment and the indicative trajectory, and shall submit it to the Energy Community Secretariat. Period of application of the updated Integrated National Energy and Climate Plan shall be within the period specified in paragraph (1) of this Article.

(11) If, due to unforeseen circumstances in the energy sector and sectors that affect climate change, it is not possible to achieve the objectives set out in the Integrated National Energy and Climate Plan, the Government shall immediately notify the Energy Community Secretariat thereof.

(12) Taking into account the long-term projection referred to in paragraph (1) of this Article, the Government shall notify the Energy Community Secretariat every 10 years of the adoption of a new integrated national energy and climate plan.

(13) The Government shall update the latest Draft Integrated National Energy and Climate Plan and the latest Integrated National Energy and Climate Plan every 10 years, for which it shall submit a notification or state the justified reasons for not updating the draft plan or plan to the Energy Community Secretariat.

(14) Funds necessary for the preparation of the Integrated National Energy and Climate Plan shall be provided from the Budget, as well as from grants or donations.

Плански енергетски биланс

Article 14

(1) By energy balance as an indicative planning document, the Governement shall determine the total energy needs and the needs of certain types of energy, the possibilities for meeting the needs by domestic production and imports for a period of one year, as well as the greenhouse gas emission factor per MWh generated;

(2) By 31 December of the current year, upon a proposal of the Ministry, and upon a previous opinion received from the Energy Regulatory Commission, the Government shall adopt an energy balance for the following year.

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

(4) The Minister of Energy, Mining and Mineral Resources (hereinafter referred to as: the Minister) shall adopt a Rulebook on Energy Balances and Energy Statistics, which shall prescribe:

1. form, content and method of preparing the energy balance;

2. content, manner and deadline for submitting the data necessary for preparation and monitoring of the energy balances’ implementation;

3. methodology for determining the greenhouse gas emission factor per MWh generated for fossil fuel power plants and average of total electricity generated, and

4. type of data required for preparation and monitoring of the energy balance’s implementation.

(5) For the preparation and monitoring of the energy balance at the request of the Ministry, the state administration bodies and local self-government units, entities carrying out energy activity, as well as energy customers, shall be obliged to submit data necessary for the preparation of the Rulebook on Energy Balances and Energy Statistics, the strategies, programmes and reports on the implementation of the programmes, the adoption of which is provided for by this Law.

Action Plan

Article 15

(1) The Ministry shall prepare an Annual Action Plan for the implementation of the Integrated National Energy and Climate Plan (hereinafter referred to as: Action Plan).

(2) The Action Plan for the dimensions such as: decarbonization, energy security, energy efficiency, internal energy market and research, innovation and competitiveness of the Integrated National Energy and Climate Plan referred to in Article 13 of this Law shall in particular contain specific energy projects for which in the following year:

- preparation of the necessary technical documentation will begin,

- construction will begin, and

- status of projects under construction and expected period for their commissioning.

(3) The Action Plan shall determine the person responsible for the implementation of the specific energy project referred to in paragraph (2) of this Article and the responsible person in the legal entity.

(4) For each of the projects referred to in paragraph (2) of this Article, the action plan shall contain:

-review of the current status of the project, measures that will be taken in the current year, indicating the planning region and/or local self-government unit where the project is planned to be implemented or is being implemented, and

-review of the investments required for preparation of technical documentation, as well as a review of the investments required for construction and conducting supervision.

(5) The Action Plan for a multi-year energy project shall also contain an indicative plan for implementation of the project for the upcoming five years.

(6) For the purposes of preparing the Action Plan, no later than 30 September of the current year, the Ministry shall collect data from the Energy Regulatory Commission, the ministry competent for carrying out the activities in the field of agriculture, the ministry competent for carrying out the activities in the field of construction and spatial planning, the ministry competent for carrying out the activities in the field of environment, the Real Estate Cadastre Agency, the electricity transmission system operator, the electricity distribution system operator, the entities carrying out energy activity, the energy network operators, the electricity market operator and the Association of Local Self-Government Units.

(7) For the purposes of preparing the Action Plan, the Ministry shall involve the local self-government units in the preparation.

(8) The Ministry shall publish the Action Plan for the following year on its website no later than 31 January of the current year.

(9) The Minister shall adopt a Rulebook for Preparation of the Action Plan referred to in paragraph (1) of this Article, which shall prescribe:

1. form, content and manner of preparation of the Action Plan;

2. content and manner for submitting the data necessary for preparation and monitoring of the Action Plan’s implementation;

3. form, content and manner of amending some of the energy projects under the Action Plan.

(10) At the request of the Ministry, the state administration bodies and local self-government units, entities carrying out energy activity, energy netwoek operators, energy producersas well as energy customers, shall be obliged to submit data necessary for the preparation and monitoring of the energy balance and data necessary for preparation of the strategies, programmes and reports on the implementation of the programmes provided for by this Law, at dynamics determined by the Ministry.

(11) Based on changes that have occurred in the current year, and after conducting a quantitative and/or qualitative analysis, the Ministry may amend some of the energy projects under the Action Plan in the current year. Amendments to some of the energy projects shall be published on the Ministry's website.

Municipal Energy Plan

Article 16

(1) Local self-government units, in accordance with the methodology for preparing a municipal energy plan, shall annually prepare a municipal energy plan for the upcoming year, to which the Ministry shall give its consent. The local self-government unit shall submit the prepared municipal energy plan for the upcoming year to the Ministry no later than 15 May of the current year.

(2) The municipal energy plan shall contain in particular:

1. review of measures taken in the previous year and results of implementation of the measures;

2. setting annual objectives in terms of improving energy efficiency and energy use at the level of the local self-government unit;

3. determining the most suitable regions and locations for investments in photovoltaic power plants with an installed capacity of less than 1 MW in cooperation with the Ministry and the electricity distribution system operator;

4. determining infrastructure needs for gas distribution and heating;

5. investments and measures to reduce energy consumption;

6. investments and measures to reduce energy poverty.

(3) An interested investor may submit an initiative for inclusion of energy facilities with an installed capacity of up to 1 MW in the municipal energy plan for the following year by April 1 of the current year.

(4) As an exception to paragraph (3) of this Article, if in the current year there is a greater interest in the construction of energy facilities for production technologies for which the objectives of the Strategy and the Integrated National Energy and Climate Plan have not been achieved, the local self-government unit may prepare a proposal for amending the municipal energy plan, incorporating the initiatives submitted no later than 1 October of the current year, which, upon approval by the Ministry, shall be amended and submitted to the Ministry no later than 15 October.

(5) Local self-government units, in cooperation with the Ministry, shall prepare a cost estimate for the measures envisaged in the municipal energy plan and introduce the determined measures into the Annual Investment Programme of the local self-government unit.

(6) The form and content of the municipal energy plan and the methodology for preparing the municipal energy plan shall be prescribed by the Minister by the means of a rulebook.

(7) The local self-government units and the Ministry shall publish the municipal energy plan for the following year on their website no later than 1 July of the current year.

(8) The local self-government unit and the Ministry shall publish the amended municipal plan referred to in paragraph (4) of this Article on their websites.

(9) The funds necessary for the preparation of the municipal energy plan shall be provided from the Budget of the local self-government units, as well as from grants or donations.

SECTION THREE

SECURITY OF ENERGY SUPPLY, RISK PREPAREDNESS AND ENERGY CRISIS MANAGEMENT

Measures to Ensure Security of Supply

Article 17

(1) Security of supply with the appropriate type of energy shall be ensured in particular through:

1. achieving a balance between supply and demand on the market of the relevant type of energy, including possible substitution with another type of energy, another direction of supply and energy storage;

2. forecasting the level of expected future need for an appropriate type of energy and the possibilities for meeting the forecasted need with available energy sources and capacities;

3. ensuring an adequate level of energy production and storage capacities by implementing measures to build new and upgrade existing capacities;

4. construction of new ones, upgrading and expanding existing ones and ensuring a high quality and high level of maintenance of the transmission and distribution networks of the appropriate type of energy;

5. implementation of measures for efficient use of energy and for reduction or limitation of consumption, determined by this and other laws;

6. improving the level of electricity and gas interconnections;

7. encouraging the implementation of measures to increase the efficiency of energy networks, aggregation and demand-side management;

8. adopting and monitoring the implementation of measures and activities to ensure cybersecurity of the network and information systems forming an integral part of the energy transmission and distribution systems, as well as of the systems for managing electricity production facilities, in accordance with the provisions of this Law, the national cybersecurity strategy and the action plan of the national cybersecurity strategy, as well as other regulations that provide for measures and activities to ensure cybersecurity;

9. using emergency energy supply services with neighbouring countries and security of supply coordination services from the Regional Coordination Center, and

10. application of emergency measures of a temporary nature in the event of inability to deliver an appropriate type of energy, as determined by this Law.

(2) In order to ensure security of supply, at the request of the Ministry, the Government may adopt a decision imposing a public service obligation on electricity suppliers in the Republic of North Macedonia for a certain period of time to procure electricity from domestic production capacities, whereby the share of procured electricity may not exceed 15% of the total electricity needs consumed in the Republic of North Macedonia during the previous year.

(3) In order to ensure a secure and reliable energy supply, state authorities and providers of regulated energy activities shall, within their rights, obligations and competencies determined by this Law, propose measures to the competent authorities and/or undertake measures for which they are competent.

(4) In order to ensure security of supply in conditions of energy crisis, measures may be taken to supply electricity to customers performing activities of public interest, as well as to other customers, only if they are determined by the relevant regulation referred to in Article 45 of this Law.

Security of Supply Notifications

Article 18

(1) Energy Regulatory Commission shall monitor the fulfilment of obligations to ensure security of supply by the entities carrying out regulated energy activities and shall list data and information in the annual report on operations referred to in Article 72 of this Law relating to:

1. operational reliability of the systems, including the application of cybersecurity measures to the network and information systems forming an integral part of the energy transmission and distribution systems, as well as of the systems for electricity generation facilities management;

2. balance between supply and demand in energy markets during the reporting period;

3. levels of expected energy demand, the electricity storage and generation capacities that ensure security of supply, which are under construction or whose construction is planned in the next five years;

4. measures to address the inability of one or more suppliers to cover peak demand and the possibilities for ensuring security of energy supply in the period of five to 10 years after the year for which the report is being prepared;

5. planned investments for the integration of generation capacities and large customers with special reference to investments in the networks necessary for the integration of energy from renewable sources, and

6. planned investments in interconnection capacities for the following 10 years.

(2) No later than 31 July every other year, the Ministry shall prepare and publish a report on the security of electricity supply, which shall be submitted to the Energy Community Secretariat. The report shall include data relating to:

1. balance between supply and demand in the electricity market in the Republic of North Macedonia;

2. level of future demand expected and the additional electricity generation and storage capacities anticipated, which are under construction or planned to be built;

3. quality and level of network maintenance;

4. measures to cover peak consumption and address shortages among one or more customers;

5. principles for congestion management, in accordance with this Law and the regulations adopted on the basis of this Law;

6. all existing electricity transmission and interconnection lines, all planned electricity transmission and interconnection lines for the following 10 years, as well as all ongoing activities for the construction of new electricity transmission and interconnection lines planned for the following five years;

7. expected trends in electricity generation, supply, cross-border exchange and consumption and demand-side management measures;

8. review of adequacy and flexibility for the current year, and

9. national, regional, European and global objectives for sustainable development in accordance with national strategic and planning documents, as well as the obligations of the Republic of North Macedonia undertaken with ratified international treaties.

(3) No later than 31 July every year, the Ministry shall prepare and publish a report on the security of gas supply, which shall be submitted to the Energy Community Secretariat. The report shall include data relating to:

1. balance between supply and demand in the gas market in the Republic of North Macedonia;

2. level of expected future demand and available gas reserves;

3. anticipated additional capacities planned to be built or whose construction is in progress;

4. quality and level of network maintenance;

5. measures to cover peak consumption and address shortages among one or more customers;

6. impact of measures taken to ensure security of gas supply on competition and the position of the various participants in the gas market;

7. duration of long-term gas supply contracts entered into with undertakings established and registered in the Republic of North Macedonia, and in particular their remaining duration, based on information provided by the relevant undertakings, not including commercially sensitive information;

8. degree of liquidity in the gas market;

9. determining measures for fulfilling the supply criterion for certain categories of customers, especially for protected customers referred to in Article 37 paragraph (2) of this Law, and

10. measures to provide appropriate mechanisms to support new investments in gas transmission and distribution systems, in accordance with the provisions of this Law.

Participation in the Resource Adequacy Assessment at the European Union Level

Article 19

The transmission system operator shall submit to ENTSO-E the data necessary for the preparation of the resource adequacy assessment at the European Union level prepared by ENTSO-E (hereinafter: European Assessment), in particular the data on the expected utilization of generation capacities, taking into account the availability of primary energy and the scenarios for the forecast supply and demand of electricity.

Resource Adequacy Assessment in the Republic of North Macedonia

Article 20

(1) The transmission system operator shall prepare an assessment of resource adequacy in the Republic of North Macedonia, which shall be approved by the Ministry and which shall also include regional aspects, applying the methodology for preparing the European Assessment, taking into account:

1. findings contained in the European Assessment, in particular the reference scenarios of projected electricity demand and supply;

2. specifics in electricity supply and demand in the Republic of North Macedonia;

3. economic assessment of the possibilities for permanent or temporary closure of existing and construction of new electricity generation capacities;

4. achieving the objectives for the development of interconnectors;

5. situation with electricity markets in the region;

6. achieving energy efficiency objectives, utilizing energy from renewable sources and reducing greenhouse gas emissions;

7. sensitivity of the system to extreme weather and hydrological conditions, and

8. wholesale electricity prices.

(2) The transmission system operator and the Ministry shall publish the resource adequacy assessment no later than 31 October of each year on their websites.

(3) When preparing the resource adequacy assessment, the transmission system operator shall be obliged to present:

1. list of electricity generation projects for which a decision has been issued for connection to the electricity transmission network, i.e. production capacities that are connected at each point of delivery to the distribution system operators;

2. definition of a central reference scenario for electricity supply and consumption, economic assessment of the possibility of reconstruction and construction of new production capacities, energy efficiency measures, new interconnections, sensitivity to extreme weather conditions, hydrological conditions, as well as electricity price trends;

3. review of historical data on the agreed and actually provided system balancing reserve in the relevant period;

4. methodology for assessing available and necessary reserves for system balancing;

5. assessment of the necessary reserve for balancing the system in the control area;

6. assessment of currently available reserves for balancing the system in the control area;

7. assessment of whether and how many reserves are missing for balancing the system in the event of interconnection of all power plants that are in the process of connection and that use variable renewable energy sources;

8. indicators of the adequacy of production capacities to meet consumption obtained based on the calculation, and

9. conclusion on the risks to safe operation of the electricity system and the need to implement measures to ensure balancing reserves by producers using variable renewable energy sources, in accordance with the law regulating energy from renewable sources.

(4) In preparing the assessment referred to in paragraph (1) of this Article, the possible contribution of power providers, within the capacity mechanism located in a counter party to the Energy Community or a Member State of the European Union, to the security of supply of the bidding zones they cover shall be taken into account, using the methodology for calculating the maximum input capacity for the cross-border participation of power providers of electricity located in a counter party to the Energy Community or a Member State of the European Union, developed by ENTSO-E and approved by ACER.

(5) If the assessment referred to in paragraph (1) of this Article indicates inadequacy of resources in the bidding zone not identified in the European Assessment, the reasons for the deviations between the two assessments shall be stated, including the assumptions and the sensitivity scenarios used. The operator shall notify the Ministry of resource inadequacy, and the Ministry shall submit the assessment to the Energy Community Secretariat.

(6) If, within four months from the date of submission of the assessment referred to in paragraph (5) of this Article, the Ministry receives an opinion from the Energy Community Secretariat and if it deems it necessary, it shall oblige the transmission system operator to amend the assessment referred to in paragraph (1) of this Article. If the Ministry does not accept the opinion in its entirety, it shall prepare a report stating the reasons for the non-acceptance, and publish it together with the opinion of the Energy Community Secretariat and the assessment referred to in paragraph (1) of this Article on its website.

(7) The assessment referred to in paragraph (1) of this Article shall have a regional scope and shall be published on the websites of the Ministry and the electricity transmission system operator.

(8) When preparing the resource adequacy assessment, the Ministry may request data from all stakeholders in the electricity sector.

Plan for Implementing Measures to Eliminate Identified Deficiencies for Secure and Safe Electricity Supply

Article 21

(1) If the European Assessment or the resource adequacy assessment of the Republic of North Macedonia indicates resource inadequacy, the Ministry, in cooperation with the Energy Regulatory Commission and the electricity transmission and distribution system operators, shall identify whether the inadequacy is caused by deficiencies in the applicable regulations or the inadequate operation of the electricity market and, upon proposal by the Energy Regulatory Commission and the electricity transmission system operator, shall adopt and publish a plan for implementing measures to eliminate the identified deficiencies along with a timeframe for implementation of the plan, taking into account in particular the need for:

1. adopting measures to address deficiencies in the current regulations in order to enable adequate electricity generation for own needs, energy storage, demand-side management and energy efficiency;

2. removal of price restrictions on the wholesale electricity market, as well as on the balancing energy market;

introduction of a mechanism for determining the price for the deficit for balancing energy as a complement to the mechanism for settling imbalances and compensating for the costs of purchasing balancing energy;

4. increasing the capacity of the interconnection lines and the electricity transmission network in the Republic of North Macedonia that is available to network users in order to achieve the objectives set out in the Integrated National Energy and Climate Plan;

5. ensuring economically viable and market-based procurement of balancing and system services, and

6. achieving effective competition between suppliers by removing regulated electricity prices under Article 6 of this Law.

(2) The Ministry shall submit the plan referred to in paragraph (1) of this Article to the Commission for Protection of Competition and to the Energy Community Secretariat for an opinion. If the Ministry deems it necessary or upon request from the Energy Community Secretariat, it shall make changes to the plan.

(3) The Ministry shall monitor the implementation of the plan referred to in paragraph (1) of this Article, for which it shall prepare an annual report, which it shall submit to the Energy Community Secretariat no later than 30 days from its preparation.

(4) The plan referred to in paragraph (2) of this Article shall be implemented after the identified deficiencies in the resource adequacy assessment have been eliminated.

Reliability Criterion

Article 22

(1) Before a decision to introduce the capacity mechanism under Article 23 paragraph (1) of this Law is adopted and before the Resource Adequacy Assessment of the Republic of North Macedonia is prepared, the Ministry shall introduce the reliability criterion, which shall transparently demonstrate the required level of security of electricity supply in the Republic of North Macedonia within a period defined by the Ministry.

(2) In the event of a joint bidding zone, when the zone covers the territories of more than one country, the reliability criterion shall be developed in cooperation with the competent institutions of the countries.

(3) Upon the proposal of the Energy Regulatory Commission, the Ministry shall adopt a decision to introduce the reliability criterion.

(4) Reliability criterion calculation shall take into account the values ​​of lost load and the cost of building new capacities for a certain time interval at the least, with the criterion being expressed by the parameters "Expected Energy Not Served" and "Loss of Load Expectation".

(5) The reliability criterion shall be determined in accordance with the methodology developed by ENTSO-E and approved by ACER.

General Principles for the Capacity Mechanism

Article 23

(1) In order to eliminate the remaining deficiencies identified in the resource adequacy assessment, and taking into account the measures from the plan referred to in Article 21 paragraph (1) of this Law, which have been implemented and are insufficient, the Government, upon a proposal by the Ministry, may adopt a decision to introduce a capacity mechanism as a last resort in implementing the measures contained in the plan.

(2) The Government shall adopt the decision referred to in paragraph (1) of this Article based on the findings of the study on the effects of the introduction of the capacity mechanism on the electricity transmission systems and electricity markets in the neighbouring counter parties of the Energy Community and the Member States of the European Union, which shall be prepared by the electricity transmission system operator for the needs of the Ministry. The study shall include an assessment of the possible effects of the capacity mechanism on neighbouring countries through consultations with stakeholders in the countries with which there is a direct interconnection of the electricity transmission networks.

(3) Before adopting the decision referred to in paragraph (1) of this Article, and after previous opinion obtained from the Ministry, the Energy Regulatory Commission and the transmission system operator, the Government shall assess whether the capacity mechanism in the form of a strategic reserve is sufficient to eliminate the remaining deficiencies identified during the resource adequacy assessment. If the capacity mechanism in the form of a strategic reserve is not sufficient, the Government may decide to introduce another form of capacity mechanism.

(4) The capacity mechanism determined by the decision referred to in paragraph (1) of this Article shall form an integral part of the plan referred to in Article 21 paragraph (1) of this Law and may be introduced only if an opinion by the Energy Community Secretariat has been received regarding the plan, in accordance with Article 21 paragraph (2) of this Law.

(5) If the resource adequacy assessment in the Republic of North Macedonia and the European Assessment do not indicate resource inadequacy, the capacity mechanism shall not be introduced.

(6) In addition to the form of the capacity mechanism, the decision referred to in paragraph (1) of this Article shall also determine the entities referred to in paragraph (12) of this Article, with which the electricity transmission system operator shall enter into capacity provision contracts and the mandatory requirements regarding greenhouse gas emission limits in accordance with Article 24 paragraph (6) of this Law.

(7) The Energy Regulatory Commission shall adopt a methodology determining the compensation for the capacity provided, as well as determining the amount to be paid by the bidder who has not provided the agreed capacity and the manner of its payment.

(8) The Government shall submit the decision referred to in paragraph (1) of this Article to the Commission for Protection of Competition and to the Energy Community Secretariat, whereby the capacity mechanism’s implementation shall not commence before approval by the Commission for Protection of Competition and opinion of the Energy Community Secretariat are obtained.

(9) The Government shall notify the Energy Community Secretariat of the Commission for Protection of Competition’s decision regarding the introduction of a capacity mechanism referred to in paragraph (1) of this Article, within 15 days from the date of adoption of the decision.

(10) The capacity mechanism cannot be implemented if the reliability criterion referred to in Article 22 of this Law has not been established.

(11) The Energy Regulatory Commission shall approve the capacity that the electricity transmission system operator procures by applying the mechanism referred to in paragraph (1) of this Article.

(12) After the commencement of the capacity mechanism’s application specified in the decision referred to in paragraph (1) of this Article, the electricity transmission system operator shall enter into capacity provision contracts with electricity producers, energy storage operators and demand-side management service providers (hereinafter referred to as: capacity provider).

(13) The capacity mechanism is temporary and cannot be applied for longer than 10 years.

(14) The Ministry shall monitor the implementation of the capacity mechanism introduced and if the new assessment of resource adequacy in the Republic of North Macedonia or the European Assessment does not indicate resource inadequacy, no new capacity provision contracts shall be entered into.

(15) If the European Assessment or the Resource Adequacy Assessment of the Republic of North Macedonia prepared after the introduction of the capacity mechanism has not identified any deficiencies in the adequacy of resources in the Republic of North Macedonia, the Government, upon a proposal by the Ministry, may adopt a decision:

1. abolishing the application of the capacity mechanism;

2. reducing the number of resources for providing capacity or

3. reducing the capacity provided by the mechanism.

(16) The plan referred to in Article 21, paragraph (1) of this Law shall be implemented even after the introduction of the capacity mechanism.

Principles of

Creating a Capacity Mechanism

Article 24

(1) The capacity mechanism shall:

1. not cause unnecessary market distortions and shall not restrict trade between bidding zones;

2. be applied only to the extent necessary to overcome the identified deficiencies in the resource adequacy assessment referred to in Article 20 of this Law;

3. ensure that the selection of resources for capacity provision is carried out in a transparent, non-discriminatory and competitive procedure, with predetermined technical conditions established by the transmission system operator and pre-approved by the Energy Regulatory Commission, which the resources in the selection procedure must meet;

4. ensure equal right to participate in the selection procedure for production capacities, energy storage facilities and entities providing demand-side management services, if they meet the technical requirements;

5. encourage entities selected for capacity provision to ensure power availability in conditions of expected disruptions to the electricity system, as well as to provide punitive measures for entities that do not ensure the availability specified in the contract referred to in Article 23 paragraph (12) of this Law, and

6. ensure that the compensation awarded for providing capacity is determined in a transparent, non-discriminatory and competitive procedure.

(2) If the decision referred to in Article 23, paragraph (1) of this Law determines that the capacity mechanism is in the form of a strategic reserve, in addition to the requirements referred to in paragraph (1) of this Article, the decision shall also establish an obligation to fulfill, in particular, the following conditions:

1. capacity to be dispatched only when it is likely that the transmission system operator has exhausted the resources to establish a balance between demand and supply;

2. when during the imbalance settlement period the capacity from the strategic reserve is dispatched, the imbalances on the electricity market shall be financially settled according to the value of the undelivered electricity under Article 112 of this Law or if the maximum technical price limit on the intraday market determined by NEMO, in accordance with Article 111 of this Law, is higher than the value of the undelivered electricity, the imbalances shall be financially settled according to the maximum price limit on the day-ahead market;

3. the capacity from the strategic reserve remaining after dispatching shall be allocated to the balance responsible party through the imbalance settlement mechanism;

4. for the duration of the capacity provision contract, the capacity resource shall not participate in the electricity markets and shall not receive compensation from the wholesale electricity market or the balancing energy market.

(3) The requirements of paragraph (2) item 1 of this Article shall not prevent activation of the resourse’s capacity prior to its dispatch in order to comply with the time and voltage constraints and operational requirements of the resource.

(4) The capacity delivered as a strategic reserve shall not calculated for the balancing groups in accordance with the balancing energy market rules and does not affect their deviation.

(5) If the decision referred to in Article 23 paragraph (1) of this Law determines that the capacity mechanism is not in the form of a strategic reserve, in addition to the requirements referred to in paragraph (1) of this Article, the decision shall also establish an obligation to fulfill, in particular, the following requirements:

1. price for capacity availability paid shall automatically decrease towards zero when the level of available capacity on the market is expected to be sufficient to meet the level of capacity required;

2. the compensation for resources participating in the provision of capacity shall be determined solely by their availability and shall ensure that it will not influence the decisions of the capacity provider on whether to provide capacity, and

3. security obligations are transferable between qualified capacity providers.

(6) When determining the limit values ​​for carbon dioxide emissions with the decision referred to in Article 23, paragraph (1) of this Law, it shall be determined that with the application of the capacity mechanism, no contracts shall be entered into or payments made for capacity provision with generation plants that:

1. started commercial operation from 15 December, 2022, and that emit more than 550 grams of carbon dioxide from fossil fuels per kWh of electricity generated, and

2. no later than 1 July 2025, started commercial operation before 15 December 2022, and that emit more than 550 grams of carbon dioxide from fossil fuels per kWh of electricity generated and more than 350 kilograms (hereinafter: kg) of carbon dioxide from fossil fuels on average over one year for each kW of installed capacity.

(7) The carbon dioxide emission limit value referred to in paragraph (6) of this Article shall be calculated based on the design efficiency of the generation unit, which means net efficiency at nominal capacity, applying the standards adopted by the International Organization for Standardization.

Cross-Border Participation in the Capacity Mechanism

Article 25

(1) Capacity mechanism that is not in the form of a strategic reserve, and if technically feasible when it is in the form of a strategic reserve, should, under equal conditions and in a competitive manner, enable cross-border participation of capacity providers from Contracting Parties to the Energy Community and Member States of the European Union, who:

1. are directly connected to the electricity transmission system of the Republic of North Macedonia through an interconnection line, and

2. provide equal technical capabilities as domestic capacity providing resources.

(2) Domestic capacity providers shall be obliged to notify the transmission system operator immediately of their participation in a capacity mechanism in Contracting Parties to the Energy Community and Member States of the European Union.

(3) Cross-border participation in the capacity mechanism shall not change or otherwise affect the schedules for the allocation of cross-zonal transmission capacities or the physical flows of electricity between the counter parties of the Energy Community and the Member States of the European Union, determined in accordance with Article 155 of this Law.

(4) The capacity provider that simultaneously provides capacity in multiple capacity mechanisms shall participate in the provision of capacity within the expected availability of the interconnection line and the possible load matching between the system where the mechanism is applied and the system of the Republic of North Macedonia, in accordance with the methodology for calculating the maximum entry capacity for cross-border participation referred to in Article 20, paragraph (4) of this Law. The Energy Regulatory Commission shall monitor the application of the methodology in the Republic of North Macedonia.

(5) In accordance with the decision referred to in Article 23 paragraph (1) of this Law, the capacity provider shall be obliged to pay for the unavailability of the capacity it has offered. If the capacity provider simultaneously participates in multiple capacity mechanisms, it shall be obliged to make payments for unavailability of the capacity it has offered in each individual mechanism in which it participates.

(6) Based on the recommendation of the Regional Coordination Center, the electricity transmission system operator shall annually determine the maximum entry cross-border transmission capacity into the system of the Republic of North Macedonia and shall make it available in a transparent, non-discriminatory and market-based manner to each foreign capacity provider participating in the mechanism. Foreign capacity providers that have been allocated with the maximum entry cross-border transmission capacity may transfer the right to use the capacity to each other. The transmission system operator shall register each transfer of capacity in the register established by ENTSO-E for that purpose.

(7) All revenues arising out of the allocation of the maximum entry cross-border transmission capacity shall belong to the electricity transmission system operator of the Republic of North Macedonia and the electricity transmission system operator of the neighbouring country and shall be distributed by applying the revenue distribution methodology developed by ENTSO-E and approved by ACER or by applying a methodology jointly developed by the Energy Regulatory Commission and the regulatory body of the neighbouring counter party of the Energy Community or a Member State of the European Union.

(8) The electricity transmission system operator shall be obliged to:

1. determine that the domestic capacity provider has the technical capabilities to provide the capacity within the mechanism and to verify the availability of the offered capacity by the domestic capacity provider;

2. confirm that the domestic capacity provider is registered as an eligible capacity provider in the register established for that purpose by ENTSO-E, and

3. notify the electricity transmission system operator in the counter party to the Energy Community or the Member State of the European Union of the fulfilment of the requirements of items 1 and 2 of this paragraph by the capacity provider from the Republic of North Macedonia who participates in the capacity mechanism in that country.

(9) In the event that a foreign capacity provider participates in the capacity mechanism in the Republic of North Macedonia, the electricity transmission system operator shall request the information referred to in paragraph (8) of this Article from the electricity transmission system operator of the country in which the capacity provider is located.

(10) The Energy Regulatory Commission shall:

1. confirm that the capacity provided in accordance with this Article has been calculated using the methodology developed by ENTSO-E and approved by ACER, and

2. ensure that cross-border participation in the capacity mechanism is organised in an effective and non-discriminatory manner.

Competent Authority for Preparation and Management of Risks in the Electricity Sector

Article 26

(1) The Ministry shall be the competent authority for preparation and management of risks in the electricity sector.

(2) In exercising the competence referred to in paragraph (1) of this Article, the Ministry shall cooperate with the competent bodies for preparation for dealing with risks in the electricity sector of the counter parties of the Energy Community or the Member States of the European Union.

(3) The Ministry, in accordance with the risk preparedness plan referred to in Article 30 of this Law, may adopt a decision transferring the execution of certain operational activities related to the preparation of plans and the taking of risk preparedness measures to individual entities carrying out energy activities and monitor their execution.

Tasks and Responsibilities of the Ministry

Article 27

(1) The Ministry, in accordance with this Law and the Law on Crisis Management, shall implement and coordinate the implementation of the measures and activities for risk preparedness and energy crisis management specified in this Law, and in particular:

1. development of risk preparedness scenarios and assessment of risks to the security of electricity supply;

2. preparation, adjustment and implementation of the Risk Preparedness Plan;

3. identification of electricity crisis scenarios within a period not exceeding four months after the identification of the electricity crisis in the regional crisis scenarios of ENTSO-E;

4. in the event of an electricity supply crisis, receiving or providing assistance and coordinating the assistance received with the counter parties in the coordinated system management region and with other directly connected Contracting Parties to the Energy Community or Member States of the European Union;

5. notification of electricity market participants on the introduction of measures to prevent or mitigate an electricity crisis that are not market-based;

6. exchange of necessary information on risk preparedness measures, risk assessment results and observed threats or security critical events with the competent authorities of other Contracting Parties to the Energy Community or Member States of the European Union and with regional and international electricity security bodies, while ensuring protection of sensitive and confidential information;

8. issuing an early warning or notification of an electricity crisis to the Contracting Parties to the Energy Community or the Member States of the European Union and managing the electricity crisis, as well as taking appropriate measures and activities upon receipt of the appropriate early warning or notification of an electricity crisis from a competent authority of another counter party to the Energy Community or a Member State of the European Union, and

9. implement measures and activities in accordance with the obligations that the Republic of North Macedonia derives from ratified international treaties.

(2) The measures and activities referred to in paragraph (1) of this Article shall be implemented by the Ministry in cooperation and coordination with the Energy Regulatory Commission and in consultation and cooperation with the operators of the relevant electricity and gas transmission and distribution systems, electricity market operators, electricity producers, the universal supplier and other electricity suppliers and traders, as well as with ENTSO-E and the Regional Coordination Center.

(3) In implementing the measures and activities referred to in paragraph (1) of this Article, the Ministry shall cooperate with the competent authorities for dealing with crisis situations in the Republic of North Macedonia in accordance with this Law and the law regulating crisis management, as well as use the mechanisms from the Risk Preparedness Plan referred to in Article 30 of this Law.

(4) When implementing the measures and activities referred to in paragraph (1) of this Article:

1. The Ministry shall ensure coordination with the Energy Community’s Security of Supply Coordination Group, the Energy Community Secretariat and the competent authorities of the Contracting Parties to the Energy Community or the Member States of the European Union and with other international security bodies, and

2. The electricity transmission system operator shall ensure coordination with ENTSO-E and the Regional Coordination Center.

Assessment of Risks to Security of Electricity Supply

Article 28

(1) The Ministry shall adopt a decision obliging the electricity transmission system operator, the electricity distribution system operator, electricity producers, as well as traders and suppliers to take into account the ENTSO-E electricity crisis scenarios and to identify the risks that affect the security of electricity supply and the safety of electricity transmission and distribution systems and to determine all risk preparedness scenarios in the electricity sector for any event or situation that may initiate a risk on the domestic or regional electricity market, in accordance with the Methodology for Identifying Regional Electricity Crisis Scenarios adopted by ENTSO-E and approved by ACER, in particular taking into account:

1. rare and extreme natural and climatic phenomena that may cause risk;

2. incidental events and conditions beyond the N-1 criterion set out in the grid rules for electricity transmission and exceptional unforeseen situations;

3. the condition of the electricity grid, such as the age of the electricity equipment and the condition of the terrain in the vicinity of the electricity facilities, and

4. consequential dangers, including the consequences of energy shortages, malicious attacks and attacks on the cybersecurity of devices and facilities referred to in Article 65 paragraph (1) of this Law.

(2) In the procedure for identifying electricity crisis scenarios and assessing risks, the electricity transmission system operator shall cooperate with the Ministry and the Energy Regulatory Commission, the electricity distribution system operator, electricity producers, electricity suppliers, electricity traders, the Regional Coordination Center, ENTSO-E and balance responsible parties.

(3) In cooperation with the Energy Regulatory Commission and the electricity transmission and distribution system operators and the electricity market operator, the Ministry shall assess:

1. the significance of each of the events and situations that can be determined as a risk in the Republic of North Macedonia and in the regional risk preparedness scenario, taking into account the simultaneity of occurrence and the interconnectedness of the events and situations, as well as subsequent events and situations that can cause an energy crisis, and

2. the risk by applying the ranking criteria set out in the Methodology for Identifying Regional Electricity Crisis Scenarios referred to in paragraph (1) of this Article, taking into account the probability of the event and the potential severity of the impact of the event, i.e. the situation.

(4) If the procedure for assessing the scenarios referred to in paragraph (1) of this Article determines that the identified risks may have a significant impact on regional electricity markets, the Ministry shall submit the scenarios for preparedness for the risk of an electricity crisis with a significant regional impact to the competent authorities of the Contracting Parties to the Energy Community or the Member States of the European Union.

(5) The electricity transmission system operator shall reassess the scenarios referred to in paragraph (1) of this Article every four years, and more frequently at the request of the Ministry or ENTSO-E, update them and submit the results of the assessment to ENTSO-E, the Regional Coordination Centre and the Energy Community Secretariat, within four months of the identification of regional electricity crisis scenarios.

(6) The Ministry shall conduct an assessment of the risks to security of supply related to the ownership of energy infrastructure and propose to the Government adoption of appropriate measures to prevent or mitigate possible risks and shall inform the Energy Community’s Security of Supply Coordination Group and the Energy Community Secretariat thereof.

(7) The scenarios referred to in paragraph (1) of this Article shall be used as the basis for drafting the Risk Preparedness Plan referred to in Article 30 of this Law.

Short-Term and Seasonal Adequacy Assessments

Article 29

(1) The electricity transmission system operator, applying the Short-Term and Seasonal Adequacy Assessment Methodology prepared by ENTSO-E and approved by ACER, and the short-term assessment prepared by the Regional Coordination Centre, based on the seasonal assessment of resource adequacy and in coordination with the Contracting Parties to the Energy Community or the Member States of the European Union, shall prepare a short-term assessment of intramonth, week-ahead and day-ahead resource adequacy, based on:

1. probability of interruptions in the electricity transmission network, the probability of unplanned interruptions in electricity generation capacities, extreme weather conditions, variability in load, especially during peak load caused by weather conditions, as well as the variability of electricity generation from energy from renewable sources, and

2. probability of an electricity crisis in the Republic of North Macedonia and probability of an electricity crisis in the region.

(2) During the procedure for preparing the short-term adequacy assessment referred to in paragraph (1) of this Article, the transmission system operator shall also take into account the results of the adequacy assessment for the approximate time frames provided by the Regional Coordination Center.

(3) Electricity transmission system operator shall submit the prepared short-term resource adequacy assessment referred to in paragraph (1) of this Article to the Ministry for approval.

(4) Electricity transmission system operator shall perform seasonal adequacy assessments in accordance with the methodology referred to in paragraph (1) of this Article.

(5) Electricity transmission system operator shall publish the results of the winter adequacy assessment by 1 December of each year and the results of the summer adequacy assessment by 1 June of each year.

(6) Electricity transmission system operator shall submit reports on the seasonal assessment of the probability of an energy crisis in the Republic of North Macedonia to the Ministry, the Energy Regulatory Commission, the Regional Coordination Center and the Energy Community Secretariat and, based on their suggestions and recommendations, it shall supplement the reports and publish them on its website.

Risk Preparedness Plan

Article 30

(1) Based on the scenarios for an electricity crisis in the Republic of North Macedonia, identified in accordance with Article 28 of this Law, as well as the regional scenarios, the electricity transmission system operator and other stakeholders shall prepare a Draft Risk Preparedness Plan upon request of the Ministry.

(2) The Ministry shall submit the Draft Plan referred to in paragraph (1) of this Article, for opinion to the Energy Regulatory Commission, the gas transmission system operator, the electricity distribution system operator, the electricity market operator, the electricity producer with the largest installed capacity in the Republic of North Macedonia, the largest producer of electricity using gas, the universal supplier, the trader with the largest share in the wholesale electricity market and the supplier with the largest share in the retail electricity market in the Republic of North Macedonia.

(3) In order to ensure compliance with the relevant regional plans and with the plans of the neighbouring countries, the Ministry shall simultaneously submit the Draft Plan referred to in paragraph (1) of this Article to the competent bodies of the Contracting Parties to the Energy Community or the Member States of the European Union, the Energy Community’s Security of Supply Coordination Group and the Energy Community Secretariat for the purpose of conducting consultations.

(4) The Ministry shall be obliged to review the Draft Plan referred to in paragraph (1) of this Article if the opinion received by the Energy Community Secretariat in the consultation procedure referred to in paragraph (3) of this Article indicates that the plan:

1. is not suitable for mitigating the risks identified in electricity crisis scenarios;

2. is not consistent with the electricity crisis scenarios or with the risk preparedness plan of another counter party to the Energy Community or a Member State of the European Union;

3. does not comply with the requirements of paragraph (9) item 2 of this Article;

4. establishes measures that may endanger the security of electricity supply of other Contracting Parties to the Energy Community or Member States of the European Union, or

5. distorts competition or the effective operation of the regional market or the European Union electricity market.

(5) If the Ministry agrees with the recommendations of the Energy Community Secretariat referred to in paragraph (4) of this Article, it shall, within three months from the date of receipt of the opinion, make appropriate amendments and supplements to the adopted risk preparedness plan and shall notify the Energy Community Secretariat thereof.

(6) If the Ministry does not agree with the indications of the Energy Community Secretariat referred to in paragraph (4) of this Article, it shall submit a notification to the Energy Community Secretariat, explaining the reasons for the disagreement, and shall publish the opinion with the reasons on its website.

(7) The Ministry shall adopt the risk preparedness plan, taking into account the opinions received in accordance with paragraphs (2) and (3) of this Article, within nine months from the date of submission of the opinions, taking into account the proposals and recommendations received in the consultation procedure.

(8) The plan referred to in paragraph (7) of this Article shall consist of measures to be taken in the Republic of North Macedonia, as well as measures that, in cooperation with the competent bodies for risk management of the Contracting Parties to the Energy Community and the Member States of the European Union, may be taken at bilateral and regional level.

(9) The measures contained in the plan referred to in paragraph (7) of this Article shall meet the following requirements:

1. to be precisely defined, transparent, proportionate and non-discriminatory, and

2. to be in accordance with this Law and the regulations adopted in accordance with this Law, as well as with the obligations of the Republic of North Macedonia undertaken with ratified international treaties.

(10) The Ministry shall update the plan referred to in paragraph (7) of this Article every four years unless circumstances require more frequent updates.

(11) The Ministry shall ensure protection of confidential and commercially sensitive information obtained in the procedure for preparing and updating the plan referred to in paragraph (7) of this Article, and in particular of the envisaged measures regarding prevention or mitigation of the consequences of malicious attacks.

(12) The Ministry shall publish the plan referred to in paragraph (7) of this Article on its website and submit it to the Energy Community Secretariat.

(13) In the process of preparing the Risk Management Preparedness Plan, the Ministry may use material and human resources available to the electricity producer with the largest installed capacity in the Republic of North Macedonia, the electricity transmission system operator, the gas transmission system operator and the electricity distribution system operator.

Content of the Risk Preparedness Plan

Article 31

(1) Risk Preparedness Plan shall set out all national measures planned and undertaken for preparedness to prevent and mitigate energy crises envisaged in the energy crisis scenarios in the Republic of North Macedonia in accordance with Article 28 of this Law, and in particular:

1. brief description of energy crisis scenarios;

2. obligations of the Ministry;

3. entities carrying out regulated energy activities to whom the Ministry shall transfer certain operational competencies regarding undertaking of preparedness measures for dealing with risks specified in the plan, as well as monitoring of their implementation by the Ministry;

4. description of the measures taken to prepare for, deal with, and prevent or mitigate the identified risks;

5. establishing detailed procedures to be taken in the event of energy crises, including appropriate information exchange schemes;

6. contribution of market-based measures in addressing energy crises, in particular demand and supply measures;

7. non-market-based measures to be implemented in the event of an energy crisis, the conditions to be met for their activation, the conditions and procedures for their implementation and an explanation of their compliance with the requirements for electricity market operation, as well as with the obligations undertaken in regional and bilateral contracts;

8. manner and procedures for reducing consumption by the electricity transmission and distribution system operator, including:

- manner and procedure for manual load reduction,

- circumstances in which loads should be reduced and

-categories of electricity customer who, in accordance with this Law and the regulations adopted on the basis of this Law, are entitled to receive special protection against disconnection;

9. procedures and means of informing the public about electricity crises;

10. description of the national measures required for implementation and application of the agreed regional and bilateral measures;

11. appointment of a risk management coordinator, and

12. information on plans for development of relevant networks, which contribute to dealing with the consequences of identified electricity crisis scenarios.

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

1. be in accordance with regional and bilateral measures agreed, and

2. not endanger the operational reliability or safety of the electricity transmission system of the Republic of North Macedonia, as well as the reliability of electricity supply to other Contracting Parties to the Energy Community and Member States of the European Union.

(3) In addition to the measures referred to in paragraph (1) of this Article, for the purpose of preventing and managing energy crises with cross-border impact, the risk preparedness plan shall also include:

1. regional measures agreed between the Contracting Parties to the Energy Community and the Member States of the European Union within the region to which the Republic of North Macedonia belongs and which have the possibility of providing mutual assistance, and

2. bilateral measures agreed between the Republic of North Macedonia and a counter party to the Energy Community and/or a Member State of the European Union with which the Republic of North Macedonia is directly connected by an interconnection line, and which does not belong to the same region as the Republic of North Macedonia.

(4) The regional and bilateral measures referred to in paragraph (3) of this Article shall, in particular, include:

1. appointment of a crisis coordinator;

2. mechanisms for cooperation and information exchange;

3. coordinated measures to mitigate the impact of an electricity crisis, including a simultaneous electricity crisis, in order to ensure mutual assistance;

4. procedures implemented with involvement of market participants in annual or biennial testing of risk preparedness plans and the manner and procedure for conducting electricity crisis simulations; and

5. mechanisms for activating non-market-based measures.

(5) In coordination with the transmission system operator, the Ministry shall agree on the regional and bilateral measures to be included in the risk preparedness plan in consultation with the Regional Coordination Center.

(6) If, within eight months before the deadline for adopting the risk preparedness plan expires, the Ministry fails to agree on regional or bilateral measures with the relevant Contracting Parties to the Energy Community or Member States of the European Union, the Ministry together with the competent authority of the country concerned shall inform the Energy Community Secretariat thereof.

(7) In the case referred to in paragraph (6) of this Article, the Ministry shall be obliged to implement the regional, i.e. bilateral measures proposed by the Energy Community Secretariat, including the cooperation mechanisms for determination and implementation of the regional and bilateral measures.

(8) In cooperation with the electricity transmission system operator and the Energy Regulatory Commission, the Ministry shall periodically test the effectiveness of the procedures developed in the risk preparedness plans for preventing electricity crises, including the mechanisms referred to in paragraph (4) item 2 of this Article, and shall conduct electricity crisis simulations every two years, in particular testing of those mechanisms.

Electricity Crisi Management,

Early Warning and Declaration of an Electricity Crisis

Article 32

(1) If the seasonal electricity crisis adequacy assessment prepared by ENTSO-E, the Regional Coordination Centre or the electricity transmission system operator provides precisely defined, unambiguous and serious information that an electricity crisis may occur in the Republic of North Macedonia, the Ministry shall submit an early warning to the Energy Community Secretariat and to the competent authorities of the Contracting Parties to the Energy Community or the Member States of the European Union within the region for coordinated management of electricity systems to which the Republic of North Macedonia belongs and to the competent authority of a counter party to the Energy Community and a Member State of the European Union to which it is directly connected by an interconnection line and does not belong to the same region as the Republic of North Macedonia.

(2) In response to the early warning referred to in paragraph (1) of this Article, the Ministry shall submit information on the causes of the possible electricity crisis, on the planned or undertaken measures to prevent the electricity crisis, on the possible need for assistance from the counter parties of the Energy Community or the Member States of the European Union, as well as on the impact of the measures on the electricity market.

(3) When the Republic of North Macedonia is faced with an electricity crisis, the Ministry, in accordance with the Law on Crisis Management and the regulation referred to in Article 45 paragraph (1) item 1 of this Law, shall initiate a procedure for declaring an electricity crisis and shall notify the Energy Community Secretariat and the Contracting Parties to the Energy Community or the Member States of the European Union within the region on the matter for the purpose of coordinated management of electricity systems to which the Republic of North Macedonia belongs and to the competent bodies of a counter party of the Energy Community and a Member State of the European Union, which is not part of the same region as the Republic of North Macedonia and with which the electricity transmission system of the Republic of North Macedonia is connected by an interconnecting electricity transmission line.

(4) The notification referred to in paragraph (3) of this Article shall state the reasons for the deterioration of the electricity supply situation, the reasons for declaring an electricity crisis, the measures planned or taken to mitigate it, and the need for assistance from the Contracting Parties to the Energy Community or the Member States of the European Union.

(5) Upon request from the Energy Community Secretariat or the Contracting Parties to the Energy Community or the Member States of the European Union, the Ministry shall be obliged to submit additional information regarding the reasons for which the procedure for declaring an electricity crisis is being initiated.

(6) If the Ministry issues an early warning under paragraph (1) of this Article or initiates a procedure for declaring an electricity crisis, it shall be obliged to fully implement the measures contained in the Risk Preparedness Plan.

(7) In the event of an electricity crisis, the Ministry shall activate non-market-based measures only as a last resort if all possibilities for preventing or mitigating the consequences of the electricity crisis by applying market-based measures have been exhausted or when it is obvious that market-based measures are not sufficient to prevent further deterioration of the electricity supply situation and shall notify the electricity market participants in the Republic of North Macedonia of their activation.Applyied measures shall be in accordance with this Law and the regulations adopted in accordance with this Law, as well as with the obligations of the Republic of North Macedonia undertaken with ratified international treaties.

(8) The measures referred to in paragraph (7) of this Article, which are not market-based:

1. must not unreasonably distort competition and the efficient operation of the electricity market, and

2. should be necessary, proportionate, non-discriminatory and interim.

(9) Limitation of transactions on the electricity market, including reduction of cross-zonal capacity already allocated, as well as limitation of the provision of cross-zonal capacity or limitation of the schedules provided, shall be introduced in accordance with the relevant rules or methodologies or revision referred to in Article 143 paragraphs (4), (5) and (6) of this Law.

(10) Upon prior approval by the Energy Regulatory Commission, the electricity transmission system operator may, as a last resort and not market-based measure referred to in paragraph (7) of this Article, adopt for its own needs a decision to temporarily engage electricity generation or storage capacities owned by customers connected to the electricity transmission and distribution network, used by them for occasional or permanent generation or storage of electricity for their own needs, having the technical ability to deliver the services and electricity to the electricity transmission network.

(11) Electricity transmission system operator shall establish and maintain a list of the capacities referred to in paragraph (10) of this Article and, upon approval by the Energy Regulatory Commission, it shall determine in the network rules for electricity transmission the deadline, conditions, procedures and manner of determining the financial compensation for their engagement.

Cooperation with Counter Parties

to the Energy Community and the Member States of the European Union

Article 33

(1) Within the agreed regional and bilateral measures and in accordance with the principle of solidarity, and taking into account the technical capacity of the electricity system of the Republic of North Macedonia, the Ministry shall cooperate and act jointly with the other Contracting Parties to the Energy Community and the Member States of the European Union in preventing and managing electricity crises.

(2) In order to achieve the cooperation referred to in paragraph (1) of this Article, the Ministry shall agree with the competent authorities of the Contracting Parties to the Energy Community and the Member States of the European Union upon the necessary technical, legal and financial arrangements for the implementation of regional or bilateral measures before assistance is being offered, in particular with regard to:

1. activation of any type of assistance and termination of the provision of assistance;

2. maximum quantity of electricity to be delivered at a regional or bilateral level and the method of delivery; and

3. fair compensation paid for the assistance provided, consisting of:

3.1. costs for providing electricity;

3.2. costs of transmission of electricity supplied to the territory of a counter party to the Energy Community or a Member State of the European Union requesting assistance;

3.3. costs actually incurred by the counter party to the Energy Community or the Member State of the European Union providing the assistance, including the costs of assistance provided but not activated; and

3.4. all costs arising out of legal proceedings, arbitration proceedings or similar proceedings and settlements.

(3) The Republic of North Macedonia shall be obliged to reimburse all costs for the assistance received to the counter party to the Energy Community or the Member State of the European Union providing the assistance.

(4) When, in the event of an electricity crisis, the Republic of North Macedonia has not entered into contracts on regional or bilateral measures and on the necessary technical, legal and financial arrangements for the implementation of the measures, it shall enter into contracts on interim measures with a counter party to the Energy Community or a Member State of the European Union. Before receiving the assistance, the Republic of North Macedonia shall undertake to pay the compensation referred to in paragraph (2) item 3 of this Article, for the implementation of those measures.

(5) Within four months of the identification of the regional crisis scenarios, the Ministry shall submit a notification to the Energy Community Secretariat on the assessments contained in the regional crisis scenarios on the impact of infrastructure ownership on security of supply, as well as on the necessary and proportionate measures taken to mitigate such risks.

Ex-post Evaluation of Electricity Crisis

Article 34

(1) Within three months of the end of the electricity crisis, and after previous opinion received from the Energy Regulatory Commission, the Ministry shall prepare and submit to the Energy Community’s Security of Supply Coordination Group and the Energy Community Secretariat a report on ex-post evaluation of the electricity crisis, which shall contain in particular:

1. description of the event that caused the electricity crisis;

2. description of all preventive, preparatory and mitigation measures taken and an assessment of their proportionality and effectiveness;

3. assessment of the cross-border impact of the measures taken;

4. description of the assistance, regardless of its use, that has been provided to, or received from, a neighbouring counter party to the Energy Community, a Member State of the European Union or a third country;

5. assessment of the economic impact of the electricity crisis and the impact of the measures taken on the electricity sector to the extent permitted by the data available at the time of the assessment, and in particular the quantities of undelivered electricity and the level of manual demand disconnection, including a comparison between the level of voluntary and forced demand disconnection;

6. reasons justifying the application of non-market-based measures;

7. any possible improvements or proposed improvements to the Risk Preparedness Plan, and

8. review of possible improvements in grid development in cases where insufficient grid development has caused or contributed to the electricity crisis.

(2) The Ministry shall present the results of the ex-post evaluation to the Security of Supply Coordination Group. The results of the ex-post evaluation shall be reflected in the updated risk preparedness plan.

(3) Upon request from the Energy Community Secretariat or the Energy Community’s Security of Supply Coordination Group, the Ministry shall submit additional information to the report on the ex-post evaluation of the electricity crisis.

Measures to Protect the Security of Gas Supply

Article 35

(1) The Ministry shall be competent for taking measures to protect the security of gas supply.

(2) In exercising the competence referred to in paragraph (1) of this Article, the Ministry shall cooperate with the gas transmission or distribution system operators, gas storage operators and gas traders and suppliers, as well as with the competent bodies of the Contracting Parties to the Energy Community or the Member States of the European Union and with the Energy Community Secretariat.

(3) The Ministry may, by a decision, delegate to other entities the implementation of certain measures referred to in paragraph (1) of this Article, except for the measure of declaring a crisis in accordance with the law regulating crisis management.

(4) The Ministry shall ensure that the measures referred to in paragraph (1) of this Article are carried out by entities carrying out energy activities in the field of gas, electricity and heat from the Republic of North Macedonia and by Contracting Parties to the Energy Community or Member States of the European Union.

Gas Infrastructure Criterion

Article 36

(1) Gas transmission network rules shall establish an obligation for the gas transmission system operator to ensure that, in the event of an interruption of gas delivery through the largest gas transmission pipeline, and by applying the N-1 criterion determined by the gas transmission network rules, the technical capacity of the remaining transmission infrastructure satisfies the total intraday demand for gas in the Republic of North Macedonia with an exceptionally high demand, which is determined according to statistical calculations and occurs once in 20 years, taking into account gas consumption trends, the results of the application of energy efficiency measures and the utilization rate of the existing gas pipeline infrastructure.

(2) To fulfill the obligation referred to in paragraph (1) of this Article, the gas transmission system operator may make additional investments in the gas transmission system, as well as undertake measures for gas demand management in cost-efficient and justified manner, in accordance with the Prevention Plan referred to in Article 40 of this Law.

(3) When technically feasible, the gas transmission system operator shall be obliged to provide bidirectional gas transmission capacity at the entry and exit points of the gas transmission system.

(4) The Ministry shall create conditions for each new gas infrastructure to contribute to the security of gas supply by connecting to neighbouring gas transmission systems and by creating a sufficient number of entry and exit points in the gas transmission system in accordance with the gas market requirements, as well as with the identified risks of a gas supply crisis.

(5) When determining the gas transmission tariff, the Energy Regulatory Commission, in the regulation adopted pursuant to Article 61 paragraph (1) item 1 of this Law, shall reimburse the gas transmission system operator for the costs for efficient fulfilment of the obligations referred to in paragraphs (1), (2), (3) and (4) of this Article.

(6) If the gas transmission system operator, in order to ensure the security of gas supply in the Republic of North Macedonia and in a neighbouring counter party to the Energy Community or a Member State of the European Union, makes additional investments in the gas transmission system in the Republic of North Macedonia, the Energy Regulatory Commission and the regulatory body of the country concerned shall jointly decide on the allocation of the costs for implementation of the investment.

Gas Supply Criterion

Article 37

(1) The Ministry, in accordance with the supply criteria determined by the regulation referred to in Article 45 paragraph (1) item 2 of this Law, shall, by a decision, order the gas supplier with a public service obligation to take measures for uninterrupted gas supply to protected gas customers in the event of:

1. extreme temperatures within a period of seven days or in cases that, according to statistical probability, occur once in 20 years;

2. unusually high gas demand over a 30-day period that, according to statistical probability, occurs once in 20 years, and

3. an outage in the largest gas transmission pipeline lasting 30 days under average winter temperature conditions.

(2) Within the meaning of paragraph (1) of this Article, a protected gas customer shall be a household connected to the gas distribution system, public institutions offering primary social services connected to a gas transmission or distribution system, as well as a heat producer that produces heat for the needs of households, small customers, which cannot use any other fuel than gas, where the total gas consumption of small and medium costumers and public institutions offering primary social services does not exceed 20% of the total gas consumption in the Republic of North Macedonia.

(3) Every year, the Ministry shall submit to the Energy Community Secretariat data on the annual gas consumption of protected customers and data on the share of their consumption in the total annual gas consumption in the Republic of North Macedonia.

(4) The obligation under paragraph (1) of this Article may be fulfilled by energy efficiency measures as well as by replacing gas with another energy source, including energy obtained from renewable sources, unless this endangers the operation of the electricity transmission system.

(5) The extension of the 30-day period specified in paragraph (1) items 2 and 3 of this Article shall be based on a risk assessment and shall be provided for in the prevention plan, which shall be in accordance with Article 39 paragraph (2) of this Law and shall not have a negative impact on the gas supply to protected customers.

(6) The Ministry shall ensure that the measure referred to in paragraph (1) of this Article does not cause unnecessary costs for the gas supplier with a public service obligation and that the conditions for supply to protected customers shall be non-discriminatory and shall not disrupt the operation of the gas market at a price that respects the market value of the supply.

(7) The Ministry shall submit to the Energy Community Secretariat an explanation of the measure taken pursuant to paragraph (5) of this Article.

Obligation to Provide Storage Capacity

Article 38

(1) In order to ensure security of gas supply, the Government shall adopt a decision imposing an obligation to provide a public service on one or more licensees carrying out energy activities of gas supply, transmission and storage, to secure a lease of storage capacity from a gas storage operator or another gas trader or supplier from another counter party to the Energy Community or a Member State of the European Union in which a gas storage facility is located, no later than 1 November each year.

(2) The total storage capacity to be provided pursuant to paragraph (1) of this Article shall enable storage of quantities of gas equal to at least 15% of the average annual consumption in the Republic of North Macedonia in the previous five years or a quantity that is possible given the technical limitations of the cross-border gas transmission capacities, whereby if those technical limitations do not enable fulfilment of the obligation to provide for the lease of storage capacity, the obligation shall be deemed fulfilled if instead of gas the market participant has provided reserves of alternative fuel.

(3) If the Government does not adopt a decision in accordance with paragraph (1) of this Article, the Ministry may enter into contract with a counter party to the Energy Community or a Member State of the European Union in which there is a gas storage facility, on establishment of a mechanism for sharing obligations related to gas storage, taking into account the data from the risk assessment referred to in Article 39 of this Law, and in particular:

1. costs related to financial support for ensuring the obligations of the storage operator in the counter party to the Energy Community or the European Union Member State;

2. the quantities of gas necessary to meet the needs of protected gas customers referred to in Article 37 paragraph (2) of this Law, and

3. technical constraints, including available gas storage capacity and technical cross-border transmission capacity, as well as the dynamics and scope of withdrawal of contracted quantities.

(4) The Ministry shall notify the Energy Community Secretariat of the contract on the establishment of a mechanism for sharing the obligations referred to in paragraph (3) of this Article, and if such a contract has not been entered into, it shall submit evidence that the obligation referred to in paragraph (1) of this Article has been fulfilled.

(5) Market participants referred to in paragraph (1) of this Article, the market participants who undertake obligations pursuant to the obligation sharing mechanism referred to in paragraph (3) of this Article, and the storage system operators shall be granted financial support in the form of state aid or financial incentives in accordance with the regulations on state aid control. For the additional costs incurred in fulfilling their obligations, which cannot be compensated from the revenues generated, where if that financial support is provided through introduction of an additional levy, that levy must not be applied to the interconnection points of cross-border gas pipelines.

Risk Assessment

Article 39

(1) The Ministry shall conduct an assessment of the risks that may affect the security of gas supply in the Republic of North Macedonia. The assessment, at the request of the Ministry, shall be prepared by the gas transmission system operator after prior consultation with the gas distribution system operator, gas suppliers and traders, gas customers, electricity producers and the electricity transmission system operator, as well as with the Energy Regulatory Commission.

(2) The risk assessment referred to in paragraph (1) of this Article shall be based on:

1. criteria under Articles 36 and 37 of this Law;

2. circumstances in the Republic of North Macedonia and in the region, and in particular with regard to:

2.1. the size of the gas market;

2.2. gas transmission network’s configuration;

2.3. opportunities for leasing or building gas storage facilities;

2.4. actual gas flows and possibilities for bi-directional flows;

2.5. maximum interconnection capacity at each entry and exit point, and

2.6. role of gas in the total energy consumption in the Republic of North Macedonia, and especially in the generation of electricity and heat, as well as for the needs of the economy;

3. scenarios with exceptionally high gas demand and gas supply disruptions, as well as scenarios with prolonged interruption of the sole source of gas supply;

4. interaction and balance of risks among the Contracting Parties to the Energy Community or the Member States of the European Union, in particular with regard to interconnectors, cross-border supply, capacity for bi-directional flows and access to gas storage facilities; and

5. risks arising out of the control of the gas pipeline infrastructure that affect the security of supply, including underinvestment, endangering the diversification of supply, misuse of the gas pipeline infrastructure and violation of obligations undertaken under ratified international treaties.

(3) Distribution system operators, traders and suppliers, large gas customers, competent state bodies that possess data necessary for preparing the assessment, including the Energy Regulatory Commission, shall be obliged to provide the Ministry with all necessary data for preparing the risk assessment referred to in paragraph (1) of this Article.

(4) The Ministry shall update the risk assessment every four years, and more frequently if necessary, taking into account in particular the results achieved with the implementation of the infrastructure criterion referred to in Article 36 of this Law, and shall notify the Energy Community Secretariat thereof.

Prevention Plan and Intervention Plan

Article 40

(1) The Ministry shall adopt:

1. prevention plan containing measures necessary to eliminate and mitigate the risks identified in the risk assessment referred to in Article 39 of this Law, including the effects of energy efficiency and demand-side management measures; and

2. intervention plan containing measures that should be taken to eliminate or mitigate the impacts of gas supply interruptions.

(2) The Ministry shall, by a decision, oblige the gas transmission system operator to, after prior consultation with the gas distribution system operator, gas suppliers and traders, gas customers, electricity producers and the electricity transmission system operator, and togehter with the Energy Regulatory Commission, prepare the plans from paragraph (1) of this Article within four months after preparing the risk assessment.

(3) The measures to ensure reliability in gas supply contained in the prevention plan and the intervention plan should:

1. be clearly defined, transparent, proportionate, non-discriminatory and verifiable;

2. not unduly distort competition and the efficient operation of the gas market; and

3. not endanger the security of gas supply in the Contracting Parties to the Energy Community or the Member States of the European Union.

(4) The Ministry shall submit the plans referred to in paragraph (1) of this Article to the Energy Community Secretariat within 15 days from the date of adoption.

(5) Within three months of receiving the reasoned request and recommendations for changes in the submitted plans submitted by the Energy Community Secretariat due to the ineffectiveness of the envisaged measures, non-compliance with the risk scenarios of another counter party to the Energy Community or a Member State of the European Union, unjustified distortion of competition or the operation of the gas markets, the Ministry shall submit to the Energy Community Secretariat the amended plans or a notification of disagreement with the recommendations contained in the request.

(6) Gas transmission system operator and the Ministry shall be obliged to constantly monitor the implementation of the measures contained in the plans referred to in paragraph (1) of this Article.

(7) In the procedure of preparation and publication of the plans referred to in paragraph (1) of this Article, the gas transmission system operator and the Ministry shall be obliged to ensure the protection of commercially sensitive data obtained for the need to prepare the plans.

(8) The plans referred to in paragraph (1) of this Article shall be updated every four years, and more frequently, if necessary, due to changing circumstances or at the request of the Energy Community Secretariat, whereby the updated prevention plan shall be in accordance with the updated risk assessment referred to in Article 39 paragraph (4) of this Law and the tests carried out in accordance with Article 42 paragraph (4) of this Law. If in the period between two updates a crisis occurs, the causes and consequences of the crisis shall be appropriately stated in the updated plans.

Contents of the Prevention Plan

Article 41

(1) The prevention plan referred to in Article 40 paragraph (1) item 1 of this Law shall, in particular, contain:

1. results of the risk assessment and a summary of the scenarios that were taken into account in preparing the assessment;

2. quantities of gas and the required capacity, as well as other measures necessary to meet the infrastructure criterion and the supply criterion, including the impact of demand management in timely compensating for the shortage caused by an interruption in the gas supply;

3. identification of protected gas customers, in the cases referred to in Article 37 paragraph (1) of this Law, as well as the required quantities of gas for each of the categories of protected customers depending on the appropriate scenario, as well as an explanation for the change in the supply measure specified in the regulation referred to in Article 45 paragraph (1) item 2 of this Law;

4. obligations imposed on licensees carrying out energy activities in the field of gas, and when necessary also in the field of electricity and heat production, which may affect the security of gas supply and the safe operation of gas pipeline systems;

5. other preventive measures to address the risks identified in the risk assessment under Article 39 of this Law, which may relate to strengthening interconnection capacities, improving energy efficiency, reducing gas demand, the possibility of diversifying gas supply, as well as the use of gas storage and liquefied gas capacities in the region;

6. information on the economic impact of the measures and their effectiveness and efficiency, as well as their impact on the gas market in the Republic of North Macedonia and the region, including public service obligations;

7. description of the impact of the proposed measures on the environment and on customers;

8. mechanisms for cooperation with the Contracting Parties to the Energy Community or the Member States of the European Union, including the mechanisms for preparation of prevention plans and intervention plans;

9. information on existing and future interconnection lines and gas pipeline infrastructure, including those providing access to gas markets, cross-border gas flows, access to gas and liquid gas storage facilities and bidirectional transmission capacities, in particular in the intervention cases specified in the intervention plan referred to in Article 40 paragraph (1) item 2 of this Law, and

10. information on public service obligations relating to security of gas supply.

(2) The prevention plan shall not contain information that could jeopardize the security of gas supply.

(3) The prevention plan shall be based on market measures and shall not impose unnecessary obligations on energy operators.

(4) The Ministry shall be obliged to submit to the Energy Community Secretariat information on each preventive measure adopted after the adoption of the prevention plan and each preventive measure adopted before the adoption of the plan, which is not contained in the plan but is still in force, with an explanation of the compliance of that measure with the requirements of Article 40 paragraph (3) of this Law.

(5) If the Energy Community Secretariat requests the Ministry to prepare a report on the assessment of the impact of the measure referred to in paragraph (4) of this Article, the report shall include data and information relating to:

1. possible impacts of the measure on the gas market in the Republic of North Macedonia and in the region, with this part of the report being prepared by the Energy Regulatory Commission and submitted to the Ministry;

2. possible impacts of the measure on the security of gas supply in neighbouring Contracting Parties to the Energy Community or Member States of the European Union, in particular if the measure may restrict gas flows;

3. costs and benefits, as well as the assessment of the need and appropriateness of taking the measure compared to the costs and benefits of taking a market-based measure;

4. assessment of whether the measure taken provides equal opportunities for all participants in the gas market, and

5. expected duration of the measure, periodic assessments of the results of the measure, as well as procedures to be taken after the measure ceases to be valid.

(6) The Ministry shall publish the report referred to in paragraph (5) of this Article on its website and submit it to the Energy Community Secretariat.

(7) The measure adopted shall enter into force only when amended in accordance with the opinion of the Energy Community Secretariat.

Contents of the Intervention Plan

Article 42

(1) The intervention plan referred to in Article 40 paragraph (1) item 2 of this Law shall be based on the crisis levels determined in Article 43 paragraph (1) of this Law, and shall in particular:

1. determine the obligations of licensees carrying out energy activities in the field of gas, the electricity transmission system operator, as well as industrial gas customers and electricity producers, taking into account the degree of their vulnerability to gas supply disruption, as well as their mutual relations with stakeholders applying crisis measures and the Energy Regulatory Commission at each of the crisis levels;

2. determine the obligations of the Ministry, as well as of other entities to which, in accordance with Article 35 paragraph (3) of this Law, separate competencies have been delegated for each of the crisis levels;

3. ensure that licensees carrying out energy activities in the field of gas and industrial gas customers, including electricity producers and heat producers, are given sufficient opportunities to respond to crisis levels;

4. identify, if necessary, the measures and actions to be taken to mitigate the possible impact of the gas supply interruption on the production of heat and electricity, taking into account the complementary operation of the gas and electricity energy systems;

5. establish detailed procedures to be applied at each level of crisis, including appropriate data exchange schemes;

6. appoint a person responsible for crisis management and determine their role and tasks;

7. determine the contribution of market-based measures to addressing the "alert" crisis level and mitigating the situation at the "emergency" crisis level;

8. determine the contribution of non-market-based measures planned to be applied at the "emergency" crisis level, as well as an assessment of the extent to which the application of these measures is necessary to address the crisis, with their application to be initiated if market-based measures cannot ensure gas supply to protected gas customers;

9. describe the mechanisms used for cooperation and exchange of information with the Contracting Parties to the Energy Community or the Member States of the European Union for each of the crisis levels;

10. determine in detail the obligations for licensees carrying out energy activities in the field of gas to submit notifications, as well as the obligations for licensees carrying out energy activities in the field of electricity to submit notifications in the event of a crisis at the "alarm" or "emergency" level;

11. describe the existing technical and legal measures to prevent unjustified gas consumption by customers connected to gas transmission or distribution systems, except for protected customers; and

12. establishs a list of predefined activities for gas availability in the event of an emergency, including commercial arrangements between the parties involved in those activities, as well as mechanisms for appropriate compensation of licensees carrying out energy activities in the field of gas, taking into account the need to protect commercially sensitive data.

(2) In order to prevent unjustified gas consumption in the event of an emergency, the Ministry shall notify gas customers who are not protected customers of the need to reduce or interrupt consumption without creating a state of technical insecurity.

(3) The intervention plan shall ensure that access to the cross-border gas pipeline infrastructure in an emergency is technically and safely maintained and that measures that unreasonably restrict cross-border gas flows are not introduced.

(4) Measures, activities and procedures of the intervention plan shall be tested at least once every four years, by applying simulation of medium and high impact scenarios, as well as responding to such impacts in real time, by applying the measures, activities and procedures of the plan, and the results of the tests shall be submitted to the Energy Community Secretariat and presented to the Energy Community ‘s Security of Supply Coordination Group.

Declaring a Gas Supply Crisis

Article 43

(1) The Ministry shall initiate a procedure for declaring a gas supply crisis in accordance with the Law on Crisis Management and the regulation referred to in Article 45, paragraph (1), item 2 of this Law, whereby one of the following crisis levels may be declared:

1. "early warning" level, in the event that there is precisely defined, clear, serious and reliable information that a certain event may result in a significant deterioration of the gas supply situation and that this may lead to activation of the "alert" or "emergency" crisis levels;

2. "alert" level, in the event that due to a gas supply disruption or unusually high gas consumption, gas supply may deteriorate, but market mechanisms can still cope with the disruption or high demand, without the need to activate non-market-based measures, or

3. "emergency" level in the event that due to unusually high gas demand, a significant interruption in gas supply or other significant deterioration in gas supply occurs and when all market-based measures applied are insufficient to meet the gas demand and therefore non-market-based measures need to be applied to primarily ensure gas supply to protected customers.

(2) The Ministry shall notify the Energy Community Secretariat and the competent bodies of the Contracting Parties to the Energy Community or the Member States of the European Union with which the Republic of North Macedonia is connected by interconnecting gas pipelines of:

1. declaration of a crisis at any of the levels referred to in paragraph (1) of this Article, as well as the anticipated duration of the crisis;

2. measures contained in the intervention plan referred to in Article 40 paragraph (1) item 2 of this Law, which are planned to be undertaken, and

3. measures that deviate from the measures provided for in the intervention plan referred to in Article 40 paragraph (1) item 2 of this Law, and planned to be taken in order to deal with the crisis, as well as an explanation of the need for the deviations.

(3) The Ministry shall ensure that:

1. no measures shall be introduced which at any time unreasonably restrict the flow of gas in the region and which may seriously jeopardise the supply of gas to another counter party to the Energy Community or a Member State of the European Union; and

2. access to the cross-border gas pipeline infrastructure in an emergency is technically and safely maintained in accordance with the intervention plan.

(4) For the duration of the gas supply crisis declared at the level of "emergency", the Ministry, at the request of the electricity transmission system operator or the gas transmission system operator based on the risk assessment referred to in Article 39 of this Law, may decide to grant priority in gas supply instead of to individual categories of protected customers to individual power plants listed in the plans referred to in Article 40 of this Law, which use gas for electricity generation if the shortage in gas supply to those power plants:

1. may cause serious damage to the operation of the power system or

2. may disrupt gas production and/or transmission.

(5) Within three days from the date of receipt of the reasoned request submitted by the Energy Community Secretariat for change or termination of the measures that have been taken or are planned to be taken to deal with the declared crisis, the Ministry shall submit to the Energy Community Secretariat the amended measures or the notification reasoning the non-acceptance of the recommendations contained in the request.

Information Exchange

Article 44

(1) In the event of a declared gas supply crisis at any of the levels set out in Article 43 paragraph (1) of this Law, the affected licensees carrying out energy activities in the field of gas shall be obliged to submit to the Ministry information on a daily basis, in particular on:

1. forecasts for daily quantities of gas demanded and offered expressed in kWh;

2. daily gas flow at the entry and exit points of the gas transmission system, as well as at all points of connection of the system to a gas storage facility or a liquid gas terminal, and

3. period, expressed in days, for which it is expected that the gas supply to protected customers is ensured.

(2) No later than six weeks after the conclusion of the gas supply crisis, the Ministry shall submit to the Energy Community Secretariat a detailed assessment of the crisis, the effectiveness of the measures taken, the impact of the crisis on the economy, the impact of the crisis on the electricity sector, as well as the assistance received from the Contracting Parties to the Energy Community or the Member States of the European Union.

(3) In exceptional circumstances, regardless of whether a gas supply crisis has been declared, the Ministry may request licensees carrying out energy activities in the gas sector to submit information referred to in paragraph (1) of this Article or additional information on the gas supply situation in the Republic of North Macedonia or in another counter party to the Energy Community or a Member State of the European Union, including information on concluded contracts for gas supply from other countries with a duration of more than one year, except for information on contract prices, which relate to:

1. duration of the contract, the agreed quantities of gas, the minimum daily and monthly quantities and the agreed delivery points;

2. agreed maximum intraday quantities in the event of a gas supply crisis being declared at the "alarm" or "emergency" level;

3. conditions for suspending gas delivery and

4. indication of whether the quantities of gas delivered pursuant to the contract concluded, individually or cumulatively with all contracts with the same supplier or its affiliated undertakings, is equal to or greater than 28% of the annual gas consumption in the Republic of North Macedonia.

(4) The information referred to in paragraph (3) of this Article shall be used for preparation of the risk assessment, the prevention plan and the intervention plan and shall be submitted by the Ministry to the Energy Community Secretariat.

(5) In the event of conclusion of new or amendment of existing contracts, the Ministry of Information shall notify the Energy Community Secretariat by the end of September in the year in which the contracts have been concluded or amended.

(6) If the Ministry suspects that the contract concluded referred to in paragraph (3) of this Article puts at risk the security of gas supply to the Republic of North Macedonia, it shall notify the Energy Community Secretariat thereof.

(7) The Ministry or the Energy Community Secretariat through the Ministry may request the licensees carrying out energy activities in the field of gas to submit the contract, with the exception of price information, in order to assess its impact on the security of gas supply. The request must be reasoned and may also include details of all information on other gas supply contracts entered into that are relevant to the execution of the gas supply contract, with the exception of price information.

(8) Licensees carrying out energy activities in the field of gas shall be obliged to submit a response and supporting documentation referred to in paragraph (7) of this Article within 15 days of submitting the request.

(9) The Ministry shall assess the security of gas supply within three months of the deadline set in paragraph (8) of this Article and submit the results to the Energy Community Secretariat.

(10) After the assessment referred to in paragraph (9) of this Article has been submitted, the Energy Community Secretariat may issue an opinion proposing to the Ministry to amend the risk assessments or plans based on the information received in accordance with this Article. Depending on the opinion of the Energy Community Secretariat, the Ministry shall act in accordance with Articles 39 and 40 of this Law.

(11) All contracts or information received pursuant to paragraphs (7), (8), (9) and (10) of this Article, as well as the relevant assessments by the Ministry or the Energy Community Secretariat, shall be confidential.

Regulations for Dealing with an Energy Crisis

Article 45

(1) Upon proposal from the Ministry and upon prior opinion of the Energy Regulatory Commission, the Government shall adopt:

1. Decree on measures and activities for dealing with the electricity crisis, and

2. Decree on measures and activities for managing a crisis in the security of gas supply.

(2) The measures and activities provided for by the regulation referred to in paragraph (1) item 1 of this Article shall be in accordance with the Risk Assessment Methodology for the identified regional risk preparedness scenarios referred to in Article 28 of this Law and with the risk preparedness plan referred to in Article 30 of this Law.

(3) The measures and activities provided for by the regulation referred to in paragraph (1) item 2 of this Article shall be in accordance with the assessment of risks that may affect the security of gas supply referred to in Article 39 of this Law and with the prevention plan and intervention plan referred to in Article 40 paragraph (1) of this Law.

(4) The regulations referred to in paragraph (1), items 1 and 2 of this Article shall, in particular, regulate:

1. manner of exercising the competencies of the Ministry and the entites carrying out regulated energy activities for transmission and distribution of electricity and gas in relation to determination, proposal and implementation of measures and activities for preparedness to deal with risks;

2. manner and conditions under which certain operational tasks and activities of the Ministry related to risk preparedness may be transferred to certain entities carrying out regulated energy activities for transmission or distribution of electricity and gas;

3. form, content and procedure for preparing risk preparedness scenarios in the electricity and gas sectors, as well as procedure for determining and evaluating the scenarios;

4. form, content and procedure for preparing the risk preparedness plan referred to in Article 30 of this Law and the prevention plan and intervention plan referred to in Article 40 paragraph (1) of this Law, as well as defining and implementing measures to mitigate risk and strengthen the resilience of the electricity and gas transmission and distribution systems;

5. procedure for managing electricity and gas supply in a state of electricity crisis and crisis in the security of gas supply;

6. exchange of information with the competent authorities of other Contracting Parties to the Energy Community from the relevant region or the Member States of the European Union, as well as other regional and international institutions and bodies for security of energy;

7. criteria for determining the threat threshold for sending an early warning and for declaring a crisis and taking measures and activities to deal with an electricity crisis and a crisis in the security of gas supply;

8. procedures and mechanisms for issuing an early warning or announcement of an electricity crisis and a crisis in the security of gas supply, as well as the actions taken upon receipt of the relevant notifications and warnings from another counter party to the Energy Community or a Member State of the European Union;

9. mechanisms for activating and implementing energy security measures in accordance with the risk preparedness plan referred to in Article 30 of this Law and the prevention plan and intervention plan referred to in Article 40 paragraph (1) of this Law;

10. criterion for gas supply in the cases referred to in Article 37 paragraph (1) of this Law;

11. procedures and mechanisms for cooperation and appropriate assistance with another counter party to the Energy Community or a Member State of the European Union and with international bodies for energy crisis management;

12. measures to assist another counter party to the Energy Community or a Member State of the European Union in the relevant region for coordinated system management or another directly connected counter party or a Member State of the European Union, which may be provided or exchanged in the event of an energy crisis;

13. manner and procedure for communicating with the public and providing information to the media about the results of the measures taken and the measures that need to be taken, and

14. manner and procedure for monitoring and reporting on the management of the energy crisis and the impact of the energy crisis on energy systems, as well as evaluation of the consequences of the energy crisis.

SECTION FOUR

ENERGY REGULATORY COMMISSION

Legal Subjectivity

Article 46

(1) Energy Regulatory Commission shall be an independent and sole regulatory body that regulates and controls the manner of performing energy activities under this Law, as well as other activities determined by law.

(2) Energy Regulatory Commission shall be independent in its operations and decision-making and shall exercise its competence in the regulation of energy activities in the framework established by this and other laws and regulations adopted on the basis of law and in accordance with the principles of fairness, transparency and non-discrimination, applying the best international practices and experiences.

(3) Energy Regulatory Commission shall be a non-profit body, which has the status of a legal entity, separate and functionally independent in terms of organization and decision-making from the state and local government bodies and the energy sector.

(4) Energy Regulatory Commission shall act independently in legal transactions, especially when entering into contracts, initiating or representing a party to legal proceedings, and when acquiring, managing, using and disposing of its own real and movable property.

(5) Energy Regulatory Commission shall adopt a statute regulating issues related to its internal organization, as well as the manner of operation and decision-making, in accordance with this and other laws.

(6) The Assembly of the Republic of North Macedonia (hereinafter: the Assembly) shall approve the statute of the Energy Regulatory Commission.

(7) Energy Regulatory Commission shall adopt rules of procedure that regulate the manner of its operations.

Composition of the Energy Regulatory Commission

Article 47

(1) Energy Regulatory Commission shall be composed of seven members, one of whom shall be its chairperson.

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

(3) Person, a citizen of the Republic of North Macedonia, who meets the following requirements may be appointed as chairperson or member of the Energy Regulatory Commission:

1. person having at least 240 ECTS credits acquired or has a VII/1 degree in the field of electrical engineering, mechanical engineering, technological sciences, environment and resources, construction, economics or law completed;

2. person who, in the last 15 years after fulfilling the condition from item 1 of this paragraph, has at least 10 years of work experience in the energy sector, i.e. in the provision of water services or municipal waste management before their appointment;

3. at the time of appointment, they have not been sentenced by a final court judgment to a penalty or misdemeanor sanction, a ban on performing a profession, activity or duty, and

4. person who has not been a member of a management body or supervisory body of an undertaking that carries out energy activities, i.e. activities related to water services, for at least two years prior to the appointment.

(4) The term of office of the chairperson and members of the Energy Regulatory Commission shall be five years, with the possibility of one more term, i.e. no member may hold office for more than two terms.

(5) The position of chairperson and member of the Energy Regulatory Commission shall be carried out professionally and shall be incompatible with holding another public office, office in a political party or occupation. If the member of the Energy Regulatory Commission was employed prior to the appointment, their employment shall be put on hold.

(6) The Energy Regulatory Commission’s chairperson shall represent the Energy Regulatory Commission in the country and abroad and shall have other rights, obligations and authorities determined by this Law and the statute.

(7) The members of the Energy Regulatory Commission shall elect a deputy chairperson from among their ranks. The selection procedure, rights, obligations and powers of the deputy chaiperson shall be determined by the statute of the Energy Regulatory Commission.

Appointing Chairperson and Members

Article 48

1. The Assembly shall appoint and dismiss the chairperson and members of the Energy Regulatory Commission, upon a proposal from the Committee on Election and Appointment Issues of the Assembly. When appointing the chairperson and members, appropriate and equitable representation of members of all communities and gender-balanced participation shall be taken into account.

(2) The procedure for appointing a chairperson or member of the Energy Regulatory Commission shall begin at least 90 days before the expiration of the term of office of the chairperson or member of the Energy Regulatory Commission.

(3) The Assembly shall publish a public announcement for the appointment of a chairperson and/or member of the Energy Regulatory Commission in at least two daily newspapers published throughout the territory of the Republic of North Macedonia, of which in one of the newspapers that is published in the language spoken by at least 20% of the citizens who speak an official language other than Macedonian. The public announcement shall last eight days from the date of publication in the "Official Gazette of the Republic of North Macedonia".

(4) Review of applications from the announcement referred to in paragraph (3) of this Article shall be carried out by the Committee on Election and Appointment Issues of the Assembly.

(5) After reviewing the applications referred to in paragraph (5) of this Article, the CCommittee on Election and Appointment Issues shall propose to the Assembly a candidate to be appointed as chairperson and members of the Energy Regulatory Commission.

(6) The decision to appoint the chairperson and members of the Energy Regulatory Commission shall be published in the "Official Gazette of the Republic of North Macedonia".

Termination of Members’ Term of Office

Article 49

(1) The position of chairperson or member of the Energy Regulatory Commission shall terminate upon expiration of the term for which they have been appointed.

(2) The chairperson, i.e. the member of the Energy Regulatory Commission, whose mandate has expired, shall hold the position until appointment of a new chairperson, i.e. member, but not longer than one year. On the day following the expiration of the last day of the extended period for performing the function of chairperson and/or member, the Energy Regulatory Commission shall notify the Assembly of the termination of performance of the function. The Assembly, upon receipt of the notification, shall, at the first following session of the Assembly, establish the termination of the term of office.

(3) The performance of the function of chairperson or member of the Energy Regulatory Commission shall terminate before expiration of the term of office if:

1. they submit resignation to the Assembly;
2. they become permanently or temporarily incapacitated for uninterrupted performance of their duties for more than six months, or in the event of death;
3. they have been sentenced to imprisonment for a crime committed for a period of more than six months by a final court judgement or have been given a security measure of prohibition from performing a profession, activity or duty for a period of more than six months;
4. they fail to submit proof that the obligation referred to in Article 52, paragraph (2) of this Law has been fulfilled within the specified deadline, or
5. they fulfil the conditions for exercising the right to a pension.

(4) The Energy Regulatory Commission shall notify the Assembly within eight days of becoming aware about the fulfilment of the condition referred to in paragraph (3), items 2, 3 and 4 of this Article, and no later than 90 days before the fulfilment of the condition referred to in paragraph (3), item 5 of this Article.

(5) Upon receipt of the notification referred to in paragraph (4) of this Article, the Assembly shall adopt a decision on termination of the function of chairperson and/or member of the Energy Regulatory Commission.

(6) The chairperson or member of the Energy Regulatory Commission may be dismissed from the position to which they have been appointed before the expiration of the term of office if:

1. they perform their function negligently and unprofessionally;

2. they have committed a violation of the obligations of impartiality and independence;

3. they have abused their position, or

4. they have otherwise acted contrary to the law.

(7) If the Energy Regulatory Commission determines that any of the grounds referred to in paragraph (6) of this Article have been met, it shall submit to the Assembly a proposal for initiating a procedure for adopting a decision to dismiss the chairperson or member from office before the expiration of the term of office.

(8) Within 90 days of the adoption of a decision on termination of office or dismissal from office referred to in paragraphs (5) and (7) of this Article, the Commission on Election and Appointment Issues shall submit to the Assembly a proposal for appointment of a new chairperson or member of the Energy Regulatory Commission.

Salaries and Compensations to Salaries

Article 50

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

(2) The employees in the expert and administrative service of the Energy Regulatory Commission shall have the status of administrative servants and to issues related to employment relations not regulated by this Law or by a collective agreement, the provisions of the Law on Public Sector Employees and the Law on Administrative Servants shall apply. The provisions of the Law on Public Sector Employees and the Law on Labor Relations shall apply to the auxiliary and technical personnel employed at the Energy Regulatory Commission.

(3) The Energy Regulatory Commission shall independently prescribe the manner of determining the salaries and compensations of employees at the expert and administrative service, as well as the amount of the basic salary coefficient, whereby salaries and compensations shall be determined at a level comparable to salaries and compensations in energy undertakings carrying out regulated energy activities.

Ethical Behavior

Article 51

(1) In the performance of their work duties and when adopting decisions, the Energy Regulatory Commission’s chairperson, members and the employees of the Energy Regulatory Commission’s expert service shall be obliged to act professionally, impartially, objectively and conscientiously, and shall in particular:

1. act independently of any kind of market interests;

2. refrain from seeking or receiving direct instructions from state authorities or other public and private entities;

3. not be guided by personal, business and financial interests;

4. not abuse their powers, and

5. protect the reputation of the Energy Regulatory Commission.

(2) By manner of exception to paragraph (1) item 2 of this Article, the Energy Regulatory Commission may cooperate with the Government or other state bodies in implementing policies that are not related to the competence of the Energy Regulatory Commission set out in Articles 54, 55, 56, 60 and 61 of this Law.

(3) The Energy Regulatory Commission shall adopt a code of ethics regulating in more detail the rights and obligations of the members of the Energy Regulatory Commission and the employees of the expert service and shall be published on its website.

(4) The Energy Regulatory Commission’s chairperson and members and the employees of the Energy Regulatory Commission’s expert service shall be obliged to respect confidentiality in relation to the performance of their duties, in accordance with the law, which shall continue after the termination of the term of office of the chairperson and members of the Energy Regulatory Commission.

Conflict of Interest

Article 52

(1) Chairperson or member of the Energy Regulatory Commission, their spouse or a person in direct line of kinship up to the first degree, as well as an employee in the Energy Regulatory Commission’s expert service, may not be a holder or applicant for a license to carry out an energy activity, a shareholder, partner to or member of the management and supervisory bodies of entities holding or applying for a license to carry out an energy activity, as well as in legal entities that perform activities related to water services and municipal waste management, for which the Energy Regulatory Commission determines prices in accordance with the Law on Setting Prices for Water Services and the Law on Waste Management(\*).

(2) If cases contrary to paragraph (1) of this Article occur, the persons shall be obliged to terminate their interests in those legal entities by selling their stocks and shares, i.e. by withdrawing from their positions and performing their activities.

(3) In the cases referred to in paragraph (2) of this Article, and within three months from the entry into force of the decision referred to in Article 48 paragraph (1) of this Law, the chairperson or member of the Energy Regulatory Commission shall be obliged to submit to the Energy Regulatory Commission evidence that the stocks or shares have been sold, i.e. that they have withdrawn from the positions and performance of activities in legal entities holding or applying for a license to carry out energy activities, i.e. in legal entities performing activities related to water services and municipal waste management.

(4) By the time the evidence referred to in paragraph (3) of this Article is submitted, the chairperson or the member shall not be entitled to participate in the adoption of decisions by the Energy Regulatory Commission relating to entities holding or applying for a license to carry out energy activities, as well as legal entities performing activities related to water services and municipal waste management, for which the Energy Regulatory Commission sets the prices in accordance with the Law on Setting Prices for Water Services and the Law on Waste Management (\*).

(5) In the event of a violation of the obligation referred to in paragraph (2) of this Article by employees of the Energy Regulatory Commission’ expert service, the chairperson of the Energy Regulatory Commission shall adopt a decision in accordance with the code of ethics referred to in Article 51, paragraph (3) of this Law or, when the violation of the obligation is not covered by the code of ethics, they shall act in accordance with the law.

(6) Within a period of two years from the date of termination of the term of office, the chairperson or member of the Energy Regulatory Commission may not acquire stocks or shares, establish an employment relationship or be a member of the management and supervisory bodies in a legal entity referred to in paragraph (1) of this Article, as well as in an entity which, in accordance with the Company Law, has influence over the legal entity referred to in paragraph (1) of this Article.

(7) In cases of obvious violation of the rules on conflict of interest, i.e. exemption in situations in which the member or the chairperson has been aware or should have been aware of the existence of any of the grounds for conflict of interest, i.e. exemption provided for by law, the Energy Regulatory Commission shall submit a proposal for dismissal to the Assembly with explaining the violations or shall act in accordance with the law.

Objectives of Regulating Energy Activities

Article 53

(1) By exercising its competence established by this Law and other laws, and taking into account the objectives of energy policy, the Energy Regulatory Commission shall enable:

1. competitive, secure and sustainable energy markets in the Republic of North Macedonia and their integration in regional and international energy markets;;

2. opening markets for all cutomers and suppliers in the Energy Community and the European Union;

3. removing restrictions on trade in electricity and gas, including ensuring adequate cross-border transmission capacities to meet demand and facilitating electricity and gas flows within the Energy Community and the European Union;

4. development of secure, reliable, competitive and efficient user-oriented energy systems;

5. strengthening the functions of markets in ensuring secure and sustainable energy supply;

6. optimizing the use of electricity and gas by energy system operators in order to improve energy efficiency;

7. facilitating access for new users to the electricity and gas transmission and distribution systems and the heat distribution system, as well as for participants in energy markets, and in particular for producers of electricity from renewable sources and energy storage facilities;

8. increasing the efficiency of the systems and accelerating the integration on the markets through short-term and long-term incentive measures for the operators and users of the transmission and distribution systems of the appropriate type of energy;

9. protection and promotion of customer rights and achievement of high standards in fulfilling the obligation of public and/or universal service in the supply of electricity, gas and heat;

10. achieving high standards in the provision of public and universal service in energy supply, especially with regard to protection and promotion of the rights of vulnerable customers and provision of necessary information to customers, especially on the procedure for changing electricity or gas supplier, and

11. providing compensation for justified costs, including necessary information and communication technology costs and infrastructure costs, and enabling the operators of regulated energy activities to provide efficient and reliable regulated services.

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

1. cooperate with the competent state authorities, local self-government units, entities carrying out an energy activity, energy system users and energy customers, and with other organizations and institutions, including the institutions of the Energy Community and the European Union, and

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

Competence of the Energy Regulatory Commission

Article 54

(1) In order to exercise its competence, the Energy Regulatory Commission shall:

1. Adopt:

1.1. rulebooks and methodologies for setting prices and tariffs for regulated energy activities;

1.2. rulebook and methodology for determining and approving, as well as reimbursing and distributing the costs of the transmission system operator and NEMO incurred for the needs of the market intraday and single day-ahead coupling;

1.3. rulebook and methodology for establishing the highest retail prices of certain oil derivatives and transport fuels;

1.4. rulebook for licenses

1.5. rulebook on the manner and procedure for monitoring the operation of energy markets, cooperation and information sharing with relevant regulatory bodies in order to ensure adequate monitoring of day-ahead and intraday coupling, monitoring of the implementation of counter parties' integration in day-ahead and intraday coupling by ACER, as well as the manner of submitting the data necessary for monitoring by the transmission system operator and the manner of submitting the data necessary for monitoring the implementation of counter parties' integration in day-ahead and intraday coupling to ENTSO-E at the joint request of the ECRB and ACER and ENTSO-E;

1.6. rulebook on supervision pursuant to Article 273 of this Law;

1.7. rulebook on certification of electricity transmission system operator and gas transmission system operator;

1.8. rulebook on granting the status of a closed electricity distribution system, a closed gas distribution system and a combined gas transmission and distribution operator;

1.9. demand-side management rules;

1.10. rules for cybersecurity of generation, storage facilities and energy transmission and distribution systems;

1.11. tariff systems for transmission and distribution of electricity, gas and heat;

1.12. tariff systems for services provided by energy market operators;

1.13. tariff systems for sale of electricity by the universal supplier and the supplier of last resort;

1.14. rules for handling complaints and resolving disputes;

1.15. gas market rules;

1.16. electricity procurement rules for the universal supplier;

1.17. electricity supply rules;

1.18. gas supply rules;

1.19. heat supply rules;

1.20. decisions on prices and tariffs for regulated energy activities and decisions on the highest selling prices of oil derivatives and transport fuels;

1.21. decisions on issuing licenses, including licenses for trial operation, as well as decisions on changing, awarding, extending, suspending, revoking and terminating licenses for carrying out certain activities in the field of energy;

1.22. decisions on exemption from the obligation to provide third-party access to electricity and gas transmission lines and infrastructure;

1.23. decisions for entry in the register of foreign entities which may carry out energy activities in the Republic of North Macedonia;

1.24. rules on procedure, conditions, criteria and methodology for assessing investments and risks in PECI and PMI and for publishing indicators and appropriate reference values ​​for comparing investment costs;

1.25. rules for exemption from the application of certain obligations from the network rules for transmission and distribution of electricity;

1.26. decisions on exemption from the application of certain obligations from the Rules for Balancing Energy Market and Rules for Balancing Services of the Gas Transmission System;

1.25. decisions for exemption from the application of certain obligations from the network rules for transmission and distribution of electricity, and

1.28. decision on the conditions, manner and deadlines for compliance of existing users of the electricity transmission system with the network rules for electricity transmission;

2. Approve:

2.1. network rules for transmission and distribution of the appropriate type of energy adopted by the relevant energy transmission and distribution system operators, which include methodologies for calculating connection fees;

2.2. rules for registration of participation in the electricity market and regulation of the bilateral contracts market, rules for balancing energy market and rules for balancing services of the gas transmission system, upon proposal from the relevant operators;

2.3. rules for electricity and gas procurement to cover losses in transmission and distribution systems;

2.4. rules or methodologies or revision under Article 143 paragraphs (5) and (6), Article 144 paragraphs (2) and (3) and Article 145 paragraphs (2) and (3) of this Law;

2.4. rules or methodologies or revision under Article 143 paragraphs (5) and (6), Article 144 paragraphs (2) and (3) and Article 145 paragraphs (2) and (3) of this Law;

2.6. models of bilateral and multilateral contracts in the day-ahead and intraday markets, including methodologies arising out of the contracts;

2.7. tariff list for fees for issuing, transferring and recognizing guarantees of origin by the electricity market operator;

2.8. rules for operation of an organized electricity market;

2.9. methodology for calculating fees charged for participation in the organized electricity market and for realization of transactions;

2.10. rules for allocation of gas transmission capacities and congestion management;

2.11. rules for submitting information from electricity market participants to the transmission system operator;

2.12. plans for reducing losses in electricity and gas distribution systems;

2.13. ten-year plans for development of electricity and gas transmission systems;

2.14. five-year plans for development of electricity and gas transmission systems;

2.15. investment plans for development of transmission and distribution systems prepared by the operators for transmission and distribution of the appropriate type of energy;

2.16. harmonization programmes adopted by the operators of the relevant energy systems;

2.17. appointment of the compliance officer and

2.18. annual report of the compliance officer on the implementation of the compliance programme plans;

3. establish and keep register of foreign entities which may carry out energy activities in the Republic of North Macedonia, and

4. perform other tasks determined by law.

(2) If the entity carrying out energy activity, which has submitted an act referred to in paragraph (1) item 2 of this Article for approval to the Energy Regulatory Commission, fails to act upon the requests of the Energy Regulatory Commission to regulate certain issues in the act based on the principles of non-discrimination, transparency and competition, as well as to enable provision of a public or universal service, the Energy Regulatory Commission shall make appropriate amendments and supplements to the draft act submitted for approval, which shall become an integral part of the approved act, and if the act is to be published in the "Official Gazette of the Republic of North Macedonia", it shall oblige the entity carrying out energy activity to publish the act in the "Official Gazette of the Republic of North Macedonia".

(3) The Energy Regulatory Commission shall cooperate with the regulatory authority or authorities of the affected counter parties and with the Energy Community Regulatory Board on cross-border issues.

(4) The Energy Regulatory Commission shall ensure that there is no cross-subsidization between the transmission, distribution and supply activities or other electricity activities or activities not related to electricity.

(5) The Energy Regulatory Commission may request an adjustment of the bidding zone configuration based on the recommendations of the ECRB/ACER, as well as on the basis of a request from the ECRB, the electricity system operator for the region concerned together with the affected electricity system operators whose zones, including interconnections, are covered by the geographical region in which the bidding zone is being reviewed, Member States and the counter parties in the capacity calculation region.

Monitoring the Conditions and Operation of Energy Markets

Article 55

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

1. strengthen the efficiency, competitiveness, integrity and transparency of energy markets;

2. detect irregularities, distortion of competition and forms of unfair competition in the market, as well as other activities in the energy markets contrary to the laws, other regulations and obligations set out in the licenses for carrying out energy activities, and

3. detect and prevent trading in energy products on the wholesale market based on inside information and manipulation of wholesale energy products markets, including attempted manipulation of wholesale energy products markets.

(2) For the purpose of efficient achievement of the competency set out in paragraph (1) of this Article, the Energy Regulatory Commission shall monitor, in particular:

1. fulfilment of the legally established obligations of the entities carrying out regulated energy activities relating to ensuring security of supply of electricity, gas and heat;

2. operation of energy markets in order to ensure their improvement and security of energy supply, including development of competitiveness and the degree of opening of wholesale and retail energy markets;

3. application of the rules and conditions or methodologies that, in accordance with this Law, the entities carrying out energy activity apply directly or after prior approval by the Energy Regulatory Commission;

4. implementation of plans for the development of energy transmission and distribution systems and, if necessary, request or recommend amendments to these plans;

5. access to networks for new generation facilities for electricity generation and storage, in particular removal of obstacles that could prevent new participants from accessing the market for electricity generated from energy from renewable sources and energy storage, and publish a national report every two years, including recommendations;

6. priority dispatched quantities of electricity and restrictions on priority network access and/or priority dispatch;

7. conditions for access to storage capacities in the gas transmission system and other gas system services;

8. use of revenues generated from congestion management in electricity and gas transmission systems;

9. use of revenues from fees for access and connection to energy transmission and distribution networks and their investment in the sustainability of the networks;

10. time required for the transmission and distribution system operators to connect new users and to eliminate defects;

11. application of rules for cybersecurity of generation and energy transmission and distribution systems;

12. compliance of the operations of the electricity and gas transmission and distribution system operators in terms of security and reliability of the systems;

13. timely publication of all relevant information by transmission and distribution system operators in accordance with accepted international obligations and standards, related to energy consumption, generation, storage and losses, management of systems and interconnection lines, use of the network and allocation of capacities to interested parties, demand balancing, estimated and planned quantities of energy and changes in the structure of energy generation, storage and transmission capacities, the technical condition of energy transmission and distribution systems before and after reconstruction or rehabilitation after a major incident;

14. level of transparency of electricity and gas prices in the relevant markets, the financial and real volume of planned and realized transactions by energy transmission and distribution system operators, as well as energy traders and suppliers;

15. changes in the ownership structure of energy operators, especially energy transmission and distribution system operators;

16. application of tariff systems and prescribed tariffs;

17. application of the conditions and fees for connecting new generation and storage facilities to the grid;

18. licensees’ operation in relation to their obligations set out in the licenses issued, including matters related to the cross-border transmission of electricity and gas;

19. emergence of restrictive contractual obligations, including exclusivity provisions that prevent customers from entering into contracts with multiple energy suppliers at the same time or that may limit their right to choose a supplier, and to notify the Commission for Protection of Competition thereof;

20. implementation of measures to protect customer rights by transmission and distribution system operators, as well as suppliers, in particular with regard to:

20.1. rights of customers to obtain data on their own consumption, the method of calculating the delivered energy and elements of the bill for the delivered;

20.2. obtaining complete and understandable information regarding prices and tariffs applicable to household energy prices;

20.3. methods of paying bills for energy consumed;

20.4. informing customers about the consequences of the non-operation of energy transmission and distribution systems due to reconstruction or rehabilitation after a major accident;

20.5. disconnection of users from the systems;

20.6. fees for repairs and maintenance of networks;

20.7. procedures for complaints and appeals submitted by customers, and

20.8. providing information to customers regarding their rights to dynamic price electricity supply contracts, aggregation contracts and installation of smart metering devices;

21. realization of benefits for customers resulting from efficient operation of energy markets, promotion of effective competition and the measures taken to protect customers;

22. compliance of electricity supply prices with the requirements of Article 6 of this Law;

23. quality of services provided by energy service providers, including the manner in which complaints from customers are handled;

24. implementation of the obligations to maintain separate accounting for entities carrying out one or more regulated energy activities or one or more regulated energy activities and another energy activity or another activity, as well as of the effective separation of accounting records in accordance with this Law;

25. implementation of programmes for harmonisation of operators of the relevant energy systems, in order to ensure non-discrimination, transparency and fairness in the operation of energy markets;

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

27. investments in electricity generation capacities in terms of security of energy supply;

28. determining and monitoring the implementation of measures and procedures for protection and promotion of the rights of vulnerable customers established by this Law;

29. coordination of the operations of the entities responsible for implementing market coupling operations;

30. technical cooperation between transmission system operators, electricity and gas market operators with the relevant operators from the Contracting Parties to the Energy Community and the Member States of the European Union;

31. activities for trading in energy products on the wholesale market in order to detect and prevent trading based on inside information and manipulation of the wholesale energy products market, including attempted manipulation of the wholesale energy products market;

32. monitor the work of the coordination of the system and shall report annually to the ECRB / ACER, and

33. monitor the compliance of entities performing market coupling operations.

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

(4) Based on the data and information obtained from monitoring the conditions of the energy markets in the Republic of North Macedonia, the Energy Regulatory Commission shall establish and maintain a database necessary for monitoring the operation of the markets, shall prepare and publish recommendations regarding the harmonisation of prices on a market basis and a report on the conditions and operation of the energy markets as an integral part of the report referred to in Article 72 of this Law.

(5) The Regulatory Commission shall submit the data and information referred to in paragraph (4) of this Article, which relate to participants in the wholesale markets from European Union Member States, to ACER.

(6) The entities carrying out energy activities shall be obliged to submit to the Energy Regulatory Commission information and data necessary for monitoring the operation of the energy markets in the Republic of North Macedonia in the manner, form and within the periods determined by the rulebook referred to in paragraph (3) of this Article.

Ensuring Integrity and Transparency in Energy Markets

Article 56

(1) Trading based on inside information shall be prohibited, i.e. entities possessing inside information regarding an energy product on the wholesale market may not:

1. use inside information when buying or selling or attempting to buy or sell, for their own account or for the account of a third party, directly or indirectly, wholesale energy products to which that information relates;

2. disclose inside information to any other entity, unless such disclosure is made in the ordinary course of their business, occupation or duty, and

3. recommend or induce another entity, based on inside information, to buy or sell an energy product on the wholesale market to which the information relates.

(2) Manipulation on wholesale markets for energy products shall be prohibited, and manipulation shall be deemed to be:

1. carrying out any transaction or giving any order to trade in energy products on the wholesale market, which:

1.1. giving or likely to be given false or misleading signals about the supply, demand or price of energy products on the wholesale market;

1.2. providing or there is an attempt to provide, with the assistance of one entity or in cooperation with several entities, artificial setting of the price of one or more energy products on the wholesale market, unless the entity who carried out the transaction or issued the order to trade proves that there are legitimate reasons for doing so and that the transaction or order to trade is in accordance with accepted practices on the relevant wholesale energy product market, or

1.3. useing or attempt to use a fictitious device or any other form of deception or contrivance which gives, or is likely to give, false or misleading signals about the supply, demand or prices of energy products on the wholesale market, or

1.4. dissemination of information through the media, the Internet or any other means that gives, or is likely to give, false or misleading signals about the supply, demand or prices of energy products on the wholesale market, including dissemination of rumors or false or misleading news if the entity disseminating it has been aware or should have been aware that the information was false or misleading.

(3) Manipulation attempt on wholesale market for energy products shall be prohibited, and manipulation attempt shall be deemed to be:

1. carrying out any transaction, giving any order to trade or taking any other action, relating to a particular energy product on the wholesale market, with the intention of:

1.1. giving or likely to give false or misleading signals about the supply, demand or price of energy products on the wholesale market;

1.2. artificial setting of the price of one or more energy products on the wholesale market, unless the entity who carried out the transaction or issued the order to trade proves that there are legitimate reasons for doing so and that the transaction or order to trade is in accordance with accepted practices on the relevant wholesale energy product market, or

1.3. use of fictitious device or any other form of deception or contrivance which gives, or is likely to give, false or misleading signals about the supply, demand or prices of energy products on the wholesale market, or

2. dissemination of information through the media, the Internet or in any other manner, with the intention of giving false or misleading signals about the supply, demand or prices of energy products on the wholesale market.

(4) Participant in the wholesale energy markets for energy products shall be any entity who carries out transactions or gives orders to carry out transactions on those markets, and in particular:

1. electricity and gas transmission and distribution system operators;

2. electricity market operator in transactions with electricity generated from renewable sources by preferential producers using a feed-in tariff;

3. electricity and gas traders and suppliers;

4. electricity producers who sell the electricity generated on the wholesale market;

5. customers who have a consumption capacity of electricity or gas at full utilization of all generation capacities of the customer, which is equal to or greater than 600 gigawatt hours (hereinafter: GWh) for a period of one calendar year and includes the total consumption of that customer as a separate economic entity, provided that the consumption takes place on markets with related wholesale prices, not taking into account the consumption of individual installations under the control of one economic entity with a consumption capacity of less than 600 GWh per year, if those installations are located in different relevant geographic markets and therefore do not have a common influence on the prices of energy products on the wholesale market, and

6. entities that, within their activity, mediate in the negotiation of transactions with energy products on wholesale markets.

(5) The participants referred to in paragraph (4), items 1, 2, 3, 4 and 5 of this Article shall be obliged to submit a request for registration in the register of participants in the wholesale market for energy products established and kept by the Energy Regulatory Commission.

(6) The participants referred to in paragraph (4) items 1, 2, 3, 4 and 5 of this Article shall be obliged to submit reports to the Energy Regulatory Commission, as well as to publish internal information regarding their capacities and operations on the wholesale markets for energy products.

(7) If an entity which, within the performance of its activity, mediates in negotiating transactions with energy products on wholesale energy markets suspects that a certain transaction may constitute trading based on inside information, market manipulation or attempted market manipulation, it shall be obliged to notify the Energy Regulatory Commission thereof.

(8) The entity referred to in paragraph (7) of this Article shall be obliged to establish and implement efficient mechanisms for recognizing trading based on inside information, market manipulation or attempted market manipulation.

(9) The regulation referred to in Article 55, paragraph (3) of this Law also prescribes the manner of recording participants in the wholesale energy product markets, determining the entities that are prohibited from trading based on inside information and the exceptions, the manner of publishing inside information, the type, content, form, manner and periods of submission and/or publication of the reports and data referred to in paragraph (6) of this Article.

Undertaking Measures

Article 57

(1) In cases where the Energy Regulatory Commission, while monitoring the situation and operation of the energy markets in accordance with Articles 55 and 56 of this Law, determines an irregularity, it shall adopt a decision ordering undertaking of appropriate mandatory measures, including a ban on the specific conduct of an entity carrying out energy activity, in order to ensure security of supply, efficient, competitive and non-discriminatory operation of the energy markets, as well as protection of the rights of customers and users of energy systems. The decision shall state the measures that should be taken by the entity carrying out energy activity, as well as the deadlines within which these measures should be taken and the obligation to submit reports on the measures taken.

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

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

1. shall submit a request for initiation of misdemeanor proceedings in accordance with the provisions of this Law, or other proceedings before a competent state authority, and

2. may initiate proceedings to suspend or revoke the license.

(4) If during the monitoring the operation of the electricity, gas, heat and oil and oil derivatives markets, the Energy Regulatory Commission assesses that there is no effective competition, it may, in cooperation with the Commission for Protection of Competition and the Energy Community Secretariat, conduct additional research and take necessary and appropriate measures to ensure promotion of competition and efficient operation of the energy markets.

International Cooperation

Article 58

(1) In order to integrate the energy markets of the Republic of North Macedonia into regional and European markets, the Energy Regulatory Commission shall:

1. participate in the work and implement the recommendations of the ECRB and ACER and carry out cooperation, consultations and exchange of information with the Energy Community Secretariat, with the relevant regional and international organizations and with other regulatory bodies in the region;

2. enter into cooperation agreements with other regulatory bodies for the purpose of creating a competitive regional electricity and gas market and harmonizing the legal, regulatory and technical framework;

3. comply with and implement the relevant legally binding decisions of the ECRB and ACER, and

4. ensure harmonisation of procedures for exchange of data on energy markets within the Energy Community;

5. ensure, from the transmission system operator and NEMO, application of the pan-European TCMs adopted by ACER and compliance with the binding decisions of the ECRB and ACER relating to the transmission system operator and NEMO.

(2) The Energy Regulatory Commission, in cooperation with the Ministry,shall encourage and facilitate the cooperation of transmission system operators and electricity and gas market operators and NEMOs within the Energy Community, and in particular with regard to:

1. contractual arrangements aimed at enabling optimal management of electricity and gas networks;

2. joint exchange of electricity and gas and allocation of cross-border transmission capacities;

3. enabling the highest possible level of interconnection capacity, including new interconnection lines, with the counter parties of the Energy Community and the Member States of the European Union;

4. coordination of the development and implementation of network rules for relevant transmission system operators and other market participants;

5. submitting proposals for preparation of regional TSMs to the Energy Regulatory Commission, the competent regulatory bodies in the region, ECRB and ACER, and

6. cooperation between transmission system operators and other NEMOs from the Contracting Parties to the Energy Community and the Member States of the European Union in terms of requesting information on progress regarding regional TSMs and coordinating the development and implementation of congestion management rules.

(3) The transmission system operator and NEMO, in accordance with ratified international treaties, in the cooperation with the transmission system operators from the Member States of the European Union and from the Contracting Parties to the Energy Community, shall prepare a draft regional and national TCMs and submit them for approval to the ECRB or, if Member States of the European Union are concerned, to ACER or to the Energy Regulatory Commission and the competent regulatory bodies.

(4) The transmission system operator, i.e. NEMO, in cooperation with ENTSO-E whenever necessary, shall regularly inform the Energy Regulatory Commission, the competent regulatory bodies, ECRB or, if Member States of the European Union are concerned, ACER, about the progress of the preparation of the draft regional and national TCMs referred to in paragraph (3) of this Article.

(5) If the transmission system operator or NEMO does not submit a draft or an amended draft regional and national TCMs referred to in paragraph (3) of this Article to the competent regulatory authorities, ECRB or, if Member States of the European Union are concerned, to ACER for approval, they shall submit a draft TCM explaining the reasons why the draft was not submitted.

(6) The Energy Regulatory Commission together with the ECRB or, if Member States of the European Union are concerned, with ACER and all competent regulatory bodies shall undertake activities for approval of the draft TCMs.

(7) The Energy Regulatory Commission, ECRB or, in case of a Member State of the European Union, ACER, shall approve the draft TCMs prepared by the transmission system operators, i.e. NEMOs, and may amend them in order to contribute to market integration after consultations with the transmission system operators, i.e. NEMOs, by applying the principles of non-discrimination, competition and proper operation of the market.

(8) The draft TCMs shall contain a proposal for the time required for their implementation and a description of the expected impact on the objectives of the areas being regulated.

The Energy Regulatory Commission shall cooperate with the competent regulatory bodies for the draft TCMs, the approval of which is under competence of more than one regulatory body.

(10) The draft TCMs approved by the regulatory authorities of the relevant region shall be submitted for opinion to the ECRB or, if a Member State of the European Union is concerned, to ACER, within seven days of receiving the draft TCMs.

(11) The Energy Regulatory Commission shall take into account the opinion referred to in paragraph (10) of this Article.

(12) The Energy Regulatory Commission shall decide upon the submitted national draft TCMs within six months of receiving the draft TCMs, while on the draft regional TCMs, the Energy Regulatory Commission shall decide upon together with the competent regulatory bodies in the region, within six months of receiving the draft TCMs by the last regulatory body in the region.

(13) If the Energy Regulatory Commission does not reach an agreement with the other regulatory bodies within the period referred to in paragraph (12) of this Article, the decision on the submitted draft regional TCMs shall be adopted by the ECRB or, if Member States of the European Union are concerned, by ACER.

(14) In the event that the Energy Regulatory Commission, ECRB or, if Member States of the European Union are concerned, ACER, or other regulatory bodies request an amendment to the submitted draft regional or national TCMs for approval, the transmission system operators or NEMOs shall submit a draft amending the TCMs within two months of the request. The Energy Regulatory Commission shall decide upon the submitted draft amending the TCMs within two months of submission.

(15) If, within the period referred to in paragraph (14) of this Article, the Energy Regulatory Commission and other regulatory bodies do not approve the draft amendments to the TCMs, it may submit an independent or joint request for decisions amending the TCMs with other regulatory bodies to the ECRB, or when Member States of the European Union are concerned, to ACER.

(16) Electricity transmission system operators and NEMOs, at the request of the ECRB or, when European Union Member States are concerned, to ACER, the Energy Regulatory Commission or other regulatory bodies shall be obliged to submit draft amendments to the TSM.

(17) The electricity transmission system operators and NEMO shall submit the draft amendments to the TCMs referred to in paragraph (16) of this Article to the Energy Regulatory Commission, which shall submit the same for opinion to the ECRB or, when Member States of the European Union are concerned, to ACER.

(18) Upon approval of the TCMs by the Energy Regulatory Commission, i.e. ECRB or, where Member States of the European Union are concerned, ACER, or if their approval is not required, the electricity transmission system operator and the NEMO shall publish the TCMs on their website upon their entry into force, unless such information is considered confidential in accordance with Article 259 of this Law.

Opinion, Recommendations and Decisions of ACER and ECRB

Article 59

(1) The Energy Regulatory Commission, the electricity transmission system operator and NEMO shall comply with and implement the opinions, recommendations and decisions of ACER and ECRB provided that:

1. the acts adopted refer to them, and are related to resolving issues in situations affecting regulatory bodies, electricity transmission system operators and NEMOs from at least one European Union Member State bordering the Republic of North Macedonia;

2. ACER’s competence to resolve the issues referred to in item 1 of this paragraph shall be determined by the competent authority in accordance with the obligations arising out of ratified international treaties.

(2) The opinions, recommendations and decisions referred to in paragraph (1) of this Article may relate to:

1. requests for information;

2. decisions approving provisions, conditions or methodologies relating to new or amended pan-European regulations and methodologies, including where no agreement has been reached between the relevant national regulatory authorities;

3. adjusting the configuration of the region for capacity calculation;

4. adjusting the configuration of the system's operating region;

5. adjusting the configuration of the regional coordination center;

6. responsibilities of the regional coordination center in relation to the capacity calculation region and the system operation region;

7. releases of new interconnections;

8. deviations from the minimum value for allocation of transmission capacities between trading zones, if the Energy Regulatory Commission or any other regulatory body in the same capacity calculation region does not agree with the request for deviation.

(3) Any entity carrying out energy activity and the Energy Regulatory Commission, to which the ACER decision referred to in paragraph (1) of this Article applies, may file an appeal in accordance with the decision’s legal remedy.

(4) In the event that the electricity transmission system operator or NEMO fails to submit draft TCMs within the prescribed deadline, the Energy Regulatory Commission, together with the ECRB and ACER, shall take steps to adopt the TCMs.

Rights and Obligations of the Energy Regulatory Commission

Regarding Cross-Border Activities in the Electricity Sector

Article 60

(1) The Energy Regulatory Commission shall monitor activities regarding the coordinated calculation and allocation of cross-border capacities and the coordinated management of electricity transmission systems, shall implement the decisions of the ECRB and ACER and cooperate with the competent regulatory bodies from the region of coordinated capacity calculation or the region of coordinated management of the electricity transmission system, in accordance with ratified international treaties.

(2) When fulfilling the obligations set out in paragraph (1) of this Article, the Energy Regulatory Commission shall submit:

1. annual reports to the ECRB and ACER on progress in fulfilling the obligations referred to in paragraph (1) of this Article;

2. annual reports to the ECRB on the amount of congestion revenues and their purpose, based on data submitted by the transmission system operator;

3. an assessment of the need and an initiative for a revision of the bidding zone configuration, based on a recommendation from the ECRB or ACER;

4. monitoring the efficient performance of NEMO's operation as a market coupling operator in accordance with the relevant rules and regulations;

5. revision of the structure of long-term transmission capacity rights for the needs of participants in the bidding zone, upon request from ECRB or ACER or on its own initiative, and

6. notification of each individual decision for exemption from participation in the coordinated exchange of balancing services to the electricity transmission system operator, the ECRB and the Energy Community Secretariat, maintenance and updating of a list of exemptions and regular reporting to the ECRB every six months.

Setting Tariffs and Prices

Article 61

(1) The Energy Regulatory Commission shall adopt regulations and methodologies for:

1. setting tariffs, which regulate the manner of calculation, approval and control over the realization of revenues for performing the regulated energy activities of transmission and distribution of electricity and gas, distribution of heat and organization and management of the electricity and gas markets;

2. setting prices for regulated energy activities, regulated production of thermal energy and supply of thermal energy to customers connected to the thermal energy distribution system;

3. setting the highest retail prices of certain oil derivatives and transport fuels;

4. setting electricity sales prices by the universal supplier and the supplier of last resort, and

5. setting gas sales prices by the gas supplier with an obligation to provide public service and supply as a last resort.

(2) The regulations and methodologies for setting electricity sales prices by the universal supplier may set sales prices for certain categories of customers according to the volume and period of electricity consumption.

(3) The entities carrying out energy activity shall be obliged to implement the decisions on prices and tariffs the Energy Regulatory Commission adopts on the basis of this Law and apply the regulations and methodologies referred to in paragraph (1) of this Article.

(4) The universal electricity supplier and the gas supplier with a public service obligation shall be obliged to apply the elements for calculating the sales prices for electricity or gas when setting the prices, as determined in the regulations referred to in paragraph (1) item 4 of this Article.

(5) The Energy Regulatory Commission shall monitor the manner of application of the regulations referred to in paragraph (1) item 4 of this Article, and if it determines that the calculation elements have been inappropriately applied when establishing the sales prices, it shall adopt a decision obliging the supplier to adjust the sales prices accordingly.

(6) The regulations referred to in paragraph (1) of this Article shall be based on the principles of fairness, transparency and non-discrimination and shall ensure that the entities carrying out regulated energy activities recover justified costs and obtain an adequate return on invested capital through reliable and efficient implementation of regulated activities, and in particular by:

1. balancing the interests of the entities carrying out regulated energy activities, users of energy systems and customers, as well as protecting customers and users of energy systems against any abuse of the dominant position on the market;

2. elimination of cross-subsidies between customer groups and spillover of revenues and costs when performing regulated and/or unregulated energy activities;

3. implementation of relevant systems development plans by providing financial resources for investments that ensure sustainable and reliable operation of the systems, security of supply and security of energy systems, including cybersecurity, integration of the electricity and gas markets, as well as efficient implementation of investments;

4. encouraging the entities carrying out regulated energy activities and the users of the relevant systems to increase the efficiency of their operations, including energy efficiency, and

5. supporting related research activities and implementing innovations in the interest of customers in areas such as digitalisation, flexibility and interconnectivity services, as well as development of smart grids and smart metering systems.

(7) When determining the revenues of the entities carrying out regulated energy activities in the regulations referred to in paragraph (1) of this Article, the following, among other things, shall be taken into account:

1. revenues generated by transmission system operators based on cross-border flows of electricity, i.e. gas, and fees for dealing with congestion in the electricity transmission systems;

2. revenues and costs generated by transmission system operators based on balancing and system services;

3. revenues and costs of the electricity transmission system operator arising out of the mechanism for mutual compensation of electricity transmission system operators;

4. net savings resulting from reduced costs achieved through the application of energy efficiency measures, demand-side management, savings achieved through investments in networks and reductions in energy delivery costs, as well as from optimization of operations as a result of distributed electricity generation and electricity generation for own needs;

5. revenue generated on other grounds in accordance with this Law;

6. costs of purchasing system services and energy to cover losses in the relevant energy system, taking into account the dynamics of loss reduction determined in the plans that system operators submit for approval to the Energy Regulatory Commission;

7. costs of the electricity transmission system operator and NEMO in accordance with Article 125 paragraph (1) of this Law, incurred in connection with establishment, updating or further development of the algorithm for price coupling, continuous trading and operational coupling;

8. costs or part of the costs incurred in the day-ahead and/or intraday electricity market coupling, which the electricity transmission system operator shall reimburse to NEMO in accordance with Article 125 paragraph (1) of this Law, if the Energy Regulatory Commission determines that those costs are reasonable and proportionate;

9. costs of secure system operation, including threat resilience and risk preparedness, as well as cybersecurity;

10. costs of ensuring operational security with long-term, short-term and seasonal adaptation of the system, including the costs of introducing the capacity mechanism;

11. costs for ensuring adaptability of the system to consumption characteristics and variability of the generation profile, as well as costs for redispatching in its own or neighbouring bidding zones;

12. costs of the electricity transmission system operator related to participation in the activities and implementation of the tasks of ENTSO-E and the Regional Coordination Centre, if those costs are assessed as reasonable and appropriate;

13. costs of the central counter party and the delivery agent for cross-border settlement if the Energy Regulatory Commission determines that those costs are reasonable and proportionate;

14. costs of the electricity transmission system operator related to participation in the European platforms for the exchange of balancing energy from reserves for restoration of frequency stability with manual and automatic activation and for balancing imbalances, and

15. costs of the electricity transmission system operator associated with participation in the single allocation platform.

(8) The Energy Regulatory Commission shall identify a regulated period for each operator individually.

(9) In order to achieve the objectives referred to in paragraph (6) items 1, 2 and 3 of this Article, the operators of the transmission and distribution systems for electricity, gas and heat distribution shall be obliged to submit to the Energy Regulatory Commission reports with statistical data, in a manner determined by the relevant network rules, each year on:

1. indices for continuity of energy supply and quality of service, determined by the Energy Regulatory Commission, and

2. about the number of complaints from system users and customers regarding the continuity of energy delivery and the quality of service.

(10) The Energy Regulatory Commission shall ensure that the costs for implementation of the development plans referred to in paragraph (6) item 3 of this Article are reimbursed through the appropriate tariff.

Tariff Systems and Tariffs

Article 62

(1) The tariff systems for transmission and distribution of electricity and gas and distribution of heat, as well as for the services provided by the electricity market operator and the gas market operator, shall determine the manner of setting the tariffs for the services provided by the entities carrying out regulated energy activities, determined by applying the relevant regulations and methodologies referred to in Article 61 of this Law.

(2) With the decisions on tariffs adopted in accordance with the tariff systems referred to in paragraph (1) of this Article, the Energy Regulatory Commission shall ensure that the tariffs:

1. are determined and applied in a transparent and non-discriminatory manner;

2. reflect the costs of entities carrying out energy activity;

3. do not include costs for actions taken by the entities carrying out regulated energy activities not related to the interest of network users or to the development of appropriate systems related to the given regulated activity;

4. do not use the funds collected on the electricity day-ahead or intraday market for activities in countries of a counter party or a member state other than the member state in which these funds were collected by NEMO;

5. do not depend on the distance over which electricity or gas is transported through the transmission or distribution system for the needs of the system user,

6. take into account the long-term capital costs and operating costs of distributed generation and demand-side management measures.

(3) When determining the tariffs for electricity transmission and distribution, the Energy Regulatory Commission shall ensure their mutual compliance in order to achieve:

1. equal treatment and encouragement of:

1.1. electricity generation capacities connected to the electricity transmission and distribution network;

1.2. energy storage facilities, aggregators in generation or supply;

1.3. providers of demand-side management services or energy efficiency measures, and

1.4. electricity customers that generate electricity for their own needs, electricity producers who use the electricity generated for their own consumption, closed electricity distribution networks, citizen energy communities and communities for use of energy from renewable sources;

2. supporting the overall long-term efficiency of transmission and distribution systems through price signals to customers and producers, in a neutral, balanced and non-discriminatory manner, and

3. not to affect the fees arising out of congestion management and not to provide for any fee for individual transactions in inter-zonal electricity trading or for transit of electricity.

(4) The Energy Regulatory Commission may decide:

1. tariffs for electricity transmission and distribution that apply at different intraday times to be introduced:

1.1 in order for end-users to benefit from the rational use of networks in a transparent, predictable and cost-reflective manner, or

1.2 if the Government has made a decision to introduce a system of smart metering devices in the Republic of North Macedonia, and

2. electricity distribution tariffs to reflect costs, taking into account:

2.1 the manner of use of the electricity distribution network by users, including active customers, and

2.2 the connection capacity and the user's generation and consumption profiles.

(5) Gas transmission tariffs shall be determined by applying elements relating to the capacity at the entry and exit points of the gas transmission system and according to the quantities of gas transmitted.

(6) Gas distribution tariff shall reflect the long-term capital and operating costs of the gas distribution system operator and should ensure generation of the approved revenue.

(7) In cases where the Energy Regulatory Commission, in accordance with European practice and based on the cost analysis, determines that the gas distribution tariff poses a risk to the implementation of the development of a gas distribution project, it may propose to the Ministry granting of support measures - bonuses for implementation and operation of the gas distribution project on the territory of the entire country in accordance with the regulations on state aid control.

(8) When reviewing and approving tariffs, tariff elements or methodologies and charges for the electricity transmission or distribution network, as well as when assessing and approving measures to support generation, the Energy Regulatory Commission shall take into account the best relevant practices and applicable recommendations from the ECRB or ACER, which relate in particular to:

1. the impact of tariffs on the operations of electricity producers and energy storage operators, as well as on investment in new electricity generation and energy storage capacities;

2. costs to be recovered through the tariff;

3. location signals;

4. tariff structure;

5. time and seasonally dependent tariffs;

6. relationship between transmission tariffs and distribution tariffs;

7. relationship between tariffs for individual groups or categories of customers;

8. relationship between tariffs and consumption profile;

9. relationship between tariffs and network losses at different voltage levels;

10. tariff transparency, and

11. exceptions and exemptions from the obligation to pay tariffs.

(9) The entities carrying out regulated energy activities shall be obliged to apply the prices or tariffs determined in the decisions on prices and tariffs adopted by applying the regulations and methodologies referred to in Article 61 of this Law and the tariff systems referred to in paragraph (1) of this Article.

Price Comparison Web-Platform

Article 63

(1) The Energy Regulatory Commission shall establishe and maintain a web-based electricity price comparison platform that is accessible via the Internet and that gives electricity customers from the household and small customers category, who, in accordance with the Company Law, are classified as micro-traders with an expected annual electricity consumption of less than 100,000 kWh, the opportunity to have direct access at any time and free of charge to clear, comprehensive and up-to-date information on electricity prices, duration of the supply contract, billing, including the conditions for entering into electricity supply contracts with a dynamic price, as well as other services related to the supply of electricity, in order to compare offers from different suppliers and to facilitate their choice of supplier, for which purpose the supplier shall enter an offer on the platform containing the following elements:

1. electricity prices by voltage level and intraday and/or intrayear delivery period, for each category of customers;

2. duration of supply contracts;

3. brief information on certain commercial features of the offer;

4. procedures for changing supplier applied by the supplier;

5. rights and obligations of customers;

6. ways to save energy, and

7. other services related to the supply of electricity.

(2) The platform referred to in paragraph (1) of this Article shall provide customers with the opportunity to compare offers from electricity suppliers with offers from the universal supplier and the supplier of last resort.

(3) When establishing and maintaining the platform referred to in paragraph (1) of this Article, the Energy Regulatory Commission shall ensure:

1. independence of the platform from the interests of market participants, i.e. establishment and maintenance of the platform shall not be financed or otherwise materially supported by electricity market participants;

2. all suppliers shall receive equal treatment in the search results;

3. publication of clear and fair criteria on which the comparison should be based, including the services offered by suppliers;

4. accurate and up-to-date information expressed in a clear and unambiguous manner indicating the moment of the last update of the information;

5. published information shall be accessible to persons with disabilities;

6. an effective procedure for reporting incorrect information on published offers, and

7. protection of personal data of customers using the platform.

(4) The platform referred to in paragraph (1) of this Article shall enable display of an indicative final price of electricity from each supplier for each category of customers, calculated by applying the following elements:

1. price of electricity contained in the supplier's offer, excluding value added tax;

2. average price of electricity generated by preferential producers from renewable sources using feed-in tariffs, excluding value added tax;

3. tariffs for use of electricity transmission and distribution services, excluding value added tax;

4. fee for the electricity market operator, excluding value added tax;

5. tax rate at which value added tax is calculated in accordance with law for the relevant turnover specified in items 1 to 4 of this paragraph, and

6. amount of calculated value added tax for each turnover specified in items 1 to 4 of this paragraph.

(5) The supplier may enter an unlimited number of offers on the platform referred to in paragraph (1) of this Article, whereby a supplier who in the previous year participated in the total sales on the retail electricity market with more than 1% shall enter at least one offer on the platform.

(6) In the rules referred to in Article 64 of this Law, the Energy Regulatory Commission shall regulate in more detail the rights, obligations and responsibilities of suppliers regarding the use of the platform referred to in paragraph (1) of this Article.

(7) The Energy Regulatory Commission shall publish instructions for using the platform on its website and on the platform referred to in paragraph (1) of this Article.

Supply Rules

Article 64

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

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

1. conditions, manner and deadline for entering into the contract for supply of the appropriate type of energy;

2. manner of measuring, calculating, billing and collecting the energy delivered;

3. customers whose supply cannot be interrupted and the manner of providing guarantees for settling the costs of the consumed energy;

4. manner and procedure for changing the supplier by customers and the exercise of the right of the customer to change the supplier without compensation;

5. quality of services provided by energy suppliers;

6. minimum requirements and manner of organizational structuring and possession of technical equipment of energy suppliers to ensure communication with customers in order to ensure the prescribed quality of the services provided by the supplier;

7. supplier's obligations towards the different categories of customers and the specificity of each category of customers in terms of their financial and negotiating ability;

8. manner and procedures for communication and exchange of information between the energy supplier and the operator of the relevant system in order to ensure the prescribed quality of energy and services provided by the operators;

9. conditions and procedure for disconnecting customers from the transmission or distribution systems, in the event when customers fail to meet the obligations established by law, other regulation and/or contract;

10. manner, form and deadline for submitting reports, which energy suppliers and relevant operators are obliged to submit to the Energy Regulatory Commission;

11. necessary information that suppliers are obliged to provide to customers in a timely manner in their bills, as well as information that should be publicly available and is of interest to all customers;

12. manner and procedure for submitting complaints from customers to suppliers, as well as the manner and procedure for suppliers to act upon complaints received;

13. conditions and methods for supplying vulnerable customers, and

14. special measures for customer protection.

(3) The rules for electricity supply shall regulate the rights and obligations of the universal supplier, as well as the rights and obligations of the customers it supplies.

(4) The rules for electricity supply shall regulate in more detail the establishment and maintenance of an electricity prices comparison web-platform, the conditions and procedure for its use by suppliers and users of the platform, as well as the rights, obligations and responsibilities of suppliers that publish data on the platform.

(5) The rules for gas supply and the rules for heat supply shall regulate the rights and obligations of the gas supplier and the heat supplier who have an obligation to provide a public service in the supply, as well as the rights and obligations of the customers they supply.

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

Cyber​​security

Article 65

(1) In order to ensure cyber security of networks and/or information systems, including energy devices, used in the performance of their activities, electricity transmission and distribution system operators, NEMO, suppliers, electricity producers that operate power plants with a total installed capacity equal to or greater than 200 MW, electricity storage operators with a total output capacity equal to or greater than 50 MW, gas transmission system and gas distribution system operators, as well as operators of hydrogen or biogas production plants, shall undertake measures and activities to detect threats and prevent cyber attacks and incidents and establish mechanisms to deal with threats or effectively eliminate the consequences of attacks and incidents, as well as to restore the operability of networks and systems to the state they were in before the cyber attack or incident.

(2) The entities referred to in paragraph (1) of this Article shall, in particular, be obliged to:

1. appoint a cybersecurity officer;

2. be certified according to international standards for network security, information security and cybersecurity;

3. adopt a methodology for assessing risks against cyber attacks and incidents and operational plans for prevention and response to cyber attacks and incidents and to actively participate in risk preparedness and crisis management activities in accordance with this Law;

4. exchange information on cyber threats and incidents with the Energy Regulatory Commission, the competent body for security of network and information systems in the Republic of North Macedonia, and, if necessary, with each other and with other operators; and

5. adopt and implement a training programme for employees regarding cybersecurity.

(3) The operators and producers referred to in paragraph (1) of this Article shall be obliged to submit annual plans and reports on the implementation of the obligations referred to in paragraph (1) of this Article to the Energy Regulatory Commission, no later than 31 January for the current year, and more frequently if the Energy Regulatory Commission deems it necessary.

(4) In accordance with the regulations governing the security of information networks and systems, the Energy Regulatory Commission shall adopt rules on cybersecurity that more closely regulate the obligations for ensuring cybersecurity, i.e. technical and organizational measures and activities undertaken by the entities referred to in paragraph (1) of this Article, and in particular:

1. determination of critical infrastructure in the energy sector for which the Energy Regulatory Commission determines a priority in ensuring cybersecurity;

2. international standards for network security, information security and cybersecurity according to which the relevant operators and producers are certified;

3. basic elements of the methodology for assessing risks against cyber attacks and incidents and of the operational plans for prevention and response to cyber attacks and incidents;

4. method and procedure for verifying the security of the applied information systems;

5. requirements that should be met by new and existing devices connected to the Internet or used in networks and systems that apply operational technologies;

6. measures and activities to prevent and/or reduce risks against cyber attacks and incidents;

7. measures and activities to prevent and/or reduce risks against cyber attacks and incidents caused by and related to domino effects;

8. manner, procedure and deadlines for submitting notifications of detected cyber security attacks and incidents to the Energy Regulatory Commission;

9. conditions for appointing a cyber security officer and their powers and tasks, and

10. basic elements of the programme for implementing training for employees on cyber security and the deadlines for fulfilling the obligations prescribed by the rules.

Data Collection

Article 66

(1) At the request of the Energy Regulatory Commission, state bodies, local self-government units, as well as licensees carrying out energy activities shall be obliged to submit the necessary documents, data and information, within a deadline set by the Energy Regulatory Commission.

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

Acts of the Energy Regulatory Commission

Article 67

(1) In order to carry out the tasks within its competence, the Energy Regulatory Commission shall adopt:

1. rulebooks and rules by which it shall prescribe the matters in its competence in accordance with this Law;

2. decisions by which it shall:

2.1. decide on individual matters in accordance with this Law and the regulations adopted in accordance with this Law;

2.2. approve rules, plans and programmes adopted by the relevant operators, and

2.3. order or prohibit certain conduct from entities carrying out energy activity, in order to ensure security of energy supply and/or efficient competition in the relevant energy markets;

3. instructions by which it shall indicate to entities carrying out energy activity the best practices for the performance of their legally established obligations, especially in relation to the provision of public service, security of supply, protection of customers and users of public service, as well as increasing the efficiency of their operations, and

4. decisions by which it shall decide on other issues within its competence and on issues concerning its internal operations.

(2) Во постапката за донесување на одлуки и решенија, Регулаторната комисија за енергетика соодветно го применува Законот за општата управна постапка, доколку со овој закон не е поинаку уредено.

(3) The rulebooks, rules, decisions and resolutions of the Energy Regulatory Commission shall be fully rationaled, justified and based on fair and transparent criteria and cannot be subject to veto or revision by another state body.

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

(5) Affected energy operators and other interested parties may initiate an administrative dispute against the decisions and resolutions of the Energy Regulatory Commission referred to in paragraph (1) of this Article, before a competent court. Initiation of an administrative dispute shall not postpone the execution of the decisions and resolutions referred to in paragraph (1) of this Article.

Method of Operation and Decision-Making

Article 68

(1) The Energy Regulatory Commission shall decide in sessions.

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

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

(4) The Energy Regulatory Commission shall, as a rule, decide by a majority vote of the total number of members.

(5) The manner of voting and decision-making shall be regulated in more detail by the Statute of the Energy Regulatory Commission.

(6) Each member of the Energy Regulatory Commission shall have the right to explain in writing the reasons for their vote when making a decision and to request that the explanation be published on the Energy Regulatory Commission’s website.

Publicity in the Operation

Article 69

(1) The participation of interested parties and the public in the decision-making procedure of the Energy Regulatory Commission shall be achieved through attendance at preparatory sessions and in other manners in accordance with the provisions of this Law, the Statute and the Rules of Procedure of the Energy Regulatory Commission.

(2) The Energy Regulatory Commission shall be obliged to invite interested parties to a preparatory session, especially in the procedures for adopting:

1. regulations on setting the prices for regulated energy activities and regulations on setting the tariffs for services related to the performance of regulated energy activities;

2. rules, as well as approval of rules prepared by licensees;

3. tariff systems for electricity, gas and heat;

4. decisions on prices and tariffs for individual types of energy, in accordance with the regulations on setting the prices and tariff systems for individual types of energy and services related to the performance of certain regulated energy activities;

5. decisions on issuing, amending, extending, transferring, suspending, revoking and terminating licenses for carrying out energy activities.

(3) The Energy Regulatory Commission shall extend the invitations and materials referred to in paragraph (2) items 1, 2 and 3 of this Article to the interested parties at least 14 days prior to the holding of a preparatory session, and shall publish the materials on its website.

(4) As an exception to paragraph (3) of this Article, in cases determined by the rules of procedure of the Energy Regulatory Commission, the deadline may be shorter, but not shorter than three business days.

(5) As an exception to the provisions of paragraphs (2) and (3) of this Article, in the event of a crisis, state of emergency or war declared, the Energy Regulatory Commission may hold preparatory sessions in accordance with the procedure and deadlines specified in the Rules of Procedure of the Energy Regulatory Commission.

(6) The Energy Regulatory Commission shall publish the drafts for the acts referred to in paragraph (2) items 1, 2, 3 and 4 of this Article, which are in the process of adoption or approval, on its website, including the rationales and assessments of the consequences of their adoption, i.e. the approval of those acts, the results of the public debate summarized, as well as summarized minutes of the sessions held.

(7) The Energy Regulatory Commission’s Rules of Procedure shall also regulate in more detail:

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

2. the procedure, manner and deadlines for publishing the documents referred to in paragraph (5) of this Article, and

3. the manner and procedure for publishing public information about its operation and the acts adopted.

Engaging External Experts

Article 70

(1) The Energy Regulatory Commission may engage external experts to provide expert’s assistance and expertise in the exercise of its powers and activities, whereby the engagement shall be carried out in accordance with the Law on Public Procurements (\*).

(2) Licensees carrying out energy activities or entities which, in accordance with the Company Law, have influence over the licensees, as well as their employees, may not be engaged as external experts by the Energy Regulatory Commission in terms of paragraph (1) of this Article.

(3) For a separate issue within the competence of the Energy Regulatory Commission related to the rights and obligations of a licensee carrying out an energy activity, an external expert who has provided or is providing expert’s assistance or expertise to the licensee on the same issue may not be engaged.

Financing

Article 71

(1) The manner of financing the operations of the Energy Regulatory Commission shall ensures the human, technical and financial resources necessary for its efficient and timely exercise of the competences established by this and other laws.

(2) The operation of the Energy Regulatory Commission shall be financed from its own sources of funds provided through:

1. collection of fees for issuing, amending, extending and transferring licenses for carrying out energy activities, i.e. for entry in the register of foreign entities that may carry out energy activities in the Republic of North Macedonia;

2. fees from the procedure for setting tariffs for water services, i.e. regulatory tariff for water services;

3. fees from the procedure for setting tariffs for waste, i.e. regulatory tariff for waste;

4. collection of annual fees from licensees carrying out energy activities and foreign undertakings carrying out energy activities in the Republic of North Macedonia;

5. a special annual fee determined as a percentage of the annual revenue of water service providers, generated from the provision of water services, and

6. a special annual fee paid by service providers determined as a percentage of the annual revenue of service providers generated from the provision of municipal waste management services.

(3) For single entity which is holder of one or more licenses for carrying out energy activities, the annual fee shall be charged from the total revenue generated based on carrying out energy activities.

(4) If an entity carries out both energy and non-energy activities, the annual fee shall be charged for energy activities, provision of water services or municipal waste management, appropriate to the activity carried out, and shall be determined from the accounting documentation which forms an integral part of the annual account and which shows the structure of revenues by activity.

(5) The Energy Regulatory Commission shall submit a draft financial plan for the following calendar year to the Assembly for adoption each year, no later than 31 October. The draft financial plan shall contain all planned revenues and expenditures of the Energy Regulatory Commission, including the salaries of the members and employees of the Energy Regulatory Commission.

(6) The Assembly shall adopt the draft financial plan and shall determine by decision the percentage of appropriation of the total annual revenue:

1. which cannot be higher than 0.1% for licensees carrying out energy activities and foreign undertakings carrying out energy activities in the Republic of North Macedonia, and

2. which cannot be higher than 0.1% for providers of water services and municipal waste management services generated from the provision of water services or municipal waste management services, calculated according to data from the Central Registry of the Republic of North Macedonia or determined in accordance with Article 5 of this Law, generated in the year preceding the year in which the proposed financial plan is submitted.

(7) The legal entities referred to in paragraph (6) of this Article shall pay the annual fee to the account of the Energy Regulatory Commission in two equal installments, the first installment no later than 31 May, and the second installment no later than 30 September, in the year to which the financial plan referred to in paragraph (5) of this Article applies.

(8) In order to achieve the objectives referred to in paragraph (1) of this Article, the Energy Regulatory Commission shall independently decide on the use of the financial resources determined in the financial plan.

(9) If the Assembly does not adopt the financial plan by 31 December of the year in which it has been submitted, the Energy Regulatory Commission shall adopt a decision on temporary financing, i.e. on the use of funds monthly up to one third of the total expenditures incurred in the first quarter of the previous year by 31 March at the latest, taking into account cash flows. If the Assembly does not adopt the financial plan by 31 March of the current year, the Energy Regulatory Commission shall adopt a decision to extend the temporary financing decision, which shall apply until the adoption of the financial plan.

(10) If in a calendar year the revenues of the Energy Regulatory Commission exceed the expenditures realized, the difference shall be carried over for use in the following year and the planned revenues in the next proposed financial plan shall be reduced by the same amount.

(11) The Energy Regulatory Commission may adopt a decision to reallocate funds by expenditure items within the total funds approved in the financial plan if the expenditures subject to changes could not have been foreseen when preparing the draft financial plan, which must be explained in the decision and the change in the item must not exceed 25% of the amount of the item in the approved financial plan.

Annual Report

Article 72

(1) No later than 30 April every year, the Energy Regulatory Commission shall submit to the Assembly an annual report on its work in the previous year. The annual report shall contain information on the activities related to the exercise of its competence in accordance with this and other laws and on the material and financial operations of the Energy Regulatory Commission.

(2) An integral part of the annual report referred to in paragraph (1) of this Article shall be the report on the conditions and operation of the energy markets referred to in Article 55 paragraph (4) of this Law.

(3) The Energy Regulatory Commission shall:

1. publish the annual report referred to in paragraph (1) of this Article on its website, together with summary of the annual report;

2. submit it to the ECRB and the Energy Community Secretariat within 30 days of publication, and

3. submit it to the Government and the Ministry for information purposes.

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

Acting Upon Complaints and Resolving Disputes

Article 73

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

1. users of the systems for transmission and distribution of electricity, gas, crude oil and oil derivatives and thermal energy against the acts of the relevant operators denaying access to or connection to the relevant system, and in relation to thermal energy, against the acts of the relevant operator dismissing a request for disconnection, as well as against the acts determining the amount of the connection fee and other conditions, and in relation to thermal energy, against the acts determining the amount of the disconnection fee and other conditions;

2. customers against suppliers who have an obligation to provide a public or universal service, as well as against suppliers of last resort in relation to:

2.1. the quality of the service in the supply;

2.2. the limitation or disabling of the right to change supplier;

2.3. the calculation of the energy consumed and the amount of the bill;

3. customers, active customers and customers associated through an aggregator against suppliers, the operator of the electricity transmission and distribution system and the operator of the electricity market in the cases referred to in Article 180 paragraph (4), Article 181 paragraph (1) and Article 182 paragraph (6) of this Law;

4. entities carrying out energy activity and customers against an individual act of the operator of the relevant energy market by which the request for entry in the relevant registry has been rejected or the rights and obligations arising out of participation in the relevant market have been decided;

5. customers against the calculated compensation referred to in Article 176 paragraph (6) of this Law;

6. proceedings for resolving disputes for damages incurred due to limitation or interruption of the delivery of electricity, natural gas, crude oil and oil derivatives and thermal energy, from and in the systems for transmission or distribution of electricity or natural gas, crude oil and oil derivatives.

(2) The Energy Regulatory Commission shall decide upon complaint referred to in paragraph (1) of this Article only in the event that the complainant has exhausted all means of exercising their right through the proceedings established by the entity carrying out energy activity referred to in paragraph (1) of this Article. The Energy Regulatory Commission shall decide upon the complaint lodged within two months of receipt of the complaint, and if additional information is required, the decision-making period may be extended for another two months.

(3) In the decision-making proceedings in the cases referred to in paragraph (1) of this Article, the Energy Regulatory Commission shall apply the Law on General Administrative Procedure accordingly, unless the rules referred to in paragraph (8) of this Article provide for different deadlines and proceedings.

(4) Decisions adopted in the proceedings referred to in paragraph (1) of this Article shall be final and an administrative dispute may be initiated against them before a competent court. The initiation of an administrative dispute against a decision of the Regulatory Commission adopted in proceedings for deciding upon complaint shall not postpone the execution of the decision.

(5) The Energy Regulatory Commission shall decide in proceedings for resolving disputes arising out of the execution of contracts between entities carrying out an unregulated energy activities, as well as between entities carrying out an unregulated energy activities and customers participating in the wholesale energy markets, when the contracting parties have agreed to this.

(6) Each party to the dispute referred to in paragraph (5) of this Article may, before the adoption of the decision by the Energy Regulatory Commission, withdraw from the proceedings and request that the dispute be resolved in another manner.

(7) The decisions adopted in the proceedings referred to in paragraph (5) of this Article shall be deemed final.

(8) The Energy Regulatory Commission shall adopt rules for deciding upon complaints and resolving disputes, which shall regulate the proceedings, the amount and the manner of covering the costs in the proceedings.

(9) The rules referred to in paragraph (8) of this Article shall establish simplified proceedings for deciding on complaints submitted by vulnerable customers.

SECTION FIVE

LICENSES

General Provisions

Article 74

(1) Carrying out an energy activity referred to in Article 4 of this Law without a license issued by the Energy Regulatory Commission shall be prohibited.

(2) For issuance of the license referred to in paragraph (1) of this Article, the conditions regarding technical and financial qualifications and the absence of legal obstacles to the performance of the activity must be met.

(3) As an exception to paragraph (1) of this Article, a license shall not be not required for:

1. generation of electricity or heat intended for own consumption of the entity carrying out the production, provided that the production facility is not connected to the appropriate energy system;

2. production, distribution and supply of heat from energy from renewable sources to customers in residential and residential and business buildings that are not connected to a heat distribution system;

3. generation of electricity from renewable sources from one or more power plants intended for own consumption of the entity carrying out the production, provided that the production plant is not connected to the relevant energy system;

4. generation of electricity from renewable sources intended for own consumption, whereby the excess of the energy produced is delivered to the electricity distribution network under the conditions and in the manner specified in the regulations governing energy from renewable sources;

5. storage of electricity when the storage is used exclusively for own needs or is an integral part of the power plant that meets the conditions of Article 130 paragraph (4) of this Law or is a fully integrated network component of the electricity transmission or electricity distribution network;

6. transmission and distribution of electricity or gas through direct lines;

7. retail trade in petroleum derivatives and fuels for transport;

8. trade in liquefied petroleum gas in pressure vessels smaller than 2 kg;

9. activities carried out by foreign entities referred to in Article 75 of this Law.

(4) In the case referred to in paragraph (3) item 3 of this Article, the producer shall be obliged to submit a notification to the Energy Regulatory Commission that the constructed power plant is not connected to the electricity distribution network.

(5) 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 to provide a public service in the performance of the energy activity, the scope of the funds required for the performance of the energy activity, the duration of the right to use the relevant energy resource, as well as the request submitted by the entity carrying out the energy activity.

(6) The license shall cease to be valid:

1. upon expiry of the period for which it has been issued;

2. upon revocation in accordance with this Law;

3. if the activity for which the license has been issued has ceased to be an energy activity;

4. upon termination of the legal entity being the licensee except in the cases referred to in Article 79 paragraph (2) items 4, 5 and 6 of this Law, or

5. upon request of the licensee.

(7) One person may be issued with one license for carrying out two or more energy activities in the following cases:

1. generation of electricity and heat in plants for combined generation of electricity and heat, and

2. production, distribution and supply of heat energy obtained from geothermal sources.

(8) The same entity may, at their request, be issued with multiple licenses for carrying out the same energy activity when the activity is performed through energy facilities representing a separate technical and technological entity, without affecting the provisions for ownership unbundling and certification of the relevant transmission or distribution system operator.

(9) One entity may be issued one or more licenses for carrying out unregulated energy activities.

(10) The licensee for carrying out the activity of organizing and managing the electricity market shall also be issued with a license for carrying out the activity of managing an organized electricity market.

(11) A license for carrying out the energy activity of electricity generation shall also be issued to a legal entity registered in the registry of other legal entities in the Republic of North Macedonia, which generates electricity from renewable sources, if the performance of the energy activity is not prohibited by another law and if the total installed capacity does not exceed the installed capacity of 1 MW.

(12) The licensee shall be obliged to submit to the Energy Regulatory Commission an annual report on its work and on the fulfilment of the obligations set out in the license for carrying out the energy activity.

(13) For issuance, amendment, extension and transfer of licenses for carrying out energy activities, as well as for issuance of licenses for trial operation, the Energy Regulatory Commission shall charge a fee in accordance with the License Rulebook, except when the amendment of the license is carried out ex officio.

Foreign Entities

Article 75

(1) A subsidiary of a foreign entity organized in the Republic of North Macedonia, the founder of which has been issued a license or other appropriate document to perform trade or supply of electricity or gas or represents a NEMO, in a country that is a counterparty to the Energy Community or a Member State of the European Union, may, by applying the principle of reciprocity, perform these activities in the Republic of North Macedonia after being issued with a decision for entry in the registry of foreign entities that may carry out energy activities in the Republic of North Macedonia.

(2) The Energy Regulatory Commission shall establish and keep the registry referred to in paragraph (1) of this Article.

(3) The Energy Regulatory Commission shall make the entry in the registry referred to in paragraph (1) of this Article within 15 days from the date of receipt of the request for entry.

(4) In the procedure for entry in the registry referred to in paragraph (1) of this Article, the Energy Regulatory Commission shall cooperate with the competent authority of the counterparty to the Energy Community or a Member State of the European Union that issued the license for which entry in the registry is requested, as well as with the competent authorities of other countries in which the foreign entity carries out energy activities.

(5) The Energy Regulatory Commission shall submit the decision for entry in the registry referred to in paragraph (1) of this Article to the relevant electricity or gas transmission system operator, as well as to the relevant electricity or gas market operator, and if the decision concerns the entry of a NEMO, to the Government.

Rulebook on Licenses

Article 76

(1) The Energy Regulatory Commission shall adopt a rulebook on licenses, which shall prescribe in more detail:

1. conditions, manner and procedure for issuing, amending, extending, transferring, suspending, revoking or terminating the validity of licenses for carrying out energy activities and trial operation licenses issued for the operation of the energy facility, as well as the deadlines for undertaking certain actions in the appropriate procedure;

2. procedure for entry in the registry of foreign entities that may perform energy activities in the Republic of North Macedonia, as well as for suspending and terminating the decision for entry in the registry;

3. duration of the license and the trial operation license;

4. forms and necessary documentation submitted in the procedure for issuing, amending, extending, transferring, suspending or revoking the license and the trial operation license, as well as the forms and necessary documentation applied in the procedure for entry in the registry of foreign entities who may perform energy activities in the Republic of North Macedonia;

5. content of the license and the trial operation license, as well as the decision for entry in the registry of foreign entities who may perform energy activities in the Republic of North Macedonia;

6. manner of keeping records of licenses issued and publishing data from the records;

7. amount of the fee for the procedure for issuing, amending, extending and transferring the license, as well as for the procedure for entry in the registry of foreign entities who may perform energy activities in the Republic of North Macedonia and

8. monitoring and control of the fulfilment of the obligations contained in the license and other obligations arising out of this Law and the regulations and rules adopted on the basis of this Law.

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

(3) In the rulebook referred to in paragraph (1) of this Article, the Energy Regulatory Commission shall prescribe simplified conditions and evidence of fulfilling the conditions, lower fees and costs, as well as shorter deadlines for issuing, amending, extending, transferring, suspending, revoking or terminating the validity of licenses for carrying out energy activities – generation of electricity from renewable sources or a license for the production of hydrogen from energy from renewable sources and biomethane and for storage of electricity from renewable sources.

Trial Operation License

Article 77

(1) Upon request of the investor, the Energy Regulatory Commission, within 15 days from the date of receipt of the request, shall issue a trial operation license for the energy facility constructed and not granted with an approval for use of the energy facility or not issued with a report on a technical inspection by the supervising engineer for facilities for which an approval for use is not required and through which the activity is to be carried out, exclusively if this is necessary for the purpose of testing the technical performance of the energy facility and the impact on the energy system to which it is connected.

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

(3) A trial operation license shall be issued only once with a validity of up to nine months, with the possibility of its extension under the conditions, in the manner and in the procedure determined by the Rulebook on Licenses, without payment of a fee.

(4) For the duration of the license, the trial operation licensee shall have all the rights and obligations regarding the operation of the facility, as if they were the licensee, unless otherwise provided for by this Law and the regulations adopted on the basis of this Law.

Issuance of License

Article 78

(1) After carrying out the procedure in accordance with the rulebook on licenses, which determines the fulfilment of the conditions referred to in Article 74 paragraph (2) of this Law, the Energy Regulatory Commission shall issue a license for carrying out an energy activity.

(2) The Energy Regulatory Commission shall issue a license after the trial operation licensee has submitted an approval for the use of the energy facility or a report on a technical inspection carried out by the supervising engineer for facilities for which an approval for use or a decision on commissioning of the equipment installed in an existing construction facility constructed in accordance with this Law and the regulations adopted on the basis of this Law.

License Transfer

Article 79

(1) The license may not be transferred to another entity.

(2) As an exception to paragraph (1) of this Article, the license may be transferred to another entity in the following cases:

1. when the energy activity for which the license has been issued is carried out on the basis of a concession for use of a natural resource or on the basis of contract on establishing a public-private partnership for construction of an energy facility where a change of the concessionaire, i.e. the private partner, has been made in accordance with the law;

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

3. when the licensee who carries out the activity of generation of electricity from renewable sources through one or more power plants transfers the operation ownership of the power plant for which the license has been issued to another person who meets the conditions for issuing the license;

4. when a new undertaking is formed during implementation of a procedure for legal separation of a vertically integrated undertaking in accordance with this Law;

5. upon a status change, whereby the license is transferred to a newly established undertaking, i.e. to the undertaking that continues to carry out the energy activity for which the license has been issued, or

6. upon opening of bankruptcy proceedings with reorganization of the entity to whom the license has been issued, implemented according to an approved plan for reorganization of the entity carrying out the activity.

License Amendment

Article 80

(1) The licensee shall be obliged to initiate a procedure for amending the license if there is a change in the manner of carrying out the activity or a change in the number of energy facilities through which the activity is carried out or a change in the operational and/or technical and technological characteristics of the existing energy facility if the change is not in contradiction with this or any other law.

(2) The Energy Regulatory Commission shall initiate a procedure for amending the license ex officio within 30 days from the occurrence of the change in the laws and other regulations or rules governing the carrying out the energy activity for which the license has been issued, as well as when the licensee is imposed with an obligation to provide a public service.

Lcense Extension

Article 81

(1) The duration of the license may be extended upon request of the licensee, which shall be submitted to the Energy Regulatory Commission no later than 60 days before the expiration of the license, in the manner and procedure set out in the Rulebook on Licenses referred to in Article 76 of this Law.

(2) The licensee carrying out a regulated energy activity shall be obliged to notify the Energy Regulatory Commission of the intention to request an extension of the license one year before the expiration of the license.

Service Continuity

Article 82

The licensee may not cease to fulfill the obligation to provide the public service, i.e. the universal service to individual users of the service, except in the case when the user:

1. fails to fulfill its obligations established by this Law, other regulations or rules, as well as the obligations from the contracts for use of the relevant systems and/or energy supply contracts, or

2. with the manner of using the service it may cause a threat to the life and health of people, the environment and/or property or hinders the provision of the service to other users.

Allowed Interruption

Article 83

(1) The licensee carrying out a regulated energy activity or having an obligation to provide a public or universal service may not, without prior approval from the Energy Regulatory Commission, temporarily interrupt the carrying out of the energy activity for which the license has been issued.

(2) As an exception to paragraph (1) of this Article, the licensee carrying out a regulated energy activity may temporarily interrupt the carrying out of the activity without prior approval from the Energy Regulatory Commission if the carrying out of the activity may pose or has posed a danger to the life and health of people, the environment and/or property or a danger to the operation of energy facilities or systems, or if the activity cannot be carried out due to force majeure.

(3) In the event that the entity carrying out a regulated energy activity needs to partially interrupt the carrying out of the relevant energy activity for the purpose of maintenance, upgrading or construction of networks and/or transmission and distribution facilities, the interruption shall be implemented in accordance with the relevant network rules.

License Suspension

Article 84

(1) The Energy Regulatory Commission shall adopt a decision to suspend the license:

1. if the licensee has been prohibited from carrying out an activity for a certain period of time by a competent misdemeanor authority or by a competent court, or

2. when a procedure has been initiated in accordance with Article 57 paragraph (3) item 2 of this Law.

(2) The Energy Regulatory Commission shall adopt the decision referred to in paragraph (1) item 1 of this Article immediately upon receipt of notification of prohibited activity from the competent authority.

(3) In the event that the Energy Regulatory Commission adopts a decision to suspend the license, the licensee may not carry out the activity for which the license has been issued during the period of suspension, except to undertake the measures necessary to ensure the required level of public or universal service during the period for which the license is suspended specified in the decision.

(4) Suspension of the license may not last longer than the period of prohibition on carrying out an energy activity imposed by the competent authority.

(5) In order to ensure security of supply and uninterrupted operation of the energy system, the Government, upon request of the Energy Regulatory Commission, shall adopt a decision imposing on another entity carrying out energy activity the obligation to provide a public or universal service for the period for which the measure of prohibition on carrying out the activity has been imposed on the holder of the suspended license.

License Revocation

Article 85

(1) The license may be revoked if the licensee:

1. does not start carrying out a regulated energy activity or providing a public, i.e. universal service for which the license hs been issued within the period specified in the license;

2. does not carry out the activity for which the license has been issued in the manner and under the conditions prescribed by this and other laws, as well as the regulations and rules adopted on the basis of this Law;

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

4. does not act within a specified period upon the request of a competent inspection and other bodies which, in accordance with the law, have the right to request elimination of deficiencies in the operation that have led or could lead to cessation of the provision of the service in the manner prescribed by law, or to a reduction in the quality, continuity, confidentiality or security in the provision of the service;

5. fails to submit data requested by a competent authority that enables safe and secure operation of the energy sector and its development, or

6. has ceased to meet the conditions for carrying out the energy activity for which the license has been issued.

(2) Within eight days of becoming aware of the existence of any of the reasons referred to in paragraph (1) of this Article, except in the case referred to in paragraph (1) item 4 of this Article, the Energy Regulatory Commission shall notify the licensee in writing of the existence of reasons for initiating the procedure for revoking the license and shall oblige them to state their opinion regarding the reasons for revoking the license within seven days of receiving the notification.

(3) After the expiry of the period referred to in paragraph (2) of this Article, i.e. paragraph (1) item 4 of this Article, the Energy Regulatory Commission, taking into account the explanation of the licensee, may adopt a decision to initiate a procedure for license revocation, which it shall publish on its website.

(4) The decision referred to in paragraph (3) of this Article shall determine the procedures, measures and activities that the licensee is obliged to undertake in order to eliminate the reasons for which the procedure has been initiated, the individual deadlines for their fulfilment, as well as the deadline for eliminating the reasons, which may not be longer than six months from the date of the decision.

(5) If, after the expiration of the deadline referred to in paragraph (2) of this Article, the licensee fails to submit an explanation of the reasons for license revocation or if they fail to fulfill the obligations within the deadline specified in the decision referred to in paragraph (4) of this Article, the Energy Regulatory Commission shall adopt a decision to revoke the license.

License Termination

Article 86

(1) The license shall cease to be valid upon expiry of the period for which it has been issued or by a decision of the Energy Regulatory Commission in the following cases:

1. upon request of the licensee;

2. upon revocation of the license due to occurrence of the cases referred to in Article 85 paragraph (1) of this Law;

3. when a decision of a competent authority is adopted permanently prohibing the licensee from performing an activity, or

4. if bankruptcy proceedings are initiated against the licensee, except in the case referred to in Article 79 paragraph (2) item 6 of this Law, i.e. liquidation proceedings.

(2) If the licensee who has an obligation to provide a public or universal service has requested the Energy Regulatory Commission to terminate the license, or if the license has been revoked in accordance with Article 84 of this Law, the Energy Regulatory Commission shall immediately notify the Government of the decision terminating or revoking the license and shall, in cooperation with the Ministry, propose necessary measures to ensure provision of the public, i.e. universal service.

(3) In the cases referred to in paragraph (1) of this Article, the Government, upon a proposal from the Ministry and the Energy Regulatory Commission, shall, within a period not exceeding 90 days from the date of entry into force of the decision terminating, i.e. revoking the license, in accordance with the provisions of this Law, conduct a procedure for selection of an entity carrying out energy activity who will have an obligation to provide the public, i.e. universal service.

(4) In the license of the eentity carrying out nergy activity selected in accordance with paragraph (2) of this Article, the Energy Regulatory Commission shall specify the scope and content of the public, i.e. universal service, the area in which the service shall be provided, as well as the duration and necessary quality of the service in fulfilling the public, i.e. universal service obligation.

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

SECTION SIX

CONSTRUCTION OF NEW ENERGY FACILITIES

Annual Plan for Construction of Energy Facilities

Article 87

(1) Upon a proposal from the Ministry, the Government shall adopt an Annual Plan for Construction of Energy Facilities for Generation of electricity and Thermal Energy and Storage of Electricity (hereinafter referred to as: Annual Plan for Construction of Energy Facilities).

(2) The Annual Plan for Construction of Energy Facilities shall be prepared in accordance with the Strategy, the Integrated National Energy and Climate Plan, the Action Plan and the Municipal Energy Plans and shall contribute to:

1. accelerating the development of energy from renewable sources and achieving the energy objectives and the objectives for protection of biodiversity;

2. prioritizing and accelerating the spatial planning process that will integrate the construction of energy capacities with minimal negative impact on the health and safety of people and the environment;

3. involving as many stakeholders as possible in the development of projects for use of energy from renewable sources;

4. preserving natural habitats and protected areas;

5. encouraging protection of agricultural land that will be harmonized with the development of renewable energy projects;

6. sharing the specific benefits of renewable energy projects, and

7. encouraging decentralization in energy production.

(3) The Government shall adopt the Annual Plan for Construction of Energy Facilities for the following year by 31 December of the current year. The Annual Plan for Construction of Energy Facilities shall also contain a projection for implementation of projects for the following two years, with a special focus on the first year.

(4) At the request of the Ministry, no later than 1 November of the current year, for the purposes of preparing the Annual Plan for Construction of Energy Facilities, data shall be submitted by: the Energy Regulatory Commission, the ministry competent for carrying out the work in the field of agriculture, the ministry competent for carrying out the work in the field of construction and spatial planning, the ministry competent for carrying out the work in the field of environment, the Real Estate Cadastre Agency, the electricity transmission system operator, the electricity distribution system operator, electricity producers in state and private ownership and the Association of Local Self-Government Units.

(5) An interested investor may submit to the Ministry, by 1 June of the current year, an initiative for inclusion of an energy facility in the Annual Plan for Construction of Energy Facilities for the following year.

(6) As an exception to paragraph (5) of this Article, the Government, upon a proposal from the Ministry, which must be substantiated, may include in the following-year’s Annual Plan for Construction of Energy Facilities the initiatives submitted by 1 October of the current year, which relate to construction of energy facilities concerning generation technologies for which the objectives of the Strategy and the Integrated National Plan for Energy and Climate have not been achieved and for which there is a high level of interest from investors.

(7) The Annual Plan for Construction Of energy Facilities shall, in particular, contain data on the technologies for electricity generation and the total capacity installed, the available capacity of the transmission and distribution networks, the method of connecting to the networks, the impact of the networks on stationary regimes, by regions and at the level of the Republic of North Macedonia, for which a procedure for construction of energy facilities may be initiated in the year to which the plan applies, the procedures for public-private partnership, the procedures for granting a concession and the procedures implemented by a special law regulating the implementation of the investment for its construction. An integral part of the annual plan shall be the report on implementation of the plan for the previous year and the results of the calculations that the electricity transmission and distribution system operator prepares in accordance with Article 99 paragraph (4) of this Law.

(8) The Annual Plan for Construction of Energy Facilities shall cover energy facilities with an installed capacity equal to and greater than 1 MW, as well as the energy facilities referred to in Article 16, paragraphs (3) and (4) of this Law.

(9) The Minister shall prescribe by a rulebook:

1. the form, content and manner of submitting the initiative for including construction of an energy facility in the annual plan for the construction of energy facilities;

2. the form and content of the annual plan and of the report on implementation of the annual plan for the previous year;

3. data required for preparation of the annual plan, the manner and deadlines for their submission by the institutions referred to in paragraph (4) of this Article;

4. the necessary documentation;

5. the manner of assessing the adequacy of the data submitted by investors interested in investing in energy facilities;

6. the manner of allocating the necessary costs for investments to strengthen the networks;

7. the method of creating connection points as well as the rights and obligations of the stakeholders, and

8. the dynamics of project development.

(10) The initiative for inclusion in the Annual Plan for Construction of Energy Facilities should be in accordance with the objectives defined in the Integrated National Energy and Climate Plan in accordance with this Law.

(11) In case of high interest in investments in certain regions, the first-come, first-served rule shall be followed, by submitting an application electronically through a publicly available platform or through the National Portal for e-services in accordance with the regulations in the field of electronic governance and electronic services, as well as in the field of electronic documents, electronic identification and confidential services.

(12) The initiative for inclusion in the Annual Plan for Construction of Energy Facilities shall be considered to be proper and complete if it has been prepared and submitted in accordance with the regulations referred to in paragraph (9) of this Article.

(13) An initiative for inclusion in the Annual Plan for Construction of Energy Facilities may be submitted to the Ministry by applicants with a capacity equal to or greater than 1 MW.

(14) In cooperation with the transmission system operator and the distribution system operator, the Ministry shall determine in the Annual Plan for the Construction of Energy Facilities:

1. method of connecting energy facilities;

2. system reserve needs;

3. need for additional investments in the transmission network and distribution networks for the next three years, with the possibility of updating once a year, which operators shall be obliged to include in their development plans;

4. monitoring the energy development of municipalities and planning regions according to the development guidelines of the Integrated National Energy Plan and municipal energy plans;

5. the possibilities for connecting to the network based on network and market analyses prepared in accordance with Article 99 paragraph (4) of this Law in order to check capacity flows, line overload and network voltage conditions for operating modes in which all elements are in operation, as well as for single outage modes, as well as the amount of minimum and maximum short circuit current for the needs of investors; and

6. the need to prepare network and market analyses in order to check capacity flows, line overload and network voltage conditions for operating modes in which all elements are in operation, as well as for single outage modes.

(15) In the Annual Plan for Construction of Energy Facilities, the Ministry, in cooperation with the Energy Regulatory Commission, shall determine the holders of the obligation to invest in strengthening the energy networks for the needs of the plan, as well as the deadlines within which the investments should be completed.

(16) For the needs of the process of preparing the Annual Plan for Construction of Energy Facilities, the Ministry shall include representatives from the Energy Regulatory Commission, the electricity transmission system operator, the electricity distribution system operator, the gas transmission system operator and the heat distribution system operator.

(17) The Minister shall prescribe the manner of using the platform referred to in paragraph (11) of this Article, the submission of the application and the notification of the selection of initiatives that will be included in the Annual Plan for Energy Facilities for the following year in accordance with the first-come, first-served rule.

Procedures for Approval for Construction of Energy Facility

Article 88

(1) The Ministry shall issue an approval for construction of electric power plants in the following cases:

1. for construction of electric power plants for generation of electricity with an installed capacity equal to or greater than 1 MW and for highly efficient combined cycle plants, plants for production of synthetic fuels using electricity, plants for production of hydrogen using electricity, as well as for electricity storage facilities, for which a procedure for allocation of land under long-term lease or sale of construction land in state ownership shall be being implemented;

2. for construction of electric power plants for generation of electricity with an installed capacity equal to or greater than 1 MW and for highly efficient combined cycle plants, plants for production of synthetic fuels using electricity, plants for production of hydrogen using electricity, and electricity storage facilities, the construction of which shall be carried out on privately owned land, based on a previously submitted application by an investor;

3. for construction of energy facilities for generation of electricity and for highly efficient combined cycle plants, plants for production of synthetic fuels using electricity, plants for production of hydrogen using electricity and electricity storage facilities for which a procedure has been carried out and a contract for establishment of a public-private partnership has been awarded;

4. for construction of energy facilities for generation of electricity, plants for production of synthetic fuels using electricity, plants for production of hydrogen using electricity and electricity storage facilities for which a procedure has been carried out and a concession for goods of general interest has been awarded, and

5. for construction of an energy facility for generation of electricity and a highly efficient combined cycle plant generting electricity and heat, plants for production of synthetic fuels using electricity, plants for production of hydrogen using electricity and electricity storage facilities for which a special law regulating the implementation of the investment for its construction has been adopted.

(2) The approval referred to in paragraph (1) of this Article shall not be required for construction of energy facilities for generation of electricity if:

1. the installed capacity of the energy facility is less than 1 MW and the construction is carried out on privately owned land;

2. the energy generated by the energy facility is used exclusively for the needs of the investor or

3. the construction involves expansion of an existing energy facility for generation of electricity, whereby the installed capacity of the energy facility is within the installed capacity from item 1 of this paragraph.

(3) The total installed capacity of energy facilities for generation of electricity, which can be installed by planning regions and locations where energy facilities from paragraph (1) of this Article can be built, shall be defined in the Annual Plan for Construction of Energy Facilities.

(4) The total installed capacity of energy facilities that can be installed in a local self-government unit and locations where energy facilities from paragraph (2) of this Article can be built, shall be defined in the Annual Plan for Construction of Energy Facilities in accordance with the municipal energy plan.

(5) The approval for construction of electric power plants shall specify the validity period of the approval, which depends on the type and complexity of the project and may not be shorter than two years and longer than 12 years, the period for construction of the facility and the period for construction of the facility up to the functional testing phase.

(6) The approval for the applicants referred to in paragraph (1) items 2, 3, 4 and 5 of this Article shall be issued within 30 days from the date of submission of the complete documentation in accordance with the regulations referred to in paragraph (10) of this Article.

(7) The procedure for issuing the approval referred to in paragraph (1) of this Article shall be implemented if the construction of the electric power plant is envisaged in the Annual Plan for Construction of Enegy Facilities referred to in Article 87 paragraph (1) of this Law.

(8) The investor of the energy facility for which an approval has been issued, in order to define the deadlines for the individual phases of project development, shall prepare an implementation plan and submit it to the Ministry. The Ministry shall monitor the plan and, if the implementation of the project is not in accordance with the submitted plan, it shall make appropriate corrections in the Annual Plan for Construction of Energy Facilities.

(9) The Minister shall prescribe by rulebook the form, content of the application for issuance of an approval, the required documentation, the validity period of the approval according to the type and complexity of individual facilities and the form and content of the approval, as well as the manner of its issuance.

(10) Energy facilities must meet the requirements for generating units of the European Union.

(11) The Ministry may grant support measures for the facilities referred to in paragraph (1) of this Article, which may include:

1. investment support;

2. issuance of guarantees of origin for electricity generated from renewable sources and highly efficient cogeneration plants;

3. fee for encouraging participation of highly efficient cogeneration plants as well as other energy facilities that have a positive impact on ensuring the needs for system flexibility.

(12) For the granting of the measures referred to in paragraph (11) of this Article, which are not regulated by the law regulating energy from renewable sources, the Government, upon a proposal from the Ministry, shall adopt a decree determining the amount and scope of the support measures, after previously obtaining an opinion from the Commission for the Protection of Competition in accordance with the regulations on state aid.

(13) In the procedures for granting approval, the Law on General Administrative Procedure, as well as the regulations in the field of electronic governance and electronic services, as well as in the field of electronic documents, electronic identification and trusted services, shall apply accordingly.

Commission for Granting Approval

for Construction of Electric Power Facilities

Article 89

(1) The procedure for granting approval under Article 88 of this Law shall be implemented by the Commission for Granting Approval for Construction of Electric Power Facilities (hereinafter referred to as: Commission for Granting Approval) established by the Minister.

(2) The Commission referred to in paragraph (1) of this Article shall be composed of five members and their deputies from among the employees, of whom:

1. two members and their deputies shall be proposed by the Ministry;

2. one member and their deputy shall be proposed by the Government;

3. one member and their deputy shall be proposed by the Ministry of Transport and

4. one member and their deputy shall be proposed by the Ministry of Environment and Physical Planning. The chairperson of the Commission shall be a member of the Ministry.

(3) Member of the commission referred to in paragraph (1) of this Article may be an employee who has acquired at least 240 ECTS credits or completed a VII/1 degree in the field of electrical, mechanical, construction, architectural, economic or environmental engineering and who has at least five years of work experience in tasks related to the work of the commission.

(4) The members of the commission referred to in paragraph (1) of this Article shall be entitled to compensation for work performed for each procedure carried out, the amount of which shall be determined by the Minister, and which shall be reasonable and appropriate to the scope and complexity of the work, and which may not be higher than one third of the average net salary paid per employee published until the day of payment. The funds for payment of the compensation shall be provided from the Ministry's Budget.

(5) The members of the Commission referred to in paragraph (1) of this Article shall be elected for a period of two years and no member may be a member of the Commission more than twice, i.e. for more than four years.

(6) The Minister shall adopt a decision to terminate the participation of a member of the Commission if the member:

1. requests it themselves;

2. is unjustifiedly absent from three consecutive sessions or more than five sessions during the year, upon a proposal from the Commission by a majority vote;

3. has violated the obligations of impartiality and independence, and

4. has acted contrary to the law.

(7) For its operation, the Commission referred to in paragraph (1) of this Article shall adopt rules of procedure to which the Minister shall give their consent.

Criteria for Granting Approval

Article 90

(1) When preparing the annual plan for construction of energy facilities, adopting the decision to implement the procedure and prepare documentation pursuant to Article 88 paragraph (1) item 1 of this Law, as well as adopting the decision to issue an approval pursuant to Article 88 paragraph (1) items 2, 3 and 4 of this Law, the following criteria for granting an approval for construction of an energy facility for generation of electricity and a highly efficient combined cycle heat and power plant shall be taken into account:

1. security of supply with an appropriate type of energy;

2. safety and security of the power system, facilities and appropriate equipment;

3. policies and measures from the Strategy, the Integrated National Energy and Climate Plan as well as the resource adequacy assessment in the Republic of North Macedonia, the Annual Plan for Construction of Energy Facilities and the municipal energy plans;

4. capacity and energy needs for balancing;

5. protection of public health and safety;

6. protection of the environment;

7. use of land and locations;

8. use of public areas;

9. energy efficiency;

10. type of primary energy;

11. technical, financial and economic capacity of the investor;

12. compliance with the measures adopted in accordance with public service obligations, in particular with regard to the quality and continuity of electricity supply;

13. the contribution of the energy генератион facility to the reduction of greenhouse gas emissions;

14. the contribution of the energy generation facility to the share of energy produced from energy from renewable sources in the total gross final energy consumption in accordance with the decision on determining the national mandatory targets in accordance with the law regulating energy from renewable sources, and

15. alternative to construction of a new energy facility through construction and use of electricity storage and demand-side management.

(2) The procedure for granting approval may only be initiated if the energy facility is part of the Annual Plan for Construction of Energy Facilities.

(3) The Minister shall prescribe in a rulebook the detailed criteria for granting an approval for construction of an enlectricity generation facility and a highly efficient combined cycle plant referred to in paragraph (1) of this Article.

Approval for Construction of Energy Facility

for Generation of Heat

Article 91

(1) New facility for generation of heat may be constructed on the basis of an approval for construction of a new facility or an increase in the installed capacity of an existing facility for heat generation, if the construction of such a facility is not foreseen in that area within the Annual Plan for the Construction of Energy Facilities.

(2) The approval referred to in paragraph (1) of this Article shall be issued by the council of the local self-government unit in whose area the capacity is to be built.

(3) The facility referred to in paragraph (2) of this Article must be determined in the Integrated National Energy and Climate Plan.

(4) The approval referred to in paragraph (1) of this Article shall not be required if:

1. the new facility for heat generation has a total installed capacity of less than 1 MW;

2. by the expansion of the existing facility for heat generation, the total installed capacity of the facility is less than 1 MW, or

3. the energy generated in the energy facility will be used exclusively for the needs of the heat producer.

(5) The approval referred to in paragraph (1) of this Article shall be issued following a previously conducted procedure for awarding a contract for establishment of a public-private partnership in accordance with the regulations governing public-private partnerships.

(6) The facility referred to in paragraph (4) of this Article must be provided for in the Integrated National Energy and Climate Plan.

(7) In addition to the procedures referred to in paragraph (5) of this Article, the approval referred to in paragraph (1) of this Article may be issued based on a request submitted by the interested investor to the local self-government unit for facilities with an installed capacity of less than or equal to 1 MW.

(8) The mayor of the local self-government unit shall, within eight days of receiving the request referred to in paragraph (7) of this Article, publish it in the official gazette of the local self-government unit.

(9) The request referred to in paragraph (7) of this Article shall be reviewed by the Commission for Granting Approval for Construction of an Energy Facility, established by the council of the local self-government unit upon the proposal of the mayor, and which shall be composed of five members, experts in the field of energy, economics and law, one of whom shall be the commission’s chairperson.

(10) The members of the Commission referred to in paragraph (9) of this Article shall be entitled to compensation for the work performed upon each individual request, the amount of 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.

(11) Upon proposal of the Commission referred to in paragraph (9) of this Article, the council of the local self-government unit shall, within 30 days from the date of receipt of the complete request, adopt a decision elaborating the reasons for issuing or dismissing the request for issuing a construction approval.

(12) The decision to issue the approval referred to in paragraph (1) of this Article shall be published in the official gazette of the local self-government unit.

(13) An administrative dispute may be initiated before a competent court against the decision referred to in paragraph (10) of this Article.

(14) The Minister shall prescribe the form and content of the request referred to in paragraph (5) of this Article and the form and content of the decision to issue an approval referred to in paragraph (11) of this Article.

Validity Period, Amendment and Transfer of Approval

Article 92

(1) The validity period of the approval for construction of energy facilities for generation of electricity with an installed capacity exceeding 1 MW, for highly efficient combined cycle heat and power plants, plants for generation of synthetic fuels using electricity, plants for generation of hydrogen using electricity and, electricity storage facilities and for a facility for generation of heat cannot be shorter than two years and longer than 12 years.

(2) In special cases when the construction period of the energy facility takeds longer than two years, the approval may be issued with a longer validity period, and the Ministry shall publish the explanation thereof on its website.

(3) The approval shall cease to be valid if the approval holder fails to obtain construction permit for the facility within the deadlines specified in paragraphs (1) and (2) of this Article.

(4) The approval shall cease to be valid if the approval holder does not follow the plan for realizationof the energy facility submitted to the Ministry in accordance with Article 88 paragraph (8) of this Law.

(5) Upon request of the approval holder submitted before the expiration of the deadlines referred to in paragraphs (1) and (2) of this Article, the Ministry shall amend or supplement the approval issued for construction of new or expansion of existing facilities for generation of electricity or heat, including extension of the deadline pursuant to paragraph (1) of this Article, if the request is in accordance with the criteria referred to in Article 90 of this Law, on the basis of which the approval has been issued.

(6) Upon request of the approval holder, the approval may be transferred to another entity that meets the conditions set out in this Law and that has received consent from the authority that issued the approval.

Guarantee

for Construction of Electric Power Facility

Article 93

(1) The applicant requesting granting of approval for construction of an electric power facility referred to in Articles 88 and 91 of this Law shall be obliged, within 15 days of submitting the application, to submit a guarantee in the form of a bank guarantee or deposit, in favor of the Ministry, expressed in euros per MW of planned installed capacity of the power plant and/or electricity storage facility, namely 25,000 euros per MW of capacity.

(2) In the event of a request from an existing power plant and/or electricity storage facility to increase installed capacity, the amount of the guarantee referred to in paragraph (1) of this Article shall be determined for the capacity corresponding to the value of the difference between the newly requested approved capacity and the existing approved capacity, namely EUR 25,000 per capacity difference in MW.

(3) The guarantee referred to in paragraphs (1) and (2) of this Article shall be non-transferable, irrevocable and unconditional, issued in favor of the Ministry, without the right of objection, payable on first call, issued by a commercial bank registered and operating in accordance with the laws of the Republic of North Macedonia, with a validity period of 60 months and guaranteeing that the approval holder will:1. obtain a building permit within the validity period of the approval for construction of an electric power facility for generation and/or storage of electricity;

2. commence construction of the facility within a period that may not exceed two years from the validity period of the construction permit;

3. construct the facility for generation and/or storage of electricity up to the functional testing phase of the facility, within the period specified in the approval;

4. extend the validity of the guarantee referred to in paragraphs (1) and (2) of this Article 60 days before the expiry of the validity of the guarantee in order to maintain its validity until the construction of the facility for generation and/or storage of electricity up to the functional testing phase of the facility is completed.

(4) The period referred to in paragraph (3) of this Article shall not include events caused by force majeure.

(5) The guarantee referred to in paragraphs (1) and (2) of this Article shall not be submitted for a power plant and/or electricity storage facility whose construction is financed by the Budget, i.e. a loan for which the guarantee is issued by the Republic of North Macedonia.

(6) The Ministry shall collect the guarantee referred to in paragraphs (1) and (2) of this Article in the amount of:

1. 5% of the value if the applicant withdraws before the issuance of the approval;

2. 100% of the value if the approval holder does not commence construction or does not commence the procedure for obtaining a construction permit within the approval’s validity period;

3. 100% of the value if the approval holder does not construct the facility for generation and/or storage of electricity up to the phase of functional testing of the facility, within the period specified in the approval;

4. 100% of the value if the approval holder does not extend the validity period within 60 days before the expiration of the guarantee.

(7) The Ministry shall return the guarantee referred to in paragraphs (1) and (2) of this Article to the applicant requesting approval to construct an electric power facility if the Commission for Granting Approvals dismisses the application.

(8) The Ministry shall return the guarantee within 45 days, if the construction of the power plant and/or the electricity storage facility has reached the functional testing phase of the facility.

Construction of New Gas Distribution Systems

Article 94

(1) Construction of new gas distribution systems in a specific area of ​​the territory of the Republic of North Macedonia shall be carried out on the basis of an contract on establishing a public-private partnership or a concession contract awarded by the Government in a tender procedure conducted in accordance with the regulations governing concessions and public-private partnerships.

(2) New gas distribution system in a specific area of ​​the territory of the Republic of North Macedonia may be built and managed by a public enterprise or other legal entity established for that purpose by the Government or by the local self-government unit, if the area is not covered by the procedure for awarding the contract referred to in paragraph (1) of this Article.

(3) In accordance with the Law on Local Self-Government, the Government may enter into a cooperation agreement with the local self-government units in whose areas the gas distribution system is to be built.

(4) Procedure for construction of a new gas distribution system shall not be conducted if there is a gas distribution system in that area that is not sufficiently utilized or if a procedure for awarding a contract referred to in paragraph (1) of this Article has been initiated.

(5) In order to initiate a procedure for construction of new gas distribution systems, the gas distribution system must be foreseen in the Integrated National Energy and Climate Plan.

Construction of New Heat Distribution Systems

Article 95

(1) The construction of new heat distribution systems in the area of ​​local self-government units shall be carried out:

1. on the basis of contract on establishing a public-private partnership awarded by the council of the local self-government unit or a public enterprise or other legal entity established by the Government or by the local self-government unit for that purpose, in a tender procedure conducted in accordance with the regulations governing concessions and public-private partnerships, or

2. by the local self-government unit or a public enterprise or other legal entity established by the Government or the local self-government unit for that purpose.

(2) In order to initiate a procedure for construction of new heat distribution system, it must be foreseen in the Integrated National Energy and Climate Plan.

Construction of Electricity Storage Systems

Article 96

(1) The construction of electricity storage systems shall be implemented in accordance with the Action Plan referred to in Article 15 of this Law.

(2) In the event of a lack of system reserves, storage systems shall have priority for connection and distribution of energy.

Postponement of Construction of Generation Facilities

Article 97

(1) If the Annual Plan for Construction of Energy Facilities determines that a certain region does not have sufficient network capacity for integration of electricity generation, the projects are economically unjustified and do not lead to an improvement in the energy situation in the Republic of North Macedonia, or the projects cannot be carried out within three years, the Ministry shall adopt a decision to postpone the construction of generation capacities in certain region, which shall be published on its website.

(2) The decision to postpone construction of generation capacities may be exempt certain capacities in the region referred to in paragraph (1) of this Article under pre-defined criteria from the Annual Plan for Construction of Energy Facilities referred to in Article 87 of this Law.

(3) In the Annual Plan for Construction of Energy Facilities referred to in Article 87 of this Law, the Ministry shall, in consultation with the affected electricity transmission system operator or electricity distribution system operator, define measures and investments in the relevant network by which the lack of network capacity referred to in the postponement of the construction of generation capacities would be overcome.

(4) For the purpose of implementing the measures and investments referred to in paragraph (3) of this Article, the Minister shall adopt a decision ordering the relevant system operator to make the investment, after prior consultation with the Energy Regulatory Commission, for the purpose of building additional energy infrastructure that would overcome the limitation.

(5) Upon a proposal from the electricity transmission system operator or the electricity distribution system operator, upon submission of an appropriate analysis, the Ministry may postpone the construction of a power plant from renewable energy sources for a certain region.

(6) The postponement of the construction of generation capacities may be introduced only for a specific technology depending on the technical characteristics of the generation process.

(7) The postponement of the construction of generation facilities may not last longer than three years.

Direct Lines

Article 98

(1) Any electricity producer or supplier, as well as any biomethane producer, hydrogen producer or gas supplier established in the Republic of North Macedonia may supply its premises, subsidiaries or customers through direct lines (hereinafter: direct line).

(2) Electricity or gas customers, individually or together, may be supplied through a direct line from an electricity producer or supplier, a biomethane producer, a hydrogen producer or a gas supplier.

(3) Direct line shall be built on the basis of a construction approval issued by the Government, which shall determine the rights and obligations of the approval holder.

(4) The approval for construction of a direct line may be issued only in cases where:

1. an final customer of electricity or gas or an electricity producer or a biomethane producer or a hydrogen producer, has initiated a procedure for deciding upon an objection to the Energy Regulatory Commission because they could not exercise the right to connection or access to an existing electricity or gas transmission or distribution system, or

2. the costs of building a direct line are lower than the costs of connecting to or accessing the electricity or gas transmission or distribution network.

(5) Upon a proposal from the Ministry, the Government shall issue a decree prescribing the manner and procedure for granting an approval for construction of a direct line on the territory of the Republic of North Macedonia, as well as the content of the approval.

(6) The direct line shall not be deemed an integral part of the transmission, i.e. distribution systems of electricity or gas.

(7) The use of a direct line shall not impede the right of the user of the direct line to access systems and connect to networks for transmission or distribution of electricity or gas in accordance with the provisions of this Law.

(8) The Government may dismiss a request for approval for construction of a direct line if the granting of such approval would negatively affect the performance of the public service obligations under this Law. The decision to dismiss must contain a detailed reasoning.

(9) Approval for construction of a direct line shall not be required when the power plant of the electricity producer or the biogas or hydrogen production plant is:

1. an integral part of a non-energy facility owned by the customer, or

2. built on the construction plot on which the non-energy facility owned by the customer is located.

SECTION SEVEN

CONNECTION TO NETWORKS AND THIRD-PARTY ACCESS

Connection to Networks

Article 99

(1) Operators of transmission systems and electricity or gas distribution systems and heat distribution systems shall be obliged to enable connection to the relevant system to:

1. customers, producers and operators of electricity storage facilities that are connected to the electricity transmission or distribution system on the territory of the Republic of North Macedonia, and

2. gas or heat energy customers and users of the gas transmission system or gas or heat distribution systems in the area where the service is provided.

(2) Operators of the transmission systems and the electricity or gas distribution systems and the heat distribution systems shall be obliged to regulate in the relevant network rules the manner, procedure, conditions and deadlines for adopting a decision on connecting and for connection to the network, as well as the methodology for calculating the connection fee.

(3) The network rules referred to in paragraph (2) of this Article may not contain discriminatory provisions.

(4) For the purposes of the Annual Plan for Construction of Energy Facilities, the electricity transmission system operator, in cooperation with the electricity distribution system operator and upon request of the Ministry, shall prepare an integral study consisting of network and market analyses that verify the possibility of integrating energy facilities from the aspect of power flows, line overload and voltage state of the network for operating modes in which all elements are in operation, as well as for single outage modes, as well as the amount of the minimum and maximum short-circuit current for the needs of investors, within a period not exceeding 60 days from the date of submission of the request.

(5) For the purposes of paragraph (4) of this Article, the electricity transmission and distribution system operator shall, in coordination with the Energy Regulatory Commission, prepare an investment plan for network strengthening, which shall be approved by the Ministry.

(6) The investments in the energy infrastructure pursuant to paragraph (5) of this Article shall be included in the development plans by the operators of the relevant networks within 30 days of the adoption of the Annual Plan for Construction of Energy Facilities.

(7) The methodology for calculating the connection fee, which forms an integral part of the relevant network rules, shall take into account the consequences of the connection that will be suffered by other network users, the point of connection of the plants, facilities and devices for which connection is requested and the type of installation required for connection to the network, as well as the conclusions drawn in the Annual Plan for Construction of Energy Facilities and the approval for the electric power facilities.

(8) The fee for connection to the network, as well as the fee for changing the energy parameters determined in the decision for connection to an existing user, shall be paid by the user and shall consist of a fee for installation of a connection or upgrading of the existing connection, as well as costs for creating technical conditions in the system for connection of new users or increasing the capacity of existing connections.

(9) The network connection fee:

1. shall be calculated by applying the methodology contained in the relevant network rules;

2. shall provide the revenues for the necessary investments for the sustainability of the relevant networks and

3. shall be published on the website of the relevant system operator.

(10) The electricity transmission and/or electricity distribution system operator shall not be entitled to refuse the connection of a new electricity producer or energy storage operator for whom an approval for construction of an electric power facility has been issued.

(11) The transmission system operator shall not be entitled to refuse connecting by new generation capacity or energy storage capacity on the basis of potential future network constraints.

(12) As an exception to paragraph (11) of this Article, in order to ensure economic efficiency in relation to new electricity production or storage capacities, and upon prior approval by the Energy Regulatory Commission, the operator of the electricity transmission and/or electricity distribution system may:

1. limit the available capacity for connection, or

2. offer connection with operational restrictions.

(13) The Energy Regulatory Commission shall ensure that restrictions referred to in paragraph (12) of this Article are introduced on the basis of transparent and non-discriminatory procedures and that the same do not create unnecessary obstacles to access to the electricity market.

(14) The exception from paragraph (12) of this Article shall not apply if the producer or operator of an electricity storage facility agrees to reimburse the costs for providing the available capacity for connection or for connection without operational restrictions.

Decision for Connection

Article 100

(1) The entity requesting connection to a electricity or gas transmission system or distribution system or for heat distribution, as well as the user requesting a change to an existing connection for the purpose of increasing capacity, shall be obliged to submit a request for connection to the network to the operator of the relevant system, in a manner and procedure determined in the relevant network rules and the approval for construction of electric power facilities.

(2) The person referred to in paragraph (1) of this Article may connect to the relevant system only on the basis of a decision for connection issued by the operator of the system for which the connection is requested, in accordance with the relevant network rules.

(3) The operator of the relevant system, based on the approval for construction of electric power facilities and the contracts on preparation of a connection study concluded, shall be obliged to prepare technical specifications and requirements for energy infrastructure within 30 days, unless the applicant is a strategic investor whose request has been resolved within the deadlines in accordance with the laws regulating the use of energy from renewable sources and strategic investments.

(4) The operator of the relevant system shall issue a Decision for Connection within 15 days of the submission of complete project documentation for energy infrastructure and the connection facility by the applicant. The operator of the relevant system shall be entitled to request changes in the documentation in order to align the project documentation with the requirements in the technical conditions, standards and network rules. The Decision for Connection shall specifically determine: technical conditions for connection, the connection fee to be paid by the user, the deadline within which the operator shall perform the connection and the operator's obligations regarding the connection.

(5) In addition to the decision for connection, the operator of the system to which connection is requested shall also submit to the entity referred to in paragraph (1) of this Article a connection contract, which shall state the amount of the connection fee to be paid by the user, as well as the validity period of the fee amount, which may not be shorter than 90 days.

(6) The necessary documentation for adopting a decision for consent for connection shall be regulated in more detail in the relevant network rules.

(7) The decision for connection shall cease to be valid if the construction of the connection does not commence within the deadline specified in the approval for construction of connection or the investor does not follow the project development dynamics agreed with the Ministry, as well as in other cases provided for by the relevant network rules.

(8) The decision for connection shall cease to be valid if the person referred to in paragraph (1) of this Article does not sign the connection contract referred to in paragraph (5) of this Article and/or, if applicable in the contract itself, does not make payment in the manner and within the deadline provided for in the connection contract referred to in paragraph (5) of this Article, as well as in other cases provided for by appropriate network rules.

Rights and Obligations in Terms of Connections

Article 101

(1) New facilities, including construction of new or upgrading of existing connections owned by the operator of the relevant system or the vertically integrated undertaking, when provided for by this Law, shall be constructed by the operator of the relevant system or the vertically integrated undertaking and shall be their property. New facilities, including connections, shall be owned by the vertically integrated undertaking, if they are built on its behalf by the operator of the relevant system.

(2) As an exception to paragraph (1) of this Article, in cases where the connection is intended to connect a single user (final customer, energy system or plant for generation of electricity or heat), the system operator, upon prior request from the user, may authorize the user to construct the connection themselves in a manner and under conditions specified in the relevant network rules, whereby the constructed connection shall be owned by the vertically integrated undertaking.

(3) If the operator dismisses the user's request referred to in paragraph (2) of this Article, the user may file an objection before the Energy Regulatory Commission.

(4) If the operator approves the user's request referred to in paragraph (2) of this Article, the user shall be obliged to pay the portion of the connection fee that relates to the creation of technical conditions in the relevant system for connection of new users or for increase in the capacity of existing connections, whereby the user shall pay only for the capacity specified in the request for connection referred to in Article 100 paragraph (1) of this Law.

(5) The user who constructed the connection may transfer the ownership of the connection to the system operator without compensation.

(6) Users who own energy infrastructure may transfer ownership to a vertically integrated undertaking that has approved the connection.

(7) The connection fees charged by the relevant system operator, the fees referred to in paragraph (4) of this Article, as well as the value of the connections and other parts of the network that users cede to the relevant system operator shall be taken into account when determining the regulated tariff of the relevant system operator. In the regulations referred to in Article 61, paragraph (1) of this Law, the Energy Regulatory Commission shall prescribe in detail the manner and procedure for keeping records of connection fees and assets that users transfer to operators without compensation.

(8) For electric power facilities that are part of the electric power system, built with funds of and owned by the users of the system, and do not form an integral part of the connection used exclusively by the owner of the electric power facility, the operator of the relevant system and the owner of the facility shall enter into contract to regulate the mutual rights and obligations arising out of the use of the facility by the operator of the relevant system, in a manner and under the conditions specified in the relevant network rules.

(9) In order to fulfill the obligation to provide a public service and in accordance with the provisions of this Law, the operators of the electricity or gas transmission systems and distribution systems shall be obliged to maintain and manage the electricity or gas facilities whose owner is unknown, and which form an integral part of the relevant system. The Energy Regulatory Commission shall recognize the maintaining fee for these facilities when determining the regulated tariff of the system operator.

(10) After adopting the Annual Plan for Construction of Energy Facilities or its update, the transmission system operator shall, within a period not exceeding 30 days, issue connection permits to the distribution system operator.

(11) New facility with an installed thermal capacity equal to or greater than 40 KW shall be connected to the heat distribution system, if it is foreseen in the planning scope.

Third-Party Access

Article 102

(1) Energy or gas transmission i.e. distribution system operator, as well as the heat distribution operator, for the purpose of using its capacity, as well as for the use of other services it provides, shall be obliged to provide existing and new system users with access to the relevant network, in accordance with the relevant network rules and supply rules, with fair and non-discriminatory application of the prices and tariffs determined in accordance with Article 61 of this Law.

(2) A system user in terms of paragraph (1) of this Article shall be:

1. user of an electricity transmission or distribution system shall be:

1.1. electricity producer;

1.2. electricity storage facility operator;

1.3. electricity aggregator;

1.4. active customer;

1.5. distribution network operated by a civil energy community;

1.6. closed electricity distribution system;

1.7. electricity distribution system connected to an electricity transmission system;

1.8. electricity customer;

1.9. electric vehicle charging station;

1.10. electricity supplier and

1.11. electricity trader;

2. user of a gas transmission or distribution system shall be:

2.1. biomethane or hydrogen producer;

2.2. gas storage facility operator;

2.3.gas distribution system connected to a gas transmission system;

2.4.closed gas distribution system;

2.5.gas supplier;

2.6.gas trader, and

2.7.gas customers;

3.user of a heat distribution system shall be:

3.1.heat producer;

3.2.heat supplier, and

3.3.heat customer.

(3) The operators referred to in paragraph (1) of this Article, when providing access to the systems of the users referred to in paragraph (2) of this Article, shall take into account the limitations arising from the operational capabilities of the system.

(4) In the event of a lack of transmission or distribution capacity or in order to ensure security of supply or safety of the relevant system, the operators referred to in paragraph (1) of this Article shall take measures that may restrict access to the users referred to in paragraph (2) of this Article, in accordance with the relevant network rules.

(5) In the event referred to in paragraph (4) of this Article the operator of the relevant system shall undertake operational and market-oriented measures to remove or reduce the constraints.

(6) The operators referred to in paragraph (1) of this Article shall notify the Energy Regulatory Commission of the measures taken under paragraphs (4) and (5) of this Article, as well as the dynamics of taking the measures.

Denial of Access

Article 103

(1) The operators referred to in Article 102, paragraph (1) of this Law may adopt a decision to deny access only in the following cases:

1. when no transmission or distribution capacity is required and there is a capacity shortage in the heat distribution system due to other supplies of waste heat, heat from renewable sources or heat produced by high-efficiency cogeneration, or

2. when providing access to a specific user may jeopardize the security of energy supply in the Republic of North Macedonia.

(2) The operator who has denied access in accordance with paragraph (1) of this Article shall be obliged to deliver the decision on the denial to the entity who requested access in writing, and shall be obliged to state in the rationale of the decision the reasons for the denial, which must be based on technically and economically justified criteria, determined in the network rules for transmission, i.e. distribution of the relevant system.

(3) The entity whose access to the system has been denied by the decision referred to in paragraph (1) of this Article or who is dissatisfied with the conditions for access to the system may submit an objection to the Energy Regulatory Commission within 15 days of the delivery of the decision.

(4) Upon request of the entity who has been denied access to the system, the relevant operator shall be obliged to provide them with the necessary information on the measures that need to be taken to improve the conditions in the system, which would enable access, and may charge a fee for providing the information in an amount previously approved by the Energy Regulatory Commission.

Priority Access to Generation Facilities

Article 104

(1) Dispatching of electricity generation capacities and demand-side management capacities shall be carried out in a transparent and non-discriminatory manner under market conditions, unless otherwise provided for by this Law.

(2) The electricity transmission system operator and the electricity distribution system operator shall be obliged to, in a fair, transparent and non-discriminatory manner, ensure priority access to the systems and priority in dispatching electricity generated from energy from renewable sources and/or from highly efficient combined cycle heat and power plants, for the duration of the validity of the energy operator’s license, in a manner and under the conditions set out in the network rules, taking into account the limitations arising out of the operational capabilities of the electricity system and if such generation plants are:

1. with an installed capacity of less than 200 kW, or

2. demonstration projects approved by the Energy Regulatory Commission, with such priority being limited to the time and scope necessary to achieve the project objectives.

(3) Upon request from the operator referred to in paragraph (2) of this Article, the Energy Regulatory Commission may adopt a decision to reduce the threshold for installed capacity or not to apply priority dispatching for the generation facilities referred to in paragraph (2) item 1 of this Article, provided that:

1. there is an operational intraday market and other wholesale electricity markets, as well as a balancing energy market, available to all market participants;

2. rules for redispatching and congestion management are transparent and apply to all market participants, or

3. the national target for the share of energy from renewable sources in gross final energy consumption adopted in the relevant decision of the Ministerial Council of the Energy Community has been achieved or if electricity generated from renewable sources contributes at least 50% to gross final electricity consumption.

(4) Before adopting the decision referred to in paragraph (3) of this Article, the Energy Regulatory Commission shall notify the Energy Community Secretariat of the intention to adopt the decision with an explanation of fulfilment of the conditions and publish it on its website, taking into account the protection of commercially sensitive information.

(5) The decision referred to in paragraph (3) of this Article, on the cessation of the application of priority dispatching shall apply to generation facilities that will start operating at least six months after its adoption.

(6) The decision referred to in paragraph (3) of this Article, on the reduction of the threshold of installed capacity shall only apply to generation facilities that will start operating at least six months after its adoption.

(7) Producers who have priority in dispatching may at any time waive that right, upon a previously contract signed with the transmission system operator.

(8) After previously receiving an opinion from the Energy Regulatory Commission, the Government may grant support measures under Article 88 paragraph (11) of this Law to producers who have priority in dispatching, if the producers waive the right to priority in dispatching.

(9) Priority dispatching must not endanger the security of the electricity system and must not cause or be a justification for a direct reduction in the cross-border transmission capacity of an interconnector with any neighbouring bidding zone.

Take-or-Pay Principle

Article 105

(1) The gas transmission and/or distribution system operator may deny access to its system if it assesses that granting access would cause it serious economic or financial difficulties due to previously undertaken obligations arising out of contracts based on the take-or-pay principle.

(2) Before adopting the decision to deny access referred to in paragraph (1) of this Article, the gas transmission and/or distribution system operator shall request from the Energy Regulatory Commission an exemption from the obligation to approve third-party access. The request shall be accompanied by all necessary information and data on the need to deny access, including the nature and extent of the difficulties, as well as the measures taken by the operator to overcome them.

(3) If, based on the information and data submitted under paragraph (2) of this Article, the Energy Regulatory Commission assesses that it is necessary to accept the request for exemption from the obligation to approve third-party access, it shall adopt a reasoned decision based on the following criteria:

1. the need to ensure a competitive, transparent and non-discriminatory gas market;

2. the need to fulfil public service obligations to ensure security of gas supply;

3. the position of the gas market operator and the actual state of competition in the market;

4. the severity of the economic and financial difficulties faced by the gas transmission or distribution system operator or customers;

5. the dates of signing and the terms of the contract or contracts, based on the take-or-pay principle, including the extent to which they allow for changes in the market;

6. the measures taken by the gas transmission or distribution system operator to overcome the issue;

7. the level of connection of the gas system with other gas systems and the degree of interaction of the systems, and

8. the effects that the exemption may have on the application of the provisions of this Law in relation to the smooth operation of the gas market.

(4) The Energy Regulatory Commission shall adopt a decision to dismiss the request for exemption from the obligation to grant third-party access relating to contracts based on the take-or-pay principle entered into before 1 July 2006, if it determines that:

1. the gas sales are not below the level of the minimum take-up guarantees contained in the gas purchase contracts based on the take-or-pay principle or

2. the gas purchase contracts based on the take-or-pay principle can be adjusted, or

3. the applicant is able to find alternative solutions.

(5) The Energy Regulatory Commission shall immediately submit the decision referred to in paragraph (3) of this Article to the Energy Community Secretariat, to which it shall attach all data and information on the basis of which the decision was made.

(6) Licensees carrying out energy activities in the gas sector, to whom the Energy Regulatory Commission has not granted an exemption from the obligation to grant third-party access in accordance with the provisions of this Article, shall be obliged to accept all requests for access, despite the obligations arising out of gas purchase contract based on the take-or-pay principle.

Exemption from the Obligation to Provide Access to a New Electricity

Interconnector

Article 106

(1) The investor of a new electricity interconnector may request from the Energy Regulatory Commission a full or partial temporary exemption from the obligation to grant third-party access to the interconnector, if the following conditions are met:

1. investment in the interconnector should increase competition and security in electricity supply;

2. the risk associated with the investment is such that the investment cannot be realized unless an exemption from the obligation to grant third-party access is provided;

3. the interconnector for which exemption from the obligation to grant third-party access is requested must be owned by an entity that is independent, at least in its legal form, from the electricity transmission system operator of the Republic of North Macedonia and the electricity transmission system operator of the affected counter party of the Energy Community or a Member State of the European Union on whose territory the interconnector will be built (hereinafter: the affected country);

4. users of the interconnector would be charged a fee;

5. as of 1 July 2007, no part of the costs of investment and operation of the interconnector have been reimbursed by the fees for use of the line by the transmission and distribution systems connected to that line and

6. the exemption from the obligation to grant third-party access shall not affect the competition and efficiency of the electricity market in the region, as well as the efficient operation of the transmission system to which the interconnector is connected.

(2) A request for exemption from the obligation to grant third-party access to an interconnector may also be submitted to the Energy Regulatory Commission by:

1. an investor in a direct current interconnector, provided that the costs and risks associated with the investment are significantly higher than the usual costs and risks for connecting two electricity transmission systems with a direct current interconnector, and

2. an investor who invests in a significant increase in the capacity of an existing interconnector.

(3) The Energy Regulatory Commission, in agreement with the competent regulatory body of the country affected, shall submit the request referred to in paragraph (1) or paragraph (2) of this Article to the ECRB, and if the country affected is a Member State of the European Union, to ACER as well.

(4) If the ECRB, and where applicable ACER, within 60 days of the date of receipt of the request referred to in paragraph (3) of this Article, submit an opinion on the request, the opinion shall be taken into account when adopting the decision referred to in paragraph (5) of this Article.

(5) Within six months from the date of receipt of the request referred to in paragraphs (1) and (2) of this Article, the Energy Regulatory Commission, in cooperation with the competent regulatory body of the country affected, shall adopt a decision to uphold or dismiss the request, taking into account in particular:

1. the need for a limited duration of the exemption;

2. non-discriminatory access to the interconnector;

3. the duration of the construction of the interconnector;

4. any additional capacities to be built or existing capacities to be upgraded, and

5. the electricity market conditions in the Republic of North Macedonia, the country affected and the region.

(6) The decision referred to in paragraph (5) of this Article shall contain a detailed rationale of the reasons for upholding or dismissing the exemption, and in particular:

1. reasons to uphold or dismiss the exemption, as well as the financial data justifying the need for the exemption;

2. analysis of the impact of the decision taken and the consequences that will arise from the decision on competition and the effective operation of the electricity market;

3. the reasons for determining the time period in which the exemption will apply and the part of the total capacity of the interconnector for which the exemption has been approved, and

4. the result of the consultations of the Energy Regulatory Commission with the competent regulatory body of the country affected.

(7) Before the decision referred to in paragraph (5) of this Article is adopted, the Energy Regulatory Commission, in cooperation with the competent regulatory body of the country affected, shall determine the rules and mechanisms for management and allocation of the capacity of the interconnector, whereby the rules shall prescribe the manner in which:

1. unused capacity will be offered on the market, and

2. users of already leased capacity will offer their contracted capacities on the secondary market.

(8) The Energy Regulatory Commission shall submit the decision referred to in paragraph (5) of this Article to the ECRB and the Energy Community Secretariat, and if the country affected is a Member State of the European Union, to ACER and the European Commission as well.

(9) The Energy Regulatory Commission shall publish the decision referred to in paragraph (5) of this Article, in accordance with Article 67 paragraph (4) of this Law.

(10) If, within the deadline referred to in paragraph (5) of this Article, the Energy Regulatory Commission does not adopt a decision on the request referred to in paragraphs (1) and (2) of this Article, due to the failure to obtain consent from the competent regulatory body of the country affected or together with the competent regulatory body of the country affected have requested that the decision on exemption to be adopted by the ECRB or ACER, the decision on exemption adopted by the ECRB or ACER shall apply.

(11) The Energy Regulatory Commission shall be obliged to participate in the consultations for the adoption of the decision referred to in paragraph (10) of this Article, if requested by the ECRB or ACER.

Exemption from the Obligation

to Grant Access to New Gas Infrastructure

Article 107

(1) The operator of a new gas interconnector or other large gas infrastructure facility (hereinafter referred to as: infrastructure) may submit a request to the Energy Regulatory Commission for the infrastructure to be exempted from the application of the provisions of this Law regulating third-party access to the infrastructure for a certain period of time.

(2) The Energy Regulatory Commission shall approve the request referred to in paragraph (1) of this Article if:

1. the investment in the infrastructure increases competition in gas supply and improves security of supply;

2. the risk associated with the investment is such that the investment will not be realised unless an exemption from the obligation to grant third-party access is granted;

3. the infrastructure is owned by an entity who is independent, at least in its legal form, from the gas system operators in whose systems the infrastructure will be built;

4. users will pay a fee for the use of the infrastructure, and

5. the exemption does not affect the competition and the efficient operation of the gas market or the efficient operation of the regulated system to which the infrastructure is connected.

(3) The exemption from paragraph (1) of this Article shall also apply in cases of significant capacity increase and upgrading of the existing gas infrastructure, thereby enabling development of new sources of gas supply.

(4) The Energy Regulatory Commission shall immediately submit any request for exemption to the Energy Community Secretariat.

(5) The Energy Regulatory Commission shall adopt a decision on the request for exemption from the obligation to grant third-party access for each individual case referred to in paragraphs (1) and (2) of this Article.

(6) Depending on the type of infrastructure, when deciding upon the request for exemption, special conditions may be determined regarding the duration of the exemption and non-discrimination in access to the infrastructure, whereby the Energy Regulatory Commission shall take into account:

1. additional capacities to be built;

2. expansion or upgrading of the existing infrastructure;

3. duration of the project, and

4. conditions of the gas market in the Republic of North Macedonia and in the region.

(7) The operator of the gas infrastructure for which an exemption from the obligation to grant third-party access has been approved shall be obliged, prior to the approval of the exemption, to determine and submit to the Energy Regulatory Commission for approval the rules for management and allocation of capacities, which shall in particular determine:

1. obligation of potential users to express interest in contracted capacity before the allocation of infrastructure capacities begins;

2. obligation to offer unused capacities, and

3. right of infrastructure users to trade unused capacity on the secondary market.

(8) The Energy Regulatory Commission shall be obliged to submit the proposal for the decision to approve the exemption to the Commission for Protection of Competition.

(9) The Energy Regulatory Commission shall immediately submit the decision referred to in paragraph (5) of this Article, together with a rationale, to the Secretariat of the Energy Community. Decision’s rationale shall in particular contain:

1. the reasons on the basis of which the Energy Regulatory Commission dismissed, i.e. upheld, the request for exemption from paragraph (5) of this Article, including the financial data justifying the need for exemption;

2. the analysis of the impact of the exemption’s approval on competition and the efficient operation of the gas market;

3. the reasons for which the time period in which the exemption will apply and the part of the total capacity of the interconnector for which the exemption has been approved is determined;

4. the result of the consultations of the Energy Regulatory Commission with the competent regulatory body of the other country affected, in cases where the exemption relates to a gas interconnector, and

5. the contribution of infrastructure to the diversification of gas supply.

(10) Upon request of the Energy Community Secretariat, the Energy Regulatory Commission shall be obliged to submit additional information regarding the submitted decision referred to in paragraph (5) of this Article.

(11) If, within the deadline set by the Energy Community Secretariat, the Energy Regulatory Commission does not submit the requested additional information, the decision on the exemption together with the accompanying documentation shall be deemed to have been withdrawn by the Energy Regulatory Commission, unless the Energy Regulatory Commission confirms that the accompanying documentation has been submitted in full.

(12) The Energy Regulatory Commission shall be obliged to act in accordance with the opinion and to notify the ECRB thereof, within 30 days from the date of receipt of the opinion from the Energy Community Secretariat, as well as to publish the decision in the "Official Gazette of the Republic of North Macedonia".

(13) If the infrastructure has not been commenced to be constructed within two years or has not been put into commissioning within five years from the date on which the Energy Community Secretariat submitted the opinion giving its consent to the decision granting the exemption, the Energy Regulatory Commission shall request the Energy Community Secretariat to prepare a new opinion or to extend the validity of the existing opinion, if the delay in commencing the construction or commissioning of the infrastructure has occurred due to reasons beyond the control of the entity who was granted the right to be exempted from the obligation to grant third-party access.

SECTION EIGHT

ELECTRICITY MARKET

CHAPTER I

ORGANIZATION OF THE ELECTRICITY MARKET

Electricity Markets

Article 108

(1) The electricity market shall include:

1. wholesale electricity market;

2. retail electricity market;

3. balancing energy market, and

4. long-term market.

(2) The wholesale electricity market shall include:

1. bilateral contract market, and

2. organised market.

(3) Electricity market with bilateral contracting is a market in which the purchase and sale of electricity is carried out directly between the electricity market participants through a bilateral electricity purchase and sale contract.

(4) The organized electricity market is a day-ahead market and an intraday market, where the purchase and sale of electricity between electricity market participants is carried out through the electricity exchange.

(5) The retail electricity market shall include the purchase and sale of electricity between electricity suppliers and their customers who are not participants in the wholesale electricity market.

(6) Trading in electricity on the electricity markets referred to in paragraph (1) of this Article shall be carried out freely and based on the economic interests of each market participant.

(7) By applying the principles of transparency and non-discrimination:

1. The electricity market operator shall manage the market through bilateral contracing;

2. The organised market operator shall organise and manage the organised market, and

3. The transmission system operator shall organise and manage the balancing energy market.

Principles of Operation of Electricity Markets

Article 109

The Energy Regulatory Commission, the electricity transmission system operator, the electricity distribution system operator, the electricity market operator, the organized market operator and NEMO shall ensure that the operation of the electricity markets is carried out in accordance with the following rules:

1. price setting based on demand and supply and prevention of activities that prevent price setting based on demand and supply;

2. enabling increased competition in the retail electricity market;

3. active participation of customers in the electricity market;

4. protection of market participants against the risks of price volatility and mitigating uncertainty about investment returns by enabling trading of long-term products on exchanges in a transparent manner and enabling long-term electricity supply contracts to be negotiated outside the exchange in accordance with the regulations governing the protection of competition;

5. participation in the electricity market of the users of the electricity transmission and distribution system through aggregation and/or demand-side management;

6. efficient dispatching of generation plants, electricity storage facilities and demand-side management;

7. responsibility of producers for the obligations undertaken regarding the sale of the electricity they generate;

8. equal participation in the market of producers of electricity from renewable energy sources, storage facility operators and demand-side management, based on the assessment of the economic and financial viability of their operations;

9. regional cooperation in achieving cross-border flows and cross-border transactions of electricity with the counter parties of the Energy Community and the Member States of the European Union, taking into account the effects of short-term and long-term products on electricity markets;

10. development of production capacities that increase the flexibility of transmission and distribution systems, development of generation capacities with reduced greenhouse gas emissions, as well as development of more flexible demand, and

11. decarbonization of the electricity system, and thus of the economy, by enabling integration of electricity generated from renewable energy sources, electricity storage, demand-side management, as well as by providing incentives for energy efficiency, including development of demonstration projects in sustainable, safe and low-carbon energy sources, technologies or systems, as well as smooth implementation of support measures in electricity generation capacities, especially for long-term investments that achieve the goals of electricity system decarbonization.

Organized Electricity Market

Article 110

Organized Electricity Market shall:

1. be organized in a transparent and non-discriminatory manner, ensuring individual or joint access to market participants, as well as protection of the confidentiality of commercially sensitive information and identity when trading in electricity;

2. enable market participants to reduce deviations and participate in cross-zonal trade as close to real time as possible across all bidding zones with a 15-minute deviation settlement period;

3. provide market prices that reflect the value of electricity in real time, protecting market participants from risks when entering into contracts for long-term products and determining prices for regulated services;

4. ensure operational security, thus enabling maximum use of transmission capacity;

5. ensure equal treatment of trades within the bidding zone and between bidding zones, and

6. be organized in a manner that will ensure that all market participants have the opportunity to access the market individually or through aggregation.

(2) Trading on the organized electricity market shall be carried out according to the rules for operation of the organized electricity market, which are prepared and adopted by the organized market operator, upon prior approval by the Energy Regulatory Commission.

Technical Restrictions for the Setting the Offers on the Organized Electricity Market

Article 111

(1) The offers submitted by the participants in the wholesale electricity market may not be subject to maximum or minimum restrictions.

(2) The provision of paragraph (1) of this Article shall also apply to electricity prices in all time frames and prices for settlement of deviations of balance responsible parties.

(3) NEMO shall apply limits to the maximum and minimum clearing prices on the day-ahead market and the intraday market which should:

1. not to cause unnecessary restrictions on electricity trade in the Republic of North Macedonia, the region and the European Union, and

2. take into account the value of the lost load.

(4) NEMO shall apply harmonised limits on maximum and minimum achieved prices in the day-ahead and intraday timeframes in accordance with the TCMs approved by ACER under Article 124 paragraph (2) item 4 of this Law. The restrictions should be harmonised for the internal market, to take into account the maximum value of undelivered energy and not unnecessarily restrict trade. NEMO shall implement a transparent mechanism for timely automatic adjustment of technical trading limits in the event that the set limits are expected to be reached. The adjusted higher limits shall remain applicable until there are further increases to the mechanism for timely automatic adjustment of technical trading limits.

(5) In the cases referred to in paragraph (3) of this Article, NEMO shall notify the electricity transmission system operator of the amount of the restrictions.

(6) In the cases referred to in paragraph (4) of this Article, the electricity transmission system operator shall not undertake any measures that would lead to a change in prices on the wholesale electricity market.

(7) The Energy Regulatory Commission shall identify the policies, regulations and measures applied that may indirectly restrict the setting of prices on the wholesale electricity market, including restrictions on bids related to activation of balancing energy, capacity mechanisms, measures taken by the electricity transmission system operator, measures intended to challenge market outcomes, measures to prevent the abuse of a dominant market position, as well as measures to redefine inefficiently defined bidding zones.

(8) If the Energy Regulatory Commission has identified a policy, regulation or measure that could serve to restrict the setting of prices on the wholesale electricity market, it shall take appropriate actions to eliminate or, if not possible, to mitigate the impact of that policy, regulation or measure on electricity trade and shall notify the Ministry thereof.

(9) The Ministry shall submit a report to the Energy Community Secretariat containing detailed description and explanation of the measures and activities undertaken and planned to eliminate or mitigate the impact of the policies, regulations or measures referred to in paragraph (7) of this Article.

Value of Lost Load

Article 112

(1) For the purposes of establishing the confidentiality criterion referred to in Article 22 of this Law, the Energy Regulatory Commission shall determine the value of lost load for the territory of the Republic of North Macedonia.

(2) If the value of lost load relates to a bidding zone, the Energy Regulatory Commission shall determine the single assessment of the value of lost load in accordance with the regulatory bodies or other competent authorities in the Contracting Parties to the Energy Community or the Member States of the European Union belonging to the cross-border bidding zone.

(3) The determination of the value of lost load referred to in paragraphs (1) and (2) of this Article shall be carried out by applying the methodology developed by ENTSO-E and approved by ACER.

(4) The Energy Regulatory Commission shall update the assessment of the value of lost load every five years, and more frequently if necessary.

(5) The Energy Regulatory Commission shall publish the value of lost load on its website.

Wholesale Electricity Market Participants

Article 113

(1) Wholesale electricity market participants shall be:

1. electricity producers;

2. electricity traders;

3. electricity suppliers, including the universal supplier and supplier of last resort;

4. electricity customers, except households and small customers;

5. organised electricity market operator;

6. nominated organised electricity market operator - NEMO;

7. transmission system operator;

8. distribution system operator;

9. closed distribution system operator;

10. electricity market operator;

11. electricity storage operator, and

12. aggregators.

(2) The electricity market participants referred to in paragraph (1) of this Article shall be obliged to provide the electricity transmission system operator, the electricity distribution system operator, as well as the electricity market operator with all necessary data in accordance with the network rules for electricity transmission, the network rules for electricity distribution and the rules for registration for participation in the electricity market and regulation of the bilateral contracts market.

(3) Each electricity market participant referred to in paragraph (1) of this Article shall be obliged to regulate its balancing responsibility.

Electricity Market Operator

Article 114

(1) Electricity market operator shall be an undertaking that carries out the activities related to efficient operation and development of the bilateral contracts market and establishes and organizes the operation of the organized electricity market.

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

1. management of electricity bilateral contracts market;

2. calculation of the balance responsible parties’ imbalances and a proposed calculation of the cost of imbalances in accordance with the monthly market plan and the final timetable, the metering of electricity, the active quantities of the balancing services for each balancing service provider and the settlement price received from the electricity transmission system operator and the electricity distribution system operator;

3. timely submission of all information necessary for preparation of the final daily schedules for purchase and sale of electricity in the Republic of North Macedonia to the electricity transmission system operator;

4. keeping records of all market participation contracts entered into with electricity market participants;

5. keeping records of all contracts for formation of balancing groups entered into between electricity market participants and the electricity market operator;

6. preparation of daily and monthly market plans;

7. keeping a register of market participants;

8. publishing information necessary for the smooth organization and management of the electricity market;

9. timely submission to the electricity transmission system operator of all information about registered electricity market participants;

10. monitoring the performance of suppliers in terms of their participation in the retail market and undertaking activities to eliminate any deficiencies that affect the security of supply and the price of electricity;

11. providing the necessary information for the electricity supplier in case of emergency, and

12. other matters determined by law.

(3) The electricity market operator may not trade in electricity, except in the case of trading in electricity generated by preferential producers who, in accordance with the law regulating energy from renewable sources, use a preferential tariff.

(4) The electricity market operator shall enable trading in guarantees of origin in accordance with the law regulating energy from renewable sources.

(5) The electricity market operator shall keep a Register of Guarantees of Origin of Electricity Generated from Energy from Renewable Sources, in which it shall record all issued, transferred and revoked or annulled guarantees of origin in accordance with the law regulating energy from renewable sources.

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

(7) The electricity market operator and the electricity transmission system operator shall keep records of transactions for physical delivery of electricity, which are regulated by the rules for registration of participation in the electricity market and regulation of the bilateral contracts market.

(8) The Energy Regulatory Commission may decide to provide access to the information referred to in paragraph (7) of this Article to electricity market participants, provided that commercially sensitive information about individual market participants or individual transactions is not disclosed.

Separation of Activities

Article 115

(1) An undertaking that holds a license to carry out the activity of organization and management of the electricity market cannot be a licensee and cannot participate in the generation, storage, transmission of electricity and management of the electricity transmission system, distribution, trade, supply of electricity.

(2) In the event where the electricity market operator is owned by the electricity transmission system operator, the electricity market operator shall ensure its operational independence from the electricity transmission system operator in terms of legal form, organization and decision-making in accordance with the programme referred to in Article 135 of this Law.

(3) In order to ensure independence of the electricity market operator, the same entity or entities shall not have the right to simultaneously:

1. directly or indirectly participate in the management and administration of an undertaking that carries out activities of generation, storage, supply or trade in electricity and at the same time directly or indirectly manage or exercise another right in the electricity market operator;

2. directly or indirectly participate in the management and administration of the electricity market operator and at the same time directly or indirectly manage or exercise another right in an undertaking carrying out activities of generation, storage, supply or trade in electricity;

3. appoint members of electricity market operator’s supervisory body, management body and at the same time to directly or indirectly manage or exercise another right in an undertaking carrying out activities of generation, storage, supply or trade in electricity, and

4. be a member of a supervisory body, a management body or any of the bodies that legally represent the electricity market operator and at the same time to be a member of an appropriate authority or body in an undertaking that carries out activities of generation, storage, supply or trade in electricity.

Rules of Registration for Electricity Market Participation and Regulation of the Bilateral Contracts Market

Article 116

(1) In cooperation with the electricity transmission system operator, the electricity market operator shall prepare and, upon prior approval by the Energy Regulatory Commission, adopt rules for registration of participation in the electricity market and regulation of the bilateral contracts market, based on the principles of transparency, non-discrimination and competition.

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

1. enable encouragement of free price formation and shall avoid actions which prevent price formation based on demand and supply;

2. create development of generation capacities that increase the flexibility of transmission and distribution systems, development of generation capacities with reduced greenhouse gas emissions, as well as development of more flexible demand;

3. ensure decarbonization of the electricity system, and thus the economy, by enabling integration of electricity from energy from renewable sources and by providing incentives for energy efficiency;

4. ensure smooth implementation of support measures in electricity generation capacities, especially for long-term investments that achieve the objectives of decarbonization of the electricity system, energy storage, energy efficiency and demand response to meet market needs and facilitate fair competition, thereby ensuring security of supply;

5. create regional cooperation;

6. encourage development of demonstration projects in sustainable, safe and low-carbon energy sources, technologies or systems;

7. allow efficient dispatching of generation plants, electricity storage facilities and demand-side management;

8. ensure free entry and exit of electricity producers, storage facility operators and electricity consumption management based on their assessment of the economic and financial viability of their operations;

9. facilitate trade in energy products between the Contracting Parties to the Energy Community and Member States of the European Union and take into account the effects of short-term and long-term products on electricity markets; and

provide protection of market participants against the risks of price volatility and mitigating uncertainty about investment returns by enabling trading of long-term products on exchanges in a transparent manner and enabling long-term electricity supply contracts to be negotiated outside the exchange in accordance with the Law on Protection of Competition.

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

1. registration procedure for participation in the wholesale electricity market;

2. conditions to be met by electricity market participants;

3. elements of contracts for electricity market participation;

4. form, content and manner of maintaining the register of participants in the wholesale electricity market;

5. operation of the electricity bilateral contracts market;

6. establishment, organisation and control of electricity trading, including criss-border trading, in accordance with the obligations of membership in international organisations;

7. responsibilities of balance responsible parties, including the conclusion of balance responsibility contracts;

8. form, content and manner of keeping a register of balance responsible parties;

9. manner of calculating imbalances between nominated and realised transactions based on measurements made by the electricity transmission system operator and the electricity distribution system operator;

10. financial settlement with the balance responsible party;

11. manner and procedure for forming a balance group;

12. form, content and manner of keeping a register of balance groups;

13. purchase of electricity from preferential producers using preferential tariffs for generation of electricity from energy from renewable sources and its sale, as well as the manner of regulating the rights and obligations of the electricity transmission and distribution system operators and the preferential producers of electricity, and

14. taking the prescribed measures against market participants in the event of failure to fulfill their obligations.

(4) The rules of registration for electricity market participation and regulation of the bilateral contracts market, in the procedure for registration for participation in the wholesale electricity market in which the applicant is a producer of electricity from renewable sources, shall prescribe shorter deadlines, simplified conditions and evidence of fulfilment of the conditions, as well as lower fees compared to those prescribed for other market participants.

Fees for Using the Electricity Market

Article 117

(1) The electricity market operator shall calculate and invoice the market participant the fee for using the electricity market based on the announced transactions, by applying the tariff determined in the decision adopted by the Energy Regulatory Commission, in accordance with Article 62 of this Law.

(2) The fee for using the electricity market shall be paid by suppliers and traders for announced transactions for end consumption or by final customers for announced transactions for their own needs when they do not purchase electricity from suppliers or traders registered on the wholesale electricity market.

(3) Suppliers and traders shall charge the fee for using the electricity market from customers with whom they have entered into contracts for supply, i.e. sale of electricity.

(4) The electricity transmission system operator and the electricity distribution system operator shall pay a fee for using the electricity market when purchasing electricity to cover losses and for their own needs.

Organized Electricity Market Operator

Article 118

(1) Organized electricity market operator shall be an undertaking that carries out the activities related to efficient operation and development of the organized electricity market.

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

1. entering into contracts with organized electricity market participants, with the electricity transmission system operator and with other NEMOs and electricity transmission system operators in the counter parties of the Energy Community and Member States of the European Union, which regulate mutual rights and obligations, the manner of ensuring confidentiality of data on market transactions, as well as the publication of data necessary for the operation of the market;

2. implicit auction of transmission capacities;

3. creation of electricity supply and demand curves, and

4. financial settlement with organized market participants in accordance with the contracts entered into and the results obtained from the single day-ahead and intraday market merger.

Nominated Electricity Market Operator

Article 119

(1) The organized electricity market operator referred to in Article 118 of this Law, designated by the Government as NEMO, shall have the exclusive right to manage the organized electricity market in the Republic of North Macedonia if it meets the conditions prescribed in the regulation referred to in paragraph (2) of this Article.

(2) After previous opinion obtaining from the Energy Regulatory Commission, the Government shall adopt a regulation regulating in more detail the necessary legal, technical, personnel and financial conditions that the NEMO shall meet, and in particular:

1. rights and obligations established by the treaty establishing the Energy Community and by the European Union acquis, which relate to NEMOs in the Member States of the European Union;

2. information technology, technical infrastructure and operational procedures necessary for single day-ahead and intraday electricity markets coupling;

3. employees in the fields of electrical engineering, mechanical engineering or economics, and

4. financial assets and guarantees to provide against exposure to risk in carrying out its activities and providing necessary services in terms of financial settlement and payment.

(3) Every four years, the Energy Regulatory Commission shall, ex officio, assess whether the organized electricity market operator designated as a NEMO meets the conditions prescribed in the regulation referred to in paragraph (2) of this Article and shall notify the Government thereof.

(4) If the Energy Regulatory Commission determines that the organized electricity market operator referred to in Article 118 of this Law meets the conditions prescribed in the regulation referred to in paragraph (2) of this Article, it shall submit a positive opinion and propose to the Government to adopt a decision confirming the designation of the organized electricity market operator as a NEMO.

(5) In the cases referred to in paragraph (4) of this Article, the Government shall confirm the designation of the organized electricity market operator referred to in Article 118 of this Law as the sole NEMO on the territory of the Republic of North Macedonia.

(6) The operator referred to in paragraph (5) of this Article shall not be entitled to offer services on electricity markets in other countries.

(7) In order to fulfill its obligations as a NEMO, the organized electricity market operator referred to in Article 118 of this Law shall, upon prior approval by the Energy Regulatory Commission, establish a registration fee and adopt a trading tariff on the organized electricity market.

(8) If, during the assessment referred to in paragraph (3) of this Article, the Energy Regulatory Commission determines that the organized electricity market operator does not meet the requirements of the regulation referred to in paragraph (2) of this Article, it shall propose to the Government to announce a call for applications from interested candidates who have already been designated as NEMOs in the Contracting Parties to the Energy Community or a Member State of the European Union.

Other Country’s NEMO

Article 120

(1) As an exception to Article 119 paragraph (4) of this Law, the Government may approve more than one NEMO to offer services for performing tasks related to the single day-ahead or intraday electricity market coupling in the Republic of North Macedonia, in a procedure determined by Article 119 paragraph (8) of this Law.

(2) In the procedure referred to in paragraph (1) of this Article, the Government shall:

- ensure equal treatment of domestic and foreign entities, or

- approve one or more NEMOs designated in one of the Contracting Parties to the Energy Community or in a Member State of the European Union to be able to offer trading services on the single day-ahead or intraday organized electricity market in the Republic of North Macedonia without being designated as a NEMO in the Republic of North Macedonia.

(3) After the Government has adopted a decision on selection in the procedure referred to in paragraph (1) of this Article, the Energy Regulatory Commission shall register the NEMO in the register of foreign entities referred to in Article 75 of this Law.

(4) A NEMO selected in the procedure referred to in paragraph (2) of this Article shall be obliged to apply the rules for trading in the Republic of North Macedonia.

(5) The Energy Regulatory Commission shall monitor the operation of all NEMOs that perform single day-ahead and intraday market coupling in the Republic of North Macedonia and exchange information on their operation with the regulatory bodies of the Contracting Parties to the Energy Community or in a Member State of the European Union.

(6) The Government shall not designate a NEMO in the designation procedure if the bid has been submitted by a NEMO designated in any of the Contracting Parties to the Energy Community or in a Member State of the European Union, and if in this case:

1. there are technical obstacles to the electricity purchased on any single day-ahead and intraday market being delivered to the organized electricity market in the Republic of North Macedonia;

2. the rules of operation of the single day-ahead and intraday market in the Republic of North Macedonia are not compatible with the rules adopted in the country where it has been designated as a NEMO, or

3. it has been designated as a NEMO in a counter party of the Energy Community or in a Member State of the European Union as a legal monopoly.

(7) In the cases referred to in paragraph (6) of this Article, the Government shall notify the bidding NEMO, the regulatory body of the country where it has been designated, as well as the ECRB and the Energy Community Secretariat, i.e. ACER, and the European Commission in the case of a NEMO designated in a Member State of the European Union.

(8) The decision referred to in paragraph (6) of this Article shall be reasoned.

(9) If a NEMO designated in a counter party to the Energy Community or a Member State of the European Union is not allowed to offer services in the Republic of North Macedonia, the Government shall thereof notify the candidate NEMO, the regulatory body of the country where it has been designated, as well as the ECRB or ACER in the case of a NEMO designated in a Member State of the European Union. The Government shall state the reasons in the notification, and if the reasons are from paragraph (6) items 1 and 2 of this Article, it shall determine how and by when the technical obstacles to trading can be overcome or the harmonisation with the rules in the country in which the organised market operator has been appointed can be carried out.

Failure to Meet NEMO Requirements

Article 121

(1) In the event of new facts and circumstances arising before the expiry of the deadline set out in the regulation referred to in Article 54 paragraph (1) item 1., sub-item 1.4 of this Law or in the assessment referred to in Article 120 paragraph (3) of this Law, if the Energy Regulatory Commission determines that the NEMO does not meet some of the conditions set out in the regulation referred to in Article 119 paragraph (2) of this Law, it shall propose to the Government to adopt a decision ordering the NEMO to eliminate the deficiencies.

(2) If the Energy Regulatory Commission determines that the NEMO, within three months from the date of receipt of the decision referred to in paragraph (1) of this Article, has not eliminated the deficiencies specified in the decision, it shall propose to the Government to adopt a decision to revoke the status of the NEMO and to initiate a new procedure pursuant to Article 119 paragraph (8) of this Law for designating new NEMO, of which it shall notify the ECRB.

(3) In the case referred to in paragraph (2) of this Article, the Energy Regulatory Commission shall initiate an ex officio procedure for revocation of the license of the organized electricity market operator, in accordance with Article 85 of this Law, and shall notify the regulatory body of the country where it has been designated, as well as the ECRB or ACER if it is a NEMO designated in a Member State of the European Union, of the decision.

Organized Electricity Market Coupling

Article 122

(1) NEMO, in cooperation with the electricity transmission system operator, shall implement single day-ahead and intraday electricity market coupling by receiving orders from market participants and matching and allocating orders in accordance with the results of the single day-ahead and intraday coupling, the announcement of prices, clearing and financial settlement, under the contracts arising out of trading, in accordance with the applicable contracts and regulations binding on market participants.

(2) In relation to the single day-ahead and intraday electricity market coupling, NEMO shall:

1. perform the function of market coupling operator in cooperation with other NEMOs;

2. implement the requirements for single day-ahead and intraday coupling, the requirements for performing the function of a market coupling operator and for the price coupling algorithm on the markets and the continuous trading matching algorithms, as well as all issues related to the operation of the electricity market coupling;

3. apply the highest and lowest prices determined at regional level aligned with the highest and lowest prices on the internal electricity market of the European Union;

4. ensure that the products resulting from the market coupling algorithm are expressed in euros and will reference them to market time;

5. ensures anonymity and sharing of the information received on the orders that are necessary for performing the functions of a market coupling operator on the single day-ahead and intraday market;

6. evaluate the results obtained in the market coupling and award orders based on those results, shall confirm as final the results deemed correct, shall deliver notification of those results to all electricity transmission system operators, contractors of the coordinated capacity calculation and all NEMOs in the bidding zone, and shall assume responsibility for those results;

7. notify market participants without delay of the results of their orders;

8. act as a central counterparty for financial settlement and payment in the exchange of electricity resulting from the single day-ahead and intraday coupling, in accordance with the relevant methodologies applied in the internal electricity market in the European Union;

9. submit to the Energy Regulatory Commission information on the incurred and anticipated costs related to the single day-ahead and intraday coupling, whereby the reimbursement of NEMO’s costs for establishment, operation and changes in the operation of the single day-ahead and intraday coupling shall be included in the tariff referred to in Article 119 paragraph (7) of this Law;

10. each year, upon prior approval by the Energy Regulatory Commission, it shall decide on the amount of the fee referred to in Article 63 paragraph (4) item 4 of this Law and publish it on its website;

11. act as a delivery agent;

12. provide information and forecasts on the costs of single day-ahead and intraday electricity market coupling to the relevant regulatory authorities and electricity transmission system operators, whereby the costs of the NEMO for establishing, changing and managing the single day-ahead and intraday electricity market coupling shall be borne by the transmission system operators concerned; and

13. where applicable and where contracts affecting more than one NEMO within a bidding zone are established, it shall implement single day-ahead and intraday electricity market coupling, in accordance with the contracts reached and in coordination with the transmission system operators.

(3) NEMO shall develop rules of operation of the organized electricity market, determining the procedures, principles and standards for organization and operation of the organized electricity market, the principles and rules of financial settlement, the manner of publishing the data necessary for the operation of the market and other issues necessary for its operation, and shall publish them on its website. NEMO shall adopt the rules upon prior approval by the Energy Regulatory Commission.

(4) In accordance with the rules referred to in paragraph (3) of this Article, NEMO shall decide which of the registered market participants may participate in the organized electricity market.

(5) Central counterparties shall ensure timely settlement and coordination of the requests of market participants and shall act as a counterparty in relation to the financial rights and obligations arising out of the trading of the electricity market participants.

(6) Each central counterparty shall ensure anonymity between market participants.

(7) The central counterparties shall act as counterparties to each other in relation to the financial rights and obligations arising out of the exchange of electricity between bidding zones.

(8) The exchange referred to in paragraph (7) of this Article shall take into account:

1. net positions, and

2. scheduled exchanges.

(9) For each market time unit, the central counterparties shall ensure:

1. that there are no deviations between the amount of electricity transferred outside the bidding zones (surpluses) and the amount of electricity transferred into the bidding zones (shortages), in all bidding zones, taking into account allocation constraints where appropriate;

2. that imports and exports of electricity between bidding zones are equal to each other, with possible deviations resulting only from allocation constraints, where appropriate.

(10) A delivery agent may act as a counterparty between different central counterarties in the exchange of energy, if the counterarties concerned enter into a specific contract to that effect. If no contract has been reached, the delivery schedule shall be defined by the regulatory bodies responsible for the bidding zones for which settlement and negotiation of energy exchange is necessary.

(11) All central counterparties or delivery agents shall be entitled to congestion income resulting from the single day-ahead and/or intraday electricity market coupling.

(12) All central counterparties or delivery agents shall ensure that the collected income referred to in paragraph (11) of this Article are transferred to the electricity transmission system operators no later than two weeks after the date of settlement and negotiation.

(13) If the payment time between two bidding zones is not harmonized, an authority shall be appointed that will regulate the time difference and bear the costs arising out of it.

Manner of Performing the Function of Market Coupling Operator

Article 123

(1) NEMO may act as a market coupling operator together with NEMOs from the Member States of the European Union and from the Contracting Parties to the Energy Community.

(2) In performing the function of single day-ahead and intraday market coupling operator, NEMO shall:

1. establish, implement and maintain the algorithms, systems and procedures for single day-ahead and intraday market coupling applicable in the internal electricity market in the European Union;

2. process the input data for allocation of cross-zonal transmission capacities, including the restrictions on their allocation between bidding zones provided in the coordinated capacity calculation process carried out by the electricity transmission system operator, or the Regional Coordination Centre carrying out the calculation on behalf of the electricity transmission system operators in the bidding zone, and shall deliver them to the concerned NEMOs no later than one hour before the single day-ahead cross-zonal gate opening time or no later than 15 minutes before the intraday cross-zonal gate opening time;

3. operationally applѕ the algorithms for price coupling in the single day-ahead and intraday markets and for continuous trading applied in the internal electricity market in the European Union;

4. verify the accuracy of the results of the single day-ahead and intraday coupling as well as all capacity calculators and scheduled exchanges and the delivery of the results to the NEMOs and transmission system operators concerned, and

5. ensure anonymity of orders submitted through the shared order book.

(3) If the market coupling between two or more bidding zones does not involve a Member State of the European Union, after prior approval by the Energy Regulatory Commission and in cooperation with the electricity transmission system operator and other NEMOs of the bidding zone, the NEMO shall ensure application of algorithms, systems and procedures for single day-ahead market coupling that are aligned with the relevant algorithms, systems and procedures of the internal electricity market in the European Union, fully respecting the characteristics of each bidding zone.

(4) In performing the functions of a market coupling operator, the NEMO shall cooperate with other NEMOs in the region in the creation, as well as the efficient and secure implementation and operation of single day-ahead and intraday market coupling, based on the principle of non-discrimination and, in performing the functions of a market coupling operator, it shall ensure that it does not create unjustified economic advantages for itself or for another market participant through misuse of confidential information in order to obtain a market advantage or increase economic profit.

(5) In cooperation with NEMOs designated in the Contracting Parties to the Energy Community and Member States of the European Union, the NEMO shall submit to the Energy Regulatory Commission, ECRB and ACER a market coupling integration plan containing a detailed description, timeframe for implementing the integration, as well as the impact of the integration on the performance of the market coupling operator function.

Cooperation of NEMO

with the Electricity Transmission System Operator in the Organized Market Coupling

Article 124

(1) In carrying out the single day-ahead and intraday market coupling activities, the electricity transmission system operator shall:

1. apply the rules of the internal electricity market of the European Union in cooperation with the electricity transmission system operators and NEMOs from the Contracting Parties to the Energy Community and/or the Member States of the European Union, in order to ensure operation of the single day-ahead and intraday market coupling algorithms and continuous trading matching algorithms in relation to the allocation of cross-zonal transmission capacities;

2. calculate the inter-zonal capacity and the capacity allocation constraints

3. confirm the results of the single day-ahead and intraday market coupling calculations in relation to the transmission capacities between bidding zones and the constraints for allocation of cross-zonal transmission capacity;

4. establish, where necessary, and in coordination with the electricity transmission system operators in the region, a methodology for a back-up procedure for allocation of cross-zonal transmission capacity referred to in Article 143 paragraph (4) item 2 sub-item 2.4 of this Law, ensuring efficient, transparent and non-discriminatory allocation of transmission capacities in the event that the results of the single day-ahead market coupling procedure are not calculated;

5. apply intraday cross-zonal gate opening and closure time based on coordination with other electricity transmission system operators and in accordance with methodologies applied in the internal electricity market in the European Union;

6. act as a delivery agent, if so agreed with NEMO;

7. establish, where necessary, scheduled exchange calculators for calculation and publication of scheduled exchanges at the borders between bidding zones;

8. respect the results of the single day-ahead and intraday market coupling;

9. apply the intraday cross-zonal gate opening and closure time; and

10. share congestion income in accordance with the congestion income allocation methodology.

(2) After prior notification to the Energy Regulatory Commission, and in cooperation with the electricity transmission system operator, the NEMO shall fully implement the following pan-European TCMs approved by ACER, which regulate:

1. the plan referred to in Article 123 paragraph (5) of this Law;

2. a back-up methodology in the event that the performance of regular market coupling functions is prevented due to compliance with NEMO's obligations regarding input data and results from the price coupling algorithm in the single day-ahead and intraday markets and the results from the continuous trading matching algorithm;

3. products that NEMO shall take into account in the single day-ahead and intraday market coupling process;

4. after coupling of the single day-ahead and intraday markets, harmonised maximum and minimum settlement prices, which also take into account the assessment of the value of lost load, which the NEMO should apply in the relevant coupling in all bidding zones participating in the coupling, and

5. harmonised single day-ahead and intraday price coupling algorithms and for continuous trading, which include the requirements of the electricity transmission system operators for efficient allocation of transmission capacities, as well as the requirements of the NEMOs concerned for efficient harmonisation and for the time limit for submitting nominations when performing the function of the market merger operator.

Costs for Organized Electricity Market Coupling and for Participation in European Platforms for Exchange of Balancing Energy from Frequency Restoration Reserves with Manual and Automatic Activation and for Balancing Imbalances

Article 125

(1) The costs for organised electricity market coupling shall relate to the establishment, updating or further development of the algorithm for price coupling, continuous trading matching and operational single day-ahead and intraday market coupling.

(2) The costs for participation in the European Balancing Platforms shall relate to the platforms for exchange of balancing energy from frequency restoration reserves with manual and automatic activation and for balancing of imbalances.

(3) The costs referred to in paragraphs (1) and (2) of this Article shall be divided into:

1. common costs arising out of the coordinated activities of all NEMOs and electricity transmission system operators from the Contracting Parties to the Energy Community and Member States of the European Union;

2. regional costs arising out of the activities of NEMOs and electricity transmission system operators cooperating in a certain region;

3. national costs arising out of the activities of NEMO and the electricity transmission system operator in the Republic of North Macedonia.

(3) The common costs referred to in paragraph (3) item 1 of this Article shall be shared between NEMO and the electricity transmission system operators in the Contracting Parties to the Energy Community and the Member States of the European Union in accordance with the rules applicable in the European Union.

(4) NEMO and the electricity transmission system operators cooperating in a given region shall jointly prepare draft contracts regulating the sharing of regional costs in accordance with paragraph (3) item 2 of this Article. The Energy Regulatory Commission and the competent national bodies of each counterparty to the Energy Community and Member State of the European Union in the region shall individually approve the draft contracts. NEMO and the electricity transmission system operators cooperating in a given region may alternatively use the cost sharing rules referred to in paragraph (2) of this Article.

(5) NEMO and the electricity transmission system operator, together with NEMO and the electricity transmission system operators in the Contracting Parties to the Energy Community and Member States of the European Union, shall submit an annual report to the Energy Regulatory Commission and other regulatory bodies detailing the costs of establishing, modifying and operating day-ahead and intraday market coupling.

(6) The costs directly related to day-ahead and intraday market coupling shall be clearly and separately identified and shall be subject to audit.

(7) The report referred to in paragraph (5) of this Article shall include the contributions made to the costs of NEMO by the electricity transmission system operator in accordance with Article 61 of this Law.

Balancing Energy Market

Article 126

(1) All electricity market participants shall be responsible for the imbalances they cause, i.e. they shall have balance responsibility.

(2) Market participants shall be balance responsible parties or shall contractually delegate their balance responsibility to a balance responsible party of their own choice.

(3) Each balance responsible party shall be financially responsible for the imbalances it causes, it shall strive to be balanced or to help the electricity system to be balanced.

(4) Deviation from balance responsibility is possible only for:

1. demonstration projects that use innovative technologies approved by the Energy Regulatory Commission, with such priority being limited to the time and scope necessary to achieve the project objectives;

2. generation facilities that use energy from renewable sources with an installed capacity of less than 200 kW;

3. generation facilities that use preferential tariffs and premiums for sold electricity generated from energy from renewable sources and put into operation before the entry into force of this Law.

(5) Market participants that are fully or partially exempted from balance responsibility may be granted support measures for the purpose of accepting balance responsibility.

(6) Market participants that are allowed to deviate from balance responsibility shall ensure that the financial responsibility for the imbalances they cause is met by another market participant.

(7) The electricity transmission system operator shall ensure that the balancing energy market, including pre-qualification for participation in the balancing energy market, shall be organised in a manner that:

1. ensures non-discrimination between market participants, taking into account the different technical needs of the electricity system and the different technical possibilities of the electricity generation and storage capacities, as well as demand-side management;

2. ensures identification and procurement of services in a transparent, market-based and technologically independent manner;

3. ensures non-discriminatory access to all market participants, individually or through aggregation, including for electricity generation from energy from renewable sources, demand-side management and energy storage; and

4. takes into account the need to adapt to the increasing share of variable generation, increased demand-side management and the emergence of new technologies.

(8) The electricity transmission system operator and the balancing service providers shall enter into a balancing capacity contract.

(9) The price of balancing energy shall be determined in a transparent and market-based manner.

(10) The price of balancing energy shall not be determined in balancing capacity contracts in advance. The procurement processes shall be transparent, protecting the confidentiality of commercially sensitive information. The settlement of balancing energy for standard balancing products and specific balancing products shall be based on marginal prices (pay-as-clear), unless all regulatory authorities in the European Union approve an alternative pricing method, based on a joint proposal from all transmission system operators in the European Union following an analysis showing that the alternative pricing method is more efficient.

(11) Imbalance shall be calculated at a price that reflects the real-time value of energy.

(12) The balancing energy market shall ensure operational security, while enabling maximum utilisation and efficient allocation of cross-zonal capacity across time frames in accordance with Article 156 of this Law. The reservation of cross-zonal capacity for that purpose may be limited.

(13) The procurement of balancing capacity for market participants shall be based on market conditions and shall be organised in a non-discriminatory manner, regardless of their participation in the pre-qualification process, individually or through aggregators.

(14) Market participants shall be allowed to bid as close to real time as possible, and the deadline for offering balancing energy shall not be before the intraday cross-zonal gate closure time.

(15) The electricity transmission system operator shall provide balancing capacity on the balancing energy market at national and/or regional level, in accordance with the balancing energy market rules.

(16) If there are insufficient offers on the balancing capacity market, upon request of the electricity transmission system operator, the Energy Regulatory Commission may adopt a decision allowing the electricity transmission system operator to use a different method of providing balancing capacity than the one set out in the balancing energy market rules. Derogations from the obligation to purchase balancing capacity based on the use of primary markets shall be reviewed every three years.

(17) Purchases of ascending and descending balancing capacity shall be carried out separately, whereby if the standard balancing products or some of the capacities providing balancing services are not sufficient to achieve operational security of the electricity transmission system, the electricity transmission system operator may request the Energy Regulatory Commission to approve, as a derogation, activation of other mechanisms to achieve the necessary operational security.

(18) The requirements of paragraphs (16) and (17) of this Article shall include a description of the means of providing balancing capacity and the mechanisms required to be activated to achieve the necessary operational security, as well as the measures proposed to minimize the use of special products, thereby achieving economic efficiency, as well as evidence that the special products do not create significant inefficiency and distortion of the balancing market.

(19) Balancing capacity contract referred to in paragraph (8) of this Article shall be entered into one day before the provision of the balancing capacity, and the contractual period may not be longer than one day unless the Energy Regulatory Commission has approved previous contracts or longer periods in order to ensure security of supply or improve economic efficiency.

(20) In the event of deviations from paragraphs (16) and (17) of this Article, for at least 40% of the standard balancing products and a minimum of 30% of all products used for balancing capacity, the balancing capacity contracts shall be entered into one day before the provision of the balancing capacity and the contract period may not be longer than one day. For the remaining part of the balancing capacity, the contract shall be entered into no later than one month before the provision of the balancing capacity and shall have a maximum contract period of one month.

(21) Upon request of the electricity transmission system operator, which includes a specific period during which the exemption applies, a specific volume of balancing capacity to which the exemption will apply, an analysis of the impact of the exemption on the share of balancing resources and a justification for the exemption showing that such exemption will lead to lower costs for final customers, the Energy Regulatory Commission may decide to extend the contractual period of the remaining part of the balancing capacity referred to in paragraph (20) of this Article for a maximum of 12 months, provided that such decision is limited in time and the positive effects of reducing costs for final customers outweigh the negative impacts on the market.

(22) The electricity transmission system operator shall publish the current system balance of its scheduling areas, the estimated imbalance prices and the estimated prices of balancing energy as close to real time as possible but no later than 30 minutes after delivery.

(23) The electricity transmission system operators or their delegated operators shall publish, as close to real time as possible, but with a delivery delay of no more than 30 minutes, the current system balance of their scheduling areas, the estimated imbalance prices and the estimated balancing energy prices.

Balancing Energy Market Rules and Obligations

of the Electricity Transmission System Operator

Article 127

(1) The electricity transmission system operator shall prepare rules for the balancing energy market and, upon prior approval by the Energy Regulatory Commission, shall adopt and publish them in the “Official Gazette of the Republic of North Macedonia” and on its website.

(2) The rules for the balancing energy market shall be fair, transparent, non-discriminatory and market-oriented and shall in particular regulate:

1. the rights and obligations of balancing service providers;

2. the procedure for procurement of balancing services;

3. the price setting methodology for balancing services, as well as procedure for their calculation, invoicing and collection, which shall be non-discriminatory, shall reflect the actual costs incurred and enable the minimization of balancing costs;

4. the method of determining the activated quantities of balancing services that are settled between balancing service providers;

5. financial settlement with balancing service providers, including the contracts and financial guarantees required from service providers in relation to settlement of balancing services;

6. the application of pan-European, regional and national TCMs for balancing.

(3) In accordance with the provisions of this Law and the rules for the balancing energy market, the electricity transmission system operator shall be obliged to:

1. determine the activated quantities of balancing services with each balancing service provider;

2. determine all imbalances with each balance responsible party;

3. calculate the necessary quantities of system services that it procures on the balancing energy market;

4. calculate the settlement price for the deviations of the balance responsible parties;

5. make financial settlements with the providers and users of balancing services, and

6. establish and keep a registry of balancing service providers.

(4) The electricity transmission system operator shall invoice the electricity market participants for the deviations from the physical transactions announced, at prices calculated in accordance with the methodology for calculating compensation for balancing services set out in the rules for balancing energy market of the electricity system referred to in paragraph (1) of this Article.

(5) The electricity transmission system operator shall submit to the electricity market operator the data from the electricity metering systems, the activated quantities of balancing services for each balancing service provider and the settlement price.

(6) The electricity market operator shall calculate the imbalances of the balance responsible parties and a draft calculation of the cost of imbalances and shall submit them to the electricity transmission system operator.

(7) The electricity transmission system operator shall quarterly report to the Energy Regulatory Commission on the contracts entered into with the balancing service providers and on their implementation.

(8) In order to ensure operational security and efficient operation of the regional balancing services market based on the principles of competition, non-discrimination and transparency within the Energy Community, the electricity transmission system operator shall cooperate with other electricity transmission system operators from the Contracting Parties to the Energy Community and the Member States of the European Union concerned.

Long-Term Markets

Article 128

(1) The electricity transmission system operator shall grant long-term transmission rights or rights with equivalent effect that enable market participants, including producers of electricity from renewable sources, to hedge against price risks in different bidding zones, unless a long-term market assessment conducted at the borders of the bidding zones by the competent regulatory authorities in those zones shows that there is sufficient opportunity to hedge against the risks of price differences in the bidding zones.

(2) Long-term transmission rights shall be granted in a transparent, market-based and non-discriminatory manner through the single platforms for coordinated allocation of transmission capacity in the Energy Community and in the European Union.

(3) The electricity market operator may offer hedging products, including long-term financial hedging products, to provide market participants, including owners of renewable energy generation plants, with appropriate opportunities to hedge against price fluctuations.

CHAPTER II

ELECTRICITY GENERATION AND STORAGE

Electricity Producer

Article 129

(1) In accordance with this Law and the regulations and rules adopted on the basis of this Law and the issued license, the electricity producer shall:

1. sell the electricity generated;

2. offer system services to the electricity transmission system operator for the purpose of balancing the system, in accordance with the available generation capacities and the requirements set out in the balancing energy market rules of the electricity system and the network rules for electricity transmission;

3. ensure availability of the contracted quantities of electricity and/or system services to the point of reception in the electricity transmission or distribution system in accordance with the conditions and obligations of its license, as well as with the connection contract;

4. maintain in operational condition all necessary technical resources, including devices for telemetry of current generation;

5. deliver reports, data and information to the electricity transmission system operator or the electricity distribution system operator in accordance with the network rules, and

6. deliver to the electricity transmission system operator and the electricity market operator data and information from the contracts for purchase and sale of electricity, the availability of generation capacity and/or system services, except for business and financial data.

(2) The electricity producer, except for a producer of electricity from renewable sources using a feed-in tariff, shall be entitled to purchase electricity on the electricity market, to procure other energy sources, as well as to undertake other actions on the energy markets in order to optimize its generation and operating costs.

(3) An electricity producer that owns and/or operates a power plant with an installed capacity equal to or greater than 200 MW or more power plants with a total installed capacity equal to or greater than 400 MW, shall be obliged to keep for at least five years all data relating to the operation of the power plants, from which all its operational decisions related to dispatching and its participation in the electricity markets can be determined and verified for each individual hour, which shall also include data on the generation capacities available and the system services offered and activated at the power plant level during the periods when trading and generation take place, as well as on participation in the auctions for interconnection capacities.

(4) The electricity producer shall be obliged to provide insight into the data referred to in paragraph (3) of this Article to the Energy Regulatory Commission of the Energy Community Secretariat in accordance with the obligations of the Republic of North Macedonia arising out of ratified international treaties, as well as to the Commission for the Protection of Competition in accordance with the regulations governing the protection of competition.

(5) An electricity producer may be represented on the wholesale electricity market by an aggregator.

Electricity Storage

Article 130

(1) Energy storage shall be carried out:

1. as an energy activity by an operator of a storage facility that is not part of a power plant of a producer or a customer;

2. by an electricity producer as an integral part of a power plant whose installed capacity is greater than or equal to 1 MW, whereby the storage facility, i.e. the power plant, requires a construction approval in accordance with this Law;

3. by an electricity producer as an integral part of a power plant whose installed capacity is less than 1 MW, whereby the storage facility, i.e. the power plant, does not require a separate construction approval;

4. as a fully integrated network component of an electricity transmission and/or distribution system, whereby the storage facility requires an approval in accordance with this Law if the installed capacity is greater than 1 MW.

(2) Storage facility that forms an integral part of a power plant and has an installed capacity of up to 40% of the power plant’s installed capacity shall be deemed an integrated electricity storage system of the power plant and can be used for storing the electricity generated by its own generating units and/or storing electricity that it takes from the grid and transmits to the grid in accordance with the simultaneous maximum load of the power plant connection approved.

(3) The storage facility operator shall:

1.participate in the electricity markets, i.e. buy and sell electricity;

2.provide electricity storage services for the needs of electricity market participants;

3.offer system services to the electricity transmission and distribution system operator, in accordance with the technical characteristics and network rules of the relevant system and the rules for the balancing energy market;

4.may enter into contract with the electricity transmission system operator for participation in the balancing mechanism if the simultaneous maximum load that the storage can transmit to the network is equal to or greater than 1 MW;

5. make available to the operator of the electricity transmission or distribution system the data necessary for operation of the system in accordance with the network rules of the electricity transmission and distribution system, and

6. use for storage purposes electricity generated by electricity generation capacities that it deems to be the most favorable, in accordance with the prescribed conditions of paragraph (4) of this Article.

(4) The storage facility operator shall be obliged to meet the technical and operational conditions prescribed, in particular those prescribed by the relevant network rules and technical regulations and acts in accordance with the rules of the relevant electricity market in which it participates.

(5) The storage facility operator, when purchasing electricity, shall have rights and obligations as a customer, and when selling electricity, shall have rights and obligations as a producer.

Ownership and Use of Electricity Storage Facilities

by Electricity Transmission and Distribution System Operators

Article 131

(1) The electricity transmission or distribution system operator shall cooperate on a non-discriminatory basis with any entity who owns, develops or operates an energy storage facility and connects them to the grid.

(2) The electricity transmission or distribution system operator shall not have the right to own, develop, use or operate an energy storage facility.

(3) As an exception to paragraph (2) of this Article, the Energy Regulatory Commission may adopt a decision approving the electricity transmission or distribution system operator to own, develop, use or operate an energy storage facility if the following conditions are met:

1. other parties, following an open, transparent and non-discriminatory tender procedure, subject to review and approval by the Energy Regulatory Commission, have not been granted the right to own, develop, manage or operate such facilities or are unable to provide services in a timely manner and at a reasonable price;

2. the energy storage or the corresponding system services are necessary for the operator for efficient, reliable and secure operation of the electricity transmission or distribution system, and

3. The Energy Regulatory Commission has assessed the necessity of such an exception and has assessed the tender procedure, including the conditions of the tender procedure, and has granted its approval. The Energy Regulatory Commission may develop guidelines or procurement clauses to assist distribution system operators in ensuring a fair tender procedure.

(4) The Energy Regulatory Commission shall submit the decision referred to in paragraph (3) of this Article to the Ministry, with appropriate reasoning.

(5) The Energy Regulatory Commission shall, every five years, and more frequently if necessary, conduct a public consultation on existing energy storage facilities in order to assess the potential availability and interest in investing in such facilities and the interest of other entities to invest in energy storage facilities.

(6) If the public consultation referred to in paragraph (5) of this Article determines that there is a possibility for third parties to own, use or manage the necessary energy storage facilities in a financially viable manner, the Energy Regulatory Commission shall adopt a decision requiring the electricity transmission or distribution system operator to gradually cease activities related to development of storage facilities within a period of 18 months. The Energy Regulatory Commission shall recognize the invested funds and compensate the estimated value of the energy storage facilities in accordance with the price and tariff setting methodology for regulated energy activities referred to in Article 54 of this Law.

CHAPTER III

ELECTRICITY TRANSMISSION

Electricity Transmission Operator

Article 132

In accordance with the obligations established by this Law, the rules and regulations adopted on the basis of this Law, as well as the obligations undertaken with the ratified international treaties and the obligations arising out of the membership in ENTSO – E, the electricity transmission system operator in the Republic of North Macedonia shall in a fair, transparent and non-discriminatory manner and with economical, efficient and sustainable use of the electricity transmission network and interconnectors:

1. ensure reliable and secure transmission of electricity for the needs of the system users on the territory of the Republic of North Macedonia and the users of other electricity transmission systems that have access to the system through interconnectors;

2. manage, maintain and develop the electricity transmission system, enable connection of users to the electricity transmission system and grant them the right to use the electricity transmission capacities, and

3. establishe cooperation with the electricity transmission system operators within one or more geographical areas covered by the established system of regional cooperation structures, provide support in the operation and management of the Regional Coordination Center in whose operation it participates and implements the agreed measures and the guidelines and recommendations received from ACER or ENTSO-E.

Ownership Unbundling of

the Electricity Transmission System Operator

Article 133

(1) The electricity transmission system operator shall be a joint-stock company that:

1. is owner of the electricity transmission network consisting of substations, line infrastructure facilities and other plants, facilities and assets that are in function of managing the electricity transmission system and the transmission of electricity;

2. is not part of a vertically integrated undertaking;

3. is licenseee carrying out energy activity of electricity transmission;

4. does not carry out other energy activities specified by this Law and is independent in its operations from the entities carrying out other energy activities, and

5. is certified as an electricity transmission system operator by the Energy Regulatory Commission, in a procedure determined by this Law.

(2) In order to ensure independence of the electricity transmission system operator within the meaning of paragraph (1) item 4 of this Article, the same entity or entities shall not be entitled to simultaneously:

1. participate directly or indirectly in the management and administration of an undertaking engaged in generation, storage, supply or trade in electricity and at the same time to directly or indirectly manage or exercise another right at the transmission system operator;

2. participate directly or indirectly in the management and administration of the electricity transmission system operator and at the same time to directly or indirectly manage or exercise another right in an undertaking engaged in generation, storage, supply or trade in electricity;

3. appoint members of the supervisory body and the management body of the electricity transmission system operator and at the same time to directly or indirectly manage or exercise another right in un undertaking carrying out activities of generation, storage, supply or trade in electricity, and

4. be a member of supervisory body, management body or any of the bodies legally representing the electricity transmission system operator and at the same time to be a member of an appropriate authority or body in an undertaking carrying out activities of generation, storage, supply or trade in electricity.

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

1. exercise of voting rights;

2. selection and appointment of members of the supervisory body and the management body, and/or

3. possession of a majority share.

(4) The transmission system operator may not hold licenses and may not be involved in the activities of distribution, generation, storage, supply or trade in electricity, as well as a license for organizing and managing the electricity market.

(5) If two entities which are state authorities or bodies of a local self-government unit or other state authorities established in accordance with the Constitution of the Republic of North Macedonia or by law, one of whom exercises control over the transmission system operator and the other exercises control over an undertaking carrying out activities of generation, storage, supply or trade in electricity, it shall be deemed that they are not the same entity referred to in paragraph (2) of this Article.

(6) The transmission system operator and its employees may not transfer commercially sensitive information in their possession to undertakings for distribution, generation, storage, supply or trade in electricity.

(7) An undertaking that carries out the activity of generation, storage, supply or trade in electricity referred to in paragraph (2) of this Article:

1. shall also be considered an undertaking that carries out any of the activities of generation, storage, supply or trade in gas;

2. shall not be considered a customer directly or indirectly participating in the management of undertakings that carry out any of the activities of generation, storage and/or supply of electricity, if:

- on an average annual level it is a net customer of electricity taking into account its participation in the electricity generated by the undertakings in which it participates in their management, and

- the value of the electricity it sells to third parties is insignificant in relation to its other business activities.

Owner of the Electricity Transmission System Operator

Article 134

(1) The Ministry competent for energy, mining and minerals shall be the owner of the undertaking being the the electricity transmission system operator.

(2) The Ministry referred to in paragraph (1) of this Article shall be independent in adopting decisions within the competence of the shareholders' meeting, in accordance with the law, and shall not accept instructions or directions from a state or local government body or another state body.

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

1. in a decision-making process in accordance with the law, may not request or accept instructions or directions from a state government body or a local self-government unit body or another state body, except in the cases specified in this Law, and

2. may not be elected as members of the supervisory body, i.e. the management body of undertaking that generate, store, supply or trade in electricity or undertakings that have the possibility of direct or indirect influence on the decision-making in those undertakings.

Complience Programme

Article 135

Regardless of the organizational form, and upon prior approval by the Energy Regulatory Commission, the transmission system operator shall adopt a compliance programme determining the measures to be taken to prevent discrimination of users of the transmission system on any grounds, determining the obligations of the employees in the implementation of the programme and determining the manner for monitoring the compliance of the transmission system operator's operations with the obligations established by this Law and the programme.

Complience Officer

Article 136

(1) The implementation of the programme referred to in Article 135 of this Law shall be monitored by a compliance officer.

(2) The compliance officer referred to in paragraph (1) of this Article shall be appointed by the supervisory authority of the transmission system operator, upon prior approval by the Energy Regulatory Commission.

(3) The Energy Regulatory Commission shall not approve appointment of the proposed compliance officer if it determines that they do not meet the requirements for independence or expertise referred to in this Article.

(4) The supervisory authority of the transmission system operator may, upon prior approval or upon request by the Energy Regulatory Commission, dismiss the compliance officer for breach of the requirements for independence or expertise, or for failure to fulfil the obligations of the compliance programme referred to in Article 135 of this Law.

(5) The Energy Regulatory Commission shall approve the conditions governing the term of office and employment of the compliance officer, including the duration of their term of office or employment, in order to ensure independence, as well as all necessary conditions for exercising their powers and performing of their duties.

(6) During their terms of office, the compliance officer may not perform any other professional activity, nor have any interest or business relationship, directly or indirectly, with undertakings in the energy sector or with their partners or shareholders.

(7) The transmission system operator shall be obliged to provide the compliance officer with all data and information necessary for exercising their powers and, upon their request, to provide them with access to all areas and premises in which they perform their activities.

(8) The Compliance Officer shall be obliged to:

1. monitor the implementation of the compliance programme and prepare an annual report on the measures taken for its implementation, which they shall submit to the Energy Regulatory Commission;

2. submit reports to the supervisory authority and make recommendations regarding the compliance programme and its implementation, and

3. notify the Energy Regulatory Commission of significant violations in the implementation of the compliance programme.

(9) The Compliance Officer shall submit to the Energy Regulatory Commission the proposed investment plan and the proposed decisions for individual investments in the electricity transmission system, at the same time as the management body of the electricity transmission system operator submits the decisions to the supervisory authority.

(10) The management body, the supervisory body and the management of the transmission system operator shall be obliged to invite the compliance officer to attend all scheduled meetings and to provide them with all necessary materials, in particular when deciding on:

1. conditions related to the services for access to and use of the transmission system relating to prices for use, allocation of transmission capacity and congestion management;

2. projects related to management, maintenance and development of the transmission system, including investments in interconnectors, and

3. purchase or sale of electricity and system services necessary for the operation of the transmission system, including system balancing services.

Certification of the Electricity Transmission System Operator

Article 137

(1) The entity carrying out electricity transmission activity must be certified as an electricity transmission system operator in a manner, procedure and within a period determined by this Law.

(2) The procedure for certification of the electricity transmission system operator shall be carried out:

1. at the request of the electricity transmission system operator who has been issued a license to carry out the electricity transmission activity in accordance with paragraph (4) of this Article, or

2. ex officio by the Energy Regulatory Commission in the case:

2.1. when the electricity transmission system operator fails to submit a certification application;

2.2. when a violation of the ownership unbundling obligations set out in Article 133 of this Law has occurred or may occur, or

2.3. upon a submitted reasoned request from the Energy Community Secretariat.

(3) If the electricity transmission system operator is not certified, it shall be obliged to submit a request for certification accompanied by documents prescribed by the certification rules adopted by the Energy Regulatory Commission.

(4) Within four months from the date of submission of the application for certification by the electricity transmission system operator or from the date when the Energy Community Secretariat submitted the reasoned request referred to in paragraph (2) item 2 sub-item 2.3 of this Article, the Energy Regulatory Commission shall prepare a draft decision on certification of the electricity transmission system operator and shall immediately submit it to the Energy Community Secretariat, together with all information related to the draft decision.

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

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

(7) The Energy Regulatory Commission shall keep official records of the communication made with the Energy Community Secretariat in relation to the procedure for certification of the electricity transmission system operator. The official records shall be made available to the electricity transmission system operator requesting certification and to the public sector institutions concerned. The Energy Regulatory Commission shall be obliged to keep commercially sensitive data confidential.

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

(9) After the certification procedure has been completed, the Energy Regulatory Commission shall issue a certificate to the electricity transmission system operator designating it as an electricity transmission system operator and confirming that it meets the requirements regarding ownership unbundling and independence, as well as the requirements regarding financial and material capacity, technical and personnel capacity, and other requirements prescribed by this Law.

Procedure for Certification of Third-Country Entities

Article 138

(1) Upon request from the operator or owner of the electricity transmission system, the Energy Regulatory Commission shall conduct a procedure for certification of the electricity transmission system operator that is under the control of an entity or group of entities from a third country or third countries.

(2) The operator or owner referred to in paragraph (1) of this Article shall be obliged to immediately notify the Energy Regulatory Commission of the circumstances that may lead to the taking over of control over it by an entity or group of entities from a third country or third countries.

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

(4) The Ministry shall, within 60 days of receipt of the notification referred to in paragraph (3) of this Article, prepare an opinion containing an assessment of whether the issuance of the certificate may endanger the security of supply in the Republic of North Macedonia or the security of supply of a counterparty to the Energy Community or a Member State of the European Union, taking into account in particular:

1. the rights and obligations of the Energy Community in relation to the state or states referred to in paragraph (1) of this Article, arising out of international law and ratified international treaties relating to security of supply, including other contracts relating to security of supply entered into with one or more third countries to which the Energy Community is a counterparty;

2. the rights and obligations of the Republic of North Macedonia towards the state or states referred to in paragraph (1) of this Article, arising out of ratified international treaties with that state or states, in accordance with the legislation of the Energy Community, and

3. other specific circumstances.

(5) The Energy Regulatory Commission shall, within four months of receiving the application referred to in paragraph (1) of this Article, prepare a draft decision on certification, i.e. dismissal of the application for certification.

(6) The Energy Regulatory Commission shall dismiss the application for certification referred to in paragraph (1) of this Article, if:

1. the electricity transmission system operator fails to prove that it meets the requirements prescribed in the Rulebook on Lisences and in Article 131, paragraphs (2) and (4) of this Law, or

2. the issuance of the certificate endangers the security of supply of the Republic of North Macedonia or the security of supply of a counterparty to the Energy Community or a Member State of the European Union.

(7) The Energy Regulatory Commission shall immediately submit to the Energy Community Secretariat the draft decision referred to in paragraph (5) of this Article, together with the supporting documentation on the basis of which the Draft Decision was prepared, for the purpose of obtaining an opinion.

(8) Within 60 days from the date of receipt of the opinion by the Energy Community Secretariat, the Energy Regulatory Commission shall adopt a decision on the application for certification.

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

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

(11) If the decision of the Energy Regulatory Commission is not in accordance with the opinion of the Energy Community Secretariat, reasoning shall be published with the decision.

Certification Revision

Article 139

(1) The Energy Regulatory Commission shall initiate a certification revision procedure if it receives information that any change specified in Articles 133 and 137 of this Law has occurred or is likely to occur, obtained during supervision of the electricity transmission system operator’s operation or upon notification by the operator or the compliance officer referred to in Article 136 of this Law or otherwise.

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

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

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

(5) Within 60 days of receiving the opinion of the Energy Community Secretariat, the Energy Regulatory Commission shall adopt a decision to issue a new certificate or revoke the existing certificate and publish it in the "Official Gazette of the Republic of North Macedonia" and on its website. When adopting the decision, the Energy Regulatory Commission shall take into account the opinion of the Energy Community Secretariat and shall publish on its website the reasoning for possible deviations from the opinion.

Obligations of the Electricity Transmission System Operator

Article 140

(1) The electricity transmission system operator shall be obliged to:

1. connect to the electricity transmission network producers, storage facility operators and customers, as well as electricity distribution systems, including closed electricity distribution systems in the Republic of North Macedonia, as well as to enable an increase in the approved capacity of already connected electricity producers, storage facilities and customers, as well as electricity distribution systems in the Republic of North Macedonia, and to publish on its website the conditions and fees for connection, as well as the possibility of increasing the approved capacity;

2. to publish on its website or otherwise provide all information necessary for access, as well as tariffs for electricity transmission, and to provide access to the electricity transmission system to all users;

3. to have at all times available material, technical and human resources, as well as financial funds necessary to fulfill its obligations;

4. to enter into contracts with the operators of the neighbouring electricity transmission systems to which it is connected in order to ensure reliable, safe and high-quality electricity transmission and data exchange for the purpose of optimal management of the electricity transmission network and use of interconnection facilities;

5. to accept and ensure cross-zonal flows of electricity through the electricity transmission network of the Republic of North Macedonia within the available transmission capacity;

6. to participate in the preparation of regional TCMs, to prepare national TCMs and to apply pan-European TCMs;

7. to adopt a electricity transmission system development plan for a period of 10 years;

8. to cooperate with ENTSO-E and with the transmission system operators of the Contracting Parties to the Energy Community and the Member States of the European Union in the preparation of the ten-year development plan for the electricity transmission network of the European Union and of harmonised regional investment plans for the development of electricity transmission networks;

9. to prepare an annual plan for maintenance of the interconnectors of the electricity transmission network, harmonised with the electricity transmission system operators connected and, after approval by the Energy Regulatory Commission, to publish it on its website;

10. to develop an annual maintenance plan for the internal lines of the electricity transmission network, and after prior approval by the Energy Regulatory Commission, to publish it on its website;

11. to build new and maintain and upgrade existing interconnectors, taking into account the efficient use of existing interconnection facilities, avoiding possible internal congestion and the balance between investment costs and benefits for customers;

12. to ensure digitalization of the electricity transmission system and application of smart grids, smart metering systems and efficient collection of data from the system in real time;

13. to organize and manage the balancing energy market;

14. to establish and maintain a registry of balance-responsible parties;

15. to develop a final daily schedule in cooperation with the electricity market operator and to record and store the data obtained in the process of developing the final daily schedule;

16. to ensure daily dispatching by applying the self-dispatching model and real-time management of electricity flows in the electricity transmission network and interconnectors, taking into account the overall generation and demand of electricity in the Republic of North Macedonia, as well as internal and cross-zonal transactions based on the final daily schedule;

17. to ensure exchange of data with operators of other electricity systems necessary for the fulfilment of the obligations of membership in ENTSO-E and for safe and efficient management of the electricity system of the Republic of North Macedonia;

18. to encourage cross-border exchange of electricity by applying implicit auctions for short-term allocation of cross-zonal transmission capacities in the organized electricity market, as well as by cross-zonal connection of mechanisms for exchange of balancing energy and reserve capacity;

19. to publish data and timely provide information from operators of neighbouring electricity transmission systems on the available transmission capacities of the interconnectors in order to ensure non-discriminatory, fair and transparent access to and use of the electricity transmission system;

20. to ensure installation and maintenance of metering devices and to measure electricity at all metering points at the points of receipt and delivery of electricity in the electricity transmission system and to make the measurement data available to the users of the system and to the electricity market operator;

21. to ensure access to the users of the electricity transmission system to the metering devices in its possession;

22. to procure system services that are not used for frequency regulation and services for balancing the electricity transmission system in accordance with Article 147 of this Law;

23. to adopt rules for procurement of electricity to cover losses in the electricity transmission network, previously approved by the Energy Regulatory Commission, as well as to procure electricity in accordance with the rules adopted;

24. to procure electricity to cover losses in the electricity transmission network and electricity for its own needs, in order to ensure safe and reliable operation of the electricity transmission system, under market conditions, in a transparent and non-discriminatory manner;

25. to resolve congestion in the electricity transmission system in accordance with this Law and the regulations and rules adopted on the basis of this Law;

26. to ensure balancing of the electricity system under market conditions and settlement of deviations and balancing services, as well as to ensure invoicing and collection of balancing services, in accordance with the balancing rules;

27. to participate in the regionally coordinated calculation of cross-zonal transmission capacities, as well as in the development of rules and/or methodologies for coordinated calculation of capacities;

28. to participate in the electricity market coupling and the implementation of transactions on the coupled markets, as well as in the development of rules and/or methodologies for electricity market coupling;

29. to cooperate with NEMOs in the procedures for determining the order of dispatch of generation facilities and customer for congestion management in the coupled electricity markets, and

30. to ensure confidentiality of business data of users of the electricity transmission system.

(2) The transmission system operator shall be obliged to keep a dispatch book, records of the reliability of the transmission system, data from the monitoring and management system as well as measurement data, and to keep them for at least 10 years.

(3) The electricity transmission system operator shall be obliged to keep records of the transmission system’s operation and, upon request of the Energy Regulatory Commission, to provide it with access to the data.

(4) The electricity transmission system operator may temporarily interrupt the delivery of electricity through the transmission system:

1. upon prior notice, when performing planned inspections, tests, control measurements, maintenance, reconstructions, expansions of networks, devices and installations, connection of new users to the transmission system, and

2. without notice in case of need to prevent accidents and other risks of disruptions in the electricity power system or in case of force majeure.

(5) The Energy Regulatory Commission may allow the electricity transmission system operator to perform other activities than those specified in this Law, if they enable fulfilment of its obligations under this Law or a regulation adopted on the basis of this Law, as well as to allow it to own, develop and operate other networks, other than the transmission network.

(6) The electricity transmission system operator, together with other electricity transmission system operators, shall be obliged, before submitting the proposal for regional TCMs, or their amendments and supplements, to consult:

1. within a period of no less than one month, the affected electricity market participants, users of the transmission system and customers in the Republic of North Macedonia and, if necessary, to consult the affected Contracting Parties to the Energy Community at the regional level and the affected Member States of the European Union.

2. after the consultations referred to in item 1 of this paragraph, it shall submit the proposal to all transmission system operators affected by its application;

3. it shall establish a proposal that takes into account the comments received during the consultations referred to in item 2 of this paragraph, which it shall submit to the Energy Regulatory Commission for approval, and

4. to the proposal referred to in item 3 of this paragraph, it shall submit reasoning for the acceptance or non-acceptance of the comments received during the consultations, which it shall publish on its website before or simultaneously with the publication of the adopted proposal referred to in item 1 of this paragraph.

(7) In the process of planning reconstruction, revitalization and/or investment activities, the electricity transmission system operator shall be obliged to take into account the guidelines of the Strategy, Integrated National Energy and Climate Plan, the Action Plan for the Implementation of the Integrated National Energy and Climate Plan, the municipal energy plans and the Annual Plan for Construction of Energy Facilities.

(8) The electricity transmission system operator may calculate agreed exchanges as a result of individual intraday interconnection, for which it shall prepare a proposal for a shared calculation methodology. A proposal for a shared methodology shall be subject to public consultations with the parties concerned, including the relevant bodies of each counterparty to the Energy Community and a Member State of the European Union.

(9) The methodology referred to in paragraph (8) of this Article shall describe the calculation and, where necessary, shall specify all information that the relevant NEMOs shall submit for the purposes of preparing the scheduled exchange calculator, as well as the timeframe for submitting the information.

(10) The calculation of the scheduled exchanges shall be based on the net positions referred to in Article 122, paragraph (8) of this Law.

(11) The fee for use of the electricity transmission system shall be paid by the electricity users connected to the electricity transmission network.

(12) No later than two years after the approval of the proposal referred to in paragraph (8) of this Article by the regulatory bodies of the relevant region, the relevant electricity transmission system operators shall review the methodology.

Obligations of Members of the European

Network of Transmission System Operators for Electricity (ENTSO-E)

Article 141

(1) The electricity transmission system operator shall, on a contractual basis, cooperate with other electricity transmission system operators, members of ENTSO-E within the Energy Community in the activities for development and operation of the internal electricity market of the European Union and strengthening of inter-zonal trade, as well as in ensuring optimal management, coordinated operation and stable technical and technological development of the European electricity network.

(2) The costs arising out of membership in ENTSO-E shall be borne by the electricity transmission system operator and shall be taken into account in the calculation of tariffs referred to in Article 61 paragraph (7) item 12 of this Law.

Coordinated Management of the Electricity Transmission System

Article 142

(1) The electricity transmission system operator shall be obliged to coordinate the management of the system and the allocation of cross-zonal transmission capacities with the electricity transmission system operators referred to in Article 141 paragraph (1) of this Law participating in the regional cooperation bodies established by the ratified international treaties, and in particular to:

1. coordinate the allocation of available transmission capacities on each of the bidding-zone borders;

2. coordinate the calculation of cross-zonal capacity as well as the assessment and efficient use of corrective actions to deal with congestion on each of the bidding-zone borders covered by the relevant coordinated capacity calculation region;

3. coordinate the management of the system with the operators from the coordinated management region of the electricity transmission systems, and in particular the assessment and use of corrective actions necessary to ensure security and cost-efficiency of the interconnected electricity transmission systems’ operation, the assessment of the reasource adequacy in the region and the use of mechanisms for coordinated access to mutually available mechanisms for balancing the system, and

4. participate in the determination and implementation of measures for mutual establishment and maintenance of the operational security of the systems during coordinated management of transmission interruptions that are part of the coordinated management region referred to in item 3 of this paragraph.

Rights and Obligations of the Electricity Transmission System

Operator Arising out of Cooperation in the Coordinated Capacity Calculation Region

Article 143

(1) For the purpose of single day-ahead and intraday electricity market coupling, as well as of the operation of the long-term markets and the balancing energy market, the electricity transmission system operator shall cooperate with the electricity transmission system operators and the Regional Coordination Centre in the coordinated capacity calculation region in accordance with the rules and obligations arising out of ratified international treaties and membership in ENTSO-E.

(2) The electricity transmission system operator shall participate in the work of the Regional Coordination Centre responsible for the transmission region and the capacity calculation region to which the transmission system operator belongs. The electricity transmission system operator shall submit to the Regional Coordination Centre all information necessary for the performance of the obligations referred to in paragraph (1) of this Article.

(3) If the border on which the transmission capacities are calculated is between the Republic of North Macedonia and a Member State of the European Union, the coordinated calculation of the transmission capacities shall be within the competence of the Regional Coordination Center established in a contract entered into between the electricity transmission system operator of the Republic of North Macedonia and the electricity transmission system operator of that Member State of the European Union.

(4) After prior notification to the Energy Regulatory Commission, the electricity transmission system operator shall fully implement the following TSMs approved by ACER and their amendments regulating:

1. with regard to coordinated allocation of cross-zonal transmission capacities and congestion management in day-ahead and intraday market coupling:

1.1. the configuration of the capacity calculation region to which the territory of the Republic of North Macedonia belongs;

1.2. the methodology for providing data on generation and demand used in the calculation of transmission capacities;

1.3. the methodology for determining the common grid model;

1.4. the methodology for harmonised calculation of cross-zonal transmission capacities;

1.5. the methodology for calculating the price of capacity in the intraday;

1.6. the intraday cross-zonal gate opening and closure time;

1.7. the time threshold for guaranteeing transmission capacity in the day-ahead market;

1.8. the methodology for allocation of congestion revenue;

1.9. the methodology for calculation of agreed trading transactions resulting from single day-ahead market coupling, and

1.10. the methodology for calculation of scheduled trading transactions resulting from single intraday market coupling;

2. with regard to coordinated capacity allocation on long-term markets:

2.1. the methodology for providing data on electricity generation and demand used in the transmission capacity calculation;

2.2. the methodology for determining the common grid model;

2.3. the rules and conditions for participation in the single platforms for coordinated transmission capacity allocation in the Energy Community and in the European Union,

2.4. the harmonised rules for allocation of transmission capacity;

2.5. the methodology for allocation of congestion revenue;

2.6. the methodologies for allocation of costs for establishment, development and operation of the single platforms, and

2.7. the methodologies for allocation of costs for guarantee of long-term transmission capacity rights and the corresponding compensation.

(5) The electricity transmission system operator, together with the electricity transmission system operators of the capacity calculation region, shall prepare and submit for approval to the Energy Regulatory Commission and other regulatory bodies in the relevant region, the following TCMs, with deadlines for commencement of their application, which shall regulate:

1. coordinated allocation of inter-zonal transmission capacities and dealing with congestion in the day-ahead and intraday market coupling, as follows:

1.1. common methodology for inter-zonal transmission capacity calculation, which includes a methodology for determining transmission reliability margin, a methodology for determining operational security limits, random outages relevant to capacity and a limitation for calculation and dispatch, a methodology for determining the generation shift key and a methodology for corrective measures;

1.2. decisions on introduction or postponement of the introduction of transmission capacity calculation based on electricity flows for the day-ahead and intraday markets, as well as decisions on possible appropriate exemptions;

1.3. methodology for coordinated redispatching and countertrading;

1.4. coordinated fallback procedures for transparent and non-discriminatory allocation of transmission capacities if the day-ahead market coupling does not yield the expected results;

1.5. mechanism for additional regional intraday auctions;

1.6. common methodology for allocation of redispatching and countertrading costs together with the costs of corrective actions with cross-zonal effect, and

2. coordinated capacity allocation on long-term markets, as follows:

2.1. methodology for cross-zonal transmission capacity calculation;

2.2. methodology for division of cross-zonal cross-border capacity;

2.3. regional forms of long-term right to use transmission capacity to be allocated at each of the borders of the bidding zone in the region, offered by the electricity transmission system operator through a single auction allocation platform, in the form of a right to physical access to market participants to the capacity in the annual and monthly timeframes, with the possibility of other timeframes;

2.4. coordinated fallback procedure for delayed allocation, if the basic mechanism for long-term allocation of transmission capacity fails;

2.5. harmonized regional rules for long-term access and use of transmission capacity, which include physical access, obligation to use the right to access and possibility to use the right to access, as well as rules for compensation in case of restriction of the right to access;

2.6. harmonized conditions and requirements for establishment of a single regional auction platform for long-term allocation of the right to use transmission capacities, and

2.7. methodology for sharing the costs of establishing, developing and managing the single regional auction platform for long-term allocation of the right to use transmission capacities.

(6) The Energy Regulatory Commission shall individually approve the following TSMs prepared by the electricity transmission system operator:

1. revision of the bidding zone boundaries’ configuration in its control area if the revision has a negligible impact on the control areas of neighbouring operators and interconnectors and contributes to improving the efficiency or security of system operation;

2. allocation of cross-zonal transmission capacity and other arrangements if several NEMOs are active in the zone or if cross-border lines are operated by non-certified operators;

3. costs for transmission capacity allocation and for congestion management in the transmission network, and

4. sharing of regional costs for individual day-ahead and intraday market coupling.

(7) The day-ahead cost through zonal capacity reflects market congestion and is reduced to the difference between the respective day-ahead settlement prices of the affected bidding zones. Imbalance costs or additional costs are not calculated.

Rights and Obligations of the Electricity Transmission System Operator

Arising out of Cooperation in the Region Related to Operational Security

Article 144

(1) The electricity transmission system operator shall fully implement the following TSMs approved by ACER and their amendments regulating:

1. the basic organizational conditions, tasks and responsibilities in the exchange of data between operators in the region necessary for maintaining operational security;

2. the methodology for development of common network models;

3. the methodology for coordinating the analysis of operational security;

4. the methodology for determining the minimum system inertia in the Continental European synchronous area;

5. the methodology for assessing the relevance of assets for outage coordination;

6. the methodologies and conditions and values ​​contained in the operational agreements, in particular the quality parameters, the frequency stability conditions and the rules for maintenance, restoration and limitations of the frequency stability restoration reserves as well as the restoration reserves, which are shared or exchanged with the operators of the neighbouring synchronous areas, and

7. measures to mitigate the risk and consequences of an interruption of the transmission systems in the Continental Europe synchronous area.

(2) The electricity transmission system operator, together with the electricity transmission system operators of the capacity calculation region, shall prepare and submit for approval to the Energy Regulatory Commission and other regulatory bodies in the relevant TSM region, with deadlines for commencement of their application, which shall regulate:

1. rules for coordination of operational security procedures for operators in each of the covered regions of coordinated inter-zonal capacity calculation;

2. methodologies and conditions contained in the operational agreements applied in the control block, and relating to: limitations on the degree of increase in the output capacity of the generation facilities, coordinated activities to reduce errors in the control of the frequency stability restoration that include changes in the generation and demand of active capacity, as well as rules for dimensioning the reserves for the frequency stability restoration;

3. corrective measures for a permanent reduction of errors in the control of the frequency stability restoration in the control block in order to achieve the set target values ​​in the future, and

4. the joint proposal for determining the configuration of the control block.

(3) The Energy Regulatory Commission shall individually approve the following TSMs prepared by the electricity transmission system operator:

1. data, their structure and the dynamics of their exchange with the electricity distribution system operators and significant users of the electricity transmission system in the Republic of North Macedonia;

2. additional requirements for groups of service providers of the frequency stability reserve and criteria for their exemption from the obligation to provide such a reserve;

3. proposal for rejection of inadequate groups of service providers of the frequency stability reserve;

4. a proposal for a temporary minimum activation period of the frequency stability maintenance reserve to be provided by the reserve providers;

5. technical requirements for frequency stability restoration reserve service providers;

6. proposal for denial of inadequate groups of frequency stability restoration reserve service providers determined by the electricity transmission system operator;

7. technical requirements for connection of facilities providing replacement reserve service and the corresponding groups of service providers; and

8. proposal for denial of inadequate groups of replacement reserve service providers.

(4) After approval by the Energy Regulatory Commission, i.e. ECRB or ACER or, if no approval is required, after their entry into force, the electricity transmission system operator shall publish the TSMs on its website, unless they are considered confidential information in accordance with Article 259 of this Law.

Rights and Obligations of the Electricity Transmission

System Operator Arising out of Cooperation in the Region Related to Balancing Energy and System Services

Article 145

(1) The electricity transmission system operator shall fully implement the following TSMs approved by ACER:

1. rules for establishing and amending European platforms for exchange of balancing energy from frequency stability restoring reserves with manual and automatic activation and for balancing imbalances;

2. standard capacity products in the balancing offer;

3. methodology classifying the reasons for activating balancing energy offers;

4. assessment of the possible increase in the minimum volume of capacity in balancing energy offers on European platforms;

5. methodologies setting the prices of balancing energy and cross-zonal transmission capacity used in the exchange of balancing energy or the netting of imbalances,

6. methodology allocating cross-zonal transmission capacity in the process of exchanging balancing capacity or sharing reserves;

7. methodology for cross-optimization of the procedure for allocating cross-zonal transmission capacity;

8. rules for mutual settlement of scheduled energy exchanges between electricity transmission system operators;

9. rules for harmonization of the main conditions for settlement of imbalances;

10. rules for establishment of a European platform for sharing restoration reserves in the geographical area of ​​the operators performing such sharing;

11. rules for mutual settlement of scheduled energy exchanges between electricity system operators performing scheduled energy exchanges in the Continental Europe synchronous area, and

12. rules for settlement of un-scheduled energy exchanges within the Continental Europe synchronous area.

(2) The electricity transmission system operator, together with the transmission electricity system operators of the capacity calculation region, shall prepare and submit for approval to the Energy Regulatory Commission and other regulatory bodies in the relevant region the following TCMs, with deadlines for commencement of their application, which shall regulate:

1. establishment of harmonised common rules and procedures for procurement or exchange of balancing capacity between operators that procure, exchange or schedule such mutual exchange for a geographical area covering two or more electricity transmission system operators that exchange or are prepared to exchange balancing capacity;

2. methodology for calculating the probability of having an inter-zonal offer of balancing capacity after intraday cross-zonal gate closure for a geographical area covering two or more electricity transmission system operators that exchange balancing capacity;

3. conditions and procedure for exchange of balancing services for a geographical area covering two or more electricity transmission systems, whereby the balancing service provider provides the services scheduled for exchange first to the system operator with which it has a balancing contract, and which then delivers the services to the system operator with which the exchange is made;

4. methodology for calculating cross-zonal capacity for the purposes of exchanging balancing capacity in each of the regions covered by the coordinated cross-zonal capacity calculation;

5. procedure for allocating cross-zonal transmission capacity for exchange of balancing capacity or for sharing balancing reserves for the geographical area covering two or more electricity transmission systems, and

6. principles of balancing algorithms for operators exchanging services, for a geographical area covering two or more electricity transmission systems.

(3) The Energy Regulatory Commission shall individually approve the following TSMs prepared by the electricity transmission system operator:

1. a proposal for exemption from the obligation to publish the offered prices for balancing energy or balancing capacity in case of grounds for abuse of the balancing services market;

2. a methodology for allocation of costs arising out of the activities undertaken by the operators of the connected electricity distribution systems;

3. rules and conditions for balancing service providers and balance responsible parties, which also include rules for suspension and restoration of market activities and which may be adopted in cooperation with one or more electricity transmission system operators from the common control area;

4. proposal for defining and use of special products for balancing energy and balancing capacity that will be applied on the European platforms referred to in paragraph (1) item 1 of this Article, independently of the standard products;

5. proposal to limit the volume of balancing service offers sent to European balancing energy exchange platforms in the self-dispatching model, if trading on the intraday market closes after the closure of trading on the European balancing energy markets;

6. proposal to exempt from the obligation to separately procure capacity for upward and downward balancing;

7. proposal, if possible, to establish an additional settlement mechanism independent of the imbalance settlement mechanism, intended for settlement between balance-responsible parties of the costs of purchasing balancing power, administrative costs and other costs related to balancing;

8. proposal to exempt from one or more obligations arising out of the balancing energy market rules, and

9. proposal to compensate for the costs of the obligations imposed on the electricity transmission system operator arising out of this Article and the balancing rules.

Rights and Obligations of the Electricity Transmission System Operator

Arising out of Cooperation in the Region Related to Emergencies and Restoration of System Functions

Article 146

(1) The network rules for electricity transmission contain provisions regulating the rights and obligations of the electricity transmission system operator, arising out of cooperation in the region related to a state of emergency and establishment of normal operation of the electricity system, and in particular:

1. the manner, procedure and conditions of action of service providers for system protection on a contractual basis;

2. the manner, procedure and conditions of action of service providers for re-establishment of system functions on a contractual basis;

3. the manner, procedure and conditions for disconnection from the electricity transmission system and re-connection of users;

4. list of users of the electricity transmission system who are obliged to take measures and adapt their installations according to the requirements relating to the connection of generation facilities and electricity customers to the electricity transmission network and

5. test plan determining the equipment and capabilities of the electricity transmission system that are significant for the system protection plan and the system function restoration plan.

(2) The provisions of paragraph (1) items 1 and 2 of this Article shall, in particular, regulate:

1. the characteristics of the service provided;

2. the possibilities and conditions for aggregation, and

3. the targeted geographical distribution of capacity sources with the possibility of independent restoration of the system, from a state of complete system inactivity or from a state of operation in an island configuration, for the restoration service provider.

(3) The electricity transmission system operator shall prepare and, upon approval by the Energy Regulatory Commission, adopt a system protection plan and a system restoration plan, which shall be harmonised with the measures contained in the plans of the other operators in the Continental Europe synchronous area.

(4) The electricity transmission system operator shall monitor the implementation of the plans referred to in paragraph (3) of this Article and in an event of failure to fulfil the obligations by the users of the transmission system referred to in paragraph (1) item 4 of this Article, it shall notify the Energy Regulatory Commission. The Energy Regulatory Commission, upon notification from the electricity transmission system operator, shall oblige the users to take measures and adjust the installations to the requirements for connecting generation facilities and electricity customers to the transmission network. For failure to act, the Energy Regulatory Commission shall initiate a misdemeanor procedure.

(5) The rules for registration of participation in the electricity market and regulation of the bilateral contracts market shall regulate the manner, procedure and conditions for suspending and re-establishing market activities on the market in emergency cases, as well as the manner, procedure and conditions for calculating imbalances and the corresponding financial transactions from balancing services in the event of suspension of market activities.

Procurement of Electricity and

Services of the Transmission System Operator

Article 147

(1) The electricity transmission system operator shall procure energy, capacity and system services in a transparent, competitive and non-discriminatory procedure for:

1. covering losses in the transmission network;

2. managing congestion in the transmission network;

3. balancing the transmission system;

4. providing system services that are not used for frequency regulation or reserves and

5. own needs.

(2) If the purchased electricity or system services referred to in paragraph (1) of this Article are insufficient or cannot be physically delivered, the electricity transmission system operator, upon prior approval by the Energy Regulatory Commission, may implement a transparent, competitive and non-discriminatory procedure for procurement of the necessary electricity or system services.

(3) If the electricity transmission system operator is unable to procure electricity or system services in the manner specified in paragraph (2) of this Article, the Government, after having previously obtained an opinion from the Energy Regulatory Commission, may adopt a decision to impose a public service obligation in accordance with Article 7 of this Law on an electricity supplier for the provision of electricity or system services, granting it appropriate compensation determined in the opinion of the Energy Regulatory Commission in relation to the costs and damages from lost profits, which shall be in accordance with the regulations on state aid.

(4) The Energy Regulatory Commission may approve a temporary exemption from the obligation to procure the services referred to in paragraph (1) item 4 of this Article, for a period not exceeding six months, if the transmission system operator provides evidence that the procurement of system services on the market is economically inefficient.

(5) The obligation to procure system services shall not apply to fully integrated network components of the electricity transmission system.

(6) The electricity transmission system operator shall, through a transparent process with participation of system users, electricity distribution system operators and service providers, establish a list of specifications for system services procured on the market, previously approved by the Energy Regulatory Commission, and publish it on its website. According to the specifications, the electricity transmission system operator shall, as an integral part of the balancing energy market rules, define standardized service packages for each category of system services and for all qualified market participants, including those offering energy or services referred to in paragraph (7) of this Article.

(7) The electricity transmission system operator shall be obliged to enable all generating plants and all electricity suppliers that have the necessary degree of adaptability for market participation, that are cost-effective, sustainable, contribute to the efficient and secure operation of the system and enable reduction of consumption and of the need to upgrade or replace generation capacities, to participate in the balancing energy market by ensuring equal conditions for:

1. energy from renewable sources;

2. energy obtained through aggregation;

3. demand response services;

4. services or energy from energy storage, or

5. services from energy efficiency measures.

(8) The electricity transmission system operator shall cooperate, exchange information and coordinate with the electricity distribution system operators, in order to ensure optimal use of resources, safe and efficient operation of the transmission system and development of the system services segment of the balancing energy market.

Network Rules for Electricity Transmission

Article 148

(1) Upon prior approval by the Ministry and the Energy Regulatory Commission, the electricity transmission system operator shall adopt the network rules for electricity transmission and publish them in the “Official Gazette of the Republic of North Macedonia” and on its website.

(2) The network rules for electricity transmission shall in particular regulate:

1. technical and other conditions for safe and secure operation of the transmission system;

2. technical and technological conditions and the manner of connection of users to the transmission system;

3. technical conditions for provision of system services and flexibility services;

4. methodology for setting the fee for connection to the transmission network;

5. conditions and manner of third-party access to the transmission system;

6. fair, non-discriminatory and transparent procedures for congestion management in the transmission system;

7. technical and technological conditions for operation of electricity generation facilities for which a trial operation license has been issued;

8. planning of maintenance and development of the electricity transmission system;

9. manner of coordination with the users of the electricity transmission system in cases of scheduled outages;

10. content of the electricity transmission system development plans, as well as the manner and procedure according to which the system users submit the necessary data for preparation of the development plans;

11. manner and procedure for forecasting electricity consumption, as well as the obligations of the electricity transmission system users in terms of submitting the necessary data required for preparation of consumption forecasts;

12. measures to ensure the necessary operational security of the electricity transmission system;

13. measures, activities and procedures in case of disturbances and accidents;

14. functional requirements and accuracy class of measuring devices, as well as the method of measuring electricity and power;

15. technical criteria for providing system services;

16. method of dispatching and redispatching;

17. quality of electricity supplied through the electricity transmission system;

18. quality of services provided by the electricity transmission system operator to users;

19. mechanisms for coordination and exchange of information with system users and with operators of neighbouring electricity transmission systems;

20. communication protocols for supervision and management of the electricity transmission system,

21. operation of the operational management system;

22. manner of publishing the information that is obliged to be published in accordance with this Law;

23. manner and procedure for providing information to the system users, and

24. emergency and establishment of normal operation of the electricity system in accordance with Article 146 of this Law.

(3) The electricity transmission system operator shall be obliged to align the network rules referred to in paragraph (1) of this Article with the requirements set out in the relevant ENTSO-E rules.

(4) The Energy Regulatory Commission shall adopt rules for exemption from the application of certain obligations from the network rules for electricity transmission, which shall in particular regulate:

1. the criteria on the basis of which an exemption from the application of certain obligations from the network rules for electricity transmission is granted;

2. the form, content and manner of submitting the request for exemption from the application of certain obligations from the network rules for electricity transmission;

3. the necessary documentation to be submitted with the request referred to in item 2 of this paragraph, and

4. the procedure and deadlines for acting upon the request referred to in item 2 of this paragraph.

(5) Based on a request submitted by the electricity transmission system operator, the Energy Regulatory Commission, in accordance with the rules referred to in paragraph (3) of this Article, may adopt a decision to exempt from the application of certain obligations from the network rules for electricity transmission.

Additional Revenues

of the Electricity Transmission System Operator

Article 149

(1) The electricity transmission system operator may sell the excess electricity it has purchased in accordance with Article 140 paragraph (1) items 22 and 24 of this Law, on the organized electricity market or on the balancing energy market and shall be obliged to notify the Energy Regulatory Commission of each such sale.

(2) The electricity transmission system operator may, by an approval of the Energy Regulatory Commission, generate revenue from granting use of the transmission infrastructure in accordance with Article 262 of this Law.

(3) When granting use under paragraph (2) of this Article, the electricity transmission system operator shall ensure that the use of the network by third parties does not affect the safety, security and efficiency of operations, while meeting all security requirements, including cybersecurity standards.

(4) The electricity transmission system operator shall keep the revenues generated in accordance with paragraphs (1) and (2) of this Article in a separate account and shall notify the Energy Regulatory Commission thereof.

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

(6) The electricity transmission system operator may, upon prior approval by the Energy Regulatory Commission, use the revenues generated in accordance with paragraph (2) of this Article for implementation of projects from the plan referred to in Article 150 of this Law.

Ten-Year Electricity Transmission System Developent Plan

Article 150

(1) The electricity transmission system operator shall be obliged every two years, after consultation with the relevant market participants, transmission system users and customers, to prepare a transmission system development plan for the next 10 years, which shall in particular contain:

1. the needs for maintenance, expansion and upgrading of the transmission system and network, including the needs and possibilities for increasing the transmission capacity, as well as the connection of new capacities for generation, storage and consumption of electricity;

2. the necessary measures to ensure adequacy of the transmission system and the security of electricity supply;

3. the main electricity transmission infrastructure planned to be built or upgraded in the next 10 years;

4. the current and new investments to be implemented in the next three years, and

5. the time frame for implementation of the projects defined in the plan.

(2) When preparing the plan referred to in paragraph (1) of this Article, the electricity transmission system operator shall take into account:

1. the possibilities for using demand-side management mechanisms, energy storage or other measures as an alternative to the expansion and upgrading of the electricity transmission system and their impact;

2. forecasts and expected changes in electricity demand, including forecasts from electricity distribution system operators;

3. the needs for enabling conditions for construction and connection of new facilities for generation of electricity from renewable sources and energy storage;

4. achievement of national targets and indicative trajectories for energy efficiency, renewable energy sources, reduction of greenhouse gas emissions in accordance with the Integrated National Energy and Climate Plan;

5. plans and measures for increasing the security of electricity supply;

6. the needs for increasing cross-border capacities for individual system users and the long-term obligations of investors for this purpose arising out of the regional electricity transmission systems development plans;

7. the needs for increasing cross-border transmission capacities to fulfill the action plan for reducing structural congestion under Article 153 of this Law and achieving the objectives for utilization of cross-border transmission capacities under Article 155 of this Law;

8. PECI and PMI in the electricity transmission infrastructure, and

9. data on the needs from the ten-year electricity transmission network development plan of ENTSO-E and the neighbouring electricity transmission systems.

(3) The electricity transmission system operator shall be obliged, by 1 October of the year in which the plan referred to in paragraph (1) of this Article is adopted, to submit it to the Ministry, which shall, within 20 days from the date of receipt of the plan, verify its compliance with the Integrated National Energy and Climate Plan and shall submit a reasoned opinion to the transmission system operator.

(4) After receiving the opinion referred to in paragraph (3) of this Article, the electricity transmission system operator shall, by 31 October, submit the harmonized plan for approval to the Energy Regulatory Commission.

(5) After submitting the harmonized plan referred to in paragraph (4) of this Article, the Energy Regulatory Commission shall, within 30 days:

1. verify whether the plan takes into account the requirements referred to in paragraph (2) of this Article and whether the plan is harmonized with the ten-year development plan of ENTSO-E and may consult with ACER for that purpose, and after the verification and consultations, it may request the electricity transmission system operator to supplement or adjust the plan, and

2. conduct public consultations with existing electricity transmission system users, including the electricity distribution system operators, as well as potential users who need to explain their requests for connection, and shall submit the results of the consultations, together with the conclusion on the necessary investments, to the electricity transmission system operator and publish them on its website.

(6) After implementing the actions referred to in paragraph (5) of this Article, the electricity transmission system operator, upon prior approval by the Energy Regulatory Commission, shall adopt the plan and publish it on its website.

Failure to Fulfill the Investments

Contained in the Electricity Transmission System Development Plan

Article 151

(1) The Energy Regulatory Commission shall monitor and assess the implementation of the measures and projects from the plan referred to in Article 150 of this Law and, if it determines that the electricity transmission system operator, within a period of three years, has failed to implement the investments envisaged in the plan, which are also part of the current plan, except in cases of force majeure, it shall take at least one of the following measures:

1. adopt a decision ordering the electricity transmission system operator to independently implement the investments, or

2. adopt a decision obliging the electricity transmission system operator to organize a tender procedure for implementation of the investments open to any interested party.

(2) If the Energy Regulatory Commission adopts a decision to organize a tender procedure in accordance with paragraph (1) item 2 of this Article, it shall oblige the electricity transmission system operator to take one or more of the following measures:

1. financing of the investment by a third party;

2. construction and implementation of the investment by a third party;

3. independent construction of the new infrastructure, and

4. independent management and use of the new infrastructure.

(3) In the cases referred to in paragraph (2) of this Article, the electricity transmission system operator shall be obliged to provide the investor with all information necessary for implementation of the investment, as well as to undertake appropriate measures to facilitate the implementation of the investment project and the connection of the newly constructed infrastructure to the transmission network.

(4) The Energy Regulatory Commission shall approve the financial aspects for implementation of the investments in the cases referred to in paragraph (2) of this Article.

(5) If the Energy Regulatory Commission undertakes any of the measures referred to in paragraph (1) of this Article, the costs of the investment shall be reimbursed through the electricity transmission tariff.

CHAPTER IV

CROSS-BORDER ELECTRICITY TRANSMISSION

Congestion Management in the Bidding Zone

Article 152

(1) The electricity transmission system operator, upon prior approval by the Energy Regulatory Commission, shall implement congestion management measures in the transmission network and/or in cross-border transmission capacities in the bidding zone.

(2) The electricity transmission system operator shall determine its proposal for the configuration of the bidding zone borders based on long-term structural congestion in the transmission network, in order to ensure:

1. removal of long-term structural congestion in the transmission network, unless they affect adjacent bidding zones or, as a temporary exception, their impact on adjacent bidding zones can be removed by using corrective measures and such congestion will not lead to a reduction in the cross-zonal capacity available for trading at the bidding zone borders in accordance with the conditions of Article 155 of this Law, and

2. maximum economic efficiency and maximum opportunities for trading between bidding zones in the coordinated capacity calculation region to which the Republic of North Macedonia belongs, while maintaining security of supply.

(3) The transmission system operator shall, for the purposes of preparing the ENTSO-E report on congestion in and between bidding zones, submit to ENTSO-E data on structural congestion and other major physical congestion in the electricity transmission network and on cross-border capacities, including the location and frequency of such congestion.

(4) In order to identify all structural congestions and to propose and consider different configurations of the bidding zone to determine its optimal configuration, the electricity transmission system operator shall cooperate with the Energy Regulatory Commission, ENTSO-E and the electricity transmission system operators from the coordinated capacity calculation region in which the Republic of North Macedonia participates and shall provide the necessary information and support in the preparation of the bidding zones overview prepared by ENTSO-E.

(5) If the report referred to in paragraph (3) or in the review referred to in paragraph (4) of this Article or in the report of one or more electricity transmission system operators on their control areas approved by one or more competent regulatory bodies indicates structural congestion in the electricity transmission system of the Republic of North Macedonia, the Energy Regulatory Commission, in cooperation with the electricity transmission system operator and the affected users of the electricity transmission network shall:

1. submit to the Ministry a proposal for adopting the action plan referred to in Article 153 of this Law or

2. make a proposal for changing the configuration, upon a proposal from the electricity transmission system operator for reassessment and changing the configuration of the bidding zone and after consultation with the competent regulatory bodies and the electricity system operators from the region of coordinated capacity calculation.

(6) The proposal referred to in paragraph (5) item 2 of this Article shall specify the date for commencement of the changed configuration’s application, which should allow for a period for adjustment of the arrangements for deferred electricity trading agreed within the previous zone configuration.

(7) The Ministry, by itself or with the competent authorities of the countries in the capacity calculation region that have decided to change the configuration of the bidding zone, shall adopt a decision within six months of the submitted proposal, taking into account the opinions of other Member States of the European Union and counterparties of the Energy Community in the same capacity calculation region.

(8) The decision referred to in paragraph (7) of this Article shall be reasoned and shall be immediately submitted to the Energy Community Secretariat and the ECRB, and if the proposal is not submitted or the decision is not adopted within the stipulated deadline, the Energy Regulatory Commission shall state the reasons for the failure to submit the proposal or the failure to adopt the decision and shall apply the appropriate decision adopted by the ECRB to maintain the existing or determine a new configuration of the bidding zone boundaries.

Action Plan to Reduce Congestion

Article 153

(1) Within six months from the date of receipt of the proposal referred to in Article 152 paragraph (5) item 1 of this Law, the Ministry shall prepare, and upon prior opinion from the Energy Regulatory Commission, adopt an action plan for reducing the identified structural congestion in the electricity transmission network, which shall be implemented over a period not exceeding four years, with a timetable for implementation of the measures contained in the plan.

(2) In order to achieve the minimum threshold of cross-border transmission capacity of interconnectors for inter-zonal trading specified in Article 155 paragraph (2) of this Law, the Ministry shall, in the action plan referred to in paragraph (1) of this Article, provide for measures to increase transmission capacity, except for the exemptions approved in Article 155 paragraph (12) of this Law or the deviations specified in Article 161 paragraph (6) of this Law, in a linear growth trajectory determined on an annual basis, with the starting point being equal to the higher value between:

1. the capacity that has been allocated to the interconnector or to the critical network element that caused the congestion, in the year prior to the adoption of the action plan, and

2. the corresponding average amount of available capacity during the last three years prior to the adoption of the action plan.

(3) During the implementation of the action plan referred to in paragraph (1) of this Article, the capacity available for cross-zonal trading, including by undertaking corrective actions in the coordinated capacity calculation region, shall be at least equal to the values ​​of the linear trajectory referred to in paragraph (2) of this Article.

(4) The costs of providing the necessary cross-zonal capacity in accordance with the trajectory referred to in paragraph (2) of this Article and the costs foreseen in accordance with the action plan referred to in paragraph (1) of this Article and for the corrective actions undertaken referred to in paragraph (3) of this Article, shall be borne by the electreicity transmission system operator.

(5) The electreicity transmission system operator, independently or in cooperation with other affected electreicity transmission system operators, shall annually, during the implementation of the action plan referred to in paragraph (1) of this Article and six months after the conclusion of its implementation, prepare a report with an assessment of the achievement of the linear trajectory referred to in paragraph (2) of this Article in the previous 12 months. The electreicity transmission system operator shall submit to the Energy Regulatory Commission for approval the report or the data for the report if it is prepared at regional level. The electreicity transmission system operator shall submit the approved report to the ECRB and to the Ministry for further action.

(6) If the report referred to in paragraph (5) of this Article shows that the linear trajectory referred to in paragraph (2) of this Article has not been achieved, the Ministry shall, within six months from the date of receipt of the report, independently or in full coordination with the competent bodies of the affected Contracting Parties to the Energy Community or Member States of the European Union, adopt a decision to change or maintain the configuration of the bidding zone. When adopting the decision, the Ministry shall take into account the opinions submitted by other Contracting Parties to the Energy Community or Member States of the European Union. The Ministry shall submit the decision with appropriate reasoning to the Energy Community Secretariat and the ECRB.

(7) If the decision referred to in paragraph (6) of this Article has not been adopted within the prescribed period, the Ministry shall submit a notification with appropriate reasoning to the Energy Community Secretariat.

(8) In the case referred to in paragraph (7) of this Article, the Ministry shall apply the decision taken by the Energy Community Secretariat to change or maintain the configuration of the bidding zone between the counterparties concerned.

(9) In order to eliminate congestion in the electricity transmission network that occurred in the period of six months before the expiration of the action plan referred to in paragraph (1) of this Article, the Ministry shall adopt a decision on:

1. changing the configuration of the bidding zone in accordance with Article 152 paragraph (5) item 2 of this Law, or

2. undertaking corrective actions at the expense of the electricity transmission system operator.

(10) If, within a period of six months from the date of receipt of the report on identified structural congestion referred to in Article 152 paragraph (3) of this Law, the action plan referred to in paragraph (1) of this Article has not been adopted, the electricity transmission system operator shall, within 12 months from the date of receipt of the report, assess whether, during the past 12 months, the available cross-border capacity has reached the minimum threshold set out in Article 155 paragraph (2) of this Law and submit a report on the assessment for approval to the Energy Regulatory Commission, which shall submit the approved report to the ECRB.

(11) The electricity transmission system operator shall submit the approved report referred to in paragraph (10) of this Article to the Ministry. If the assessment shows that the electricity transmission system is not in compliance with the lower limit of capacity referred to in Article 155 paragraph (2) of this Law, the Ministry shall initiate the procedure for reviewing the configuration of the bidding zone referred to in paragraph (6) of this Article.

(12) If the electricity transmission system operator participates in the preparation of an action plan of another counterparty to the Energy Community or a Member State of the European Union, it shall contribute to the preparation of the assessment report on the achievement of the linear trajectory by submitting the data requested by the electricity transmission system operator preparing the action plan.

General Conditions for Congestion Management

Article 154

(1) For the purpose of management of congestion in the electricity transmission network, the electricity transmission system operator shall apply:

1. non-discriminatory market-based mechanisms providing price signals to market participants, network users and electricity transmission system operators concrned;

2. methods that are not based on electricity transactions and that do not discriminate or select between the contracts of individual market participants;

3. measures for safe operation of the electricity transmission system that have minimal impact on the adjacent control areas and coordinate such measures with the concerned electricity transmission system operators, and

4. measure that interrupts or reduces the volume of the allocated capacity transaction only in emergency situations where the electricity transmission system operator must act quickly and when adequate redispatching is not available, with any such procedure being applied in a limited, short-term and proportionate and non-discriminatory manner, and providing the concerned market participants whose volume of the allocated capacity transaction is interrupted or constrained, except in cases of force majeure, with appropriate compensation.

(2) The electricity transmission system operator shall not limit the volume of transmission capacity available on an interconnector in the bidding zone in order to overcome congestion or to manage electricity flows from internal transactions in the bidding zone.

(3) In order to use an overloaded or congested interconnector to its maximum capacity whenever possible, the electricity transmission system operator shall offset the transmission capacity requests of electricity flows in mutually opposite directions and shall not refuse transactions that relieve the system from congestion, if this does not compromise the security of the electricity transmission system.

(4) If congestion occurs in the electricity transmission network, the electricity transmission system operator shall implement the confirmed explicit or implicit auctions referred to in Article 155 paragraph (4) of this Law, offering the highest value for the critical transmission capacity of the network within the given time frame. Use of reserve costs in capacity allocation methods shall be prohibited, except for new interconnectors exempted from the obligation to provide third-party access in accordance with Article 106 of this Law.

(5) The electricity transmission system operator shall submit to the Regional Coordination Centre all data used for the coordinated calculation of cross-zonal transmission capacities available for trading, including data on the technical availability of corrective actions without supply restrictions and operational security limits, methods of generation change, corrective measures, confidentiality margin and limitation of previously allocated cross-zonal capacity.

(6) The electricity transmission system operator shall implement all measures, recommendations and instructions of the Regional Coordination Centre aimed at achieving the linear trajectory in accordance with Article 153 paragraph (2) of this Law or the maximum available transmission capacity in accordance with Article 155 paragraph (2) item 1 of this Law, and, if necessary, shall update the existing one or adopt a new action plan.

(7) The electricity transmission system operator may not deviate from the implementation of the activities for coordinated calculation of transmission capacities and coordinated security analysis, except in accordance with Article 161 paragraph (6) of this Law. Based on an opinion received from the ECRB and/or ACER, the Energy Regulatory Commission shall take appropriate measures against the transmission system operator, if the preconditions for deviation have not been met.

(8) In the procedure for allocating the costs of corrective actions between transmission system operators, the Energy Regulatory Commission, together with the regulatory bodies in the coordinated capacity calculation region, shall determine to what extent the flows resulting from internal transactions in bidding zones contribute to congestion on the borders between adjacent bidding zones.

(9) The Energy Regulatory Commission shall determine the costs referred to in paragraph (8) of this Article, calculated on the basis of the contribution to congestion caused by such flows, which shall be allocated to the electricity transmission system operators in the bidding zones that generate those flows, unless those flows are below the level that could be expected without structural congestion in the bidding zone, confirmed by the electricity transmission system operators in the coordinated capacity calculation region separately for each bidding zone border and approved by the regulatory bodies in the region.

General Conditions for Allocation of Cross-Border Transmission Capacities

Article 155

(1) The electricity transmission system operator shall provide, allocate and, if necessary, increase cross-border capacities, manage cross-border flows in the electricity transmission network of the Republic of North Macedonia and make available to market participants the maximum available transmission capacity of the interconnectors and parts of the network of the Republic of North Macedonia that are exposed to cross-border flows, by applying the rules and standards for safe operation of the electricity transmission system in order not to endanger the supply of electricity in the Republic of North Macedonia and in the coordinated capacity calculation region.

(2) The conditions for releasing the maximum available transmission capacity to system users, except for the exceptions from Article 106 of this Law and the exceptions from Article 161 paragraph (6) of this Law, as well as the exemptions from paragraph (12) of this Article, shall be deemed to be met when the available capacity for cross-zonal trade is above the following thresholds:

1. for the borders on which the coordinated net transmission capacity calculation approach is used, the lower limit of available capacity is 70% of the transmission capacity while respecting the operational security limits after deducting the contingency reserve, preferably calculated according to the methodology applied in the coordinated capacity calculation;

2. for the borders where the capacity calculation approach based on energy flows is used, the lower limit of available capacity is the margin determined in the process of calculating the capacity available for flows caused by cross-border exchange, which should be equal to 70% of the transmission capacity while respecting the operational security limits for internal and cross-zonal critical network elements, taking into account the contingency reserve, preferably calculated according to the methodology applied in the coordinated capacity calculation, and

3. for the reliability margins, circular energy flows and internal energy flows of all critical network elements, a maximum of 30% of the transmission capacity may be used.

(3) The maximum transmission capacity available, as well as the minimum reserved transmission capacity referred to in paragraph (2) of this Article, shall be achieved through counter-trading and redispatching measures, including cross-border redispatching and through coordinated and non-discriminatory application of cross-border corrective actions, whereby the electricity transmission system operator shall apply a methodology approved by the Energy Regulatory Commission for allocation of redispatching and counter-trading costs.

(4) The electricity transmission system operator shall determine the percentage of the total transmission capacity available of each interconnector allocated in each time frame. The right to use cross-border transmission capacity shall be granted for each timeframe separately, through:

1. mechanisms for regionally coordinated explicit capacity auctions in any timeframe or for bilaterally coordinated explicit capacity auctions for interconnectors or timeframes for which regionally coordinated auctions are not used, and/or

2. implicit auctions for day-ahead and/or intraday timeframes upon electricity market coupling, whereby the relevant transmission capacity is granted together with the right to execute the transaction on the electricity market, or

3. continuous trading of transmission capacity, in addition to intraday capacity auctions.

(5) If the market coupling does not allow, in part or in full, implicit allocation of transmission capacity within the timeframe referred to in paragraph (4) item 2 of this Article, a fallback procedure shall be used for the explicit allocation of the unallocated capacity within that timeframe in accordance with paragraph (4) item 1 of this Article. Different types of auctions referred to in paragraph (4) of this Article may be applied simultaneously to the same interconnector. In the event of congestion, priority shall be given to the transmission capacity validly allocated at a higher price within the relevant timeframe, regardless of the type of procedure in which it has been allocated.

(6) The holder may resell the right to use the explicitly allocated transmission capacity within each timeframe on a secondary market operated by the electricity transmission system operator, if the bid is submitted to the operator before the deadline set for the timeframe to which the bid relates. The electricity transmission system operator, upon prior approval by the Energy Regulatory Commission, shall adopt and publish on its website rules and procedures for participation in the secondary transmission capacity market. If it determines that there are justified reasons, the electricity transmission system operator may refuse a transaction for resale on the secondary market and shall notify the Energy Regulatory Commission and all participants in the electricity market of the reasons.

(7) The market participant shall be obliged to notify the electricity transmission system operator of its intention to use, or to return the right to use the allocated transmission capacity, in part or in full, within a certain period of time before the opening of trading, i.e. the activation of the transmission capacity within a certain time frame and to receive confirmation of availability. If the notification is not submitted, is submitted not in timely manner, is submitted inappropriately, or does not indicate the intention to use or return the right to use the allocated transmission capacity, it shall be deemed that the market participant has waived the right to use the allocated capacity within that time frame. The electricity transmission system operator shall make available to the market any transmission capacity that will not be used, in a transparent and non-discriminatory manner.

(8) If the market participant does not use the allocated transmission capacity whose availability within the relevant timeframe has been confirmed in accordance with paragraph (7) of this Article, if it does not offer the unused allocated capacity for sale on the secondary market for the relevant timeframe in accordance with paragraph (6) of this Article, or does not return to the transmission system operator the right to use the allocated capacity within the relevant timeframe within the deadline specified in paragraph (7) of this Article, it shall pay compensation corresponding to the estimated value of the unrealized energy transfer determined by the methodology referred to in paragraph (10) of this Article, but not for other subsequent losses.

(9) If the electricity transmission system operator, independently or in shared responsibility with NEMO, for reasons not caused by the market participant, fails to provide the confirmed transmission capacity, it shall be obliged to pay the market participant compensation arising from the loss of the right to use the capacity, determined by applying the methodology referred to in paragraph (10) of this Article, but not for other consequential losses.

(10) The Energy Regulatory Commission, upon the proposal of the electricity transmission system operator, shall adopt rules for determining liability for failure to fulfill obligations in the allocation of transmission capacities, which shall contain a methodology for calculating the financial consequences and the manner of their compensation.

(11) The financial implications of paragraph (9) of this Article shall be borne by the electricity transmission system operator or NEMO, while the financial implications of paragraph (8) of this Article shall be borne by the market participant who has not used the available capacity in accordance with the assumed responsibility.

(12) Upon a previous reasoned request submitted and published by the electricity transmission system operator and in accordance with all regulatory bodies from the coordinated capacity calculation region, the Energy Regulatory Commission may adopt a decision approving exemption from fulfilling the condition of paragraph (2) of this Article, on a predictable basis for the purpose of maintaining operational security, whereby the reasons for the exemption shall be published on its website. An exemption that does not relate to a reduction in capacity that has already been allocated may be approved for an uninterrupted period not exceeding one year or, if the scope of the exemption is significantly reduced after the first year, for a period of up to two years. The scope of the exemption shall be limited to the level necessary to maintain the operational security of the electricity transmission system, and there shall be no discrimination between internal and inter-zonal exchange.

(13) For each exemption approved, the electricity transmission system operator shall prepare and, upon prior approval by the Energy Regulatory Commission, publish a methodology for eliminating the reasons for failure to meet the target for minimum level of available transmission capacity referred to in paragraph (2) of this Article and a plan for investment projects with long-term solutions to the issues for which the exemption has been issued, including deadlines for their implementation.

(14) The exemption approved from paragraph (12) of this Article shall cease upon the expiry of the period for which it has been approved or upon commencement of the application of the methodology and the implementation of the plan from paragraph (13) of this Article.

(15) The electricity transmission system operator shall determine in advance the criteria and rules for determining the financial obligations arising as a result of failure to fulfill the obligation for physical allocation of transmission capacity and shall submit them for approval to the Energy Regulatory Commission.

(16) When allocating the costs of corrective actions to overcome structural congestion between the electricity transmission system operator and the operators of the transmission systems concerned, the Energy Regulatory Commission shall assess to what extent the flows resulting from internal transactions of the bidding zone contribute to congestion on the borders with neighbouring bidding zones and shall determine the costs of the electricity transmission system operator on that basis, unless those costs are below the level that could be expected without the structural congestion in the bidding zone.

Cross-Zonal Capacity Allocation

in Different Time Frames

Article 156

(1) The electricity transmission system operator shall, after the intraday or day-ahead gate closure time, calculate and reallocate for each subsequent timeframe the total cross-zonal transmission capacity available, which shall consist of the sum of:

1. available cross-zonal capacity that has been pre-scheduled for allocation in the current timeframe;

2. remaining cross-zonal capacity that has not previously been allocated to market participants, and

3. any cross-zonal capacity allocated in previous allocations in any wider timeframe that the user has waived or not used.

(2) The electricity transmission system operator shall prepare and, upon prior approval by the Energy Regulatory Commission, adopt rules regulating the procedures for allocating cross-zonal capacity to enable use of capacity on the day-ahead market, the intraday market and for the purposes of cross-border balancing, taking into account in particular:

1. the characteristics of the day-ahead market, the intraday market and the balancing energy market;

2. the operational conditions in the electricity system and the consequences of settling confirmed schedules, and

3. the consistency of the percentage values ​​allocated to different time frames and the time frames adopted for the different mechanisms for allocating cross-zonal capacities that have already been established.

(3) If, during the allocation of the cross-zonal transmission capacity, there is capacity remaining that has not been allocated after the intraday gate closure time, the electricity transmission system operator shall use that capacity for exchange of balancing energy or in the process of settling imbalances.

(4) When allocating the cross-zonal transmission capacities for exchange of balancing energy or for sharing the reserve capacity for balancing, the electricity transmission system operator shall use methodologies regulated by the rules for balancing energy market referred to in Article 127 of this Law.

(5) The electricity transmission system operator may not, in the process of determining the cross-zonal transmission capacity, increase the reliability margin due to exchange of balancing energy and sharing of the reserve capacity for balancing.

Re-dispatching

Article 157

(1) The electricity transmission system operator shall redispatch generation and demand on the basis of fair, transparent and non-discriminatory criteria in order to overcome physical congestion in the electricity network and interconnectors. Redispatching shall apply to generation facilities regardless of the type of technology, energy storage facilities and demand response service providers (hereinafter: redispatchable resources) in the Republic of North Macedonia or, if technically feasible, in another counterparty to the Energy Community or in a Member State of the European Union.

(2) The resources to be redispatched shall be selected by applying market mechanisms and shall be entitled to financial compensation for redispatching. If balancing energy is offered for redispatching, this shall not affect the determination of the price of energy on the balancing energy market.

(3) The electricity transmission system operator may redispatch using non-market-based mechanisms only if:

1. there is no market-based alternative available;

2. all available resources available using market-based mechanisms have been used;

3. the number of all available generation facilities, storage facilities and demand-side service offerings at locations from which they could offer the service is insufficient to ensure effective competition; or

4. the current state of the electricity network leads to congestion that occurs in a recurring and predictable manner, such that redispatching under market conditions would regularly trigger bidding strategies that increase the level of congestion.

(4) In the case referred to in paragraph (3) item 4 of this Article, the electricity transmission system operator shall implement the measures contained in the action plan referred to in Article 153 paragraph (1) of this Law, in order to remove such internal congestion or to ensure the minimum level of cross-border capacity in the inter-zonal exchange specified in Article 155 paragraph (2) of this Law.

(5) The electricity transmission system operator and the electricity distribution system operators shall submit an annual report on redispatching to the Energy Regulatory Commission, in which they shall specify in particular:

1. an explanation of the cases of justified reduction of the redispatching service (downward redispatching) of generation facilities referred to in paragraph (9) of this Article, stating the reasons;

2. the level of development and effectiveness of the market mechanisms for redispatching for individual resources;

3. the reasons, energy quantities in MWh and type of primary energy of the electricity generation plants involved in redispatching using market and non-market based mechanisms, and

4. the measures taken to reduce the need for downward redispatching of electricity generation plants using renewable energy sources or high-efficiency cogeneration, including investments in digitalisation of the network infrastructure and services for increased system adaptability.

(6) The Energy Regulatory Commission shall submit the report referred to in paragraph (5) of this Article to the ECRB and shall publish on its website a summary of the data contained in the report and recommendations for necessary improvements.

(7) If the criteria for maintaining the reliability and security of the electricity transmission or distribution network set out in the relevant network rules are met, the electricity transmission system operator and the electricity distribution system operators shall ensure:

1. ability of the electricity transmission network and the electricity distribution networks to transmit electricity generated from renewable energy sources or highly efficient combined cycle plants with the least possible redispatching;

2. notwithstanding the requirement referred to in item 1 of this paragraph, the need for limited redispatching shall be taken into account in the planning of the network infrastructure where the relevant operator demonstrates, in a transparent manner, that this achieves economic efficiency;

3. the envisaged redispatching referred to in item 2 of this paragraph shall not exceed 5% of the annual electricity generation generated by the facilities referred to in item 1 of this paragraph;

4. appropriate network and market-oriented operational measures to minimise downward redispatching of electricity generated by the facilities referred to in item 1 of this paragraph, and

5. flexibility services sufficient to enable the networks to meet the requirements referred to in item 1 of this paragraph.

(8) If the amount of electricity generated by power plants using renewable energy sources or by highly efficient combined cycle plants exceeds 50% of the annual gross final consumption of electricity in the Republic of North Macedonia, the Energy Regulatory Commission may determine a different level of permitted redispatching compared to the level determined in paragraph (7) item 2 of this Article.

(9) If downward redispatching is used by implementing non-market-based procedures, the electricity transmission system operator shall apply the following rules:

1. generation plants using renewable energy sources shall be subject to downward redispatching only if no other measure or other generating capacities are available for redispatching or if the application of an alternative solution would cause disproportionately higher costs or risks to the security of the network;

2. highly efficient combined cycle plants shall be subject to downward redispatching only if no other measure or other generation capacities for redispatching are available, other than downward redispatching of generation plants using renewable energy sources, or if the application of an alternative solution would cause disproportionately higher costs or risks to the security of the network, and

3. the generation of electricity for own needs by the plants referred to in items 1 and 2 of this paragraph, which have the technical possibility of transferring the production to the electricity transmission network, shall be subject to redispatching only if no other solution can address the security needs or risks in the network.

(10) When using redispatching procedures that are not market-based, the electricity transmission system operator shall financially compensate the ordered redispatching of the resources that are redispatched, except for producers that have entered into a network connection contract that does not include guarantees for uninterrupted energy delivery.

(11) The compensation referred to in paragraph (10) of this Article shall be equal to the higher of the following elements:

1. the additional operating costs caused by the redispatching, such as the costs of additional fuel quantities in the case of upward redispatching or of additional heat energy in the case of downward redispatching of a combined cycle plant, or

2. the net profit from the sale of electricity on the day-ahead market that the energy generation or storage unit or demand response unit would have generated without the redispatching request. If the energy generation or storage unit or demand response unit has been granted financial support valued on the basis of the volume of electricity generated or consumed, the amount of financial support that it would have received without the redispatching request shall be considered part of the net profit.

(12) The fee referred to in paragraph (10) of this Article may also be determined as the average value of the elements referred to in paragraph (11) of this Article, if the application of the higher element leads to unjustifiably high or unjustifiably low values ​​of the fee for individual resources redispatched.

(13) The electricity transmission system operator shall prepare and, upon prior approval by the Energy Regulatory Commission, adopt a methodology for determining the fee paid to the resource that is redispatched for each redispatch, which it shall publish on its website.

Revenue from Congestion in the Electricity Transmission Network

Article 158

(1) The electricity transmission system operator shall directly apply the congestion revenue allocation methodology adopted by ACER.

(2) If congestion occurs on the day-ahead market or on the intraday market, congestion charges shall be calculated and collected for the relevant market in which the congestion occurs.

(3) The electricity transmission system operator shall not calculate or collect congestion charges for new interconnectors as defined in Article 106 of this Law.

(4) The allocation of congestion revenue shall not disrupt the capacity allocation process in favour of any market participant, nor shall it negatively affect the congestion relief process.

(5) In the allocation of congestion revenues, priority shall be given to:

1. guaranteeing the availability of physically allocated transmission capacity, including compensation for cancellation of allocated firm transmission capacity, and

2. maintaining or increasing inter-zonal transmission capacity through optimal use of the existing interconnector through coordinated corrective actions or for reimbursing the costs of network investments required to reduce congestion or increase the capacity of the interconnector.

(6) If, after the allocation of the congestion revenue referred to in paragraph (5) of this Article, there are any remaining funds from the revenue, the Energy Regulatory Commission may decide to take such revenue into account as the operator's profit when approving the methodology for calculating the network tariff or when adopting the tariff, or in both cases. The electricity transmission system operator shall deposit the remaining revenue into its separate account in order to be used for the priorities referred to in paragraph (5) of this Article, when the conditions for that are created.

(7) The electricity transmission system operator shall determine in advance the purpose of using the congestion revenue funds and shall submit a report to the Energy Regulatory Commission on the intended purpose of the revenues referred to in paragraph (5) of this Article and their realization.

(8) The Energy Regulatory Commission shall submit a report on the use of congestion revenue to the ECRB, no later than 1 March each year, containing data on:

1. the amount of congestion revenue in the previous calendar year;

2. the manner of distribution of the revenue according to the priorities referred to in paragraph (5) of this Article, including the specific projects for which it has been used and the amount deposited in a separate account;

3. the amount of funds referred to in paragraph (6) of this Article that are taken into account when calculating network tariffs, and

4. the compliance of the use of congestion revenue determined according to the methodology referred to in paragraph (1) of this Article with the methodology for calculating the electricity transmission tariff.

Mutual Compensation with Electricity Transmission System Operators

Article 159

(1) The electricity transmission system operator shall apply the mechanism for mutual compensation of costs incurred in maintaining cross-border electricity flows through the transmission network, whereby:

1. it shall collect fee for the costs of maintaining cross-border electricity flows through the transmission system of the Republic of North Macedonia from the electricity transmission system operators from which the flows originated and from the electricity transmission system operators where the flows ended, and

2. it shall pay fee to the electricity transmission system operators for the costs of maintaining cross-border electricity flows that originated or ended in the electricity transmission system of the Republic of North Macedonia.

(2) The amount of cross-border flows that are taken over or handed over to the electricity transmission system operators in accordance with paragraph (1) of this Article shall be determined on the basis of physical flows of electricity measured at the borders with neighbouring electricity transmission systems in the specified period.

(3) The electricity transmission system operator shall regularly pay and collect the costs referred to in paragraph (1) of this Article, at specified intervals in relation to a specified period elapsed, and may, if necessary, make additional adjustments to the fee paid to the actual costs incurred.

(4) The elapsed transmission system operator may, with one or more elapsed transmission system operators from the common control block, agree on joint representation within the entire control block in the application of the cost compensation mechanism, without the flows within the control block being considered cross-border flows in order to avoid the need for compensation between those operators.

Coordination with other Operators and Publication of Data

Article 160

(1) The electricity transmission system operator shall establish in the electricity transmission network rules mechanisms for coordination and exchange of information with the system users and with the electricity transmission system operators in the region for coordinated system management in order to ensure network security in managing congestion.

(2) The electricity transmission system operator shall publish on its website:

1. the standards for operation, safety and scheduling of the transmission system applied, including the general methodology for calculating the total transmission capacity of the transmission network and for calculating the reliability margin for transmission of electricity based on the network’s electrical and physical characteristics, which has been approved by the Energy Regulatory Commission;

2. the assessment of the available and reserved annual, monthly and daily transmission capacity published at certain intervals before the day of physical use of the transmission capacity and include a week-ahead and month-ahead assessment, as well as a quantitative indication of the reliability of the assessment of capacity availability, and

3. aggregate data and forecasts for the electricity system in order to ensure conditions for transparency in the electricity market, which in particular shall include data on:

3.1. forecasted and realized demand, availability and realized utilization of electricity generation facilities, as well as on the availability and realized utilization of electricity networks and interconnections;

3.2. needs and availability of balancing and reserve capacity services, as well as data with an assessment of the availability of system adaptability mechanisms, including energy storage and demand-side management, and

3.3. availability and realized utilization of small generation plants, especially generation plants using renewable energy sources grouped by technology.

(3) The electricity transmission system users and the electricity market participants shall, upon request by the electricity transmission system operator, be obliged to submit all data necessary for fulfilment of the obligation referred to in paragraph (2) of this Article. The electricity transmission system operator shall be obliged to ensure protection of the submitted business-sensitive data.

(4) Electricity producers shall submit the data referred to in paragraph (3) of this Article upon request of the Ministry, the Energy Regulatory Commission, the Commission for the Protection of Competition and the Energy Community Secretariat.

(5) The electricity transmission system operator shall submit the data referred to in paragraph (2) of this Article, as well as other data provided for in the list of data published in the relevant ENTSO-E manual, to ENTSO-E and publish them on its website.

(6) The electricity transmission system operator, upon prior approval by the Energy Regulatory Commission, shall adopt and publish on its website rules on the form, content and dynamics of submission and publication of the data referred to in paragraph (5) of this Article. The electricity transmission system operator shall exchange data on the network and electricity flow with the electricity transmission system operators from the coordinated capacity calculation region and submit them to the Energy Regulatory Commission, and upon request, shall submit these data to the Energy Community Secretariat and to other regulatory bodies from the Contracting Parties to the Energy Community and Member States of the European Union.

(7) The Energy Regulatory Commission shall monitor the application of the rules referred to in paragraph (6) of this Article and submit to the ECRB an annual report on the transparency of the transmission system operator.

Regional Coordination Center

Article 161

(1) The electricity transmission system operator shall cooperate with the Regional Coordination Centre of the coordinated system management region to which its control area belongs in accordance with the act regulating the establishment of the Regional Coordination Centre and, if necessary, for individual issues, with the regional coordination centres of other regions for which it has entered into bilateral contracts.

(2) The electricity transmission system operator shall participate in the Regional Coordination Centre established in the region to which the electricity transmission system operator belongs.

(3) Within the cooperation referred to in paragraph (1) of this Article, the electricity transmission system operator shall delegate to the Regional Coordination Centre activities of regional importance in the coordinated system management region or on the borders of the bidding zone, and in particular:

1. coordinated calculation of cross-zonal transmission capacities allocated in the day-ahead timeframe and in the intraday timeframe;

2. coordinated security analysis;

3. creation of a common grid model;

4. support for assessing the compliance of the transmission system functions’ protection plan and the restoration plan;

5. preparation of regional forecasts for short-term resource adequacy, in particular forecasts between week-ahead and day-ahead;

6. performance of tasks related to seasonal adequacy assessments to the extent assigned in coordination with other operators in the region;

7. coordination of regional outage scheduling in accordance with harmonized rules and procedures;

8. training and certification of employees in regional coordination centers;

9. support for coordination and optimization of system functions restoration, upon request of two or more operators in the region;

10. preparation of analyses and reports based on the results of outage monitoring;

11. determination of the amount of reserve capacity in the region;

12. promotion of regional exchange and procurement of balancing energy;

13. support for optimization in calculations and settlements between two or more electricity transmission system operators in the region, upon their request;

14. tasks related to identification of regional crisis scenarios in the electricity sector;

15. tasks in preparation of regional risk reduction measures;

16. calculation of the maximum input capacity from foreign sources in the capacity mechanisms intended for issuing recommendations, and

17. performance of tasks related to the support in identifying the needs for new transmission capacity, for updating the existing transmission capacity or for other alternatives.

(4) The electricity transmission system operator shall provide the Regional Coordination Centre with all information necessary for the performance of its tasks and shall receive from the Regional Coordination Centre all information and recommendations necessary for the performance of coordinated activities in the region.

(5) The electricity transmission system operator shall cooperate with other operators in the region for coordinated system management in accordance with the procedures and recommendations for adoption or revision of coordinated management measures determined by the Regional Coordination Centre.

(6) If the electricity transmission system operator assesses that the application of the Regional Coordination Centre’s measures relating to coordinated capacity calculation and coordinated security analysis would cause a disruption of the electricity transmission system’s operational security, it may decide not to apply those measures and shall be obliged to notify the Regional Coordination Centre and the electricity transmission system operators in the system operation region and to provide an explanation for the decision.

(7) A review of coordinated actions or recommendations shall be initiated at the request of one or more electricity transmission system operators in the system operation region. After reviewing the coordinated action or recommendation, the Regional Coordination Centre shall confirm or amend the measure.

(8) A request for taking a coordinated action from the activities referred to in paragraph (3) of this Article may be submitted to the Regional Coordination Centre by one or more Member States of the European Union or Contracting Parties to the Energy Community from the common system operation region.

CHAPTER V

ELECTRICITY DISTRIBUTION

Electricity Distribution System Operator

Article 162

(1) The electricity distribution system operator or the vertically integrated undertaking that is the founder of the electricity distribution system operator on the territory of the Republic of North Macedonia shall be the owner of the electricity distribution network consisting of substations, line infrastructure facilities - transmission lines, facilities and assets that serve to the performance of the energy activity of electricity distribution.

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

(3) The electricity distribution system operator shall be responsible for ensuring the long-term capability of the system, which should respond to the reasonable demand for electricity distribution, operation, maintenance and development based on the economic conditions of a safe, secure and efficient electricity distribution system in its area, environmental protection and energy efficiency.

(4) The electricity distribution system operator shall treat system users or categories of system users equally and non-discriminatoryly, in particular to the benefit of its subsidiaries.

(5) The electricity distribution system operator shall provide system users with the information they need for efficient access to the system, including use of the system.

(6) The electricity distribution system operator shall procure electricity to cover electricity losses in the electricity distribution system, in a transparent, non-discriminatory manner and under market conditions.

(7) In the procurement of products and services necessary for efficient, secure and safe operation of the electricity distribution system, the electricity distribution system operator shall adopt rules which it shall develop in coordination with the electricity transmission system operator and other relevant market participants. The rules shall be developed and adopted in a fair, transparent and non-discriminatory manner. Electricity distribution system operators shall be obliged to publish and apply the conditions for procurement of products and services, including, where appropriate, the rules and tariffs, in a non-discriminatory manner and in a manner that reflects real costs.

(8) In carrying out the tasks referred to in paragraph (7) of this Article, electricity distribution system operators shall procure ancillary services not involving frequency regulation necessary for the relevant electricity distribution system in a transparent and non-discriminatory manner and under market conditions, except in cases where the Energy Regulatory Commission has given an opinion that the procurement of ancillary services not involving frequency regulation is economically unviable, thereby granting a derogation. The obligation to procure ancillary services not involving frequency regulation shall not apply to fully integrated network components.

(9) In the procurement of the products and services referred to in paragraph (7) of this Article, the electricity distribution system operator shall ensure effective participation of all market participants offering energy from renewable sources, market participants involved in demand response, energy storage facility operators and aggregators that meet the market participation requirements and have the appropriate technical characteristics set out in the rules.

(10) Distribution system operators shall cooperate with the transmission system operator in the planning and operation of their networks, in particular by exchanging the necessary information and data concerning the operation of generation capacities and demand response, day-to-day operations and long-term planning of network investments, in order to ensure economic, safe and secure development and operation of their networks and coordinated access to resources, such as distributed generation, energy storage or demand response that can support their specific needs.

(11) The distribution system operator shall cooperate with other electricity distribution system operators and participate in the work of the ECDSO-E in order to promote completion and operation of the internal market in electricity and to promote the optimal management and coordinated operation of distribution and transmission systems.

Separation of Activities

Article 163

(1) An undertaking that holds a license to carry out the activity of electricity distribution may not hold a license and may not participate in the performance of the activities of generation, storage, transmission, organization and management of the electricity market, trade and/or supply of electricity.

(2) If the electricity distribution system operator is part of a vertically integrated electricity undertaking, in terms of its legal personality, organization and decision-making, it must be independent and act independently of the other activities, referred to in paragraph (1) of this Article, of the vertically integrated electricity undertaking that are not related to electricity distribution. The electricity distribution system operator shall not be obliged to separate the ownership of the assets of the distribution system from the vertically integrated electricity undertaking.

(3) In order to ensure independence of the electricity distribution system operator and the fulfilment of the obligation to provide a public service in a non-discriminatory, fair and transparent manner, the electricity distribution system operator shall ensure that:

1. entities participating in the management and administration of the electricity distribution system operator cannot participate in the management and executive structures of legal entities performing activities of generation, transmission, trade, supply, storage of electricity and organization and/or management of the electricity market;

2. the entities participating in the management and administration of the electricity distribution system operator shall be independent in their work and decision-making from the vertically integrated undertaking, and

3. the decision-making of the electricity distribution system operator regarding the means necessary for operation, maintenance and development of the system shall be independent of the interests of the vertically integrated electricity undertaking to which it belongs, for which the electricity distribution system operator shall have at its disposal the necessary human, technical, financial and material resources.

(4) If the electricity distribution system operator is part of a vertically integrated electricity undertaking:

1. its independence shall not exclude the right of the vertically integrated electricity undertaking to approve the annual financial plan of the electricity distribution system operator and to determine the framework for indebtedness of the electricity distribution system operator;

2. a vertically integrated electricity undertaking shall not be entitled to give instructions to the electricity distribution system operator in relation to its day-to-day operations, nor in relation to its individual decisions for construction or upgrading of the electricity distribution network that fall within the approved financial plan or an appropriate planning document, and

3. the electricity distribution system operator may not use the advantages of its vertical integration to distort competition, and in particular may not create confusion in its communication and use of its name as to the separate identity of the supply undertaking that is part of the vertically integrated electricity undertaking.

(5) The electricity distribution system operator, regardless of the organizational form, upon prior approval by the Energy Regulatory Commission, shall appoint a compliance officer and adopt a compliance programme determining the measures to be taken to prevent discrimination of electricity distribution system users on any grounds, determining the obligations of employees in the programme implementation and determining the manner of monitoring the compliance of the electricity distribution system operator's operations with the programme.

(6) The compliance officer of the electricity distribution system operator shall submit to the Energy Regulatory Commission for approval an annual report stating the measures taken during the previous year and the measures to be taken in the following year, within the compliance programme referred to in paragraph (5) of this Article. The electricity distribution system operator, upon approval of the report by the Energy Regulatory Commission, shall publish it on its website.

(7) The compliance officer of the electricity distribution system operator shall have access to all necessary information from the electricity distribution system operator, as well as from any affiliated undertaking to the electricity distribution system operator, for the purpose of fulfilling their tasks.

(8) As an exception to paragraph (1) of this Article, an undertaking carrying out the activity of electricity distribution may also carry out the activity of electricity supply if less than 100,000 customers are connected to its electricity distribution system.

Duties of an Electricity Distribution System Operator

Article 164

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

1. ensure secure and reliable operation of the electricity distribution system it manages;

2. ensure long-term ability of the system to meet justified demands for electricity distribution;

3. develop, upgrade and maintain the electricity distribution system it manages under economically justified conditions with special attention to safety, reliability, efficiency and environmental protection;

4. ensure reliable, safe and high-quality distribution and delivery of electricity through the electricity distribution system it manages, in a non-discriminatory and transparent manner and in accordance with the prescribed quality;

5. connect producers, storage facilities and customers of electricity to the electricity distribution system it manages at economically and technically optimal points, as well as enable third-party access to use the electricity distribution system;

6. provide the users of the electricity distribution system with the information they need to access the electricity distribution system it manages in a timely manner;

7. enable suppliers to have electronic access to the list of customers, by designating the connection category in accordance with the distribution tariff system, as well as their consumption for the last 12 months;

8. facilitate the procedure for connecting renewable energy sources and energy storage facilities to the electricity distribution system;

9. enable demand-side management;

10. enable users to have access to energy markets;

11. contribute to digitalization of the system it manages, including development of smart grids and installation of smart metering systems;

12. give priority to electricity generated from energy from renewable sources or high-efficiency combined cycle plants in accordance with Article 104 paragraph (2) of this Law when delivering electricity;

13. keep the register of metering points and users of the electricity distribution system;

14. publish on its website all fees for each category of connections previously approved by the Energy Regulatory Commission;

15. publish on its website a plan for maintenance of the electricity distribution network in accordance with the electricity distribution network rules, after prior approval by the Energy Regulatory Commission;

16. harmonize the operation of the electricity distribution system with the operation of the electricity transmission system;

17. procure system services and electricity to cover losses in the electricity distribution network under market conditions in a transparent, non-discriminatory and competitive manner in accordance with the rules for procurement of electricity, which it shall prepare and adopt after prior approval by the Energy Regulatory Commission;

18. measure the electricity taken into and delivered from the electricity distribution system it manages;

19. enable visual access to users to the metering devices owned by it or by the vertically integrated undertaking;

20. keep a dispatch book, records on confidentiality of communication systems, data from the monitoring and management system, as well as metering data and to keep such data, books and records for at least 10 years;

21. upon request of the electricity transmission system operator, to provide it with information for assessing the demand for electricity;

22. implement measures to improve the efficiency of electricity distribution;

23. establish and implement systems for managing data security, cyber security and data protection and to cooperate with the authorities competent for these issues;

24. participate in the preparation of the network rules for electricity transmission in the part related to the operation and planning of the electricity distribution system;

25. participate in the work of local self-government units in the preparation of spatial plans and local development plans, programmes and strategies for issues affecting the electricity distribution system;

26. upon prior approval by the Energy Regulatory Commission, to adopt a plan for reducing losses;

27. upon prior approval by the Energy Regulatory Commission, to adopt the price list for non-standard services of the relevant electricity system operator referred to in Article 188 of this Law, and to publish them on its website; and

28. submit data to the electricity market operator on suppliers participating in the retail market.

(2) The fee for use of the electricity distribution system shall be paid by the electricity users connected to the electricity distribution network. The electricity distribution system operator shall collect the fee for use of the electricity distribution system from customers connected to its system, as well as the fee for use of the electricity transmission system in accordance with the published tariffs.

(3) The electricity distribution system operator may enter into contracts with electricity suppliers or traders authorizing them to collect the fees referred to in paragraph (2) of this Article from the customers connected to the electricity distribution network.

(4) The electricity distribution system operator may, upon request of a customer, change the connection category and accordingly update the list referred to in paragraph (1) item 7 of this Article. A change in connection category may not be made if the customer has initiated a procedure for changing supplier.

(5) The electricity distribution system operator may temporarily interrupt the delivery of electricity from the electricity distribution network when carrying out scheduled inspections, tests, control measurements, maintenance, reconstructions, expansions of networks, devices and installations, as well as in the event of a need to prevent risks of disturbances in the electricity system, and shall notify users thereof in accordance with the electricity distribution network rules.

(6) The electricity distribution system operator shall cooperate with the electricity transmission system operator and the electricity market operator in order to ensure participation of market participants connected to the electricity distribution network. The provision of balancing services by balancing service providers connected to the electricity distribution system shall be carried out in cooperation with the electricity transmission system operator, in accordance with the balancing energy market rules.

(7) The Energy Regulatory Commission may allow the electricity distribution system operator to carry out activities other than those specified in this Law, if such activities enable the electricity distribution system operator to fulfil the obligations specified in this Law or a regulation adopted on the basis of this Law. The Energy Regulatory Commission may allow the electricity distribution system operator to own, develop and operate other networks, other than the electricity distribution network.

Electricity Distribution System Development Plan

Article 165

(1) The electricity distribution system operator shall be responsible for long-term planning of the electricity distribution system’s development in the area in which it operates.

(2) The electricity distribution system operator shall be obliged to every two years prepare a system development plan for the next five years, which should contain information on the development of the electricity distribution system in accordance with the requirements set out in the distribution network rules and information on the needs for connecting new users to the electricity distribution network submitted by the competent institutions and participants in the electricity market, as well as the needs and possibilities for construction and connection of electricity storage facilities and electric vehicle charging stations.

(3) The electricity distribution system operator shall, no later than 1 October of the year in which the plan has been adopted, initiate a procedure to harmonize the draft plan with the Ministry, regarding the necessary expansions and upgrades of the electricity distribution system for the purpose of possibilities for construction of new electricity generation capacities from energy from renewable sources and achieving the national objectives and indicative trajectory for energy from renewable sources, energy efficiency, reduction of greenhouse gas emissions and increasing the security of electricity supply, which shall end no later than 25 October.

(4) After completing the harmonization procedure referred to in paragraph (3) of this Article, the electricity distribution system operator shall conduct consultations regarding the system development plan with the electricity distribution network users and with the electricity transmission system operator and shall submit the plan, together with the results of the consultations, no later than 15 November for approval to the Energy Regulatory Commission. During the approval procedure, the Energy Regulatory Commission may request amenments to the submitted plan. The electricity distribution system operator shall adopt the approved plan and publishes it on its website.

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

(6) The electricity distribution system operator shall, for each regulated period determined in accordance with Article 61 paragraph (8) of this Law, prepare a plan for investment in the electricity distribution system, in line with the plan referred to in paragraph (2) of this Article, and shall submit it for approval to the Energy Regulatory Commission. The plan shall, in particular, display the expected increase in the efficiency of the electricity distribution system’s operation by reducing electricity losses and improving the quality of electricity supplied from the electricity distribution network, as a result of the planned investments, as well as the impact on the increase in the number of power plants using energy from renewable sources and their spatial distribution.

Use of Flexibility Services in Distribution Networks

Article 166

(1) The electricity distribution system operator shall, in the five-year system development plan, based on a cost-benefit analysis, present in a clear and simple manner:

1. the needs for use of flexibility services, including demand-side management, aggregation, congestion management and electricity storage;

2. the taking of energy efficiency measures to improve the efficiency of the electricity distribution system management and development, and

3. how and to what extent the use of the measures referred to in item 2 of this paragraph reduces or postpones the need for upgrading or maintenance of the electricity distribution system.

(2) Based on the analysis referred to in paragraph (1) of this Article, the Energy Regulatory Commission shall determine whether the procurement of flexibility services:

1. is economically justified;

2. reduces the need for upgrading or maintenance of the electricity distribution system;

3. enables efficient and safe operation of the electricity distribution system, and

4. does not lead to market distortions or congestion in the electricity distribution system on a larger scale.

(3) If the Energy Regulatory Commission determines that the effects of the use of flexibility services are positive, it shall allow the electricity distribution system operator to procure services from all market participants, including market participants offering energy from renewable sources, demand-side management service providers, energy storage facility operators and aggregators, on the basis of transparent, non-discriminatory and market-based procedures and standardized market products for flexibility services.

(4) The electricity distribution system operator, upon prior approval by the Energy Regulatory Commission in a transparent process with participation of system users and the electricity transmission system operator, shall establish a list of specifications for flexibility services procured on the market as standardized service packages on the electricity markets in the Republic of North Macedonia and in the region and publish it on its website.

(5) The electricity distribution system operator shall be obliged to ensure equal conditions for the offers of energy and services referred to in paragraph (3) of this Article.

(6) When procuring and activating flexibility services for the needs of the electricity distribution system, the electricity distribution system operator and the electricity transmission system operator shall exchange all necessary information and coordinate for the purpose of optimal use of resources for the provision of flexibility services, safe and efficient operation of the system and facilitating the development of the electricity market and the flexibility services market.

(7) In accordance with the methodology establishing electricity distribution tariffs referred to in Article 61 paragraph (1) item 1 of this Law, the electricity distribution system operator shall be reimbursed for the costs associated with the procurement of flexibility services, including the costs of the necessary information and communication technologies and infrastructure costs.

(8) In the electricity distribution network rules, the electricity distribution system operator shall determine the technical conditions for provision of system services and flexibility services.

Electricity Metering

Article 167

(1) The electricity distribution system operator shall be obliged to meter the electricity it receives and delivers to the users connected to the electricity distribution network through metering devices, in accordance with this Law and the electricity distribution network rules.

(2) The metering devices, including smart metering systems, shall be owned by the electricity distribution system operator or the vertically integrated undertaking.

(3) The difference in the costs for installing or replacing the metering devices referred to in paragraph (2) of this Article, not covered by the connection fee for the customer, shall be borne by the electricity distribution system operator, and shall be reimbursed through the electricity distribution tariff.

(4) The location of the metering devices shall be determined by the electricity distribution system operator depending on the technical capabilities of the location, which may be within or beyond the premises of the property of the users connected to the electricity distribution network. If the electricity distribution system operator determines that the replacement of the existing metering device requires relocation of the metering point, it shall be obliged to carry out the relocation at its own expense with minimal disruption to the provision of the service to the user and with minimal damage to the user's property. The electricity distribution system operator shall be obliged to compensate for the damage to the user's property incurred as a result of relocation of the metering point.

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

1. reading the metering devices;

2. control, installation, supervision, replacement and maintenance of the equipment at the metering point;

3. disconnection of the system user when they act contrary to the conditions for using the electricity distribution network prescribed in the electricity distribution network rules, and

4. disconnection of the customer, at the request of the supplier, in accordance with the provisions of the electricity supply rules.

(6) The electricity distribution system operator shall be obliged to submit the collected and processed data from the metering points to:

1. the electricity market operator if the distribution system user participates in that market;

2. the electricity transmission system operator, for balancing purposes as well as for distribution system users participating in the balancing energy market;

3. the supplier or aggregator, including the data required for balancing;

4. the producer and operator of an electricity storage facility connected to the distribution system, from its metering point;

5. the customer for their consumption, upon their request without delay and without charge, in an easily understandable and comparable form; and

6. other persons, including citizen energy communities, communities for use of energy fro renewable sources and active customers.

Electricity Distribution Network Rules

Article 168

(1) The electricity distribution system operator shall be obliged, upon prior approval by the Energy Regulatory Commission, to adopt electricity distribution network rules, based on the principles of system interoperability, fairness and non-discrimination, which shall be published in the “Official Gazette of the Republic of North Macedonia” and on its website.

(2) The electricity distribution network rules shall in particular regulate:

1. conditions and manner of third-party use and access to the electricity distribution system;

2. procedure for connecting users to the electricity distribution network based on the principle of non-discrimination for connecting different users to the system;

3. technical and technological conditions and manner of connecting customers, storage facilities and electricity producers to the electricity distribution network;

4. technical and other conditions for safe and secure operation of the electricity distribution system and provision of quality service;

5. technical and technological conditions, method of connection and method of use and access to the electricity distribution system by users who produce electricity from energy from renewable sources for their own consumption, as well as method of transmitting the electricity generated to the electricity distribution network;

6. technical norms and standards regarding equipment, devices and materials used in making connections;

7. technical and technological conditions for operation of electricity generation facilities in operation mode with a trial operation license;

8. planning, maintenance and development of the electricity distribution system;

9. method of coordination with electricity distribution system users in the event of scheduled outages;

10. measures, activities and procedures in the event of disruptions and accidents;

11. methodology for determining the fee for connecting to the electricity distribution network;

12. confidentiality of business data of users of the electricity distribution system’s services;

13. functional requirements and accuracy class of the metering devices, as well as the method of metering electricity and capacity;

14. quality of electricity supplied through the electricity distribution system;

15. quality of services that the electricity distribution system operator provides to users;

16. content of the electricity distribution system development plans, as well as method and procedure according to which the system users submit the necessary data for preparation of the development plans;

17. submission of data on long-term forecast of electricity consumption to the electricity transmission system operator;

18. communication protocols for supervision, operation and management of the electricity distribution system;

19. technical conditions for connecting electric vehicle charging stations;

20. technical conditions for providing system services and flexibility services;

21. manner and procedure for providing information to system users, and

22. content of the price list referred to in Article 164 of this Law.

(3) In the case where there are several electricity distribution system operators, the Energy Regulatory Commission shall ensure mutual harmonisation of the individual electricity distribution network rules.

(4) Based on a request submitted by the electricity distribution system operator, the Energy Regulatory Commission, in accordance with the rules referred to in paragraph (2) of this Article, may adopt a decision on exemption from the application of individual obligations arising out of the for electricity distribution network rules.

Integration of Electromobility into the Power Grid

Article 169

(1) The electricity distribution system operator shall not be entitled to own, develop or operate an electric vehicle charging station, unless the station is owned by it and used exclusively for its own needs.

(2) As an exception to paragraph (1) of this Article, the Ministry may, by decision, permit an electricity distribution system operator to own, develop or operate electric vehicle charging stations, if the following conditions are met:

1. The Energy Regulatory Commission has approved the conditions contained in the tender documentation for tender procedure for selection of a person who owns, develops or operates electric vehicle charging stations, carried out by the electricity distribution system operator;

2. following an open, transparent and non-discriminatory tender procedure organised by the electricity distribution system operator, no participant has been granted the right to own, develop, use or operate electric vehicle charging stations, i.e. the participants in the procedure have offered prices less favourable than the prices on competitive markets in the region, and

3. the electricity distribution system operator operates the charging stations in accordance with the provisions on third-party access of this Law and does not discriminate against the users of the system in favour of its affiliated undertakings.

(3) The Energy Regulatory Commission shall prepare guidelines for preparation and implementation of the tender procedure.

(4) If the electricity distribution system operator has been granted a permit to own, develop or operate electric vehicle charging stations in accordance with paragraph (2) of this Article, the Ministry shall, periodically or at most every five years, conduct a public consultation to determine the potential interest of other entities in owning, developing or operating electric vehicle charging stations.

(5) If, as a result of the public consultation referred to in paragraph (4) of this Article, it is determined that other entities are interested in owning, developing or operating electric vehicle charging stations and, following a tender procedure, another person acquires the right to own, develop or operate electric vehicle charging stations, the Ministry shall adopt a decision ordering the electricity distribution system operator not to commence activities for construction of new charging stations, and to decommission the existing charging stations within 18 months. The Energy Regulatory Commission may reimburse the electricity distribution system operator for the costs of investments in the electric vehicle charging infrastructure that have not been recovered through the sale or previous operation of the infrastructure through the electricity distribution tariff.

(6) The electricity distribution system operator shall cooperate on a non-discriminatory basis with any person who owns, develops or operates electric vehicle charging stations, including their connection to the grid.

(7) The electricity distribution system operator shall coordinate with the electricity transmission system operator in determining the locations of charging stations with a capacity equal to or higher than 50 kW.

(8) The Minister shall prescribe in more detail the manner of integrating electromobility into the electricity grid.

(9) In order to increase the participation of electric vehicles in transport and achieve the objectives for participation of energy from renewable sources contained in the Integrated National Energy and Climate Plan, the Energy Regulatory Commission may adopt a decision determining the highest prices of electricity for charging electric vehicles, which shall not exceed the average retail prices of transport fuels, established in accordance with the regulation referred to in Article 61 paragraph (1) item 3 of this Law, in the previous six months and taking into account the capacity of the charging devices.

(10) Charging electric vehicles shall not constitute a supply of electricity.

Cooperation of the Electricity Transmission System Operator with Electricity Distribution System Operators

Article 170

(1) The electricity transmission system operator and the electricity distribution system operator shall cooperate to ensure economic and secure development and operation of their systems, and in particular in:

1. planning the development of the systems, investments in increasing transmission capacity and connecting new users in order to ensure economic and secure development and operation of their networks;

2. exchanging information necessary for the daily operation and performance of generation capacities connected to the respective system and demand response service providers; and

3. coordinating and sharing resources, including distributed generation, energy storage or demand response services that can serve the needs of both systems.

(2) The electricity distribution system operator shall cooperate with the electricity distribution system operators of the other Contracting Parties to the Energy Community through the Coordination Group of Energy Community Distribution System Operators in Electricity, for the purpose of:

1. promoting and supporting the completion and operation of the common electricity market;

2. promoting optimal management and coordinated operation of the distribution and transmission systems; and

3. representation and cooperation within the Association of European Distribution System Operators.

Closed Electricity Distribution System

Article 171

(1) The Energy Regulatory Commission may grant the status of a closed electricity distribution system to a system in which electricity is distributed within a geographically limited area in which industrial production, electricity generation, commercial activities or shared services are carried out, and electricity is not supplied to households, if:

1. due to special technical or safety reasons, the activities or generation process of the users of that network are integrated;

2. electricity is distributed through the system primarily to the owner or operator of the system or its affiliated undertakings, or

3. electricity generated by multiple power plants connected to a single connection point of the electricity transmission network is distributed through the system in order to optimize connection costs.

(2) The Energy Regulatory Commission shall regulate the conditions and criteria for granting the status of a closed electricity distribution system by means of a rulebook.

(3) The Energy Regulatory Commission shall issue to the system operator referred to in paragraph (1) of this Article a license for carrying out the energy activity of electricity distribution, which shall determine the rights and obligations of the closed electricity distribution system operator.

(4) The Energy Regulatory Commission may exempt the closed electricity distribution system operator from the obligations for:

1. procurement of system services and electricity to cover electricity losses according to procedures based on the principles of transparency, non-discrimination and competition;

2. approval of tariffs, as well as methodologies on the basis of which tariffs are set, before their entry into force;

3. procurement of flexibility services in accordance with Article 166 of this Law;

4. not to own, develop or operate electricity storage facilities, and/or

5. not to own, develop or operate electric vehicle charging stations.

(5) Where an exemption from paragraph (4) of this Article has been granted, the user of the closed electricity distribution system may request the Energy Regulatory Commission to review and approve the tariffs or methodologies on which the calculation of the applied tariffs is based.

(6) The exemption from paragraph (4) of this Article shall apply where the closed distribution system is occasionally used by a small number of households in the area of ​​the closed system, despite the fact that a member of the household is employed or otherwise engaged by the owner of the closed distribution system.

Additional Revenue

Article 172

(1) The electricity distribution system operator may, with the approval by the Energy Regulatory Commission, generate revenues from providing use of the electricity distribution infrastructure in accordance with Article 262 of this Law.

(2) When providing use under paragraph (1) of this Article, the electricity distribution system operator shall ensure that the use of the network by third parties does not affect the safety, security and efficiency of operations, while meeting all security requirements, including cybersecurity standards.

(3) The electricity distribution system operator shall keep the revenues generated in accordance with paragraph (1) of this Article in a separate account and shall notify the Energy Regulatory Commission thereof.

(4) When setting the electricity distribution tariff, the Energy Regulatory Commission shall take into account the revenues generated by the electricity distribution system operator in accordance with paragraph (1) of this Article.

(5) The electricity distribution system operator may use the revenues generated pursuant to paragraph (1) of this Article for implementation of projects from the plan referred to in Article 165 of this Law, upon prior approval by the Energy Regulatory Commission.

CHAPTER VI

ELECTRICITY SUPPLIERS AND TRADERS

Electricity Supplier

Article 173

(1) The electricity supplier shall procure electricity in the Republic of North Macedonia and/or from abroad for the purpose of selling it to its customers, other suppliers, traders, operators of the electricity transmission or distribution system, electricity producers for optimization of their operations, as well as to other electricity market participants.

(2) The electricity supplier shall procure electricity on the bilateral contracts market and on the organized market, at unregulated prices.

(3) The electricity supplier shall independently determine the price at which it sells electricity.

(4) The electricity supplier shall ensure the necessary transmission and/or distribution capacity from the relevant operators for quantity of electricity it has undertaken to deliver to its customers.

(5) The electricity supplier shall be obliged, in accordance with this Law and the regulations and rules adopted on the basis of this Law, to:

1. procure electricity for its customers;

2. deliver the quantities of electricity it procured in order to fulfill the obligations set out in the supply contracts;

3. fulfil its obligations towards customersin terms of the security, volume and dynamics of supply;

4. assume balancing responsibility for its customers, in particular for households and small customers;

5. provide services to its customers with the quality set out in the rules for electricity supply;

6. ensure non-discriminatory treatment of all customers, in particular for customers from remote areas;

7. publish on its website the general conditions of its electricity supply contracts for customers;

8. enable customers to receive regular and accurate notifications of actual electricity consumption and costs, so that customers can manage their own consumption;

9. enable switching suppliers in a transparent and non-discriminatory manner;

10. ensure that, in the event of any change of electricity supplier, the customer receives final closure of the account within six weeks of the date of change of the supplier;

11. establish procedures for efficient resolution of complaints by its customers within 60 days from the date of filing the complaint, including the possibility of out-of-court dispute resolution and an obligation to return and/or compensate funds when justified;

12. pay for the purchased quantities of electricity, as well as the reserved capacity and regulated services from the electricity transmission system operator and/or electricity distribution system operators;

13. submit to the electricity transmission system operator and the electricity market operator data on transactions and electricity consumption plans for its customers, necessary for the calculation of imbalances;

14. ensure appropriate protection of confidential data from contracts entered into on the bilateral contracts market, and

15. publish general statistical data related to its customers, taking into account the confidentiality of the data.

Submission and Publication of Data

Article 174

(1) The producer, supplier and trader of electricity shall provide the Energy Regulatory Commission, i.e. the Commission for Protection of Competition, in accordance with the regulations governing the protection of competition, with access to data relating to all its transactions for purchase and sale of electricity and derivatives, including derivatives on the financial market, with wholesale buyers, as well as with the electricity transmission system operator, the electricity distribution system operator or the electricity market operator carried out in the last five years.

(2) The universal supplier shall provide the Energy Regulatory Commission, i.e. the Commission for Protection of Competition, in accordance with the regulations governing the protection of competition, with access to data relating to all its transactions carried out since the day of its registration as an electricity market participant.

(3) The electricity supplier shall, as a last resort, provide the Energy Regulatory Commission, i.e. the Commission for the Protection of Competition, in accordance with the regulations governing the protection of competition, with access to data relating to all transactions for purchase and sale of electricity and derivatives, including derivatives on the financial market, with wholesale buyers, electricity transmission or distribution system operators or electricity market operator, agreed for at least a period of the last five years.

(4) The data referred to in paragraphs (1), (2) and (3) of this Article shall contain detailed indicators for each transaction, such as: duration, delivery and settlement rules, quantities, dates and times of execution and prices of the transaction and means of identification of the relevant wholesale customer, as well as more significant details of all outstanding contracts for electricity supply and electricity derivatives.

(5) Upon request from a market participant, the Energy Regulatory Commission may provide access to the data provided to it in accordance with paragraphs (1), (2) and (3) of this Article, provided that commercially sensitive information about individual market participants or individual transactions is not published.

(6) The criteria for providing access referred to in paragraph (5) of this Article shall be prescribed by the Energy Regulatory Commission in a rulebook, which shall be published on its website.

(7) Upon request from the Energy Community Secretariat, the Energy Regulatory Commission shall provide access to the data referred to in paragraphs (1), (2) and (3) of this Article.

Communication with Customers

Article 175

(1) The universal electricity supplier shall be obliged to establish a single contact centre, which is staffed and technically equipped and through which it shall provide its customers in a timely manner, in a transparent and non-discriminatory manner, without payment of compensation, with all necessary information regarding their rights and obligations, the application of applicable regulations and the methods of handling complaints and resolving disputes, in accordance with the supply rules referred to in Article 64 of this Law.

(2) An electricity supplier that is not a universal supplier shall provide its customers in a transparent and non-discriminatory manner, without payment of compensation, with all necessary information regarding their rights, obligations, the application of applicable regulations, the methods of handling complaints and resolving complaints in accordance with the supply rules, in an appropriate and acceptable manner, which shall not exclude the possibility of establishing a contact centre, if acceptable to the supplier.

(3) The information referred to in paragraphs (1) and (2) of this Article shall be governed by the supply rules and shall in particular refer to:

1. applicable electricity prices;

2. standard conditions for provision and the manner of use of the services;

3. different payment methods that prevent discrimination between customers;

4. procedure, conditions and manner for changing supplier;

5. possibility of resolving complaints, including the possibility of out-of-court settlement of disputes and the obligation to return and/or compensate funds when justified;

6. actual consumption and costs of electricity, so that they can manage their consumption within a certain time frame depending on the technical features of the metering devices installed;

7. any change in the conditions of the supply contract, including increase in the price, at least 15 days before the commencement of their application, including the right to terminate the contract if the customer does not accept the new conditions offered in the notification;

8. conditions, manner and procedure for inclusion in the category of vulnerable customers, and

9. conditions, manner and procedure for starting electricity supply of a last resort.

(4) The electricity supplier shall be obliged to adjust the business hours of the single contact centre referred to in paragraph (1) of this Article to the needs of customers and to provide information, as well as to receive requests and complaints from customers, in person or through electronic means of communication.

(5) The electricity supplier shall provide its customers with a list of practical information on customer rights and publish it on its website.

(6) The electricity supplier may supply customers through metering devices for common areas only if the person managing the common area enteres into contract with the supplier whereby they accept to pay for all electricity supplied metered through the metering device, in accordance with the rules for electricity supply.

Change of Supplier

Article 176

(1) Every customer shall be entitled to change their supplier.

(2) The change of supplier shall be made at the request of the customer.

(3) Electricity suppliers and operators of the relevant systems shall enable the procedure for changing supplier to be carried out within 48 hours of receipt of the request for change, in a non-discriminatory manner in terms of costs and actions and in a procedure prescribed by the electricity supply rules.

(4) Households and small customers shall be entitled to change supplier without any costs.

(5) As an exception to paragraph (4) of this Article, the electricity supplier may charge compensation for economic loss if the customer unilaterally and prematurely terminates a supply contract for a specified duration and a fixed price, and the termination has not been not due to a failure to fulfil obligations by the supplier, where the compensation has been foreseen in the contract and the customer was previously informed of the possibility of paying the compensation.

(6) The compensation referred to in paragraph (5) of this Article shall be proportionate and shall not exceed the direct economic loss to the supplier resulting from the termination of the contract, including the costs of investments or services related to the supply, which have already been provided to the customer as part of the supply contract, with the burden of proving the direct economic loss being on the supplier or aggregator, including the costs of any investments or services already provided to the customer as part of the contract. The customer shall be entitled to file a complaint before the Energy Regulatory Commission regarding the calculated compensation referred to in paragraph (5) of this Article.

(7) The conditions of the supply contract relating to the compensation referred to in paragraph (5) of this Article shall be monitored by the Energy Regulatory Commission. The burden of proving the direct economic loss shall be borne by the supplier or market participant.

(8) Households shall be entitled to participate in schemes for collective switching of supplier.

(9) The provisions of this Article shall apply accordingly to customers and suppliers referred to in Article 180 of this Law.

(10) The provisions of this Article shall not apply to supplies of a last resort.

Electricity Trader

Article 177

(1) The electricity trader shall, in accordance with this Law and the regulations and rules adopted on the basis of this Law, purchase electricity in the Republic of North Macedonia and/or abroad for the purpose of sale to other electricity market participants, as well as for sale abroad.

(2) The electricity trader shall be obliged to promptly submit to the electricity transmission system operator and the electricity market operator information on the quantities of electricity and the corresponding time schedules from all electricity purchase and sale contracts, as well as from contracts for cross-border transactions through the electricity transmission network, in accordance with the rules for registration for electricity market participation and regulation of the bilateral contracts market, the rules and conditions or methodologies for allocation of cross-border transmission capacities under Article 143 paragraphs (4), (5) and (6) of this Law.

(3) When an electricity trader carries out cross-border electricity transactions, it shall be obliged to lease sufficient cross-border transmission capacity for the electricity it has undertaken to deliver to its customer, in accordance with this Law and the regulations and rules adopted on the basis of this Law.

(4) The electricity trader shall be obliged to deliver the quantities of electricity it has purchased in order to fulfil the obligations set out in the contracts entered into on the bilater contracts market, as well as to ensure appropriate protection of confidential data from the contracts.

CHAPTER VII

CUSTOMER PROTECTION

Electricity Customers

Article 178

(1) Every electricity customer may, at their own choice, be supplied with electricity from a supplier, in accordance with the conditions set out in this Law and the electricity supply rules.

(2) An electricity customer may have entered into more than one contract for the supply of electricity at the same time, provided that they have separate connection points and metering devices.

(3) A customer participating in the wholesale electricity market may purchase electricity directly from traders or producers of electricity or from an organized electricity market.

(4) A customer participating in the wholesale electricity market may purchase electricity from a producer, supplier or trader of electricity from another country, which has acceded to all valid international treaties in the field of electricity that the Republic of North Macedonia has ratified and applies the rules and regulations adopted in accordance with this Law.

(5) The operator of the relevant system shall interrupt the delivery of electricity to customers who do not have an electricity supply contract or have not arranged their balancing responsibility in accordance with the terms of this Law and the regulations and rules adopted on the basis of this Law, except for households and small customers of electricity supplied by the universal supplier.

Electricity Supply Contract

Article 179

(1) Electricity suppliers and customer shall regulate their mutual rights and obligations by means of a supply contract.

(2) As an exception to paragraph (1) of this Article, if no supply contract has been entered into between the universal supplier and the customer, the general conditions for supply prescribed in the rules for electricity supply shall apply to their mutual rights and obligations.

(3) The general conditions offered by suppliers to customers and the provisions regulating the rights and obligations of customers in supply contracts shall be fair, transparent, clear, precise and shall not contain additional requirements that may hinder the exercise of customer rights, and suppliers shall be obliged to make them available to customers before entering into the supply contract.

(4) In addition to the conditions set out in this Law and the rules for electricity supply, the laws in the field of contractual relations and customer protection shall apply accordingly to electricity supply contracts.

Dynamic Electricity Supply Contract

Article 180

(1) Electricity suppliers, with the exception of the universal supplier, shall be entitled to enter into dynamic electricity supply contracts with customers.

(2) Suppliers shall inform customers about the possibilities, costs and risks of dynamic electricity supply contracts, as well as about the need to install smart metering systems.

(3) At the request of a customer who has installed smart metering systems, a supplier with more than 200,000 customers shall be obliged to enter into a dynamic electricity supply contract.

(4) A customer may enter into a dynamic electricity supply contract with several suppliers in accordance with the rules for electricity supply.

(5) The supplier shall obtain consent of the customer before amending or entering into an annex to the supply contract with a dynamic electricity supply contract.

(6) The Energy Regulatory Commission shall monitor the application of dynamic electricity supply contracts, the offers of these contracts on the market, as well as their impact on customer bills and the level of price volatility, for at least 10 years from their availability, and shall publish the findings in the report referred to in Article 72 of this Law.

Aggregation Contract

Article 181

(1) End customers participating in the electricity market, active customers, electricity producers and operators of electricity storage facilities connected to the electricity transmission or distribution network, who meet the technical and other conditions specified in the rules for the balancing energy market and the relevant network rules, may, at their own discretion, enter into an aggregation contract with an energy activity provider acting as an aggregator:

1. regardless of whether it is a contracting party to a valid electricity supply contract, contract for purchase of generated or stored electricity or another aggregation contract, and

2. without prior consent from the existing electricity supplier or aggregator.

(2) Before entering into the aggregation contract, the aggregator shall provide the person referred to in paragraph (1) of this Article with all necessary information on the terms of the offered contract.

(3) During the execution of the aggregation contract entered into, at least once in each billing period, and/or upon request of the person referred to in paragraph (1) of this Article, in a non-discriminatory manner and without compensation:

1. the aggregator shall provide unhindered access to the data necessary for generation management, demand-side management or electricity storage management, and

2. the operator of the relevant electricity system shall provide unhindered access to the data on its energy and capacity delivered, i.e. off-taken.

(4) The electricity supplier shall not impose discriminatory technical and administrative requirements, conditions, procedures or additional fees on the final customer who has entered into an aggregation contract, nor shall it impede the aggregation contract.

Active Customer

Article 182

(1) An active customer shall not be subject to disproportionate or discriminatory technical and administrative requirements, procedures and fees for access and connection to the grid, as well as for participation in the electricity market.

(2) An active customer shall be entitled to:

1. sell the generated electricity to its supplier with the supply contract entered into with it contains provisions for purchase of electricity generated;

2. sell the generated electricity on the wholesale electricity market, as follows:

2.1. directly, if the installed capacity of the plant is above the threshold determined by the rules for registration ofparticipation in the electricity market and regulation of the bilateral contracts market, or

2.2. indirectly through an aggregator or supplier, or

2.3. to sell the electricity from its own generation, including through electricity purchase contracts;

3. participate in mechanisms for ensuring system flexibility and energy efficiency schemes.

(3) The active customer may authorize a third party for installation, maintenance and operation of electricity generation plant, including data processing, whereby the third party shall not be considered an active customer.

(4) The active customer shall pay a fee for use of the network, determined in a transparent and non-discriminatory manner, to the operator of the relevant system, for the electricity taken from the network.

(5) The active customer directly participating in the electricity market shall previously regulate its balancing responsibility.

(6) The active customer owning an energy storage facility:

1. shall be entitled to connection to the network within a reasonable period of time after the request, if it meets the conditions prescribed by the regulations and rules adopted on the basis of this Law;

2. shall not be subject to double fees for electricity stored that it uses for its own needs or for the provision of flexibility services to the electricity system operators;

3. shall not be required to obtain a license for an electricity storage operator and shall not be subject to disproportionate licensing requirements or fees; and

4. may participate in the balancing energy market where it may provide multiple services simultaneously, if technically feasible.

Citizen Energy Community

Article 183

(1) The citizen energy community may perform:

1. generation of electricity for its own consumption or for sale on the electricity market as an active customer;

2. supply of electricity to the community;

3. aggregation;

4. storage of electricity and delivery thereof to meet the needs of the community;

5. distribution through a closed distribution system;

6. energy efficiency services, including demand-side management;

7. electric vehicle charging services, and

8. other energy services to its members in accordance with the Law on Energy Efficiency and the rules and regulations adopted on the basis of this Law.

(2) The citizen energy community shall perform energy activities in accordance with this Law and the rules and regulations adopted on the basis of this Law and the licenses issued, whereby by becoming a member of the citizen energy community, customers shall not lose their rights and obligations regarding access to the network and electricity supply, which they have as households or active customers.

(3) When a member of a citizen energy community joins or leaves a citizen energy community, the provisions on changing suppliers under Article 176 of this Law shall apply accordingly.

(4) The relevant rules adopted on the basis of this Law shall contain provisions regulating the manner of exercising the rights and obligations of citizen energy communities in relation to:

1. participation in the electricity markets;

2. possibility of being owners or becoming operators of closed electricity distribution systems and of independently managing them under the conditions and in accordance with the provisions of paragraph (11) of this Article, and

3. the possibility of facilitated delivery of electricity to and from the community through the electricity distribution system, for which the electricity distribution system operator shall be granted fair compensation.

(5) The rules adopted on the basis of this Law regulating the manner of exercising the rights and obligations of the citizen energy communities shall ensure that the citizen energy community:

1. is treated in a non-discriminatory and proportionate manner with regard to its rights and obligations as a final customer, producer, supplier, distribution system operator, energy storage facility operator, demand response service provider or aggregator;

2. is treated as an active customer in accordance with Article 181 paragraph (3) of this Law, with regard to the consumption of electricity generated by the community's generation facilities, and

3. regulates balancing responsibility.

(6) The citizen energy community shall be entitled to distribute the electricity generated by the community's generation facilities among its members in accordance with the mutually agreed obligations.

(7) The citizen energy community shall be established and operate in accordance with the provisions of this Law, the Law on Associations and Foundations and/or the Law on Cooperatives, as well as the regulations adopted on the basis of these laws.

(8) The citizen energy community shall, no later than 30 days before the commencement of operations, publish on its website the conditions and manner of joining and withdrawing members, management and decision-making, the activities it carries out and the services it provides for its members, the manner of distribution or use of profits, as well as other information of importance for the operation of the community.

(9) A member of a citizen energy community may withdraw from membership in the community without losing the right to use the network operated by the community.

(10) The following shall apply to the metering points of the members of the citizen energy community connected to networks that are not owned or operated by the community:

1. special metering that registers the electricity delivered and taken into or from the network, and

2. electricity transmission and distribution tariffs adopted by the Energy Regulatory Commission.

(11) The Energy Regulatory Commission may grant the electricity distribution network owned or operated by the citizen energy community the status of a closed electricity distribution system, or grant the citizen energy community the status of an operator of a closed electricity distribution system in accordance with the provisions of this Law, whereby the regulations and rules governing the rights and obligations of a closed electricity distribution system shall apply.

(12) Tariffs determined by the Energy Regulatory Commission shall apply to members of the citizen energy community connected to the distribution network operated by the community.

(13) If the Energy Regulatory Commission has exempted the citizen energy community from the obligation to approve tariffs for electricity distribution in accordance with Article 171 paragraph (4) item 2 of this Law, the tariff for the members of the community shall be set by the community on the basis of a previously conducted analysis of the costs and benefits of distributing electricity.

(14) The Energy Regulatory Commission shall monitor the removal of unjustified obstacles and restrictions to the development of the consumption of self-generated electricity and citizen energy communities.

Demand-Side Management

Article 184

(1) An final customer connected to the electricity transmission or distribution network that meets the technical conditions and requirements for demand-side management, set out in the balancing energy market rules, may sell demand-side management services to all electricity markets, independently or through an aggregator, under non-discriminatory conditions as well as producers, in accordance with the rules governing the relevant electricity market.

(2) An aggregator that has entered into an aggregation contract with an final customer may sell demand-side management services independently of other market participants.

(3) Any market participant that has entered into an aggregation contract, including independent aggregators, shall be entitled to participate in the electricity market without the consent of other market participants.

(4) When procuring system services, the electricity transmission system operator and the electricity distribution system operator shall not discriminate, provided that the technical requirements are met, regardless of whether the services offered are provided by an final customer or by an aggregator as a demand-side management service or by electricity generation or storage or by other technology.

(5) The Energy Regulatory Commission, in cooperation with the electricity transmission system operator, the electricity distribution system operator and the electricity market operator and after prior consultations with significant market participants and final customers, shall determine the technical requirements for participation of demand-side management service providers in the electricity market, depending on the characteristics of the market and the technical capabilities of the service provider.

(6) The Energy Regulatory Commission, based on the technical requirements for participation established and referred to in paragraph (5) of this Article, shall adopt rules for demand-side management, which shall in particular regulate:

1. rights and obligations of final customers and aggregators, including independent aggregators, offering demand-side management services and other market participants in relation to the supply, purchase and activation of demand-side management services;

2. procedures for exchange of information between the entities referred to in item 1 of this paragraph, as well as for protection of commercially sensitive information and personal customer data; and

3. distribution of balancing responsibility between final customers offering demand-side management services through aggregation and the aggregator.

(7) The supplier whose final customer offers demand-side management services independently or through independent aggregators may not impose additional restrictions, fees, contractual penalties and other restrictions in the supply contract with the final customer.

(8) As an exception to paragraph (7) of this Article, the Energy Regulatory Commission may adopt a decision to determine a monetary compensation that the final customer or the aggregator offering demand management services shall pay to its supplier or its balance responsible party, if the activation of the service creates additional costs for them.

(9) The decision referred to in paragraph (8) of this Article shall take into account:

1. that only the costs directly arising from the activation of the demand-side management service and its duration shall be compensated;

2. that the amount of the compensation shall not constitute an obstacle to the market participation of the final customer or the aggregator or to the application of other flexibility measures in the electricity transmission or distribution system, and

3. the benefits that other market participants derive from the application of the demand-side management service, whereby the compensation shall cover the difference between the costs and benefits calculated cumulatively for all market participants

Invoice for Electricity Consumed

Article 185

(1) The electricity supplier, based on the meterings of electricity consumed performed by the relevant system operator, shall invoice its customers for the electricity delivered at the agreed price, in particular including in the invoice:

1. fee for electricity consumed, excluding value added tax;

2. fee for use of the electricity distribution and/or transmission system, if a contract has been entered into with the relevant system operator, excluding value added tax;

3. fee for electricity from energy from renewable sources generated by preferential producers using feed-in tariffs, excluding value added tax;

4. fee for use of the electricity market, excluding value added tax;

5. the tax rate at which value added tax is calculated in accordance with the law for the relevant turnover specified in items 1 to 4 of this paragraph, and

6. the amount of value added tax calculated for each turnover specified in items 1 to 4 of this paragraph.

(2) In the event that the electricity consumed has not been metered by the relevant system operator for the accounting period, the supplier shall prepare the invoice based on assumed consumption, which shall be adjusted to the actual consumption once every six months in the current year and shall issue a corrected invoice for the relevant accounting period, and upon request of the customersit shall submit a clear and understandable explanation of the manner in which it has been prepared. The corrected invoice shall be issued no later than the deadline set for correcting the tax return in accordance with the law regulating value added tax.

(3) The electricity supplier may not charge the customer a fee for preparing and submitting the invoice for the electricity consumed, as well as for the information contained in the invoice.

(4) The Energy Regulatory Commission shall, in the rules for electricity supply, regulate in more detail the obligations of the supplier in relation to invoices for the electricity consumed, as follows:

1. the information contained in the invoice and the manner of its presentation;

2. the manner of preparing the calculation contained in the invoice, especially in cases where the calculation is not prepared in accordance with the actual consumption;

3. the manner of submitting and paying the invoice; and

4. providing information regarding changes in electricity prices and the commencement of the application of the changed prices.

(5) When drafting the rules referred to in paragraph (4) of this Article, the Energy Regulatory Commission shall consult the authorized bodies for protection of collective interests and rights of customers, as well as with customer organizations when considering changes in the requirements for the content of invoices.

(6) When issuing an invoice for electricity consumed, the electricity supplier shall also apply the law governing value added tax.

Introducing Smart Metering Systems

Article 186

(1) In order to actively participate in the electricity market, promote energy efficiency and optimize the use of electricity, the electricity transmission and distribution system operators shall be obliged to conduct a technical and economic analysis of all costs and benefits for the market, as well as to increase energy efficiency from the introduction of smart metering systems, and to submit it to the Energy Regulatory Commission.

(2) If the analysis referred to in paragraph (1) of this Article shows that the introduction of smart metering systems is justified, the Energy Regulatory Commission shall propose to the Government to adopt a decision on the introduction of smart metering systems in the Republic of North Macedonia.

(3) The Energy Regulatory Commission shall submit the analysis referred to in paragraph (1) of this Article to the Energy Community Secretariat.

(4) When performing the analysis referred to in paragraph (1) of this Article, the electricity transmission and distribution system operators shall take into account:

1. the economically viable model for introduction of smart metering systems by the relevant electricity system operator;

2. the time frame with dynamics for introduction of smart metering systems;

3. the methodology for the analysis of costs and benefits and the minimum technical functions of smart metering systems applied in the European Union, and

4. the best available techniques for ensuring the highest level of cyber security and data protection.

(5) If, based on the analysis referred to in paragraph (1) of this Article, it is determined that the introduction of smart metering systems is unjustified, the Energy Regulatory Commission shall, every four years, and more frequently if necessary, oblige the electricity transmission and distribution system operators to review the existing analysis and shall notify the Government and the Energy Community Secretariat of the results.

(6) If the Government adopts a decision to introduce smart metering systems, the decision shall also determine the dynamics for introduction of smart metering devices for the following 10 years, whereby within seven years from the adoption of the decision, 80% of customers should have smart metering devices installed.

(7) The Energy Regulatory Commission shall monitor the dynamics of the smart metering system establishmet and report on it in its annual reports.

(8) If the Government adopts a decision to introduce a smart metering system, the Energy Regulatory Commission shall take into account the costs of introducing smart metering systems as justified when setting the tariffs for electricity transmission and distribution and when approving the development plans of the relevant electricity system operators.

Functionality of Smart Metering Systems

Article 187

(1) The smart metering system should meet the following requirements:

1. to accurately meter the actual consumption of electricity and for the final customer to have view into their electricity consumption on a daily basis;

2. to enable metering and calculation of electricity that the final customer has taken from the network, i.e. the electricity that the active customer has taken from the network and delivered to the network, in the calculation interval for calculating deviations in accordance with the rules for the balancing energy market;

3. to provide the final customer, i.e. the active customer, with simple and secure access to confirmed historical consumption data through a standardized interface at no additional cost;

4. to provide simple and secure access to the final customer, i.e. the active customer, to unconfirmed consumption data on a daily basis by registering values ​​every 15 minutes, through remote access in order to enable support for automated energy efficiency programmes, demand-side management and other services, as well as interoperability at no additional cost;

5. the security of smart metering systems and data communication is in accordance with cybersecurity rules, as well as with the available techniques for ensuring cybersecurity, commensurating with the costs, and

6. protection of personal and business data of final customers in accordance with data protection regulations.

(2) Before the installation of smart metering systems or during the installation, the relevant electricity system operator shall provide the final customer with appropriate instructions and information, in particular with regard to all the possibilities of the smart metering system with regard to the management of the reading and monitoring of energy flows in each direction, as well as with regard to the processing of personal data in accordance with the regulations governing the protection of personal data.

(3) At the request of the final customer, the relevant electricity system operator shall make available to the customer or a third party acting on their behalf, via remote access, the data on the electricity they have supplied to the network and the data on the electricity consumed, in an easily understandable form, which allows them to make comparisons under the same conditions.

(4) The customer, in accordance with paragraph (3) of this Article, may download their metering data or transfer them to another party at no additional costs and in accordance with the right to data portability regulated by law.

Right to Use Smart Metering System

Article 188

(1) If, in accordance with the analysis referred to in Article 186 of this Law, it is determined that the introduction of smart metering systems is unjustified, the relevant electricity system operator shall be obliged, at the request of the final customer or at the request of the supplier with the consent of the final customer, to install smart metering systems that meet the technical requirements set out in Article 187 of this Law.

(2) In the offer for installation of smart metering systems, the relevant electricity system operator shall provide the applicant with precise information on:

1. the functions and interoperability supported by the smart metering device;

2. the available services and benefits that can be delivered by using the smart metering device, and

3. the costs borne by the applicant.

(3) The costs referred to in paragraph (2) item 3 of this Article shall be calculated in accordance with the price list for non-standard services of the relevant electricity system operator referred to in Article 164 of this Law, approved by the Energy Regulatory Commission and published on the operator's website.

(4) The relevant electricity system operator shall be obliged to install the smart metering device within a reasonable period of time, but no later than four months from the date of submission of the request referred to in paragraph (1) of this Article.

(5) The relevant electricity system operator shall be obliged to update the offer of smart metering systems and the possibilities for upgrading the installed smart metering devices at least every two years in accordance with the latest technological developments.

Conventional Metering Devices

Article 189

(1) The relevant electricity system operator shall be obliged to install a conventional metering device at each final customer's metering point that is not equipped with smart metering systems, which accurately measures the actual consumption at that final customer's metering point.

(2) The conventional metering device shall enable simple and direct reading by the final customer or shall enable reading to be carried out remotely or through another appropriate interface.

Data Management

Article 190

(1) Data management shall ensure efficient and secure access to data and effective data exchange, as well as data protection and security.

(2) The electricity system operator shall regulate in the relevant network rules the issues related to the management, processing, exchange and access to metering data and final customer consumption data, as well as data required in the procedure for changing supplier and data required for demand-side management, in accordance with this Law and the data protection regulations.

(3) The electricity system operator shall be obliged to provide access to the data referred to in paragraph (2) of this Article in a simple and non-discriminatory manner and under equal conditions to market participants who have a business interest in using them.

(4) The compliance officer in the relevant electricity system operator shall monitor the application of the conditions for access to data referred to in paragraph (3) of this Article and shall notify the Energy Regulatory Commission of any deviation.

(5) The electricity system operator shall be obliged to provide the final customer with access to the data referred to in paragraph (2) of this Article free of charge or, upon request, to make them available to a third party.

(6) The electricity system operator, upon prior approval by the Energy Regulatory Commission, shall determine a fee for access to the data referred to in paragraph (2) of this Article for market participants who have a business interest in using them.

(7) In order to promote competition in the retail electricity market and avoid excessive administrative costs for market participants, full interoperability of energy services within the Energy Community and the application of the procedures for access to data referred to in this Article shall be ensured.

SECTION NINE

NATURAL GAS MARKET

CHAPTER I

NATURAL GAS MARKET ORGANIZATION

Natural Gas Marketis

Article 191

(1) The gas market shall include the wholesale gas market, the retail gas market and the balancing services market.

(2) The wholesale gas market shall include:

1. bilateral contracts market, and

2. an organized market.

(3) A bilateral contracts gas market is a market where the purchase and sale of gas is carried out directly between gas market participants through a bilateral gas purchase and sale contract.

(4) An organized gas market may be a day-ahead market and an intraday market, where the purchase and sale of gas between gas market participants is carried out through a gas exchange.

(5) The retail gas market shall include purchase and sale of gas between gas suppliers and their customers who are not participants in the wholesale gas market.

(6) Gas trading on the gas markets referred to in paragraph (1) of this Article shall be carried out freely and based on the economic interests of each market participant.

(7) Based on the principles of transparency and non-discrimination:

1. The gas market operator shall manage the bilateral contracts market and the organised gas market, and

2. The gas transmission system operator shall organise and manage the balancing services market.

Principles of Operation of Gas Markets

Article 192

The Energy Regulatory Commission, the gas transmission system operator, the gas distribution system operator and the gas market operator shall ensure that the operation of the gas markets is based on the following principles:

1. price formation based on demand and supply;

2. increased competition in the retail gas market, allowing customers to benefit from the opportunities offered by the markets;

3. enabling customers to participate in the gas market;

4. equal participation in the market of all participants, including electricity producers and heat producers, in accordance with the conditions provided for in this Law;

5. cross-border flow and cross-border transactions of gas with the Contracting Parties to the Energy Community and the Member States of the European Union;

6. All producers of biomethane and hydrogen, as well as all traders and suppliers of gas shall be directly or indirectly responsible for the sale of biomethane and hydrogen they produce, i.e. the natural gas, biomethane and hydrogen they import.

Organized Natural Gas Market

Article 193

(1) The organised gas market shall:

1. be organised in a transparent and non-discriminatory manner, ensuring individual or joint access of market participants, as well as protection of the confidentiality of commercially sensitive information and identity when trading in gas;

2. enable market participants to reduce imbalances and to participate in cross-zonal trade as close to real time as possible across all bidding zones;

3. provide market prices that reflect the value of gas in real time protecting market participants against risks when entering into contracts for long-term products and setting prices for regulated services;

4. ensure operational security, thus enabling maximum use of transmission capacity, and

5. ensure equal treatment of trading within the bidding zone and between bidding zones.

(2) Trading on the organised gas market shall be regulated by the gas market rules.

(3) Each participant in the gas market referred to in paragraph (1) of this Article shall have balancing responsibility.

Market Participants

Article 194

(1) Participants in the wholesale gas market shall be:

1. gas traders;

2. gas suppliers;

3. gas customers, except households and small customers;

4. the gas transmission system operator;

5. the gas distribution system operator;

6. the closed gas distribution system operator;

7. the gas storage facility operator, and

8. the gas market operator.

(2) The gas market participants referred to in paragraph (1) of this Article shall be obliged to provide the gas transmission system operator, the gas distribution system operator and the gas market operator with all necessary data in accordance with the gas transmission network rules, the gas distribution network rules and the gas market rules.

(3) Each gas market participant referred to in paragraph (1) of this Article shall have balancing responsibility.

Natural Gas Market Operator

Article 195

(1) The gas market operator shall be an undertaking carrying out the activities related to organization, efficient operation and development of the bilateral contracts market and the organized gas market.

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

1. management of the gas bilateral contracts market;

2. organization and management of the organized gas market for gas trade in the Republic of North Macedonia and/or connection to other organized gas markets;

3. calculation of the quantities of the necessary balancing service for the purpose of setting the price of imbalance energy, and in accordance with the data received from the gas transmission system operator;

4. calculation of the imbalances of the balance responsible parties in accordance with the final daily schedule and the meterings received from the gas transmission system operator, gas distribution system operators;

5. financial settlement and control over the financial coverage of recognized imbalances based on quantitative settlement of imbalances;

6. timely submission to the gas transmission system operator of all information necessary for preparation of the final daily schedules for purchase and sale of gas within and beyond the borders of the Republic of North Macedonia;

7. keeping records of all contracts for participation in the gas market entered into with the participants;

8. keeping records of all contracts for formation of balancing groups enering into between the gas market participants and the gas market operator;

9. preparation of a daily market plan;

10. establishing and keeping a registry of gas market participants;

11. publishing information necessary for the smooth organization and management of the gas market, and

12. providing the necessary services to the gas supplier of last resort, in order to adequately meet the needs of its customers.

(3) The gas market operator, the gas transmission system operator, the gas distribution system operators and the supply undertakings shall provide the competent state authorities with access to the records of physical gas transactions regulated by the gas market rules.

(4) The Energy Regulatory Commission may decide to provide gas market participants with access to the records referred to in paragraph (3) of this Article, provided that commercially sensitive information on individual market participants or individual transactions is not disclosed.

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

(6) The gas market operator shall ensure confidentiality of the business data that the gas market participants are obliged to submit to it.

Separation of Activities

Article 196

(1) An undertaking holding a license to carry out the activity of organization and management of the gas market may not be a licensee and may not participate in the transmission of gas and management of a gas system, distribution, trade and supply of gas.

(2) In the case where the gas market operator is an entity owned by the gas transmission system operator, the gas transmission system operator shall ensure its independence from the gas market operator in terms of legal form, organization and decision-making, in accordance with the programme referred to in Article 206 of this Law.

(3) In order to ensure independence of the gas market operator, the same entity or entities shall not be entitled to at the same time:

1. participate directly or indirectly in the management and administration of an undertaking carrying out activities of production, storage, supply or trade in gas and at the same time to directly or indirectly manage or exercise another right in the gas market operator;

2. directly or indirectly participate in the management and administration of the gas market operator and at the same time directly or indirectly manage or exercise another right in an undertaking carrying out activities of production, storage, supply or trade in gas;

3. appoint members of the supervisory body, management body of the gas market operator, and at the same time directly or indirectly manage or exercise another right in an undertaking carrying out activities of production, storage, supply or trade in gas, and

4. be a member of a supervisory body, a management body or any of the bodies legally representing the gas market operator and at the same time to be a member of an appropriate body or body in an undertaking carrying out activities of gneration, storage, supply or trade in gas.

Natural Gas Market Rules

Article 197

(1) The Energy Regulatory Commission, in cooperation with the gas market operator and the gas transmission system operator, shall adopt gas market rules based on the principles of transparency, non-discrimination and competition.

(2) The gas market rules referred to in paragraph (1) of this Article shall enable:

1. encouraging free price formation and avoiding activities that prevent price formation from being based on demand and supply;

2. developing production capacities that increase the flexibility of gas transmission and distribution systems and that enable sustainable production with reduced greenhouse gas emissions and more flexible demand;

3. decarbonising the energy sector, and thus the economy, by enabling integration of biomethane and hydrogen from energy from renewable sources and by providing incentives for energy efficiency;

4. appropriate investment measures to support biomethane and hydrogen production capacities, in particular for long-term investments that achieve the objectives of decarbonisation of the energy sector, energy storage, energy efficiency and demand-side management to meet market needs and facilitate fair competition, thereby ensuring security of supply;

5. regional cooperation;

6. development of demonstration projects in sustainable, safe and low-carbon energy sources, technologies or systems;

7. efficient dispatching of gas storages;

8. market access of a gas storage operator and a gas supplier based on an assessment of the economic and financial viability of their operations, and

9. facilitating trade in energy products between the Contracting Parties to the Energy Community in accordance with the effects of short-term and long-term products on the gas markets, and

10. protecting gas market participants from the risks of price volatility and mitigating the uncertainty of the return on investment by enabling trading of long-term products on exchanges in a transparent manner and enabling long-term gas supply contracts to be negotiated outside the exchange in accordance with the regulations governing the protection of competition.

(3) The gas market rules shall in particular regulate:

1. the procedure for registration for participation in the wholesale gas market;

2. the conditions to be met by gas market participants;

3. the elements of gas market participation contracts;

4. the form, content and manner of keeping the registry of wholesale gas participants;

5. the establishment, organization and control of gas trading, including cross-border trading, in accordance with the obligations of membership in international organizations;

6. the responsibilities of balance responsible parties, including the entering into balance responsibility contracts;

7. the form, content and manner of keeping the registry of balance responsible parties;

8. the manner and procedure for establishing a balancing group;

9. the form, content and manner of keeping the registry of balancing groups;

10. taking the prescribed measures against market participants in the event of failure to fulfill their obligations;

11. the procedure and manner of collecting and submitting data to the Energy Regulatory Commission regarding the conditions and phenomena on the gas market, and

11. the procedures, principles and standards for organization and operation of the organized gas market, the principles and rules for financial settlement, the manner of publishing the data necessary for the operation of the market and other issues necessary for its operation.

(4) The Energy Regulatory Commission and the gas market operator shall publish the gas market rules on their websites.

Fees for Using the Gas Market

Article 198

(1) The gas market operator shall calculate and invoice the fee for using the gas market based on the transactions announced, applying the tariff determined in the decision adopted by the Energy Regulatory Commission in accordance with Article 62 paragraph (2) of this Law.

(2) Suppliers and traders may collect the fee for using the gas market from customers with whom they have entered into gas supply or sale contracts.

(3) The gas transmission system operator and the gas distribution system operator shall pay a fee for using the gas market when they purchase gas to cover losses and for their own needs.

Balancing Services Market

Article 199

(1) The gas transmission system operator shall ensure that the balancing services market, including pre-qualification for participation in the balancing services market, is organised in a manner that:

1. ensures non-discrimination between market participants, taking into account the different technical needs of system users;

2. ensures definition and procurement of services in a transparent, market-based and technologically independent manner, and

3. ensures non-discriminatory access to all market participants.

(2) The price of the balancing service shall be determined in a transparent and market-based manner, unless the price is determined in a manner regulated by the balancing services market rules, after prior approval by the Energy Regulatory Commission.

(3) The balancing services market shall ensure operational security, while enabling maximum utilisation and efficient allocation of cross-zonal capacity.

(4) Market participants shall be allowed to bid as close to real time as possible, and the deadline for offering balancing services shall not be before the intraday cross-zonal gate closure time.

(5) The gas transmission system operator shall provide balancing capacity on the balancing services market at national and regional level.

(6) The gas transmission system operator may request the Energy Regulatory Commission to activate other mechanisms to achieve the necessary operational security, if the standard balancing products or some of the capacities providing balancing services are not sufficient to achieve operational security of the gas transmission system.

(7) The request referred to in paragraph (6) of this Article shall contain a description of the proposed mechanisms to achieve operational security of the gas transmission system and that their use does not create significant inefficiency and distortion in the balancing services market.

Balacing Services Market Rules

Article 200

(1) The gas transmission system operator shall prepare balancing services market rules and, upon prior approval by the Energy Regulatory Commission, shall adopt and publish them in the “Official Gazette of the Republic of North Macedonia” and on its website.

(2) The rules referred to in paragraph (1) of this Article shall be objective, transparent, non-discriminatory and market-oriented and shall reflect the needs of the system, taking into account the resources available to the gas transmission system operator, and shall in particular regulate:

1. the rights and obligations of balancing service providers;

2. the procedure for procurement of balancing services;

3. the methodology for setting prices for balancing services, as well as the procedure for their calculation, invoicing and collection, which shall be non-discriminatory, reflect the costs actually incurred and enable minimization of balancing costs;

4. the manner of determining the activated quantities of balancing services that are settled between balancing service providers, and

5. the financial settlement with balancing service providers and balance responsible parties.

(3) In order to enable timely corrective measures to be taken by system users, the gas transmission system operator shall provide, free of charge, timely, sufficient and verified information on the fulfilment of the balancing responsibility by system users on its website.

(4) In accordance with the provisions of this Law and the rules referred to in paragraph (1) of this Article, the gas transmission system operator shall be obliged to:

1. determine the activated quantities of balancing services with each balancing service provider;

2. determine all imbalances with each balance responsible party;

3. calculate all necessary quantities of system services that it procures on the balancing services market;

4. calculate the settlement price for deviations of the balance responsible parties;

5. make financial settlements with the providers and users of balancing services, and

6. establish and keeping a registry of balancing service providers.

(5) The gas transmission system operator shall invoice the participants in the gas market a cost for balancing services compensating the deviations that have occurred from the announced physical transactions, at prices calculated in accordance with the methodology for calculating compensation for balancing services set out in the balancing energy market rules.

(6) Imbalance fees charged by the gas transmission system operator shall:

1. reflect the costs of balancing and provide appropriate incentive measures for system users for the purpose of balancing their gas delivery and off-take;

2. not contain cross-subsidies between system users, and

3. not hinder the entry of new market participants.

(7) The gas transmission system operator shall provide the gas market operator with all data necessary for calculation of imbalances.

(8) The gas transmission system operator shall report quarterly to the Energy Regulatory Commission on the contracts entered into with balancing service providers and their implementation.

(9) The gas transmission system operator shall be obliged to:

1. align the balancing mechanism set out in the rules referred to in paragraph (1) of this Article with the relevant balancing mechanisms of the other Contracting Parties to the Energy Community and Member States of the European Union and to optimise the balancing mechanism and the levels of balancing fees in order to facilitate gas trade, and

2. cooperate with other gas transmission system operators in order to facilitate the development of the balancing services market at regional level.

CHAPTER II

NATURAL GAS PRODUCTION AND STORAGE

Producer of Biomethane and Hydrogen

Article 201

(1) A producer of biomethane or hydrogen shall be entitled to:

1. connect to the gas transmission or distribution system, if the gas quality and technical conditions prescribed in the gas transmission network rules are met;

2. sell the biomethane or hydrogen produced on the gas market;

3. offer system services to the gas transmission system operator for the purpose of balancing the system, in accordance with the technical capacities and requirements set out in the balancing services market rules and the gas transmission network rules;

4. limit or completely stop the delivery of biomethane or hydrogen in the event of:

4.1. endangering the general safety and health of people;

4.2. regular maintenance or reconstruction of the production facility;

4.3. elimination of a defect in the production facility, and

5. purchase electricity or gas for production of hydrogen.

(2) The producer of biomethane, i.e. hydrogen shall be obliged to ensure that the produced biomethane, i.e. hydrogen, meets the criteria prescribed by the gas transmission network rules.

(3) The producer of biomethane, i.e. hydrogen shall submit to the gas transmission system operator and the gas market operator and the electricity market operator data and information from the contracts for purchase of electricity and gas and sale of biomethane and hydrogen, as well as the availability of production capacity and/or system services, except for business and financial data.

Natural Gas Storage

Article 202

(1) The gas storage facility operator shall:

1. maintain and develop the storage;

2. provide a gas storage service for the needs of other participants in the gas market;

3. purchase gas for its own needs and to cover losses in the storage in a transparent and non-discriminatory manner;

4. sell gas that users have not used within a previously agreed period or if their storage contract has been terminated;

5. may offer system services to the gas transmission system and the gas distribution system operator, in accordance with the technical characteristics and operating rules of the relevant system and the gas market operating rules; and

6. make available to the gas transmission or distribution system operator the data necessary for the operation of the system in accordance with the operating rules of the transmission or gas distribution system and the gas market operating rules.

(2) The storage facility operator shall be obliged to meet the prescribed technical and operational conditions, in particular those prescribed by the relevant network rules and technical regulations and shall act in accordance with the gas market rules.

(3) If there is only one gas storage facility operator on the territory of the Republic of North Macedonia, upon prior approval by the Energy Regulatory Commission, the gas storage facility operator shall determine a fee for access to the gas storage facility and adopt a storage tariff and publish it on its website.

Gas Storage Facility Operating Rules

Article 203

(1) The gas storage facility operator, upon prior approval by the Energy Regulatory Commission, shall adopt rules for the operation of a gas storage facility, which shall regulate:

1. conditions for safe, reliable and secure operation of the storage facility;

2. use and maintenance of the facilities that are part of the storage facility;

3. planning of the storage facility operation;

4. storage management and regulation of the flow and pressure during gas injection and extraction in a manner that ensures safe and secure operation in both cycles, in the event of interruptions and defects;

5. types of services offered by the storage facility operator;

6. conditions and procedures for access to the storage facility and allocation of capacity, instrument for securing payment and criteria for determining the amount and period for which it has been requested;

7. manner and dynamics of publishing aggregate data on the utilization of the storage facility capacity, and

8. other issues necessary for the operation of the storage facility and the operation of the market.

(2) The gas storage facility operator shall publish the rules referred to in paragraph (1) of this Article in the "Official Gazette of the Republic of North Macedonia" and on its website.

CHAPTER III

NATURAL GAS TRANSMISSION

Ownership unbundling of the Gas Transmission System Operator

Article 204

(1) The gas transmission system operator in the Republic of North Macedonia shall be an undertaking that:

1. owns the gas transmission system;

2. is not part of a vertically integrated undertaking;

3. is a licensee caarying out the energy activity of gas transmission;

4. does not carry out and is independent of the performance of other energy activities specified in this Law, and

5. is certified and appointed as a gas transmission system operator by the Energy Regulatory Commission, in a procedure determined by this Law.

(2) In order to ensure independence of the gas transmission system operator, the same entity or entities shall not be entitled to, at the same time:

1. directly or indirectly participate in the management and administration of an undertaking that carries out any of the activities of production, storage and/or supply of gas and to directly or indirectly manage or exercise any other right with the gas transmission system operator;

2. directly or indirectly participate in the management and administration of the gas transmission system operator and at the same time directly or indirectly manage or exercise another right in an undertaking that carries out any of the activities of production and/or supply of gas, and

3. appoint members of the supervisory body and the management body of the gas transmission system operator and at the same time directly or indirectly manage or exercise another right in an undertaking that carries out any of the activities of production and/or supply of gas.

(3) The restrictions from paragraph (2) of this Article, in particular, refer to:

1. exercise of voting rights;

2. election and appointment of members of the supervisory body and the management body of the undertaking, or

3. possession of a majority share.

(4) The gas transmission system operator may not hold licenses and may not be involved in the performance of the activities of production, storage, organization and management of the gas market, distribution, gas trade or gas supply.

(5) The gas transmission system operator and its employees may not transfer commercially sensitive information in their possession to gas production and/or supply undertakings.

(6) An undertaking that carries out any of the production or supply activities referred to in paragraph (2) of this Article shall also be considered an undertaking that carries out any of the electricity production or supply activities.

(7) An electricity transmission system operator shall also be considered a system operator referred to in paragraph (2) of this Article.

Owner of the Gas Transmission System Operator

Article 205

(1) The Ministry shall be the owner of the undertaking that is the operator of the gas transmission system.

(2) The Ministry shall be independent in making decisions on the selection of the supervisory body, i.e. the management body of the undertaking referred to in paragraph (1) of this Article and may not accept instructions or directions from the Government or another state body.

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

1. in a decision-making procedure in accordance with the law, may not request or accept instructions or directions from the Government or another state body except in the cases specified in this Law, and

2. may not be elected as members of the supervisory body, i.e. the management body of undertakings that produce or supply/trade in gas or undertakings that have the possibility of direct or indirect influence on the decision-making in those undertakings.

Complience Programme

Article 206

The gas transmission system operator, regardless of the organizational form, upon prior approval by the Energy Regulatory Commission, shall adopt a compliance programme determining the measures to be taken to prevent discrimination of gas transmission system users on any grounds, shall define the obligations of employees in the implementation of the programme and determine the manner for monitoring the compliance of the gas transmission system operator's operations with the obligations set forth in this Law and the programme.

Complience Officer

Article 207

(1) The implementation of the programme referred to in Article 206 of this Law shall be monitored by a compliance officer.

(2) The compliance officer referred to in paragraph (1) of this Article shall be appointed by the supervisory authority of the transmission system operator, upon prior approval by the Energy Regulatory Commission.

(3) The Energy Regulatory Commission shall not approve appointment of the compliance officer due to inexistence of independence or expertise.

(4) The supervisory authority may, upon prior approval by the Energy Regulatory Commission, dismiss the compliance officer. Upon request of the Energy Regulatory Commission, the supervisory authority shall dismiss the compliance officer for failure to meet the requirements for independence or expertise.

(5) The Energy Regulatory Commission shall approve the conditions governing the term of office and employment of the compliance officer, including the duration of their term of office or employment, in order to ensure independence, as well as all necessary conditions for exercising their powers and performing of their duties.

(6) During their terms of office, the compliance officer may not perform any other professional activity, nor have any interest or business relationship, directly or indirectly, with undertakings in the energy sector or with their partners or shareholders.

(7) The gas transmission system operator shall be obliged to provide the compliance officer with all data and information necessary for exercising their powers and, upon their request, to provide them with access to all areas and premises in which they perform their activities.

(8) The Compliance Officer shall be obliged to:

1. monitor the implementation of the compliance programme and prepare an annual report on the measures taken for its implementation, which they shall submit to the Energy Regulatory Commission;

2. submit reports to the supervisory authority and make recommendations regarding the compliance programme and its implementation, and

3. notify the Energy Regulatory Commission of significant violations in the implementation of the compliance programme.

(9) The Compliance Officer shall submit to the Energy Regulatory Commission the proposed investment plan and the proposed decisions for individual investments in the gas transmission system. The decisions shall also be submitted to the supervisory authority or the management authority for information or decision-making.

(10) The management body, the supervisory body and the management of the transmission system operator shall be obliged to invite the compliance officer to attend all scheduled meetings and to provide them with all necessary materials, in particular when deciding on:

1. conditions related to the services for access to and use of the gas transmission system relating to prices for use, allocation of transmission capacity and congestion management;

2. projects related to management, maintenance and development of the transmission system, including investments in interconnectors, and

3. purchase or sale of gas necessary for the operation of the gas transmission system, including system balancing services.

Certification of the Gas Transmission System Operator

Article 208

(1) The gas transmission operator must be certified as a gas transmission system operator in the manner, procedure and within the time limit specified in this Law.

(2) The procedure for certification of the gas transmission system operator shall be carried out:

1. at the request of the gas transmission system operator who has been issued a license for the gas transmission activity, or

2. ex officio by the Energy Regulatory Commission in the case:

2.1. when the gas transmission system operator has not submitted a certification application, or

2.2. when a violation of the provisions on ownership unbundling prescribed by this Law has occurred or may occur, or

3. upon a submitted reasoned request from the Energy Community Secretariat.

(3) The gas transmission system operator shall be obliged:

1. if not certified, to submit an application for certification accompanied by documents prescribed by the certification rules adopted by the Energy Regulatory Commission, and

2. to notify the Energy Regulatory Commission of all planned activities that would require a certification revision.

(4) Within four months from the date of submission of the application for certification by the gas transmission system operator or from the date of submission of the reasoned request by the Energy Community Secretariat referred to in paragraph (2) item 3 of this Article, the Energy Regulatory Commission shall adopt a draft decision for certification of the gas transmission system operator and shall immediately submit it to the Energy Community Secretariat together with all information related to the draft decision.

(5) Within 60 days from the date of receipt of the opinion from the Energy Community Secretariat, the Energy Regulatory Commission shall adopt a decision on the request for certification. The Energy Regulatory Commission shall take into account the opinion of the Energy Community Secretariat and shall publish the reasons for any possible deviation from the opinion.

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

(7) The Energy Regulatory Commission shall keep official records of the communication with the Energy Community Secretariat in relation to the procedure for certification of the gas transmission system operator. The official records shall be made available to the gas transmission system operator requesting certification, as well as to the public sector institutions concerned. The Energy Regulatory Commission shall be obliged to keep commercially sensitive data confidential.

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

(9) After completion of the certification procedure, the Energy Regulatory Commission shall issue a certificate to the gas transmission system operator designating it as a gas transmission system operator and confirming that it meets the requirements regarding ownership unbundling and independence, as well as the requirements regarding financial and material capacity and technical and personnel capacity, as well as other requirements prescribed by this Law.

Procedure for Certification of Third-Country Entities

Article 209

(1) Upon request from the operator or owner of the gas transmission system, the Energy Regulatory Commission shall conduct a procedure for certification of the gas transmission system operator that is under the control of an entity or group of entities from a third country or third countries.

(2) The operator or owner referred to in paragraph (1) of this Article shall be obliged to immediately notify the Energy Regulatory Commission of circumstances that may lead to taking over of control over it by an entity or group of entities from a third country or third countries.

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

(4) The Ministry shall, within two months of receiving the notification referred to in paragraph (3) of this Article, prepare an opinion containing an assessment of whether the issuance of the certificate may endanger the security of supply in the Republic of North Macedonia and/or the security of supply of a counterparty to the Energy Community or a Member State of the European Union, taking into account in particular:

1. the rights and obligations of the Energy Community in relation to the country or countries referred to in paragraph (1) of this Article which have arisen on the basis of international law and ratified international treaties relating to security of supply, including other contracts relating to security of supply entered into with one or more third countries to which the Energy Community is a contracting party,

2. the rights and obligations of the Republic of North Macedonia in relation to the country or countries referred to in paragraph (1) of this Article which have arisen on the basis of ratified international treaties with that country or countries to the extent that those treaties are in accordance with the legislation of the Energy Community, and

3. other specific circumstances.

(5) The Energy Regulatory Commission shall, within four months from the date of receipt of the application referred to in paragraph (1) of this Article, prepare a draft decision on certification, i.e. rejection of the application for certification.

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

1. the gas transmission system operator fails to prove that it meets the conditions prescribed in Article 204 of this Law, or

2. the issuance of the certificate endangers the security of supply of the Republic of North Macedonia and/or the security of supply of a counterparty or a member state of the Energy Community.

(7) The Energy Regulatory Commission shall immediately submit to the Energy Community Secretariat the draft decision referred to in paragraph (5) of this Article, accompanied by the documentation on the basis of which the decision has been adopted, for the purpose of obtaining an opinion.

(8) The Energy Regulatory Commission shall, within 60 days from the date of receipt of the opinion, i.e. the expiry of the deadline for submitting the opinion of the Energy Community Secretariat, adopt a decision on certification, i.e. rejection of the application for certification.

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

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

(11) If the decision of the Energy Regulatory Commission is not in accordance with the opinion of the Energy Community Secretariat, an explanation shall be published in addition to the decision.

Certification Revision

Article 210

(1) The Energy Regulatory Commission shall initiate a certification revision procedure if, while supervising the operation of the gas transmission system operator, or if it has been notified by the operator, or by the compliance officer referred to in Article 207 of this Law, or in any other manner, it has become aware that a change has occurred or is planned to occur in the ownership structure of the operator, or another change that may affect the fulfilment of the obligations set out in Articles 204, 205 and 211 of this Law.

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

(3) The Energy Regulatory Commission shall submit to the gas transmission system operator a notification of the initiation of the certification revision procedure, obliging it to provide the necessary documentation, data and information from which the planned or actual change can be determined, as well as the deadline for their submission, which may not be shorter than 15 days.

(4) Within 60 days from the date of receipt of the requested data, information and documentation, the Energy Regulatory Commission shall prepare a draft decision to issue a new or revoke the existing certificate and submit it for opinion to the Energy Community Secretariat.

(5) Within 60 days from the date of receipt of the opinion from the Energy Community Secretariat, the Energy Regulatory Commission shall adopt a decision to issue a new or revoke the existing certificate and publish it in the “Official Gazette of the Republic of North Macedonia” and on its website. When adopting the decision, the Energy Regulatory Commission shall take into account the opinion of the Energy Community Secretariat and shall publish on its website the reasons for any possible deviations from the opinion.

Rights and Obligations of the Gas Transmission System Operator

Article 211

(1) The gas transmission system operator shall maintain, upgrade and expand the gas transmission network, manage the gas transmission system and ensure connections with other systems, including gas transmission systems of other countries.

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

1. to contribute to the security of gas supply by ensuring reliable, safe, economically viable and high-quality transmission and delivery of gas through the transmission system;

2. to ensure reliable and secure operation of the gas transmission system and to improve its operability;

3. to have at all times available material, technical and human resources, as well as financial means necessary to fulfill its obligations regarding the development, upgrade and maintenance of the gas transmission system;

4. to provide all information necessary for access and use of the gas transmission system and to ensure access to the users of the gas transmission system;

5. in accordance with the gas transmission network rules, to connect gas distribution systems, biomethane and hydrogen producers and gas storage facilities to the gas transmission system, and to connect other users to the gas transmission system if this is economically justified;

6. to publish on its website the transmission tariffs, previously approved by the Energy Regulatory Commission;

7. to build new and upgrade existing transmission networks in the Republic of North Macedonia;

8. to build new and upgrade existing interconnection capacities with neighbouring countries, taking into account the efficient use of existing interconnection capacities and the balance between investment costs and benefits for customers;

9. to ensure cross-border gas flows through its transmission network within the available transmission capacity;

10. to develop an annual plan for maintenance of the transmission system and, after its approval by the Energy Regulatory Commission, to publish it on its website;

11. to prepare a final daily schedule for transmission and load of the gas transmission system and to record and store the data obtained in the process of preparing the final daily schedule;

12. to ensure daily dispatching and real-time management of the gas flow, taking into account internal and cross-border transactions through the gas transmission system, based on the final daily schedule;

13. to ensure synchronized operation of the gas transmission system with the transmission systems to which it is directly connected, as well as to cooperate and exchange data with the operators of other gas transmission systems;

14. to publish data and timely provide information from the operators of neighbouring gas transmission systems on the available transmission capacities of the interconnectors or transnational gas pipelines, in order to ensure efficient, non-discriminatory, objective and transparent access to and use of the gas transmission system;

15. to ensure installation and maintenance of metering devices and to meter the gas flow at all metering points at reception and delivery points in the transmission system and to submit the measurement data to system users and to the gas market operator;

16. to provide access to the users of the gas transmission system for reading the metering devices in their possession;

17. to procure system services for balancing the gas transmission system, in accordance with the rules for balancing the gas transmission system;

18. to establish and keep a registry of balancing service providers and a registry of balance responsible parties;

19. to prepare rules for procurement of gas to cover losses and for own needs in the gas transmission system and submit them to the Energy Regulatory Commission for approval;

20. to procure gas to cover losses and own needs in the gas transmission system in order to ensure safe and reliable operation of the gas transmission system under market conditions in a transparent, non-discriminatory and competitive manner;

21. to resolve congestion in the gas transmission network, in accordance with the gas transmission network rules;

22. to ensure the balancing of the gas transmission system and settlement of deviations and balancing services, in relation to providers and users of balancing services, as well as to ensure calculation, invoicing and collection of balancing services;

23. to keep records of and schedule physical transactions and to determine the necessary changes in the gas dispatch schedule in the event of a threat to gas supply, accidents or major deviations in gas consumption from the determined quantities within the technical capabilities of the gas transmission system, whereby the costs of gas procurement, by applying the balancing mechanism, shall be reimbursed by the gas market participants who caused the deviation;

24. to ensure confidentiality of business data of the gas transmission system users;

25. to participate in the work of regional and international organizations, and

26. to provide timely information to the gas transmission and distribution system operators to which it is connected in order to ensure safe and efficient operation of the systems and interconnectors.

(3) The gas transmission system operator shall make available to the gas market participants, at all entry and exit points, the total capacity of the system, taking into account the integrity of the system and the efficient operation of the network.

(4) The gas transmission system operator shall be obliged to keep a dispatch book, records of the reliability of the transmission system, data from the monitoring and control system and measurement data and to keep the books, records and data for at least 10 years.

(5) The gas transmission system operator shall be obliged to keep records of the transmission system’s operation in a manner determined by the gas transmission network rules and to notify the Energy Regulatory Commission thereof, upon its request.

(6) The gas transmission system operator may temporarily interrupt the delivery of gas from the transmission network it operates when carrying out scheduled inspections, tests, control meterings, repairs, maintenance, reconstructions and expansions of facilities, devices and installations, connecting new users, as well as in the event of a need to prevent risks of disruption in the gas transmission system. The transmission system operator shall carry out the method, procedure and notifications for such interruptions in accordance with the gas transmission network rules.

(7) The gas transmission system operator shall have the right to access the installations and metering and regulation stations that form an integral part of the transmission network it operates, and which are located on properties of customers, in a manner and under the conditions specified in the gas transmission network rules.

Coordinated Management of the Gas Transmission System

Article 212

(1) The gas transmission system operator shall cooperate with operators of other gas transmission systems of the Contracting Parties to the Energy Community and the Member States of the European Union, in order to:

1. ensure secure operation of the gas transmission system of the Republic of North Macedonia and the supply of gas to customers;

2. contribute to optimized management, coordinated operation and stable technical development of the European gas transmission network, and

3. establish, maintain and strengthen inter-zonal gas trade.

(2) The gas transmission system operator shall coordinate the management of the system and the allocation of cross-border transmission capacities with the gas transmission system operators referred to in paragraph (1) of this Article, covered by the territorial structures for regional cooperation established by the ratified international treaties.

Planning Development

Article 213

(1) The gas transmission system operator shall be obliged to prepare a gas transmission system development plan for the next 10 years every two years. The content of the plan shall be regulated by the gas transmission network rules and shall contain all necessary information for expansion and upgrading of the gas transmission system, including priorities for construction of new interconnectors agreed with the gas transmission system operators in the region.

(2) The gas transmission system operator shall be obliged to submit the plan referred to in paragraph (1) of this Article to the Ministry by 1 October of the year in which it has been adopted, which shall, within 20 days of the date of receipt of the plan, verify its compliance with the Integrated National Energy and Climate Plan and shall submit a reasoned written opinion to the operator.

(3) After receiving the opinion referred to in paragraph (2) of this Article, the gas transmission system operator shall, by 31 October, submit the harmonized plan for approval to the Energy Regulatory Commission and, upon approval by the Energy Regulatory Commission, publish it on its website.

(4) The gas transmission system operator shall prepare and submit to the Ministry and the Energy Regulatory Commission, by 31 October each year, one-year, five-year and ten-year forecasts for gas demand in the Republic of North Macedonia.

Failure to Implement the Investments

Contained in the Gas Transmission System Development Plan

Article 214

(1) The Energy Regulatory Commission shall monitor and assess the implementation of the plan referred to in Article 215 of this Law and, if it determines that the gas transmission system operator, within a period of three years, has failed to implement the investments envisaged in the plan, which are also part of the current plan, except in cases of force majeure, the Energy Regulatory Commission shall take at least one of the following measures:

1. adopt a decision ordering the gas transmission system operator to independently implement the investments, or

2. adopt a decision ordering the gas transmission system operator to organize a tender procedure for selection of an investor who will implement the investments.

(2) If the Energy Regulatory Commission adopts a decision to organize a tender procedure in accordance with paragraph (1) item 2 of this Article, it shall oblige the gas transmission system operator to take one or more of the following measures:

1. third-party financing of the investment;

2. third-party construction and implementation of the investment;

3. independent construction of the new infrastructure, and

4. independent management and use of the new infrastructure.

(3) In the cases referred to in paragraph (2) of this Article, the gas transmission system operator shall be obliged to provide the investor with all information necessary for the implementation of the investment, as well as undertake appropriate measures to facilitate the implementation of the investment project and the connection of the newly constructed infrastructure to the gas transmission network.

(4) The Energy Regulatory Commission shall approve the financial aspects for implementation of the investments in the cases referred to in paragraph (3) of this Article.

(5) If the Energy Regulatory Commission undertakes any of the measures referred to in paragraph (1) of this Article, the costs of the investment shall be reimbursed through the gas transmission tariff.

Gas Transmission System Investment Plan

Article 215

(1) For each period regulated and determined in accordance with Article 61 paragraph (8) of this Law, the gas transmission system operator shall prepare and submit for approval to the Energy Regulatory Commission transmission system investment plans, which shall in particular display the expected increase in the efficiency of the system operation as a result of the investments envisaged.

(2) The Energy Regulatory Commission shall ensure that the costs of implementing the investments referred to in paragraph (1) of this Article are reimbursed through the gas transmission tariff.

Gas Transmission Contracts

Article 216

(1) The gas transmission system operator shall be obliged:

1. to provide services for access to firm or interruptible capacity to a third party and to ensure that the price for the capacity subject to interruptions reflects the probability of interruptions and

2. to offer system users long-term and short-term services.

(2) The gas transmission system operator shall be obliged to offer system users gas transmission services by applying equal contractual conditions, previously approved by the Energy Regulatory Commission and published on its website.

(3) The tariffs that the gas transmission system operator applies to transmission contracts with non-standard transmission start dates or shorter duration than standard annual gas transmission contracts shall be determined in accordance with the gas transmission tariff system, by applying the principles set out in Article 61 paragraph (6) of this Law.

(4) The gas transmission system operator shall grant third party access if the access applicant provides guarantees for the payment of the service, which shall be determined on the basis of the principles of non-discrimination, transparency and proportionality and shall not constitute an obstacle to entry into the gas market.

Trading in Capacity Rights

Article 217

(1) The gas transmission system operator, in accordance with the gas transmission network rules, the gas market rules and the rules for allocation of cross-border transmission capacities, shall establish transparent and non-discriminatory procedures and conditions in the trading contracts that enable system users to sell on the secondary capacity market unused gas transmission capacity that they have purchased on the primary market, as well as the manner of notification and recognition of the right to capacity purchased on the secondary market upon prior notification by the system user.

(2) The gas transmission system operator shall be obliged, upon prior approval by the Energy Regulatory Commission, to publish on its website the procedures and conditions of the contracts referred to in paragraph (1) of this Article for trading capacities on the primary and secondary markets.

Fees for Access to the Gas Transmission System

Article 218

(1) The fees charged by the gas transmission system operator for access to the gas transmission system shall be determined on the basis of the tariffs approved by the Energy Regulatory Commission.

(2) The gas transmission system operator shall, when determining the fees referred to in paragraph (1) of this Article, ensure that the fees:

1. ensure maintenance and improvement of the gas transmission system’s integrity;

2. reflect the actual costs for access incurred, if such costs are transparent;

3. are applied in a non-discriminatory manner;

4. include an appropriate return on investments in the gas transmission system;

5. do not restrict the liquidity of the gas market;

6. do not distort cross-border trade between gas transmission systems, and

7. are not calculated on the basis of the length and duration of gas transport.

(3) In accordance with the tariff systems referred to in Article 62 of this Law, the Energy Regulatory Commission may decide to use market mechanisms such as auctions when determining tariffs, provided that it has previously approved those mechanisms and the revenues arising from them.

(4) The fees for each entry or exit point of the gas transmission system that the operator charges to the users of the gas transmission system shall be determined in accordance with the mechanisms and methodologies for determining and allocating costs in relation to entry and exit points, previously approved by the Energy Regulatory Commission and shall be applied in a non-discriminatory manner.

(5) If differences in tariffs or balancing mechanisms established by the gas transmission system operators in the region hinder gas trade in the region, the gas transmission system operator, in cooperation with the Energy Regulatory Commission, shall request the Energy Community Secretariat to take measures to appropriately harmonise tariffs and balancing mechanisms at regional level.

(6) The gas transmission system operator shall invoice the fee for the use of the gas transmission system to:

1. customers purchasing gas on the gas market, and

2. suppliers or traders supplying gas to customers and gas distribution system operators.

Gas Transmission Network Rules

Article 219

(1) The gas transmission system operator shall, upon prior approval by the Energy Regulatory Commission, adopt and publish in the “Official Gazette of the Republic of North Macedonia” and on its website the gas transmission network rules.

(2) The gas transmission network rules shall in particular regulate:

1. the technical and other conditions for safe and secure operation of the gas transmission system;

2. the technical and technological conditions and the manner of connection of the facilities, devices and installations to the gas transmission system;

3. the procedure for granting consent to users for connection to the transmission network, as well as the cooperation and obligations of the transmission system operator;

4. the methodology for determining the fee for connection to the transmission network;

5. the conditions and manner of third-party access to the transmission system, as well as the manner of determining the guarantees for payment for gas transmission services;

6. the manner of coordination with the users of the gas transmission system in cases of scheduled outages;

7. the content of the transmission system development plans and maintenance, as well as the manner and procedure according to which the users of the system shall submit the necessary data for preparation of those plans;

8. the manner and procedure for forecasting gas needs, as well as the obligations of the users of the gas transmission system in terms of submitting the necessary data required for preparation of forecasts for gas needs;

9. measures, activities and procedures in case of disturbances and accidents;

10. the functional requirements and accuracy class of the metering devices, as well as the manner of metering the gas quantities;

11. technical criteria for provision of system services;

12. the manner and procedure for publishing and allocating the available transmission capacity and managing overloads in the gas transmission system;

13. the manner and procedure for access to installations and metering and regulation stations that form an integral part of the transmission system, owned by customers or users;

14. the quality of services that the gas transmission system operator provides to users;

15. the operation of the operational management systems;

16. the manner of publishing the information that, in accordance with the provisions of this Law, it is obliged to publish;

17. the manner and procedure for providing information to the users of the system, and

18. the manner of cooperation with the gas transmission system operators to which it is connected, as well as with the distribution system operators connected to the gas transmission system.

(3) The gas transmission network rules shall also contain technical specifications of the gas transmission system.

Rules for Cross-Border Transmission Capacities Allocation

Article 220

(1) The gas transmission system operator, upon prior approval by the Energy Regulatory Commission, shall adopt the rules for gas transmission capacities allocation and publish them in the “Official Gazette of the Republic of North Macedonia” and on its website.

(2) The rules referred to in paragraph (1) of this Article shall be:

1. market-oriented and shall be applied in a transparent and non-discriminatory manner in relation to the users of the system;

2. aligned with the market rules and capable of adapting to market changes, and

3. in accordance with the technical specifications of the gas transmission system in the Republic of North Macedonia and the gas transmission system of the counterparties of the Energy Community and the Member States of the European Union.

(3) The rules referred to in paragraph (1) of this Article shall establish the mechanisms for allocation of capacity in the gas transmission systems for existing and expanded capacities. Additionally, the manner of cooperation of neighbouring gas transmission system operators shall be determined in order to facilitate the sale of capacity, taking into account the general commercial and technical rules regarding capacity allocation mechanisms.

(4) The rules referred to in paragraph (1) of this Article shall regulate:

1. the area of ​​application in natural gas transmission systems;

2. the manner of cooperation of neighbouring natural gas transmission system operators for the purpose of: coordinating maintenance, standardizing mutual communication, calculating and maximizing capacities and mutual data exchange;

3. the methodology for allocating capacities at interconnection points, standard capacity products offered by natural gas transmission system operators, capacity units, annual auctions for annual capacities and annual auctions for quarterly capacities, periodic auctions for monthly capacities and within-day capacities, auctions for day capacities, auction algorithms with successive price increases and auction algorithm for a single price;

4. the harmonization of the main conditions of the bundled capacity products by the natural gas transmission system operators, as well as the bundling of the capacities of the network users who have existing contracts for the transmission of unbundled capacities;

5. the requirements for fulfilling the economic tests and the procedures for expanding the capacities with their application, as well as the possibility of their bundling;

6. assessment of the market needs for expanding the capacities, their design phase, publication and approval by the Energy Regulatory Commission, as well as putting the expanded capacities up for auction and alternative mechanisms for their reallocation;

7. interruptible capacity and the manner of its allocation, minimum deadlines for announcing the interruption, coordination of the interruption process, definition of the sequence and reasons for interruption;

8. the platforms for reserving the capacities offered by the natural gas transmission system operators.

(5) The gas transmission system operator shall submit the rules referred to in paragraph (1) of this Article to the Energy Community Secretariat for the purpose of monitoring the obligations for fulfilment of the rules.

Communication with Users

Article 221

(1) In order to ensure transparency, fairness and non-discrimination in the application of tariffs, as well as efficient use of the gas system by users, the gas transmission system operator shall be obliged to constantly update its website and publish detailed information at its disposal, which refers to:

1. services, as well as the conditions under which efficient third-party access to the system is provided, including the technical information necessary to provide access;

2. technical, contracted and available capacities for all relevant points on a numerical basis, including entry and exit points, on a regular and permanent basis, in a standardized and user-friendly manner;

3. the prescribed gas quality;

4. methodology for formation and structure of tariffs, as well as the deviation from tariffs;

5. supply and demand before and after transactions, based on nominations, forecasts and delivered gas flows, in and out of the gas transmission system; and

6. meterings taken, as well as costs and revenues incurred for balancing the gas transmission system.

(2) The Energy Regulatory Commission, after consultations with the system users, shall approve the information referred to in paragraph (1) item 2 of this Article, which shall be published by the gas transmission system operator.

(3) The Energy Regulatory Commission shall ensure that the information referred to in paragraph (1) of this Article is available in a timely manner and free of charge.

Gas Quantity Metering

Article 222

(1) The gas transmission system operator shall be obliged to meter the quantities of gas it takes over and delivers to the users of the system it operates, with metering devices and all acundertakinging equipment for the purpose of metering, in accordance with this Law and the gas transmission network rules.

(2) The metering devices and all acundertakinging equipment for the purpose of metering referred to in paragraph (1) of this Article shall be owned by the gas transmission system operator, and if they are owned by the customer, the customer shall be obliged to make them available to the gas transmission system operator.

(3) The location of the metering devices and all acundertakinging equipment for the purpose of metering shall be determined by the gas transmission system operator depending on the technical capabilities of the location, which may be within or beyond the boundaries of the system user’s property.

(4) If the metering device is located on the property of the system user, the user shall be obliged to provide the authorized person of the gas transmission system operator with the right to access at any time to any part of their property or facility where the metering device is located, for the purposes of:

1. reading the metering devices;

2. inspecting, installing, supervising, replacing or maintaining the equipment at the metering point;

3. disconnecting the user from the system when they act contrary to the conditions for using the gas transmission system prescribed in the gas transmission network rules, and

4. disconnecting the customer, at the request of the supplier, in accordance with the provisions of the gas supply rules.

(5) The gas transmission system operator shall be obliged to submit the collected and processed data from the metering points to:

1. the gas market operator;

2. the gas transmission system users participating in the balancing services market, for balancing purposes;

3. gas producers and gas storage operators connected to the transmission system, for their metering points, and

4. gas customers for their consumption, upon their request without delay and without charge, in an easily understandable and comparable form.

CHAPTER IV

GAS DISTRIBUTION

Gas Distribution System Operator

Article 223

(1) The gas distribution system operator for a specific area on the territory of the Republic of North Macedonia in which it distributes gas shall maintain, and when economically viable, upgrade and expand the distribution system it operates and connect it to the gas transmission system.

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

1. ensure safe, reliable, economically viable and secure operation of the gas distribution system it operates;

2. ensure safe, secure and high-quality gas delivery through the gas distribution system it operates in a non-discriminatory and transparent manner, and in accordance with the quality prescribed;

3. in accordance with the gas distribution network rules, connect biomethane and hydrogen producers and gas storage facilities to the gas distribution system, and connect other users to the gas distribution system if economically justified;

4. enable third-party access to use the gas distribution system;

5. provide timely information to other gas distribution system operators, as well as the gas transmission system operator;

6. provide the gas distribution system users with the information necessary for efficient access to the system in a timely manner;

7. provide suppliers with electronic access to the list of customers that does not include households, as well as their consumption for the last 12 months;

8. publish on its website a list of fees for each category of customers, previously approved by the Energy Regulatory Commission;

9. develop, upgrade and maintain the gas distribution system it operates and to ensure long-term ability of the system to meet justified gas distribution demands;

10. harmonize the operation of the gas distribution system with the operation of the gas transmission system;

11. prepare a for distribution network maintenance plan, and after its approval by the Energy Regulatory Commission, to adopt it and publish it on its website;

12. procure system services and gas to cover losses in the distribution network under market conditions in a transparent, non-discriminatory and competitive manner, in accordance with the gas procurement rules;

13. measure the quantities of gas taken from the gas transmission system, delivered to customers and to submit the metering data to suppliers or traders of gas, the gas transmission system operator, the gas market operator and, in accordance with this Law and the regulations adopted on the basis of this Law, to any other party that may request them;

14. enable users to access the metering devices owned by the gas distribution system operator in accordance with this Law and the gas distribution network rules;

15. keep a dispatch book, records of confidentiality of communication systems, data from the monitoring and management system, metering data and to keep such data for a period of at least 10 years;

16. ensure confidentiality of business data of the distribution system users and to prevent a discriminatory manner of disclosing information about its activities that could achieve a commercial advantage for affiliated undertakings, and

17. not to misuse confidential information received from a third party in relation to providing access to the gas distribution system.

(3) The fee for use of the gas distribution system shall be paid by the customers connected to the gas distribution system. The gas distribution system operator shall invoice the customers connected to its system for the fee for use of the system, and may also invoice them for the fee for use of the gas transmission system in accordance with the tariffs published.

(4) The gas distribution system operator may enter into contracts with suppliers or gas traders who may be authorized to collect the fees referred to in paragraph (3) of this Article from the gas customers connected to the gas distribution system.

(5) The gas distribution system operator shall be obliged to prepare and submit for approval to the Energy Regulatory Commission the rules for procurement of gas referred to in paragraph (2) item 12 of this Article.

(6) The gas distribution system operator may temporarily interrupt the delivery of gas from the distribution network it operates when carrying out scheduled inspections, tests, control meterings, maintenance, reconstructions, expansions of networks, devices and installations, as well as in the event of a need to prevent risks of disruptions in the gas distribution system. The temporary interruption may be carried out at a time when it causes the least damage to the users of the system, in accordance with the gas distribution network rules.

(7) As an exception to paragraph (1) of this Article, if the distribution system managed by the gas distribution system operator is not connected to the gas transmission system and is supplied with compressed gas, the system operator shall be obliged to regulate in the gas distribution network rules the procedure for procurement of system services and balancing of deviations between the actual and scheduled gas consumption in real time.

Separation of Activities

Article 224

(1) An undertaking holding a license to carry out the activity of gas distribution may not hold a license and may not participate in the activities of gas transmission, organization and management of the gas market, gas trade and/or gas supply.

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

(3) In order to ensure independence in the carrying out of the energy activity of gas distribution and fulfilment of the obligation to perform a public service in a non-discriminatory, fair and transparent manner, the gas distribution system operator shall ensure:

1. persons participating in the management and administration of the gas distribution system operator not to be able to participate in the administrative and executive bodies of the gas transmission licensees, organization and management of the gas market, gas trade, and/or gas supply,

2. persons participating in the management and administration of the gas distribution system operator must have independence in their work and decision-making from the vertically integrated undertaking, and

3. the decision-making of the gas distribution system operator regarding the funds necessary for operation, maintenance and development of the system must be independent of the interests of the vertically integrated gas undertaking to which it belongs, for which the gas distribution system operator should have the necessary human, technical, financial and material resources at its disposal.

(4) If the gas distribution system operator is part of a vertically integrated gas undertaking:

1. its independence shall not exclude the right of the vertically integrated gas undertaking to approve the annual financial plan of the gas distribution system operator and to determine the debt frame for the gas distribution system operator,

2. the vertically integrated gas undertaking shall not have the right to give instructions to the gas distribution system operator in relation to its day-to-day operations, nor in relation to its individual decisions on the construction or expansion of distribution lines, which are within the approved financial plan or equivalent instrument, and

3. the gas distribution system operator may not use its vertical integration to distort competition, and in particular it may not, in its communication and use of its name, create confusion as to the separate identity of the supply undertaking which is part of the vertically integrated gas undertaking.

(5) The gas distribution system operator, regardless of the organizational form, shall, upon prior approval by the Energy Regulatory Commission, appoint a compliance officer, and adopt a compliance programme that determines the measures to be taken to prevent discrimination of gas distribution system users on any grounds, defines the obligations of employees in the implementation of the programme, and determines the manner of monitoring the compliance of the gas distribution system operator's operations with the programme.

(6) The compliance officer of the gas distribution system operator shall submit an annual report for approval to the Energy Regulatory Commission, which shall list the measures taken in the previous year and the measures to be taken in the following period within the compliance programme referred to in paragraph (5) of this Article. The annual report referred to in this paragraph shall be published on the website of the gas distribution system operator.

(7) The compliance officer of the gas distribution system operator shall have access to all information of the gas distribution system operator, as well as of any related undertaking of the gas distribution system operator, in order to fulfil their tasks.

Natural Gas Distribution System Development Plan

Article 225

(1) The gas distribution system operator shall be responsible for long-term planning of the gas distribution system development in the area in which it operates.

(2) The gas distribution system operator shall be obliged to prepare a plan for development of the gas distribution system for a period of the next five years every two years, with content determined by the gas distribution network rules and to submit it for approval to the Energy Regulatory Commission no later than 31 October of the current year, and after the approval has been obtained, it shall adopt the plan and publishe it on its website. The plan should contain all necessary information for expansion and upgrading of the system and should be aligned with the ten-year gas transmission system development plan.

(3) The gas distribution system operator shall prepare and submit to the Ministry and the Energy Regulatory Commission no later than 31 October of the current year, one-year, five-year and ten-year forecasts for the gas needs for the distribution system it operates.

(4) The gas distribution system operator shall, for each regulated period determined in accordance with Article 61, paragraph (8) of this Law, prepare a plan for investment in the gas distribution system in accordance with the plan referred to in paragraph (2) of this Article and submit it for approval to the Energy Regulatory Commission. The plan shall, in particular, show the expected increase in the efficiency of the gas distribution system operation as a result of the investments envisaged.

Metering Gas Quantities

Article 226

(1) The gas distribution system operator shall be obliged to measure the quantities of gas it takes over and delivers to the users of the system it operates, with metering devices, in accordance with this Law and the gas distribution network rules.

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

(3) The location of the metering devices shall be determined by the gas distribution system operator depending on the technical capabilities of the location, which may be within or beyond the boundaries of the system user’s property. If the gas distribution system operator determines that when replacing the existing metering device it is necessary to relocate the metering point, it shall be obliged to carry out the relocation at its own expense with minimal disruption to the provision of the service to the user and with minimal damage to the user's property. The gas distribution system operator shall be obliged to compensate for the damage to the user's property incurred as a result of the relocation of the metering point.

(4) If the metering device is located on the property of the system user, the user shall be obliged to provide the authorized person of the gas distribution system operator with the right to access to any part of their property or facility where the metering device is located, for the purposes of:

1. reading the metering devices;

2. control, installation, supervision, replacement or maintenance of the equipment at the metering point;

3. disconnecting the user from the system when they act contrary to the conditions for using the gas distribution system prescribed in the gas distribution network rules, and

4. disconnecting the customer, at the request of the supplier, in accordance with the provisions of the gas supply rules.

(5) The gas distribution system operator shall be obliged to submit the data collected and processed from the metering points to:

1. the gas market operator;

2. the gas transmission system operator, for balancing purposes, as well as to the distribution system users participating in the balancing services market;

3. producers of biomethane and hydrogen and operators of gas storage facilities connected to the distribution system, for their metering points, and

4. customers for their consumption, upon their request without delay and without charge, in an easily understandable and comparable form.

Distribution Network Rules

Article 227

(1) The gas distribution system operator shall be obliged, upon prior approval by the Energy Regulatory Commission, to adopt the gas distribution network rules for the system it operates and to publish them in the “Official Gazette of the Republic of North Macedonia” and on its website.

(2) The gas distribution network rules shall in particular regulate:

1. technical conditions for connecting gas customers to the gas distribution system;

2. methodology for determining fee for connecting to the gas distribution system;

3. conditions and manner for third-party access to the gas distribution system;

4. technical and other conditions for reliable and safe operation of the gas distribution system and for providing quality services to the system users;

5. measures, activities and procedures in case of outages and crises;

6. manner and procedure for supervision and testing of the gas distribution network;

7. method and procedure for regulating the flow and pressure of gas through the distribution network;

8. method and procedure for harmonizing activities in the gas distribution system with activities in the gas transmission system;

9. functional requirements and accuracy class of metering devices, as well as the method of metering gas quantities;

10. planning of maintenance and development of the gas distribution system;

11. method of harmonizing with users of the gas distribution system in cases of planned outages;

12. content of the gas distribution system development plans, as well as the method and procedure according to which the users of the system submit the data necessary for preparation of the development plans;

13. quality of the gas delivery service;

14. forecast of gas needs, based on data received from suppliers and customer development plans;

15. manner and procedure for providing information to users of the gas distribution system, and

16. manner of cooperation with the gas transmission system operator and other gas distribution system operators.

(3) In the event of existence of multiple gas distribution system operators on the territory of the Republic of North Macedonia, the Energy Regulatory Commission shall ensure mutual harmonisation of the individual gas distribution network rules.

Closed Gas Distribution System

Article 228

(1) The Energy Regulatory Commission may grant the status of a closed gas distribution system to a system in which gas is distributed within a geographically limited area in which industrial production is carried out, commercial activities are carried out or shared services are provided and no gas is supplied to households, if:

1. due to special technical or safety reasons, the activities or the production process, the users of that network are integrated or

2. through the system gas is distributed primarily to the owner or operator of the system or to their affiliated undertakings.

(2) The Energy Regulatory Commission shall regulate the conditions and criteria for granting the status of a closed gas distribution system by means of a rulebook.

(3) The Energy Regulatory Commission shall issue to the operator of the system referred to in paragraph (1) of this Article a license for carrying out the energy activity of gas distribution, which shall determine the rights and obligations of the closed system operator.

(4) The Energy Regulatory Commission may exempt the closed distribution system operator from the obligations to:

1. purchase gas to cover gas losses and reserve capacity in its system according to procedures based on the principles of transparency, non-discrimination and competition, and/or

2. approve the tariffs, as well as the methodologies on the basis of which the tariffs are calculated, before their entry into force.

(5) Where the exemption from paragraph (4) of this Article is approved, the user of the closed gas distribution system may request the Energy Regulatory Commission to review and approve the tariffs or methodologies on which the calculation of the applied tariffs is based.

(6) The exemption from paragraph (4) of this Article shall apply when the closed distribution system is occasionally used by a small number of households in the area of ​​the closed system, despite the fact that a member of the household is employed or otherwise engaged by the owner of the closed distribution system.

Combined Operator

Article 229

(1) An undertaking, by way of exception to Article 204 paragraph (4) of this Law, may operate as a combined gas transmission and distribution system operator, to which a gas transmission and distribution license shall be issued in accordance with this Law.

(2) The combined operator referred to in paragraph (1) of this Article shall have the same rights and obligations as the gas transmission system operator and the distribution system operator, in accordance with this Law.

(3) The combined operator referred to in paragraph (1) of this Article may not be issued a license to perform the activities of organizing and managing the gas market, trading in gas or supplying gas.

(4) The Energy Regulatory Commission shall regulate the conditions and criteria for granting the status of a combined gas transmission and distribution system operator by means of a rulebook.

CHAPTER V

NATURAL GAS SUPPLIERS, TRADERS AND CUSTOMERS

Gas Supplier

Article 230

(1) The gas supplier shall procure gas in the Republic of North Macedonia and/or from abroad for the purpose of sale to its customers, including producers of electricity and/or heat, other suppliers, traders, the operator of the gas transmission or distribution system and other participants in the gas market.

(2) The gas supplier who has undertaken to supply gas shall secure the necessary transmission and/or distribution capacity from the relevant operators.

(3) Based on the meterings performed by the relevant distribution system operator, the gas supplier shall invoice its customers for the supplied gas at the agreed price, including in the invoice the fees for use of the transmission system, the fee for use of the gas market and/or the fee for use of the gas distribution system.

(4) The gas supplier shall be obliged, in accordance with this Law and the regulations and rules adopted on the basis of this Law, to:

1. fulfill its obligations towards customers in relation to the security and volume of gas supply;

2. provide its customers with a quality service set out in the gas supply rules;

3. ensure non-discriminatory treatment of all customers;

4. provide the gas transmission system operator with data on transactions and gas consumption plans for its customers, necessary for calculation of imbalances;

5. enable customers to receive regular and accurate notifications on actual consumption and gas costs, so that they can manage their consumption;

6. pay for the purchased quantities of gas, as well as system services from the gas transmission system operator and/or gas distribution system operator;

7. enable a change of supplier in a transparent and non-discriminatory manner, at no cost to the customer, within a period not exceeding three weeks from the date on which the customer has submitted a request for supply to the new gas supplier;

8. ensure that, in the event of any change of gas supplier, the customer receives final account closure within six weeks of the change of supplier;

9. establish procedures for effective resolution of complaints by its customers within 60 days, including the possibility of out-of-court dispute resolution and an obligation to return and/or compensate funds where justified;

10. publish on its website the conditions of gas supply contracts for each category of customers; and

11. operate on the principles of fairness, transparency and non-discrimination and publish general statistical data relating to its customers, as well as its activities, taking into account the protection of data confidentiality.

(5) The gas supplier shall provide the Energy Regulatory Commission, i.e. the Commission for the Protection of Competition in accordance with the regulations governing the protection of competition, as well as the Energy Community Secretariat, with access to data relating to its transactions and derivatives for purchase and sale of gas with customers who meet the conditions for independent participation in the gas market, as well as with the gas transmission system operator, the gas distribution system operator, or the gas market operator, carried out in the last five years.

(6) The data referred to in paragraph (5) of this Article shall contain details of the characteristics of the transactions, such as the duration, delivery and settlement rules, quantity, dates and times of execution and prices of the transaction and the means of identification of the affected wholesale customer, as well as the most important details of all outstanding obligations under gas supply contracts and gas derivatives.

Public Gas Supply Service

Article 231

(1) The gas supplier with a public service obligation, selected in accordance with paragraphs (3) and (7) of this Article, when providing the public service of gas supply shall be obliged to:

1. inform customers of their rights and the conditions for delivery of gas within the public service;

2. apply the price of gas established in accordance with the tariff system referred to in Article 62 paragraph (1) of this Law;

3. inform customers of the conditions for supply and the price of gas, as well as inform them that they have the right to choose another gas supplier;

4. supply gas, as a public service, to households and small gas customers within the territory for which it has a license to provide the public service of gas supply;

5. procure gas under market conditions and select the most favourable offer that allows it to ensure efficient provision of the public service, and

6. publish on its website the prices for supply within the public service of gas supply.

(2) The gas prices charged by a gas supplier with a public service obligation shall:

1. be fair and transparent;

2. reflect the costs of purchasing and supplying gas;

3. be easily comparable with the prices of other gas suppliers, and

4. do not discriminate against customers of the same category.

(3) The Government, upon a proposal from the Ministry or the local self-government unit, and after having previously obtained an opinion from the Energy Regulatory Commission, shall adopt a decision to conduct a tender procedure by means of a public call in accordance with the regulations governing the procurement of a public service for selection of a gas supplier with a public service obligation.

(4) The decision referred to in paragraph (3) of this Article shall, in particular, determine:

1. criteria for selection of a gas supplier with a public service obligation;

2. tender conditions;

3. deadline for adopting a decision on selection of the most favorable bidder or for annulment of procedure, and

4. duration for which the gas supplier with a public service obligation is appointed, which may not exceed five years.

(5) Based on a prepared analysis that takes into account the cost recovery, the Energy Regulatory Commission shall propose the criteria and duration referred to in paragraph (4) items 1 and 4 of this Article.

(6) In the procedure referred to in paragraph (3) of this Article, bids may be submitted by undertakings that have a gas supply license issued by the Energy Regulatory Commission or are registered in the registry of foreign entities.

(7) If, after the tender procedure referred to in paragraph (3) of this Article, a gas supplier with a public service obligation is not selected, the Government shall, within three months of completion of the procedure, initiate a new tender procedure by means of a public call for selection of a gas supplier with a public service obligation.

(8) In the event that the new tender procedure referred to in paragraph (7) of this Article fails, the Government, upon a proposal from the Ministry, after previously obtaining an opinion from the Energy Regulatory Commission, shall adopt a decision to appoint a gas supplier with a public service obligation for a period that cannot be shorter than three years and longer than five years, in accordance with Article 7 of this Law.

(9) The obligations referred to in Article 230 paragraphs (5) and (6) of this Law shall also apply to the gas supplier with a public service obligation.

Supplier of Last Resort Selection Procedure

Article 232

(1) The Government, upon a proposal from the Ministry, following a tender procedure with a public call in accordance with the regulations governing the procurement of public services, shall adopt a decision on selection of supplier with the obligation to provide gas supply of a last resort.

(2) The supplier referred to in paragraph (1) of this Article shall be selected for a period of five years.

(3) The Government, upon a proposal from the Ministry, and after previously submitted analyses of the gas market and proposed criteria from the Energy Regulatory Commission, shall adopt the tender documentation and adopt a decision on implementation of the procedure referred to in paragraph (1) of this Article, no later than 12 months before the expiry of the period for which the existing supplier with the obligation to provide gas supply of a last resort has been selected.

(4) The procedure referred to in paragraph (1) of this Article shall be implemented by a commission established by the Minister.

(5) In assessing the bids, the following criteria shall be taken into particular account:

1. offered margin;

2. experience of the bidder in performing the energy activity of gas supply;

3. financial condition of the bidder, and

4. technical and/or personnel capability of the bidder.

(6) The Commission referred to in paragraph (4) of this Article shall collect, evaluate and rank the bids and submit to the Minister a report on the conducted procedure with a draft decision for selection of the most favorable bid or annulment of the procedure.

(7) In the procedure referred to in paragraph (1) of this Article, the provisions of the Law on Concessions and Public Private Partnership shall apply accordingly.

(8) Until the start of operations of the new gas supplier of last resort selected in the manner specified in paragraph (1) of this Article, the supply of last resort shall be carried out by the existing supplier of last resort, in accordance with the rights and obligations specified in the license.

(9) If, by the time a new gas supplier of last resort is selected, the license of the existing gas supplier of last resort has expired or will expire, the Energy Regulatory Commission shall, ex officio, issue a new license or extend the validity of the license for gas supply of last resort, which shall be valid until the date of issuance of the license to the gas supplier of last resort selected in the procedure referred to in paragraph (1) of this Article.

(10) The members of the Commission referred to in paragraph (4) of this Article shall be entitled to compensation for the work performed for each procedure carried out, the amount of which shall be determined by the Minister and which shall be reasonable and appropriate to the scope and complexity of the work, which may not be higher than one third of the average net salary paid per employee published by the date of payment. The funds for payment of the compensation shall be provided from the Budget of the Ministry.

Communication with Customers

Article 233

(1) The gas supplier shall establish a single contact centre that is staffed and technically equipped, through which it shall promptly provide its customers, in a transparent and non-discriminatory manner, free of charge, with all necessary information regarding their rights and obligations, the application of applicable regulations and the methods of handling complaints and resolving disputes. The supplier shall in particular provide customers with information on:

1. applicable gas prices and standard conditions regarding access to and use of services;

2. standard conditions for provision and use of services;

3. different payment methods that prevent discrimination between customers;

4. procedure, conditions and method for changing supplier;

5. possibility of resolving complaints, including the possibility of out-of-court dispute resolution and the obligation to return and/or compensate funds when justified;

6. any change in the terms of the supply contract, including the increase in costs, at least 15 days before the start of their application, including the right to terminate the contract if the customer does not accept the new terms offered in the notification;

7. conditions, manner and procedure for inclusion in the category of vulnerable customers and

8. conditions, manner and procedure for starting gas supply of last resort.

(2) The gas supplier, in relation to the single contact centre referred to in paragraph (1) of this Article, shall be obliged to:

1. adjust the business hours of the customer contact centres in accordance with the needs of the customers and

2. mediate with the gas transmission system operator or the relevant gas distribution system operator regarding complaints and/or information relating to issues regulated by the contract for the use of the gas transmission and distribution networks.

(3) The gas supplier, upon prior approval by the Energy Regulatory Commission, shall provide its customers with a copy of a customer notice containing practical information on customer rights and publish it on its website.

(4) The gas supplier may supply customers through metering devices for common areas only if the entity managing the common area enteres into contract with the supplier agreing to pay for all the energy supplied and measured through the metering device, in accordance with the rules for gas supply.

Natural Gas Trader

Article 234

(1) The gas trader, in accordance with this Law and the regulations and rules adopted on the basis of this Law, shall purchase gas on the gas market in the Republic of North Macedonia or abroad for the purpose of sale to other traders, suppliers, customers, the gas transmission system operator and the gas distribution system operator, as well as for sale abroad.

(2) The gas trader shall be obliged to timely submit to the gas transmission system operator, the gas distribution system operator and the gas market operator information on the quantities of gas and the appropriate time schedule specified in all gas purchase and sale contracts, as well as in contracts for cross-border transactions through the gas transmission system, in accordance with the gas market rules and the rules for allocation of cross-border transmission capacities.

(3) The gas trader, in cases where it carries out cross-border gas transactions, shall be obliged to provide sufficient transmission capacity, including cross-border and/or distribution capacity and system services, in accordance with this Law and the regulations and rules adopted on the basis of this Law.

(4) The gas trader shall be obliged to perform its duties in accordance with this Law and the regulations and rules adopted on the basis of this Law, and in particular to:

1. meet the requirements for financial guarantees determined by the gas transmission system operator and for the obligations for balancing the gas transactions planned and realized;

2. upon request of the Energy Regulatory Commission, submit information and reports on gas transactions and business activities in the Republic of North Macedonia in a timely manner;

3. invoices its customers for the gas delivered, as well as for transmission capacity and/or distribution capacity, if authorized by the customer to provide them, and

4. ensure confidentiality of the data and quantities of gas delivered to customers.

(5) The gas trader shall provide the Energy Regulatory Commission, i.e. the Commission for the Protection of Competition in accordance with the regulations governing the protection of competition, as well as the Energy Community Secretariat with access to data relating to all its gas purchase and sale transactions with customers, as well as with the gas transmission system operator, the gas distribution system operator or the gas market operator for at least the last five years.

(6) The data referred to in paragraph (5) of this Article shall contain details of the characteristics of the transactions such as duration, delivery and settlement rules, quantity, dates and times of execution and transaction prices and means of identification of the wholesale customer concerned, as well as established details of any outstanding gas supply contracts.

Gas customers

Article 235

(1) Every gas customer may, at their own choice, be supplied with gas from a supplier, in accordance with the conditions set out in this Law and the rules for gas supply.

(2) Sd sn exception from paragraph (1) of this Article, customers participating in the wholesale gas market may also purchase gas from gas traders.

(3) Customers participating in the wholesale gas market shall, in order to meet their needs, provide adequate transmission and/or distribution capacity or may transfer that obligation to their suppliers or traders.

(4) Customers purchasing gas from suppliers or traders of gas shall have the right to obtain all relevant consumption data from their suppliers or traders. The content of the data to be provided by the gas supplier shall be regulated in more detail by the rules for gas supply.

Gas Supply Contract

Article 236

(1) The supplier and the customer shall regulate their mutual rights and obligations by a supply contract entered in writing.

(2) The general conditions offered by the supplier to the customer and the provisions regulating the rights and obligations of the customer in supply contracts shall be fair, transparent, clear, precise and shall not include additional requirements that may hinder the exercise of the customer's rights.

(3) Before signing the gas supply contract, the supplier shall provide the customer with a brief and clear summary of the key contractual terms. When contracts are entered into through intermediaries, in addition to the content of the key contractual terms, the customer shall also be provided with the information specified in the gas supply rules.

(4) The terms and elements of the supply contract, as well as the manner of its conclusion and termination, shall be regulated by the gas supply rules.

(5) In addition to the requirements set out in this Law and the gas supply rules, the regulations governing contractual relations and customer protection shall also apply accordingly to gas supply contracts.

SECTION TEN

HEAT MARKET

CHAPER I

HEAT GENERATION

Heay Producer

Article 237

(1) The heat producer:

1. shall be the owner or has the right to use and operate the heat generation facility in accordance with this Law and the regulations and rules adopted on the basis of this Law and the conditions and obligations set out in the license, and

2. sell heat to the heat distribution system operator to which it is connected, under the conditions set out in this Law and the regulations and rules adopted on the basis of this Law.

(2) The heat producer may also sell heat to customers who are directly connected to its generation facility.

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

Regulated Heat Producer

Article 238

(1) The regulated heat producer shall be obliged to produce heat for the needs of customers and to provide energy to cover system losses, system reserve and system services to maintain necessary operating parameters within the heat system to which it is connected.

(2) The Energy Regulatory Commission shall issue a license for regulated heat generation to a heat producer that meets the following conditions:

1. is the owner or has the right to use facilities intended for heat generation and are not less than two thirds of the total installed capacity of the connected customers;

2. has the ability to maintain the prescribed temperature regime of its heat production facilities and the required pressure of the heat carrier determined by the heat distribution network rules;

3. is financially capable of purchasing the necessary fuel for the production of heat, and

4. has a staffing and equipment that enables reliable, safe and uninterrupted generation of heat with prescribed quality.

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

(4) The regulated heat producer shall be obliged to provide or have at its disposal operational reserves of alternative fuel in the amount required for at least 15 days of operation at maximum capacity during the heating season. The minimum operational reserves of alternative fuel shall be separately stated in the license for carrying out the activity.

(5) The Energy Regulatory Commission shall adopt a rulebook determining the prices for heat and system services, which shall regulate the manner, procedure and methodology for determining the compensation for system services and system reserve, the regulated price for the heat generated, the manner of determining the price at which the heat distribution system operator purchases the heat generated by the heat producer, as well as the period for which the weighted price of heat is calculated.

CHAPTER II

HEAT DISTRIBUTION

Heat Distribution System Operator

Article 239

(1) Heat distribution shall be carried out by:

1. un undertaking that owns a heat distribution system, or

2. a special purpose undertaking established on the basis of an agreement on establishment of a public-private partnership for construction and/or management of a heat distribution system, or

3. an undertaking on the basis of a public service contract for management, use, maintenance and expansion or upgrading of an existing heat distribution system, or

4. public enterprises or other legal entities established by a local self-government unit.

(2) The heat distribution system operator, on the basis of the license issued, shallcarry out the activity of heat distribution and management of the heat distribution system.

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

(4) The heat distribution system operator may temporarily interrupt the delivery of energy from the heat system when carrying out scheduled inspections, tests, control measurements, maintenance, reconstructions, expansions of networks, devices and installations, as well as repair of defects that caused unscheduled interruptions in the delivery of heat, for the purpose of protecting the system. The heat distribution system operator shall notify such interruptions in accordance with the heat distribution network rules.

Duties of the Distribution System Operator

Article 240

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

1. ensure safe, secure and reliable operation of the heat distribution system in accordance with the heat distribution network rules and the obligations set out in the license;

2. maintain, develop and, when economically viable and/or when it contributes to environmental protection, expand the heat distribution system, in accordance with the heat distribution network rules and the system development plans, harmonized with the energy development plans and programmes of the local self-government units;

3. connect producers and customers to the heat distribution system it operates, as well as enable third-party access to use the distribution system in accordance with this Law and the heat distribution network rules , based on the principles of fairness, transparency and non-discrimination, by applying the prices and tariffs previously approved and published by the Energy Regulatory Commission;

4. provide heat necessary to cover losses in the distribution network and system services from the regulated producer;

5. procure, install and maintain metering devices at the output points of the production plants and in the heat substations to which the customer facilities are connected and meter the heat that is taken or delivered from the heat system, in accordance with the heat distribution network rules;

6. take all safety measures prescribed when using the heat distribution system, as well as environmental protection measures;

7. deliver heat from the points of connection of the production plants to the points of connection of the system customers (heating substation), in accordance with the heat distribution network rules and the conditions set out in the license;

8. ensure quality delivery of heat through the distribution system;

9. coordinate operation of the system with the producers for the purpose of uninterrupted distribution of heat;

10. carry out supervision and testing of the heat distribution system;

11. monitor the technical and functional readiness of the heat distribution facilities and publish information on its website about the system’s technical condition before and after reconstruction or rehabilitation after an accident, and

12. prepare a long-term forecast of the demand for heat for the needs of the regulated heat producer.

Obligations of the

Distribution System Operator for Purchase of Heat

Article 241

(1) The heat distribution system operator shall purchase the heat generated by the producers connected to the heat distribution system it operates.

(2) The heat distribution system operator, upon prior approval by the Energy Regulatory Commission, shall be obliged to enter into contract with the regulated producer of heat with a duration that cannot be shorter than one year for:

1. provision of system reserve;

2. system services for provision of necessary operating parameters in the heat distribution system;

3. heat to cover losses in the distribution system, and

4. provision of heat to meet customer demand.

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

1. manner and procedure for providing system reserve and system services, in accordance with the heat distribution network rules, and

2. manner of payment for the services and heat that the regulated producer provides to the heat distribution system.

(4) The heat distribution system operator shall be obliged to purchase the heat delivered by the heat producers in the distribution system if the price of heat offered by the producer is lower than the regulated price for heat of the regulated producer by an amount greater than or equal to the minimum required difference between these prices, determined by the methodology of the rulebook referred to in Article 238 paragraph (5) of this Law.

(5) The heat distribution system operator, upon prior approval by the Energy Regulatory Commission, shall be obliged to enter into contracts with heat suppliers for sale of heat intended for the needs of customers.

(6) The heat distribution system operator shall be obliged to submit to the Energy Regulatory Commission all documentation regarding the fulfilment of the contracts with the heat producers and suppliers, as well as the financial statements and audited financial statements prepared by a certified auditor, the performance reports and other data, in accordance with the conditions prescribed by the license issued by the Energy Regulatory Commission.

Heat Distribution Network Rules

Article 242

The heat distribution system operator shall be obliged, upon prior approval by the Energy Regulatory Commission, to adopt and publish in the "Official Gazette of the Republic of North Macedonia" and on its website the heat distribution network rules, which shall in particular regulate:

1. technical and technological conditions for connecting customers and heat producers to the heat distribution system, based on the principles of non-discrimination, fairness and transparency;

2. technical and other conditions to be provided by the users of the heat distribution system;

3. measures, activities and procedures in case of accidents;

4. conditions and manner for third-party access to the heat distribution system based on the principles of non-discrimination, fairness and transparency;

5. functional requirements and accuracy class of the metering devices, as well as the method of metering and calculating the delivered heat;

6. content of the heat distribution system development plans, as well as the method and procedure according to which the system users shall submit the data necessary for preparation of the development plans;

7. method and procedure for providing system reserve and system services by the regulated producer;

8. method and procedure for exchanging data between the heat distribution system operator, the regulated producer, producers and suppliers, and

9. method and procedure for providing information to the system users.

CHAPTER III

HEAT SUPPLIERS AND CUSTOMERS

Heat Supplier

Article 243

(1) The heat supplier shall be obliged to supply the customers with whom it has entered into contract for secure, continuous and quality supply of heat in accordance with the rules for supply of heat, the supply contracts entered into and the license issued.

(2) The heat supplier, for all heat systems with which customers are supplied, shall be obliged to enter into an annual contract with the heat distribution system operator for purchase of heat for the needs of customers, at prices and tariffs previously approved and published by the Energy Regulatory Commission.

(3) The agreement referred to in paragraph (2) of this Article shall be approved by the Energy Regulatory Commission and shall regulate in more detail the mutual rights and obligations of the suppliers and the distribution system operator, and shall be based on the heat distribution network rules and the heat supply rules.

(4) The heat supplier, based on the readings of the metering devices and the readings of the local distribution devices referred to in Article 244, paragraphs (4) and (6) of this Law, shall charge customers for the delivered heat at a price determined by the Energy Regulatory Commission.

(5) The heat supplier shall be obliged to submit to the Energy Regulatory Commission annual reports on the heat sold, according to the conditions set out in the license.

(6) The heat supplier shall also be obliged to submit the annual reports referred to in paragraph (5) of this Article to the Ministry and the mayors of the local self-government units on whose territory the supplier carries out its activity.

Metering Devices

Article 244

(1) The metering devices at the output points of the generation plant and the metering devices in the thermal substations through which the customer facilities are connected to the distribution network, shall be owned by the heat distribution system operator, including the metering devices in the thermal substations in buildings that are connected to the distribution network for the first time.

(2) The location of the metering devices shall be determined by the heat distribution system operator depending on the technical capabilities of the location, which may be within or beyond the boundaries of the customer's property.

(3) If the metering device is located on the user's property, the user shall be obliged to provide the authorized person of the heat distribution system operator with the right to access to each property or facility to the metering device, i.e. the connection for the purpose of:

1. reading the metering devices;

2. control, installation, supervision, replacement and maintenance of the equipment at the metering point;

3. disconnection of the user when acting contrary to the conditions for using the distribution network prescribed in the network rules for heat distribution, and

4. disconnection of the customer, at the request of the supplier, in accordance with the provisions of the heat supply rules.

(4) The device whose metering serves to determine the local distribution of heat between different customers in a facility in which there is only one such metering device, shall form an integral part of the system for metering heat consumed in the facility and shall be owned by the customers.

(5) The heat distribution system operator shall be obliged to provide customers with access to the metering device.

(6) Each facility, with multiple customers, which is connected to the heat distribution system, must have built-in devices for metering the local distribution of heat for each customer individually, if it is technically feasible and economically viable in the context of potential energy savings.

(7) The procedure for installing devices whose metering serves to determine the local distribution of heat in new and existing facilities shall be regulated by the rules for heat supply, while the method for distribution and calculation of the heat consumed shall be regulated by the tariff system for sale of heat.

(8) The method of reading the devices referred to in paragraph (4) of this Article shall be regulated by the supply contract entered into between the supplier and the customer, in accordance with the heat supply rules.

(9) The heat supply rules shall regulate the conditions, method and procedure under which the customer hands over the devices referred to in paragraphs (4) and (6) of this Article to the supplier for management and use.

Customer Rights and Obligations

Article 245

(1) Heat customers connected to the heat distribution system shall be entitled to freely choose by which supplier they will be supplied.

(2) The owner of a separate part in residential, residential and business, business and residetial and business buildings where the distribution of fee is carried out through a single metering device not connected to the central heating system, shall be obliged to pay a part of the total fee for heat, which shall be determined in accordance with the heat tariff system.

(3) As an exception to paragraph (2) of this Article, the obligation to pay a part of the total fee for heat shall not apply to owners who are exempt from paying the fee for heat in a procedure determined in accordance with the heat supply rules.

Separation of Activities

Article 246

(1) Licensee for regulated heat production activity may not be a licensee for heat distribution and supply activities.

(2) Licensee for heat distribution activity may not be a licensee for production and supply of heat energy activities.

(3) As an exception to paragraphs (1) and (2) of this Article, if in one heat system the total installed capacity of customers is less than 1000 MW, the licenses for carrying out the activities of generation or regulated generation of heat, heat distribution system operator and heat supply operator may be granted to a single entity.

SECTION ELEVEN

CRUDE OIL, PETROLEUM DERIVETIVES AND TRANSPORT FUELS MARKET

Technical Regulations for Carrying Out Energy Activities

Article 247

(1) The energy activities referred to in Article 4, paragraph (1), items 22,23,24,25,27,28 and 29 of this Law shall be obliged to use and maintain the facilities, devices and plants for carrying out energy activities in accordance with the technical regulations and standards and other regulations for safe and secure operation and environmental protection.

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

(3) New facilities for transport of crude oil and new facilities for transport of petroleum derivetives and fuels for transport shall be built by legal entities on the basis of an authorization issued by the Government with appropriate application of the criteria referred to in Article 90 of this Law.

Oil Pipeline Operation Rules

Article 248

(1) The entity carrying out the activity of transport of crude oil pipeline shall, upon prior approval by the Ministry, adopt rules for operation of the pipeline and publish them on its website. The rules shall in particular regulate:

1. technical conditions for transport of crude oil;

2. technical conditions for maintenance and safe operation of the pipeline;

3. method of determining the types of instruments for securing payment for crude oil transmission services;

4. method of coordination with the users of the pipeline in cases of scheduled interruptions;

5. content of the development and maintenance plans of the pipeline, as well as the method and procedure according to which the users of the pipeline shall submit the data necessary for preparation of the plans;

6. measures and procedures to be implemented in the event of accidents;

7. method, conditions and procedure for contractual third-party access to the crude oil transport system;

8. functional requirements and accuracy class of the metering devices, as well as the method of metering the transported quantities of crude oil, and

9. other conditions necessary for safe and secure transport.

(2) The entity carrying out the activity of crude oil transport through an oil pipeline shall be obliged to prepare the rules referred to in paragraph (1) of this Article in accordance with the technical regulations referred to in Article 247 paragraph (2) of this Law and to submit them for approval to the Ministry. The Ministry shall approve the rules after previously receiving opinions from the ministries referred to in Article 247 paragraph (2) of this Law, which shall be obliged to submit their opinions to the Ministry within 30 days.

Product Pipeline Operation Rules

Article 249

(1) The entity carrying out the activity of transporting petroleum derivetives through a product pipeline shall be obliged, upon prior approval by the Ministry, to adopt rules for operation of the product pipeline and publish them on its website, which shall in particular regulate:

1. technical conditions for transport of petroleum derivetives;

2. technical conditions for maintenance and safe operation of the product pipeline;

3. method of determining the types of instruments for ensuring payment for the services for transmission of petroleum derivetives;

4. method of coordination with the product pipeline users in cases of scheduled interruptions;

5. content of the development and maintenance plans for the product pipeline, as well as the method and procedure according to which the product pipeline users shall submit the data necessary for preparation of the plans;

6. measures and actions to be taken in the event of accidents;

7. method, conditions and procedure for contractual third-party access to the system for transport of petroleum derivetives;

8. functional requirements and accuracy class of the metering devices, as well as the method of metering the transported quantities of petroleum derivetives, and

9. other conditions necessary for safe and secure transport.

(2) The entity carrying out the activity of transport of petroleum derivetives through product pipelines 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 247 paragraph (2) of this Law. The rules referred to in paragraph (1) of this Article shall be submitted to the Ministry for approval. The Ministry shall approve the rules upon previously received opinions from the ministries referred to in Article 247 paragraph (2) of this Law, which shall be obliged to submit their opinions to the Ministry within 30 days.

Access

Article 250

(1) The entities carrying out energy activity for transport of crude oil through an oil pipeline, i.e. transport of petroleum derivetives through a product pipeline, shall be obliged to provide contractual access to the users of the oil pipeline, i.e. the product pipeline in a non-discriminatory and transparent manner for transport of crude oil, i.e. petroleum derivetives, provided that the technical conditions for third-party access set out in the rules referred to in Articles 248 and 249 of this Law are met.

(2) The entity carrying out the energy activity referred to in paragraph (1) of this Article and the user of the oil pipeline, i.e. the product pipeline, upon a request submitted by the user, shall enter into an access contract which, in accordance with the rules referred to in Articles 248 and 249 of this Law, shall in particular regulate:

1. data on the point of receipt and the point of delivery;

2. dynamics of transport, quality of the crude oil, i.e. the oil derivative;

3. compensation for the transport performed, as well as the types of instruments for securing payments;

4. method for resolving disputes, and

5. contractual penalties for unauthorized deviations in relation to the agreed quantity and prescribed quality of the crude oil, i.e. oil derivative transported in accordance with the regulation of Article 257 of this Law.

(3) The entity carrying out the energy activity referred to in paragraph (1) of this Article shall be obliged to ensure confidentiality of the business data that the oil pipeline, i.e. product pipeline user submits to it for the purpose of entering into the contracts referred to in paragraph (2) of this Article.

(4) The entity carrying out the energy activity referred to in paragraph (1) of this Article may, by decision, deny the request for access due to:

1. lack of capacity;

2. operational obstacles or overloading of the oil pipeline, i.e. product pipeline;

3. endangering the safety or operation of the oil pipeline, i.e. product pipeline;

4. inadequate quality of crude oil, i.e. oil derivative in accordance with the regulation of Article 257 paragraph (1) of this Law, or

5. other conditions provided for in the rules of Articles 248 and 249 of this Law.

(5) The decision from paragraph (4) of this Article should be explained in detail, and shall be adopted within 30 days from the date of receipt of the request for access.

(6) The user may file a complaint to the decision from paragraph (4) of this Article before the Energy Regulatory Commission, in accordance with the rules for handling complaints under Article 73 of this Law.

Fees

Article 251

(1) The Minister shall adopt a methodology for determining the highest amount of fees for transport performed through an oil pipeline, i.e. a product pipeline, based on the principles of fairness, transparency and non-discrimination, which shall ensure:

1. balancing the interests of the entity carrying out the energy activity - transport of crude oil through an oil pipeline, i.e. transport of petroleum derivetives through a product pipeline and the users of the oil pipeline, i.e. a product pipeline, as well as protecting the users from any abuse of the dominant position on the market;

2. reimbursement of justified costs, encouraging efficient operation, as well as obtaining an appropriate return on capital for the entity carrying out the energy activity - transport of crude oil through an oil pipeline, i.e. transport of petroleum derivetives through a product pipeline, and

3. financial resources necessary for investments, which will ensure sustainable and secure operation and development of the oil pipeline, i.e. a product pipeline.

(2) The entity carrying out the energy activity of transport of crude oil through an oil pipeline, i.e. transport of petroleum derivetives through a product pipeline, shall, no later than 31 October of the current year, submit for approval to the Government a decision with fees for the services of performing transport through an oil pipeline, i.e. product pipeline, prepared on the basis of the methodology referred to in paragraph (1) of this Article for performing transport through an oil pipeline, i.e. product pipeline, which shall be applied from the following year.

(3) The following documentation shall be submitted in addition to the decision referred to in paragraph (2) of this Article:

1. financial statements with all annexes in accordance with the adopted international financial reporting standards published in the "Official Gazette of the Republic of North Macedonia", with a report by a certified auditor;

2. financial and accounting and technical and economic and other data and information, including data on quantities of crude oil and/or petroleum derivetives transported in the previous three years, and

3. investment plans for the next five years, with a description and explanation of the economic and energy justification of each investment separately, as well as data on the level of implementation of the investments by the date of submission of the draft decision on compensation.

(4) The Government, upon prior opinion from the Ministry and the Energy Regulatory Commission, shall uphold the decision referred to in paragraph (2) of this Article.

(5) In the procedure for upholding the decision referred to in paragraph (2) of this Article, in addition to the documentation referred to in paragraph (3) of this Article, the Government may request the entity carrying out energy activity to submit other documents, information and data relevant to the upholiding of the decision.

(6) By way of exception from paragraph (2) of this Article, for a crude oil or product pipeline that has not previously been used for transport of crude oil or petroleum derivetives and that plans to begin its first operational period in the current year or for a crude oil or product pipeline that, due to maintenance, upgrading or other non-operational condition, has not transported crude oil or petroleum derivetives in the current year and that plans to begin operation in the current year, the energy operator performing transport of crude oil through a pipeline or transport of petroleum derivetives through a product pipeline, shall, no later than two months before the date of commencement of operation, submit for approval to the Government a decision with fees for the services of provision of transport through a pipeline, or product pipeline, prepared in accordance with the methodology referred to in paragraph (1) of this Article.

(7) Upon approval by the Government, the decision referred to in paragraph (6) of this Article shall be applied from the date of commencement of application in the current year until the end of the following year.

(8) Upon expiration of the application period referred to in paragraph (7) of this Article, the entity carrying out energy activity of transport of crude oil through oil pipeline, i.e. product pipeline, when submitting the approval of the decision with fees for the services of performing oil pipeline, i.e. product pipeline transport for the following years, shall act in accordance with paragraph (2) of this Article.

Trader

Article 252

(1) A wholesaler of fuels shall purchase crude oil, petroleum derivetives, biofuels and/or transport fuels from producers, trade with other wholesalers of fuels and supply retailers of fuels and customers.

(2) A wholesaler of fuels shall own or have the right to use special facilities for storage of crude oil, petroleum derivetives, biofuels and/or transport fuels.

(3) A wholesaler of fuels shall be obliged to have operational reserves of petroleum derivetives and transport fuels at all times.

(4) A wholesaler of fuels shall carry out trade through facilities for wholesale storage of crude oil, petroleum derivetives, biofuels and/or transport fuels, which meet the conditions prescribed by law and other regulations.

(5) The Minister shall prescribe by rulebook the level and method of calculation of the operational reserves referred to in paragraph (3) of this Article.

(6) In the event of difficulties in supply and/or certain technical issues, the Government, upon a proposal from the Ministry, may by decision allow the trader to use the operational reserves referred to in paragraph (3) of this Article.

(7) If the wholesaler experiences difficulties in procurement and/or certain technical issues, the wholesaler may use the operational reserves referred to in paragraph (3) of this Article, by submitting a reasoned notification to the Ministry and the Energy Regulatory Commission, indicating the quantities to be used and the time when they will be returned to the prescribed quantities in accordance with the rulebook referred to in paragraph (5) of this Article, which may not be longer than 20 days after the expiry of the time when the operational reserves would have been used.

(8) The retailer of fuel shall carry out its activity through gas stations or facilities that meet the conditions prescribed by law or other regulation.

(9) Customers may purchase petroleum derivetives, biofuels and transport fuels from abroad if they use the petroleum derivetives or transport fuels exclusively for their own consumption and if they possess appropriate storage capacities built in accordance with the law and by-laws, for which a license for wholesale trade in crude oil, petroleum derivetives, biofuels and transport fuels is not required.

Filling and Sale of Liquefied Petroleum Gas and Compressed Gas

Член 253

(1) A wholesaler of crude oil, petroleum derivatives and fuels for transport may fill and distribute pressure vessels with liquefied petroleum gas, i.e. compressed gas for single or multiple use, if it owns or has the right to use filling stations for liquefied petroleum gas, i.e. compressed gas, which meet the prescribed conditions and standards for construction, maintenance and safe operation.

(2) The name or part of the name of the trader referred to in paragraph (1) of this Article must be displayed on each individual pressure vessel for liquefied petroleum gas and compressed gas.

Filling and Sale of Pressure Vessels with Liquefied Petroleum Gas

Article 254

(1) The licensed operator referred to in Article 4, paragraph (1), item 25 of this Law may fill, sell and/or distribute for trade pressure vessels with liquefied petroleum gas, for single or multiple use, if it owns or has the right to use filling stations for liquefied petroleum gas that meet the prescribed conditions and criteria for construction, maintenance and safe operation.

(2) Filling of cylinders and portable tanks with liquefied petroleum gas shall not be carried out at gas stations from vending machines for supply of motor vehicles or from a liquefied petroleum gas storage facility from vending machines for liquefied petroleum gas transfer.

Storage Facilities

Article 255

(1) Facility for storage of crude oil, petroleum derivatives, biofuels or fuels for transport shall be a technical and technological and functional unit intended for storage, consisting of tanks and auxiliary facilities, which must meet the prescribed conditions for construction, maintenance, fire protection, environmental protection, as well as the conditions for recording quantities and required capacity.

(2) The calculation of the volume of the tanks in which crude oil, petroleum derivatives, biofuels or fuels for transport are stored shall be carried out using tables for determining the volume, developed and issued by the Bureau of Metrology, based on internationally recognized standards for calculating the quantity of oil and petroleum derivatives, adopted in the Republic of North Macedonia.

(3) The Minister shall prescribe, by a regulation, the conditions for recording the quantities and the required capacity of the facilities referred to in paragraph (1) of this Article.

Price Setting

Article 256

In accordance with the regulation under Article 61, paragraph (1), item 3 of this Law, the Energy Regulatory Commission shall adopt a decision on the highest retail prices of certain oil derivatives and fuels for transport.

Quality

Article 257

(1) The Government, upon a proposal from the Ministry, shall adopt a regulation on the quality of liquid fuels, which shall in particular regulate:

1. type of liquid fuels that may be placed on the market as well as their characteristics;

2. manner of determining the quality of liquid fuels;

3. manner and procedure for monitoring the quality of liquid fuels, and

4. requirements regarding the quality of liquid fuels that must be provided by participants in the market of crude oil, petroleum derivatives and transport fuels.

(2) The quality of petroleum derivatives and transport fuels shall be confirmed by a declaration of conformity that producers, wholesalers of the derivative or transport fuel, fuel retailers, as well as customers purchasing petroleum derivatives, biofuels and transport fuels from abroad shall provide from legal entities accredited in accordance with the MKS EN ISO/IEC 17020 standard on the basis of a report on the quality of the derivative or transport fuel by laboratories accredited in accordance with the MKS EN ISO/IEC 17025 standard.

(3) Import and trade in crude oil, petroleum derivatives, biofuels and/or transport fuels may not be carried out in the Republic of North Macedonia if a declaration of conformity referred to in paragraph (2) of this Article has not been issued for those products.

SECTION TWELVE

SPECIAL PROVISIONS

Management of Energy Facilities and Equipment

Article 258

(1) The user of the energy system shall be obliged to:

1. use and manage its energy facilities, devices or installations in accordance with this and other laws, other regulations and the relevant network rules and not to endanger the life and health of people, the environment and property;

2. eliminate the deficiencies of its energy facilities, devices or installations determined by the State Inspectorate for Energy, Mining and Mineral Resources within the specified deadline;

3. not to connect its facility, device or installation to an energy system, i.e. not to enable connection of another user through its facilities, devices or installations without prior consent of the energy system operator;

4. not to manipulate the metering devices,

5. not to impede the delivery of energy to other users;

6. comply with the measures prescribed in the relevant regulation under Article 45 of this Law in the event of a crisis situation, and

7. pay for the delivered energy to the supplier and the services from the operators, within the agreed deadline.

(2) For the equipment for electricity and/or heat generation installed in a newly constructed energy facility or installed in an existing construction facility, the investor shall have a decision for commissioning the equipment, issued by the State Inspectorate for Energy, Mining and Mineral Resources in accordance with the Law on the State Inspectorate for Energy, Mining and Mineral Resources.

(3) The Minister shall adopt technical regulations for the design, construction, commissioning, operation and maintenance of energy facilities, devices and installations.

Handling of Confidential Information by Operators

Article 259

(1) The operators of the electricity and gas transmission and distribution systems, the operators of the heat distribution systems, as well as the operators of the relevant energy markets shall be obliged to maintain the confidentiality of commercially sensitive information obtained in the course of their activities and to prevent its disclosure.

(2) As an exception to paragraph (1) of this Article, the publication or disclosure of information that is not of a confidential nature and that may bring advantages or benefits to any other entity or market participant shall be published by the relevant operator in a non-discriminatory manner.

(3) The Ministry, the Energy Regulatory Commission or another competent state body may request the operator referred to in paragraph (1) of this Article to provide access to commercially sensitive information that it will use exclusively for its own needs, and they shall be obliged to ensure confidentiality and protection from disclosure of the information obtained in accordance with the law governing the protection of personal data.

(4) The operators referred to in paragraph (1) of this Article shall be obliged to, on their website or in another manner, make publicly available the information necessary for safe and efficient operation of the relevant system, i.e. for effective competition and efficient operation of the markets.

Data Exchange Between Entities Carrying Out Energy Activities

Article 260

(1) The system user shall be obliged to provide the system operator it is using, as well as the energy suppliers and traders with their contact details (name and surname / name of the user, address / registered office, telephone, e-mail, personal identification number / tax number and identification document number).

(2) In order to fulfill the obligations arising out of this Law and the regulations and rules adopted on the basis of this Law, the energy activities referred to in paragraph (1) of this Article shall be obliged to keep records of the system users containing the data referred to in paragraph (1) of this Article and shall be entitled to process, update and exchange the data among themselves, as well as to submit them at the request of state authorities and courts.

(3) The data of the users referred to in paragraph (1) of this Article may be used exclusively for:

1. regulating contractual relations (connection to energy or gas systems, delivery of energy or gas, etc.);

2. collection of claims;

3. conducting judicial or administrative proceedings, and

4. communication with users for the purpose of fulfilling the obligations under this Law and the regulations adopted on the basis of this Law.

(4) The energy activities referred to in paragraph (1) of this Article shall be obliged to handle the data in accordance with the law governing the protection of personal data.

(5) After termination of the contractual relations, the data on the users referred to in paragraph (1) of this Article shall be kept for a period of three years from the date of issuing the last bill, i.e. invoice to the users for the services provided in accordance with this Law.

(6) The users of the system shall be obliged, within 30 days of the change in the data referred to in paragraph (1) of this Article, to inform the entities carrying out energy activities referred to in paragraph (1) of this Article of the change in the data.

Compensation for Damage

Article 261

(1) The operator of the relevant energy transmission or distribution system shall have the right to compensation for damage incurred as a result of unauthorized energy consumption or unregistered quantities of energy due to unauthorized manipulation of metering devices.

(2) The procedure for determining the causes of the damage incurred, as well as the method of calculating the damage and the compensation that the user has to pay, shall be determined by the relevant network rules.

(3) Users of energy transmission or distribution systems shall have the right to compensation for damage incurred due to reduced delivery or interruption in the delivery of energy by the operator of the relevant system.

Use of Lines by an Operator

of Public Electronic Communications Services

Article 262

(1) The operators of the electricity transmission and distribution system may provide for use of existing electricity lines to an operator providing public electronic communication services for transmission of communication signals, broadcasting networks and cable television networks, regardless of the type of information transmitted, for which they shall enter into appropriate contracts, provided that the transmission and distribution of electricity is not disrupted and the user does not use the electricity lines to perform electricity activities.

(2) If the operator providing public electronic communication services for transmission of communication signals, broadcasting networks and cable television networks needs to provide electricity for the equipment installed on the infrastructure of the energy operators, it should also have a decision for connecting to the system in accordance with the relevant network rules.

Operators of Energy Devices and Plants

Article 263

(1) An operator of certain types of energy devices and plants shall be a person with appropriate vocational education in the field of the type of operator, with practical work experience on appropriate energy devices and plants under supervision after completing the vocational education, and with a passed vocational exam for an operator of energy devices and plants (hereinafter referred to as: exam).

(2) Operators of certain types of energy devices and plants shall be entitled to take the exam if they meet the following conditions for:

1. operation of steam turbines:

1.1. over 10 MW, secondary vocational and technical education of level IV of the Macedonian Qualifications Framework in energy, electrical or mechanical engineering and 12 months of supervised work on operating turbine plants, and

1.2. up to 10 MW, secondary vocational and technical education of level IV of the Macedonian Qualifications Framework in energy, electrical or mechanical vocations and nine months of supervised work on operating turbine plants under supervision;

2. operating gas turbines used for electricity generation, secondary vocational and technical education of level IV of the Macedonian Qualifications Framework in energy, electrical or mechanical vocations and 12 months of supervised work on operating turbine plants;

3. operating hydroturbines used for electricity generation, secondary vocational and technical education of level IV of the Macedonian Qualifications Framework in energy, electrical or mechanical vocations and 12 months of supervised work on operating turbine plants;

4. operating boiler rooms with ATC (automatic thermal control) installed capacity:

4.1. over 20 MW, secondary vocational and technical education of level IV of the Macedonian Qualifications Framework in energy, electrical or mechanical vocations and 12 months of supervised work in operating boiler plants;

4.2. up to 20 MW, secondary vocational and technical education of level IV of the Macedonian Qualifications Framework in energy, electrical or mechanical vocations and 12 months of supervised work in operating boiler plants, and

4.3. up to 5 MW, with vocational training in duration of two years, i.e. vocational qualification of level II of the Macedonian Qualifications Framework in energy, electrical or mechanical vocations and 12 months of supervised work in operating boiler plants;

5. Boiler operation:

5.1. with mechanical ignition, secondary vocational and technical education of level IV of the Macedonian Qualifications Framework in the energy, electrical or mechanical vocation and 12 months of supervised work on boiler plant operation, and

5.2. with manual ignition, with two-year vocational training, i.e. vocational qualification of level II of the Macedonian Qualifications Framework in the energy, electrical or mechanical vocation and six months of supervised work on boiler plant operation;

6. steam piston engine operation, with two-year vocational training, i.e. vocational qualification of level II of the Macedonian Qualifications Framework in the energy, electrical or mechanical vocation and 12 months of supervised work on steam piston engine operation;

7. internal combustion engine operation in total capacity of:

7.1. over 200 KW, two-year vocational training, i.e. vocational qualification of level II of the Macedonian Qualifications Framework in the energy, electrical or mechanical vocation and 12 months of supervised work on operating engines, and

7.2. up to 200 KW, with two-year vocational training, i.e. vocational qualification of level II of the Macedonian Qualifications Framework in the energy, electrical or mechanical vocation and 12 months of supervised work on operating engines;

8. operation of compressors and refrigeration plants:

8.1. with a total capacity of over 200 KW, with secondary vocational and technical education of level IV of the Macedonian Qualifications Framework in the energy, electrical, mechanical or chemical and technological vocation and 12 months of supervised work on compressors and refrigeration plants, and

8.2. with a total capacity of up to 200 KW, with secondary vocational and technical education of level IV of the Macedonian Qualifications Framework in energy, electrical, mechanical or chemical and technological vocations and 12 months of supervised work in operating compressors and refrigeration plants;

9. operation of pumping stations:

9.1. with a total capacity of over 200 KW, secondary vocational and technical education of level IV of the Macedonian Qualifications Framework in energy, electrical or mechanical vocations and 12 months of supervised work in operating pumping stations, and

9.2. with a total capacity of up to 100 KW, with two-year vocational training, i.e. vocational qualification of level II of the Macedonian Qualifications Framework in energy, electrical, mechanical or chemical and technological vocations and 12 months of supervised work in operating pumping stations;

10. operating gas generators, with a two-year vocational training, i.e. vocational qualification of level II of the Macedonian Qualifications Framework in the electrical or mechanical vocation and 12 months of supervised work in operating gas generators;

11. operating central heating boilers:

11.1. with an installed capacity of over 1 MW, working pressure of 0.5 bar, temperature of up to 110° C of the outlet water, secondary vocational and technical education of level IV of the Macedonian Qualifications Framework in the energy, electrical or mechanical vocation and 12 months of supervised work in operating boilers, and

11.2. with an installed capacity of over 0.2 MW to 1 MW, working pressure of 0.5 bar, temperature of 110° C at the outlet water, with a two-year vocational training, i.e. vocational qualification of level II of the Macedonian Qualifications Framework in the energy, electrical or mechanical vocation, 12 months of supervised work, six months of which in boiler operation or completed primary school and 18 months of supervised work, six months of which in operation;

12. air conditioning operation, with two-year vocational training, i.e. vocational qualification of level II of the Macedonian Qualifications Framework in the energy, electrical or mechanical vocations and six months of supervised work in air conditioning operation;

13. operating devices for preparing feed, boiler and cooling water over 15m3 (cubic meters) per hour, with a two-year vocational training, i.e. vocational qualification of level II of the Macedonian Qualifications Framework in chemical technology or mechanical engineering and six months of supervised work in operating devices for preparing feed, boiler and cooling water;

14. operating devices for filling and manipulating technical gases, with a two-year vocational training, i.e. vocational qualification of level II of the Macedonian Qualifications Framework in electrical or mechanical engineering and six months of supervised work or completion of primary school and 12 months of supervised work;

15. operating first and second class pressure vessels, with a two-year vocational training, i.e. vocational qualification of level II of the Macedonian Qualifications Framework for energy, electrical or mechanical vocations and six months of supervised work for workers with an energy vocation, i.e. 12 months for workers with an electrical or mechanical vocation;

16. operating substations and electrical distribution plants, secondary vocational and technical education of level IV of the Macedonian Qualifications Framework for electrical or energy vocations and 12 months of supervised work of operating substations and electrical distribution plants;

17. operating dispatch centers and electrical commands, with a completed faculty of electrical engineering, electrical power engineering and with at least 240 ECTS or VII/1 level, i.e. VIA level of the Macedonian Qualifications Framework and 12 months of supervised work of operating dispatch centers and electrical commands;

18. operating power unit for electricity generation, secondary vocational and technical education of level IV of the Macedonian Qualifications Framework in the energy, electrical or mechanical vocation and 12 months of supervised work in operating the power unit;

19. operation of drying devices:

19.1. over 500 kW, secondary vocational and technical education of level IV of the Macedonian Qualifications Framework in the energy, electrical or mechanical vocation and six months of supervised work in operating drying devices, and

19.2. up to 500 kW, two-year vocational training, i.e. vocational qualification of level II of the Macedonian Qualifications Framework in the energy, electrical or mechanical vocation and six months of supervised work in operating drying devices;

20. operation of technological furnaces with an effect of over 0.5 MW fired with liquid and gas fuel, secondary vocational and technical education of level IV of the Macedonian Qualifications Framework in energy, electrical or mechanical engineering and 12 months of supervised work in operating technological furnaces, and

21. operation of dispatch centers in the gas sector by:

21.1. dispatchers who monitor the transmission system, with secondary education of level III and/or level IV of the Macedonian Qualifications Framework and 12 months of supervised work in monitoring the operation of the Natural Gas Transmission System and

21.2. technical dispatchers, who operate electrical controls, with a completed electrical or mechanical engineering faculty with at least 240 ECTS or VII/1 level or VIA level of the Macedonian Qualifications Framework and 12 months of supervised work in monitoring the operation of the natural gas transmission system and operating dispatch centers and electrical controls.

(4) The exam shall consist of two parts, as follows:

- written part (theoretical part), which tests the candidate's theoretical knowledge, and

- oral part (practical work), which tests the candidate's ability to operate appropriate energy devices and plants for which they have applied for examination.

(5) The exam shall be taken in the March, May, September and December exam sessions.

(6) The candidate shall register for participation in the exam session referred to in paragraph (5) of this Article from the 1st to the 15th day of the month preceding the month in which the exam session is held.

(7) The written part of the exam ishall be technically conducted by a legal entity registered in the Central Registry of the Republic of North Macedonia and selected by the Ministry in a procedure in accordance with the Law on Public Procurement.

(8) The oral part of the exam with practical work shall be conducted by a Commission established and dismissed by the Minister. Depending on the type and characteristics of the energy devices and plants, the Commission shall consist of at least five and at most nine members from among the employees of the Ministry, the State Inspectorate for Energy, Mining and Mineral Resources and external experts, with a completed higher education in the field of engineering and technology. The members of the commission shall be entitled to a monetary compensation for the work performed, which shall not exceed the level of three average monthly net salaries paid in the Republic of North Macedonia for the previous year, published by the State Statistical Office.

(9) For taking the exam, operators of energy devices and plants shall pay a fee determined by the Minister, which may not exceed 15% of the average monthly net salary paid in the Republic of North Macedonia in the previous calendar year.

(10) The fee for taking the exam shall be paid into the Ministry's own revenue account.

(11) The Minister, upon proposal of the commission referred to in paragraph (8) of this Article, shall issue a certificate of passing the vocational exam for operating a particular type of energy devices and plants.

(12) For the person who operates dispatch centers and electrical controls in the electricity transmission system operator and meets the requirements of paragraph (2) item 17 of this Article, the training, examination and certification shall be carried out in accordance with the network rules and accompanying documents of ENTSO-E.

(13) Minutes shall be kept for the conducted exam, and records shall be kept for all exams conducted by the Ministry.

(14) The Minister shall prescribe in more detail:

1. the examination programme;

2. the method of scoring the written and oral parts of the exam;

3. the method of preparing and revising the exam questions;

4. the method of using the electronic system for taking the written part of the exam;

5. the technical conditions for the room in which the written part of the exam is taken;

6. the conditions for interrupting and continuing the exam;

7. the content, manner and deadline for preparing the minutes and report of the examination;

8. the form and content of the certificate of passing the exam, and

9. the content and manner of keeping records of conducted examinations, as well as the deadlines for their storage.

Quality of Delivery and Electricity Supply

Article 264

(1) The Energy Regulatory Commission shall adopt a rulebook on monitoring technical and business indicators and on regulating the quality of electricity delivery and supply, which shall regulate:

1. indicators for technical and commercial quality of delivery and commercial quality of electricity supply;

2. manner of determining the required values ​​of indicators for monitoring the quality of energy delivery and supply and the manner of recording data and calculating the indicators;

3. manner and deadlines for submitting data and reports to the Energy Regulatory Commission, and

4. manner of determining the amount of compensation paid to the final customer based on the determined degree of deviation from the prescribed quality of electricity delivery.

(2) The Energy Regulatory Commission shall take into account the achieved values ​​of indicators for the quality of electricity delivery when approving the development plans and the necessary funds for investments of the relevant network operators.

(3) The regulations and methodologies referred to in Article 54 paragraph (1) of this Law shall also determine the manner of determining the maximum amount of incentives, i.e. reduction of the approved maximum income, depending on the direction and degree of deviation from the required values ​​of the delivery quality indicator.

Electricity Quality Assurance

Article 265

(1) By means of a rulebook on electricity quality assurance, the Minister shall prescribe the manner of measuring the quality of electricity supplied through the electricity transmission system or electricity distribution systems.

(2) Upon request of an electricity transmission or electricity distribution system user, the State Inspectorate for Energy, Mining and Mineral Resources or an inspection body accredited under the Law on Accreditation shall measure the quality of the supplied electricity under conditions of normal operation of the relevant system.

(3) The electricity customer shall submit a request for measuring the quality of the supplied electricity to the State Inspectorate for Energy, Mining and Mineral Resources through its supplier or trader or shall eter into a contract with an accredited inspection body.

(4) The Minister shall determine the fee for measuring of the quality of electricity carried out by the State Inspectorate for Energy, Mining and Mineral Resources, depending on the type of network and the special requirements for quality measurements.

(5) The fee for measuring of the quality of electricity carried out 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 measuring carried out are in accordance with the quality prescribed by the network rules for the transmission or distribution of electricity, the fee for the measuring carried out shall be paid by the user.

(7) If the results of the measuring carried out by the State Inspectorate for Energy, Mining and Mineral Resources or by the accredited inspection body are not in accordance with the quality prescribed by the network rules for transmission or distribution of electricity, the operator of the relevant system shall pay the fee for the measuring carried out, which may not be higher than the fee determined in accordance with paragraph (4) of this Article or in the contract referred to in paragraph (5) of this Article.

(8) The electricity transmission and distribution system operators shall carry out electricity quality assurance and check whether the users of the relevant system use the system in accordance with the conditions and criteria prescribed in the relevant network rules.

(9) The Director of the State Inspectorate for Energy, Mining and Mineral Resources shall, no later than 31 December, adopt a plan for measuring the quality of electricity, including the scope of measuring points and the dynamics for conducting measurements for the following calendar year.

(10) The State Inspectorate for Energy, Mining and Mineral Resources shall, no later than 15 March, submit a report to the Ministry and the Energy Regulatory Commission on the implementation of the plan referred to in paragraph (9) of this Article for the previous calendar year.

Business Information Protection

Article 266

(1) Entities carrying out an energy activity shall be obliged to ensure and guarantee the confidentiality of business data and information received from users in the course of carrying out the activity in accordance with the law, except for information:

1. available to the public;

2. for which there is a written consent for disclosure given by the user, and

3. which the entity carrying out the energy activity is obliged to provide in accordance with the obligations set out in the license, a decision of a competent court or at the request of a state authority.

(2) Entities carrying out an energy activity shall not misuse business secrets and information received in the course of carrying out the activity for the purpose of obtaining business benefit for themselves and/or third parties.

Prohibition on Carrying Out Work Near Energy Facilities

Article 267

(1) Construction and carrying out other works, planting of plants and trees on land under, above and next to energy facilities, devices and installations shall not be permitted if the execution of the works disrupts the process of generation, transmission and distribution of energy or endangers the safety of people and property.

(2) As an exception to paragraph (1) of this Article, if the execution of the works is necessary for achievement of public interest, the entity carrying out energy activity, upon request of the contractor of the works, shall be obliged to provide written consent for the execution of the works within 15 days from the date of submission of the request, in which it shall also determine the necessary protective measures for the facilities, devices and installations.

(3) Undertaking of the protective measures determined in accordance with paragraph (2) of this Article shall be at the expense of the contractor.

Obligation to Provide Temporary Passage Through Land

Article 268

(1) The owner, i.e. the user of land shall be obliged to allow temporary passage through the land for the purpose of carrying out surveys, recording, designing and carrying out maintenance and reconstruction works on energy facilities.

(2) The owner, i.e. the user of land shall be entitled to compensation for the damage caused by the works referred to in paragraph (1) of this Article.

(3) If the metering device is located on the property of the system user, the user shall be obliged to provide the authorized person of the system operator with the right to access to any part of their property or facility where the metering device is located, for the purpose of:

1. reading the metering devices;

2. control, installation, supervision, replacement or maintenance of the equipment at the metering point;

3. disconnection of the user from the system when acting contrary to the conditions for using the system prescribed in the relevant network rules, and

4. disconnection of the customer, at the request of the supplier, in accordance with the provisions of the relevant supply rules.

Bankruptcy of an Entity Carrying Out

Energy Activity with Public Service Obligation

Article 269

(1) When the entity carrying out energy activity, who has an obligation to provide a public service, requests opening of bankruptcy proceedings with personal management, it shall be obliged, before submitting the request for the opening of bankruptcy proceedings, to submit the personal management plan for an opinion to the Energy Regulatory Commission.

(2) The Energy Regulatory Commission, within 30 days from the date of receipt of the plan referred to in paragraph (1) of this Article, shall submit the opinion on the plan to the entity carrying out the energy activity, in which, in addition to the obligations specified in the license, it may also determine other obligations for the entity carrying out energy activity in implementing the personal management plan.

(3) The bankruptcy judge shall immediately submit to the Energy Regulatory Commission the decision to open bankruptcy proceedings.

(4) The Energy Regulatory Commission, within seven days from the receipt of the decision referred to in paragraph (3) of this Article, shall ex officio make a note of the opened bankruptcy procedure in the license for carrying out energy activities.

(5) If bankruptcy proceedings are opened against the entity carrying out energy activity referred to in paragraph (1) of this Article at the request of a creditor:

1. the bankruptcy judge shall immediately submit the decision to open bankruptcy proceedings to the Energy Regulatory Commission;

2. the bankruptcy trustee, within three days from the date of adoption of the decisions by the bankruptcy judge, the bankruptcy trustee, the board and/or the assembly of creditors, shall submit them to the Energy Regulatory Commission, and

3. The Energy Regulatory Commission shall, within seven days from the receipt of the decision referred to in item 1 of this paragraph, ex officio record the opened bankruptcy proceedings in the undertaking’s license for carrying out energy activities.

(6) The bankruptcy trustee shall be obliged to ensure that the undertaking in bankruptcy continues to perform the energy activity referred to in paragraph (1) of this Article without interruption, until adoption of a decision by the assembly of creditors.

(7) If in the bankruptcy proceedings a decisio for reorganization of the undertaking is adopted, the bankruptcy judge shall immediately submit the reorganization plan to the Energy Regulatory Commission.

(8) The Energy Regulatory Commission, within 30 days from the date of receipt of the reorganization plan referred to in paragraph (7) of this Article, shall submit to the bankruptcy judge and the assembly of creditors the opinion on the undertaking’s reorganization plan.

(9) Upon approval of the reorganization plan and if the opinion on the reorganization plan by the Energy Regulatory Commission is positive, the Energy Regulatory Commission, within seven days from the date of receipt of the notification from the bankruptcy trustee for approval of the reorganization plan, shall adopt a decision on the transfer of the license for carrying out energy activities to the entity implementing the undertaking’s reorganization plan.

SECTION THIRTEEN

SUPERVISION

Supervising Bodies

Article 270

(1) The Ministry shall supervise the implementation of this Law and the regulations adopted on the basis of this Law, except for the regulations and rules adopted or approved by the Energy Regulatory Commission.

(2) The Ministry shall supervise the legality of the operation of local self-government units in accordance with this Law.

(3) The Energy Regulatory Commission shall supervise the operation of the entities carrying out regulated energy activities, as well as the entities carrying out energy activities on which the obligation to provide universal, i.e. public service has been imposed, in accordance with this Law.

(4) The Energy Regulatory Commission shall supervise the implementation of the provisions of this Law relating to the obligations for ownership unbundling of system operators and third-party access and connection of users to the relevant systems.

(5) The Energy Regulatory Commission shall supervise the implementation of the provisions of this Law relating to ensuring integrity and transparency, i.e. prohibition of trading based on inside information and prohibition of market manipulation and/or attempted manipulation of the wholesale energy product markets.

(6) The Energy Regulatory Commission shall supervise the operation of licensees in relation to the fulfilment of their obligations set out in the licenses issued.

(7) In exercising the powers set out in this and other laws, the supervision referred to in this Article shall be based on the principle of legality, responsibility and independence.

Action upon Established Irregularities and Deficiencies

Article 271

(1) If irregularities are established during the supervision referred to in Article 270 of this Law, the body carrying out the supervision shall be obliged to notify the entities subject to the supervision of the established irregularities and deficiencies and, if possible, set a deadline for their elimination.

(2) If the entities subject to supervision fail to eliminate the established irregularities and deficiencies within the established deadline, the body performing supervision shall undertake measures for their elimination, which shall be at the expense of the entity of supervision.

(3) In the event that the established irregularities and deficiencies may cause harmful consequences, immediate danger to the life and health of people or financial damage or damage to property of greater value or endangerment of the environment or endangerment of the public interest or the operations of the body performing supervision, the body shall immediately notify the Government, and if necessary, other bodies, and propose measures for their elimination in accordance with the law.

(4) When the identified irregularities and deficiencies are ascertained during the supervision by the Energy Regulatory Commission in the cases referred to in Article 270, paragraphs (1), (3), (4), (5) and (6) of this Law, and are not removed within the deadline specified in the notification referred to in paragraph (1) of this Article or their removal is not possible, the Energy Regulatory Commission shall initiate a procedure for suspension, i.e. revocation of the license and/or submit a request for initiation of a misdemeanor procedure in accordance with the provisions of this Law.

Subject of Supervision of and Measures for Local Self-Government Units

Article 272

(1) When performing the supervision referred to in Article 270 paragraph (2) of this Law, the Ministry shall:

1. monitor the legality of the work of the council and the mayor of the local self-government unit, undertake measures and activities and submit initiatives for the exercise of their competence in accordance with the law;

2. assess whether the bodies of the local self-government unit ensure that the matters within their competence are carried out in accordance with the procedures established by this Law;

3. point out to the council and the mayor of the local self-government unit that they have exceeded their competence established by law and other regulations and proposes appropriate measures to overcome this situation;

4. point out to certain material and procedural deficiencies in the work of the council and the mayor of the local self-government unit that could prevent performance of matters of public interest of local importance;

5. provide recommendations for consistent implementation of the competencies of the council and the mayor of the local self-government unit established by this Law, at their request;

6. monitor the timely adoption of the acts established by this Law by the council and the mayor of the local self-government unit;

7. submit initiatives and proposals to the council and the mayor of the local self-government unit, if it establishes non-implementation of the law as a result of a conflict of competencies between the municipal bodies;

8. monitor the legality of the decisions that the mayor adopts in resolving administrative matters for the rights, obligations and interests of natural and legal persons adopted on the basis of this and other laws and shall take measures for which it is authorized by law and

9. timely inform the bodies of the local self-government unit about the situations established in their work and about the measures taken during the performance of supervision.

(2) The Ministry shall inform the council and the mayor of the local self-government unit about the measures and activities taken under 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 performance of the tasks under paragraph (1) of this Article, their exercise of the relevant competence shall be limited or revoked by force of law.

(4) In the case under paragraph (3) of this Article, the Ministry shall assume and exercise the revoked competences of the council and the mayor of the local self-government unit on behalf and for the account of the local self-government unit, but not more than one year from the date of their assumption.

Supervision by the Energy Regulatory Commission

Article 273

(1) The Energy Regulatory Commission shall carry out supervision in accordance with an annual supervision plan adopted by 31 December of the year for the following year at the latest, and may also carry out extraordinary supervision.

(2) Supervision shall be carried out by authorized persons employed by the Energy Regulatory Commission.

(3) The entity subject to supervision shall be obliged to enable the authorized persons to carry out supervision without hindrance, and in particular to prepare and make available to them accurate and complete data, reports, documents, materials or other documents necessary for the performance of supervision, to provide oral information in the form of statements or answers, to provide access to the premises, facilities, energy products, documents or any other means related to the subject of supervision.

(4) In addition to conducting supervision in the manner specified in this Article, the Energy Regulatory Commission shall conduct supervision over participants in the wholesale energy markets with energy products referred to in Article 56 of this Law through research that includes examination and verification of the prohibited actions referred to in Article 56 of this Law.

(5) The Energy Regulatory Commission shall adopt a rulebook on supervision, which shall prescribe in more detail the preparation and conduct of supervision.

Subject of Inspection Supervision

Article 274

(1) Inspection supervision of the implementation of this Law shall be carried out by the State Inspectorate for Energy, Mining and Mineral Resources and the State Market Inspectorate.

(2) Inspection supervision shall include supervision of the implementation of the provisions of this and other laws, regulations, rules, standards, technical specifications and quality norms relating to carrying out energy activities by entities carrying out energy activities, energy system users and customers.

(3) In carrying out inspection supervision, the inspection services referred to in paragraph (1) of this Article may, for certain inspection supervision matters, use the services of experts from other bodies and institutions, i.e. other legal entities, if their performance requires special expertise or equipment.

(4) The inspection bodies that perform inspection supervision of the operations of the energy activities for which a license is required shall be obliged to, upon request from the Energy Regulatory Commission, immediately submit to it all information that is of importance for issuance or revocation of a license, including information on the current operations of the licensee.

Conducting Inspection Supervision

Article 275

(1) In the inspection supervision procedure, the inspection services referred to in Article 274 paragraph (1) of this Law shall apply the provisions of the law regulating inspection supervision, unless otherwise regulated by this or another law.

(2) Upon initiative of an energy distribution system operator, and in connection with the application of Article 164 paragraph (5), Article 218 paragraph (4) and Article 241 paragraph (3) of this Law, the inspection services referred to in Article 274 paragraph (1) of this Law shall carry out an extraordinary inspection in accordance with the law regulating inspection.

(3) The entities carrying out energy activities, energy system users and customers shall be obliged to act upon the request, i.e. the order of the inspection authorities referred to in Article 274 of this Law, and in particular:

1. to enable the unhindered performance of the inspection;

2. to provide for inspection documents and data necessary for the performance of the inspection;

3. to enable access to the premises, products, documents or any other means subject to inspection within a specified period of time;

4. upon a written request from the inspection body to suspend operations during the inspection supervision, if this is necessary for carrying out the supervision and determining the factual situation, and

5. upon a written request from the inspection body, within the deadline specified in the request, to submit or prepare to the inspector accurate and complete data, reports, materials or other documents necessary for conducting the inspection supervision.

Acting Upon of the State Inspectorate for Energy, Mining and Mineral Resources

Article 276

(1) If, in the course of conducting an inspection, an inspector from the competent State Inspectorate for Energy, Mining and Mineral Resources determines that the provisions of this and other laws, other regulations, rules, standards, technical specifications and quality norms are not applied or are applied inappropriately, they shall issue a decision issuing a warning, setting a deadline within which the subject of inspection shall be obliged to eliminate the irregularities and deficiencies established in the minutes.

(2) As an exception to paragraph (1) of this Article, in the event that the inspector assesses that the irregularities and deficiencies established may cause or are causing an immediate danger to the life and health of people or financial damage or damage to property of greater value or endangering the environment or endangering the public interest, they shall issue a decision:

1. prohibiting use of the facility, plant, device or installation, or

2. prohibiting construction, i.e. installation of the facility, plant, device or installation.

(3) If, after the expiry of the period specified in the issued warning referred to in paragraph (1) of this Article, the inspector determines that the irregularities and deficiencies have not yet been eliminated, they shall adopt a decision imposing an inspection measure referred to in paragraph (2) of this Article.

(4) The inspector shall be obliged to notify the Energy Regulatory Commission of the decision referred to in paragraphs (2) and (3) of this Article, which concerns a licensee carrying out an energy activity.

(5) If the entity carrying out energy activity fails to act in accordance with the decision referred to in paragraphs (2) and (3) of this Article, the inspector from the State Inspectorate for Energy, Mining and Mineral Resources shall submit a request for initiation of a misdemeanor procedure.

(6) The State Inspectorate for Energy, Mining and Mineral Resources shall establish and keep records of issued warnings referred to in paragraph (1) of this Article.

(7) An appeal may be filed against the decision of the inspector from the competent State Inspectorate for Energy, Mining and Mineral Resources within 15 days from the date of receipt of the decision to the State Commission for Decision-Making in Administrative Procedure, Employment Procedure and Inspection Supervision in Second Instance.

Acting Upon of the State Market Inspectorate

Article 277

(1) If, in the course of conducting an inspection, the competent inspector at the State Market Inspectorate determines that the rules governing the supply of energy to customer are not applied or are applied inappropriately or that participants in the liquid fuels market do not comply with the obligations set out in the regulation referred to in Article 257, paragraph (1) of this Law, they shall issue a decision issuing a warning, setting a deadline within which the entity of inspection shall be obliged to eliminate the irregularities and deficiencies established in the minutes.

(2) As an exception to paragraph (1) of this Article, in the event that the inspector assesses that the established irregularities and deficiencies may cause or are causing an immediate danger to the life and health of people or financial damage or damage to property of greater value or endangering the environment or endangering the public interest, they shall issue a decision ordering withdrawal from circulation of liquid fuels whose quality does not comply with the prescribed one.

(3) If, after the expiry of the period specified in the issued warning referred to in paragraph (1) of this Article, the inspector determines that the irregularities and deficiencies have not yet been eliminated, they shall issue a decision imposing an inspection measure referred to in paragraph (2) of this Article.

(4) The inspector shall be obliged to notify the Energy Regulatory Commission of the decision referred to in paragraphs (2) and (3) of this Article concerning a licensee carrying out an energy activity.

(5) If the entity carrying out energy activity fails to act in accordance with the decision referred to in paragraphs (2) and (3) of this Article, the inspector from the competent market inspectorate shall submit a request for initiation of a misdemeanor procedure.

(6) The State Market Inspectorate shall establish and keep records of issued warnings referred to in paragraph (1) of this Article.

(7) An appeal may be filed against the decision of the inspector from the competent State Market Inspectorate, within 15 days from the date of receipt of the decision, to the State Commission for State Commission for Decision-Making in Administrative Procedure, Employment Procedure and Inspection Supervision in Second Instance.

PART FOURTEEN

MISDEMEANOUR PROVISIONS

Article 278

(1) The initiation of a misdemeanour procedure for misdemeanours established by this Law may be requested by the authorities entrusted under this Law with supervisory responsibilities.

(2) For misdemeanours referred to in Articles 282, 283, 284, 285, 286, 287, 288, 289, 290, 291, 293, 294, and 295, as well as in Articles 281 and 292 of this Law, for which a fine exceeding EUR 1,000 in denar equivalent for a legal entity, EUR 500 in denar equivalent for the responsible person in the legal entity, and EUR 250 in denar equivalent for a natural person is prescribed, a misdemeanour procedure shall be conducted and a misdemeanour sanction shall be imposed by the competent court, by the authorities referred to in paragraph (1) of this Article.

(3) The provisions of the Law on Misdemeanours shall apply accordingly to the procedures referred to in paragraph (1) of this Article.

Article 279

1. The Ministry shall conduct the misdemeanour procedure and shall impose misdemeanour sanctions for misdemeanours referred to in Articles 281 and 292 of this Law.

(2) For the conduct of the misdemeanour procedure and the imposition of misdemeanour sanctions for the misdemeanours referred to in paragraph (1) of this Article, for which a fine of up to EUR 1,000 in denar equivalent for a legal entity, EUR 500 in denar equivalent for the responsible person in the legal entity, and EUR 250 in denar equivalent for a natural person is prescribed, the Minister shall, by decision, establish a Commission for Decision-Making in Misdemeanour Cases (hereinafter: the Misdemeanour Commission), composed of three members from among the employees of the Ministry, as follows:

1. one member who shall be a graduate lawyer, who has passed the bar examination and has at least five years of professional experience in their field, and who shall act as the chairman of the Misdemeanour Commission;

2. one member with a higher education degree in technical sciences and five years of professional experience in their field; and

3. one member with a higher education degree in economic sciences and five years of professional experience in their field.

(3) The Misdemeanour Commission shall be appointed for a term of three years, with the right to reappointment of its members.

(4) The Minister, upon the proposal of the Chair of the Misdemeanour Commission, may issue a decision to dismiss a member of the Misdemeanour Commission in the following cases:

1. upon expiration of the term for which the member was appointed;

2. upon the member’s request;

3. upon fulfilment of the conditions for retirement under the law;

4. in case of established permanent incapacity to participate in the work of the Misdemeanour Commission;

5. if a final court decision determines a violation of the rules governing the conduct of misdemeanour procedures;

6. if the member fails to fulfil the obligations arising from their work in the Misdemeanour Commission; and

7. if the member fails to report a conflict of interest in a case decided by the Misdemeanour Commission.

(5) The Misdemeanour Commission shall adopt Rules of Procedure for its work, which shall be approved by the Minister.

(6) The Misdemeanour Commission shall operate in a panel and shall decide by a majority vote of the total number of members.

(7) The members of the Misdemeanour Commission shall act independently and autonomously based on the law, their professional knowledge, and personal conviction.

(8) An appeal may be submitted against the decisions of the Misdemeanour Commission to the competent authority in accordance with the Law on Misdemeanours.

Article 280

(1) When the competent inspector establishes that a misdemeanour has been committed, they shall draw up a report recording the essential elements of the act, the time, place, and manner of commission of the misdemeanour, a description of the act, and the persons found at the scene.

(2) Prior to submitting a request for initiation of a misdemeanour procedure for the misdemeanours referred to in Article 281, Article 282 paragraphs (3), (4), (5), (6), and (7), Article 283, Article 284 paragraphs (2), (3), (4), and (5), Article 285, Article 286 paragraphs (2), (3), (4), and (5), Article 287 paragraphs (1), (2), (4), (6), (7), (8), (9), (10), (11), and (12), Article 288 paragraphs (2), (3), (4), and (5), Article 289, Article 290 paragraphs (2), (3), (4), and (5), Article 291 paragraphs (1), (2), (3), (4), (6), (7), (8), (9), (10), (11), (12), (13), and (14), Articles 292 and 293, Article 294 paragraphs (2), (3), and (4), and Article 295 paragraphs (2), (3), (4), (5), (6), (7), (8), (9), (10), (11), (12), (13), (14), and (15) of this Law, the competent inspector shall be obliged to propose to the offender the settlement procedure by issuing a misdemeanour payment order.

(3) The competent inspector shall issue a misdemeanour payment order to the offender.

(4) In the settlement procedure, the fine in the misdemeanour payment order shall be imposed in the minimum prescribed amount for the misdemeanour.

(5) Upon receipt and signing of the misdemeanour payment order, the offender shall pay the fine within eight days of receipt to the account specified in the payment order.

(6) The offender who pays the fine within the period referred to in paragraph (5) of this Article shall pay half of the imposed fine, and shall be informed of this right in the legal notice.

(7) The receipt of the payment order referred to in paragraph (5) of this Article shall be recorded in the report.

(8) If the offender fails to pay the fine within the period referred to in paragraph (5) of this Article, the competent inspector shall submit a request for initiation of a misdemeanour procedure to the competent court in accordance with Article 278 of this Law or to the Misdemeanour Commission in accordance with Article 279 of this Law.

(9) The competent inspector shall be obliged to keep records of the issued misdemeanour payment orders and the outcomes of the initiated procedures.

(10) The records referred to in paragraph (9) of this Article shall contain, process, and retain the following data: the name and surname or title of the offender, residence or address, registered office, type of misdemeanour, number of the issued misdemeanour payment order, and the outcome of the procedure.

(11) The personal data referred to in paragraph (10) of this Article shall be kept for five years from the date of entry into the records.

(12) The format and content of the misdemeanour payment order shall be prescribed by the Minister.

Article 281

(1) A fine ranging from EUR 100 to EUR 300 in denar equivalent shall be imposed for a misdemeanour committed by a company classified as a micro-trader, a fine ranging from EUR 300 to EUR 1,000 in denar equivalent shall be imposed for a misdemeanour committed by a company classified as a small trader, a fine ranging from EUR 500 to EUR 1,500 in denar equivalent shall be imposed for a misdemeanour committed by a company classified as a medium trader, and a fine ranging from EUR 1,000 to EUR 3,000 in denar equivalent shall be imposed for a misdemeanour committed by a company classified as a large trader, which fails to submit data for the preparation and monitoring of the energy balance and the data necessary for the preparation of strategies, programmes, and reports on the implementation of the programmes, whose adoption is prescribed by this Law (Article 14 paragraph (5)).

(2) A fine in the amount of EUR 100 in denar equivalent shall be imposed on the responsible person in a company classified as a micro-trader, a fine of EUR 150 in denar equivalent shall be imposed on the responsible person in a company classified as a small or medium trader, and a fine of EUR 250 in denar equivalent shall be imposed on the responsible person in a company classified as a large trader, for a misdemeanour under paragraph (1) of this Article.

Article 282

(1) A fine in the amount of up to **10% of the total income** earned by the legal entity in the previous fiscal year in the energy activity for which it has been granted a license by the Energy Regulatory Commission **shall be imposed** for a misdemeanour committed by:

1. an entity carrying out energy activity referred to in Article 54 paragraph (2) of this Law, if it fails to publish the act in the Official Gazette of the Republic of North Macedonia;

2.a participant in wholesale markets referred to in Article 56 paragraph (4) of this Law, for engaging in insider trading on the wholesale electrical energy and gas markets (Article 56 paragraph (1));

3.a participant in wholesale markets referred to in Article 56 paragraph (4) of this Law, for market manipulation on the wholesale electrical energy and gas markets (Article 56 paragraph (2));

4. 4.a participant in wholesale markets referred to in Article 56 paragraph (4) of this Law, for attempting market manipulation on the wholesale electrical energy and gas markets (Article 56 paragraph (3));

5. a participant in wholesale markets referred to in Article 56 paragraph (4) of this Law, if it fails to submit reports to the Energy Regulatory Commission or fails to publish complete and accurate inside information (Article 56 paragraph (6));

6. an entity carrying out energy activity that fails to submit to the Energy Regulatory Commission the annual report as prescribed in Article 61 paragraph (9) of this Law;

7. an entity carrying out energy activity that, upon requesting termination or upon having their licence revoked, fails to continue providing public or universal service in accordance with the measures for ensuring such service, or fails to continue earning revenue based on applicable prices and tariffs (Article 86 paragraph (5));

8. a storage operator not part of a power plant of a producer or consumer, who fails to perform storage as an energy activity (Article 130 paragraph (1), item 1);

9. a producer of electrical energy within a power plant with an installed capacity greater than or equal to 1 MW, who does not hold the required authorisation for construction of the storage facility or the power plant in accordance with this Law (Article 130 paragraph (1), item 2); and

10. a storage operator who fails to meet the prescribed technical and operational conditions, particularly those laid down in applicable network rules and technical regulations, and fails to act in accordance with the rules of the relevant electricity market in which it participates (Article 130 paragraph (4)).

(2) A fine in the amount of **1% of the total income** earned by the legal entity in the previous fiscal year in the energy activity for which it has been granted a licence by the Energy Regulatory Commission **shall be imposed** for a misdemeanour committed by a company:

1. that performs one or more regulated energy activities but fails to maintain separate accounting records for each regulated energy activity (Article 5 paragraph (1));

2. that fails to submit to the Energy Regulatory Commission the information and data necessary for monitoring the operation of energy markets in the Republic of North Macedonia (Article 55 paragraph (6));

3. that, as a participant in wholesale markets under Article 56 paragraph (4) of this Law, fails to apply for registration in the register established and maintained by the Energy Regulatory Commission (Article 56 paragraph (5));

4. that, while mediating transactions with energy products on the markets, has reasonable suspicion that a certain transaction constitutes insider trading, market manipulation or an attempt thereof, and fails to notify the Energy Regulatory Commission accordingly (Article 56 paragraph (7));

5. that has not established or does not apply effective mechanisms for identifying insider trading, market manipulation or attempted market manipulation (Article 56 paragraph (8));

6. where operators of the electricity transmission and distribution systems, the NEMO, electricity suppliers, and electricity producers operating power plants with a total installed capacity equal to or greater than 200 MW, fail to apply cybersecurity measures and activities (Article 65 paragraphs (1) and (2));

7. Entity that carries out energy activity that, within a set deadline, fails to submit to the Energy Regulatory Commission the required documents, data, and information (Article 66 paragraph (1));

8. that, as a licence holder for performing energy activity, fails to submit an annual report to the Energy Regulatory Commission (Article 74 paragraph (12)); and

9. that, as a license holder for performing a regulated energy activity, temporarily ceases operation of the licensed activity without prior approval from the Energy Regulatory Commission (Article 83 paragraph (1)).

(3) A fine in the amount of **EUR 700 to EUR 1,000 i**n denar equivalent **shall be imposed** for a misdemeanour committed by a company classified as a micro-trader, **EUR 1,500 to EUR 2,000** in denar equivalent **shall be imposed** for a misdemeanour committed by a small trader, **EUR 4,000 to EUR 6,000** in denar equivalent **shall be imposed** for a misdemeanour committed by a medium trader, and **EUR 7,000 to EUR 10,000** in denar equivalent **shall be imposed** for a misdemeanour committed by a large trader that:

1. fails to keep a copy and fails to make available for inspection the documents referred to in Article 5 paragraph (1) to the Energy Regulatory Commission (Article 5 paragraph (2));

2. fails to submit audited annual financial statements for each regulated energy activity separately to the Energy Regulatory Commission and/or fails to publish them on its website (Article 5 paragraph (3));

3. fails to submit other reports, accounts, and records upon request by the Energy Regulatory Commission (Article 5 paragraph (4));

4. fails to implement the measures ordered by the decision adopted by the Energy Regulatory Commission (Article 57 paragraph (1));

5. fails to comply with prices and tariffs established by decisions adopted by the Energy Regulatory Commission (Article 62 paragraph (9));

6. performs an energy activity without being issued a licence for such activity (Article 74 paragraph (1)); and

7. fails to fulfil its obligations stipulated in the issued energy activity licence, where no specific sanction is otherwise prescribed under the other misdemeanour provisions of this Law.

(4) A fine of up to **EUR 5,000** in denar equivalent **shall be imposed** for the misdemeanours referred to in paragraph (1) of this Article on the responsible person in the company.

(5) A fine of **EUR 2,500** in denar equivalent **shall be imposed** for a misdemeanour committed by a natural person who engages in insider trading, market manipulation or attempted manipulation on the wholesale electricity and gas markets (Article 56 paragraphs (1), (2), and (3)).

(6) A fine of **EUR 1,500** in denar equivalent **shall be imposed** for a misdemeanour committed by a natural person for actions referred to in paragraph (2), items 4 and 5 of this Article.

(7) A fine in the amount of EUR 100 in denar equivalent shall be imposed on the responsible person in a company classified as a micro-trader, a fine of EUR 300 in denar equivalent shall be imposed on the responsible person in a company classified as a small or medium trader, and a fine of EUR 500 in denar equivalent shall be imposed on the responsible person in a company classified as a large trader, for a misdemeanour under paragraphs (2) and (3) of this Article.

(8) For misdemeanours under paragraphs (2) and (3) of this Article, a misdemeanour sanction of prohibition from performing a duty for a period of up to **six months may be imposed** on the responsible person in the company.

(9) In addition to the fine referred to in paragraph (1) of this Article, a participant in wholesale markets under Article 56 paragraph (4) of this Law **may be imposed** a misdemeanour sanction of prohibition from performing the activity for a period of up to **two years** for the misdemeanours referred to in Article 56 paragraphs (1), (2), and (3) of this Law.

Misdemeanour Provisions for Electricity Producers

Article 283

(1) A company or other legal entity that is an electricity producer shall be subject to a fine for a misdemeanour in the following amounts: from EUR 300 to EUR 700 in denar equivalent, if classified as a micro-trader, from EUR 500 to EUR 1,000 in denar equivalent, if classified as a small trader, from EUR 1,500 to EUR 3,000 in denar equivalent, if classified as a medium trader, and from EUR 3,000 to EUR 5,000 in denar equivalent, if classified as a large trader, if it:

1. fails to submit a notification to the Energy Regulatory Commission in accordance with Article 74 paragraph (4) of this Law;

2. fails to submit reports, data, and information to the transmission system operator or the distribution system operator (Article 129 paragraph (1), item 5);

3. fails to submit to the electricity market operator and the transmission system operator the data and information from electricity purchase and sale contracts, the availability of production capacity and/or system services (Article 129 paragraph (1), item 6);

4. fails to provide the Energy Regulatory Commission with access to data in accordance with Article 129 paragraph (4).

(2) A fine in the amount of **EUR 100** in denar equivalent shall be imposed on the responsible person in a company or other legal entity classified as a micro-trader, **EUR 150** in denar equivalent shall be imposed on the responsible person in a company or other legal entity classified as a small or medium trader, and **EUR 250** in denar equivalent shall be imposed on the responsible person in a company or other legal entity classified as a large trader, for the misdemeanours referred to in paragraph (1) of this Article.

Misdemeanour Provisions for the Electrocity Transmission System Operator

Article 284

(1) A fine in the amount of up to **10% of the total income** earned by the legal entity in the previous fiscal year in the energy activity for which it has been granted a licence by the Energy Regulatory Commission **shall be imposed** for a misdemeanour committed by the transmission system operator if it:

1. fails to interrupt the supply to the consumer in accordance with Article 9 paragraph (13);

2. uses the energy storage facility for further sale of electricity or for the balancing market (Article 131 paragraph (2));

3. fails to adopt a compliance programme (Article 135);

4. fails to appoint a compliance officer (Article 136 paragraph (2));

5. fails to submit a request for certification to the Energy Regulatory Commission (Article 137 paragraph (3));

6. fails to connect producers, consumers, storage operators, and distribution system operators to the transmission network (Article 140 paragraph (1), item 1);

7. fails to provide and ensure access to all information required by all users of the transmission system (Article 140 paragraph (1), item 2);

8. fails to ensure cross-border electricity flows through the transmission network of the Republic of North Macedonia (Article 140 paragraph (1), item 5);

9. fails to use congestion revenues in accordance with Article 158 paragraphs (5) and (6).

(2) A fine in the amount of **EUR 7,000 to EUR 10,000** in denar equivalent shall be imposed for a misdemeanour committed by the transmission system operator if it:

1. fails to prepare a resource adequacy assessment for the Republic of North Macedonia (Article 20 paragraph (1));

2. fails to conclude capacity procurement agreements in accordance with Article 23 paragraph (12);

3. concludes capacity agreements or makes payments for capacity procurement contrary to Article 24 paragraph (6);

4. fails to act upon an obligation from the Ministry in accordance with Article 28 paragraph (1);

5. fails to prepare a short-term adequacy assessment in the event of an energy crisis (Article 29 paragraph (1));

6. fails to prepare a seasonal adequacy assessment for the occurrence of an energy crisis (Article 29 paragraph (3));

7. fails to prepare a draft risk preparedness plan in accordance with Article 30 paragraph (1);

8. fails to establish and maintain a register of balancing service providers (Article 127 paragraph (3), item 6);

9. fails to conclude agreements with neighbouring transmission system operators (Article 140 paragraph (1), item 4);

10. fails to organise and manage the balancing energy market (Article 140 paragraph (1), item 13);

11. fails to provide daily dispatch and real-time electricity flow management (Article 140 paragraph (1), item 16);

12.fails to install and maintain measuring devices and fails to measure electricity at all metering points at the entry and delivery points of the transmission system (Article 140 paragraph (1), item 20);

13. fails to procure balancing services for the transmission system in accordance with the balancing energy market rules (Article 140 paragraph (1), item 22);

14. fails to ensure balancing of the electricity system and settlement of imbalances and balancing services (Article 140 paragraph (1), item 26);

15. fails to adopt and publish the grid code for electricity transmission, previously approved by the Ministry (Article 148 paragraph (1));

16. fails to notify the Energy Regulatory Commission of additional revenues generated (Article 149 paragraph (4));

17. fails to publish data or submit it to ENTSO-E in accordance with obligations under ratified international agreements (Article 160 paragraph (5)).

(3) A fine in the amount of **EUR 3,000 to EUR 5,000** in denar equivalent shall be imposed for a misdemeanour committed by the transmission system operator if it:

1. fails to provide to applicants for connection a detailed estimate of connection construction costs and an estimate of the cost of creating technical conditions in the network (Article 99 paragraph (8));

2. fails to publish on its website the transmission tariffs approved by the Energy Regulatory Commission (Article 140 paragraph (1), item 2);

3. fails to prepare and publish on its website an annual maintenance plan for interconnection lines (Article 140 paragraph (1), item 9);fails to prepare and publish on its website an annual maintenance plan for interconnection lines (Article 140 paragraph (1), item 9);

4. fails to prepare and publish on its website an annual maintenance plan for internal transmission network lines (Article 140 paragraph (1), item 10);

5. fails to publish data or timely obtain information from neighbouring transmission system operators regarding available transmission capacities on interconnection lines (Article 140 paragraph (1), item 19);

6. fails to prepare, coordinate with the Ministry, or publish on its website the transmission system development plan approved by the Energy Regulatory Commission (Article 150).

(4) A fine in the amount of **EUR 2,000 to EUR 3,000** in denar equivalent shall be imposed for a misdemeanour committed by the transmission system operator if it:

1. fails to submit necessary data to ENTSO-E in accordance with Article 19;

2. fails to prepare a final daily schedule (Article 140 paragraph (1), item 15);

3. fails to provide system users access to measuring devices owned by the operator (Article 140 paragraph (1), item 21);

4. fails to prepare rules for the procurement of electricity to cover transmission system losses and for its own use, and fails to submit them to the Energy Regulatory Commission for approval (Article 140 paragraph (1), item 23);

5. fails to maintain a dispatch log, system reliability records, supervisory and control system data, and metering data (Article 140 paragraph (2));

6. fails to publish on its website the assessment of available and reserved annual, monthly, and daily transmission capacity (Article 160 paragraph (2), item 2); and

7. fails to ensure confidentiality of business data of transmission system users (Article 259 paragraph (1)).

(5) A fine in the amount of **EUR 1,000** in denar equivalent shall be imposed on the responsible person in the electricity transmission system operator for the misdemeanours referred to in paragraphs (1) and (2), a fine of **EUR 500** in denar equivalent shall be imposed on the responsible person in the electricity transmission system operator for the misdemeanours referred to in paragraph (3), and a fine of **EUR 300** in denar equivalent shall be imposed on the responsible person in the electricity transmission system operator for the misdemeanours referred to in paragraph (4).

Misdemeanour Provisions for the Electricity Market Operator and the Organised Electricity Market Operator

Article 285

(1) A fine in the amount of EUR 4,000 to EUR 6,000 in denar equivalent shall be imposed on the electricity market operator company for a misdemeanour, if classified as a medium trader, or a fine in the amount of EUR 7,000 to EUR 10,000 in denar equivalent if classified as a large trader, if it:

1. shall fail to perform the calculation of imbalances of the balance-responsible parties (Article 114, paragraph (2), item 2);

2. shall fail to maintain a register of market participants (Article 114, paragraph (2), item 7);

3. shall fail to timely submit information on the registered electricity market participants to the electricity transmission system operator (Article 114, paragraph (2), item 9);

4. shall engage in electricity trading contrary to Article 114, paragraph (3) of this Law.

(2) A fine in the amount of EUR 4,000 to EUR 6,000 in denar equivalent shall be imposed on the NEMO for a misdemeanour, if classified as a medium trader, or a fine in the amount of EUR 7,000 to EUR 10,000 in denar equivalent if classified as a large trader, if it:

1. shall fail to adopt a decision on the amount of fees and publish said decision on its website (Article 122, paragraph (2), item 10);

2. shall fail to adopt and publish on its website the market rules for the operation of the organised electricity market, previously approved by the Energy Regulatory Commission (Article 122, paragraph (3)).

(3) A fine in the amount of EUR 1,500 to EUR 3,000 in denar equivalent shall be imposed on the electricity market operator company for a misdemeanour, if classified as a medium trader, or a fine in the amount of EUR 3,000 to EUR 5,000 in denar equivalent if classified as a large trader, if it:

1. shall fail to provide the transmission system operator with all information necessary for the preparation of the final daily schedules for electricity purchase and sale (Article 114, paragraph (2), item 3);

2. shall fail to prepare a daily and monthly market plan (Article 114, paragraph (2), item 6);

3. shall fail to provide necessary information to the supplier of last resort (Article 114, paragraph (2), item 11).

(4) A fine in the amount of EUR 1,000 to EUR 2,000 in denar equivalent shall be imposed on the electricity market operator company for a misdemeanour, if classified as a medium trader, or a fine in the amount of EUR 2,000 to EUR 3,000 in denar equivalent if classified as a large trader, if it:

1. shall fail to keep records of all contracts concluded with electricity market participants for participation in the market (Article 114, paragraph (2), item 4);

2. shall fail to keep records of all contracts on the formation of balancing groups concluded between electricity market participants and the electricity market operator (Article 114, paragraph (2), item 5);

3. shall fail to publish information necessary for the smooth organisation and management of the electricity market (Article 114, paragraph (2), item 8);

4. shall fail to ensure the confidentiality of business data that electricity market participants are obliged to submit (Article 259, paragraph (1)).

(5) A fine in the amount of EUR 1,000 in denar equivalent shall be imposed on the responsible person within the electricity market operator for the misdemeanours under paragraph (1) of this Article, a fine in the amount of EUR 500 in denar equivalent for the misdemeanours under paragraph (3), and a fine in the amount of EUR 300 in denar equivalent for the misdemeanours under paragraph (4) of this Article.

(6) A fine in the amount of EUR 1,000 in denar equivalent shall be imposed on the responsible person within the organised electricity market operator for the misdemeanours under paragraph (2) of this Article.

Misdemeanour Provisions for the Electricity Distribution System Operator

Article 286

(1) A fine in the amount of up to 10% of the total income generated by the legal entity in the energy activity for which it has obtained a licence from the Energy Regulatory Commission in the previous fiscal year shall be imposed on the electricity distribution system operator for a misdemeanour if it:

1. shall fail to terminate supply to a customer in accordance with Article 9, paragraph (13) of this Law;

2. shall use the energy storage facility for further sale of electricity and on the balancing market (Article 131, paragraph (2));

3. shall use the advantages of its vertical integration to distort competition (Article 163, paragraph (4), item 3);

4. shall fail to appoint a compliance officer and submit a compliance programme for approval to the Energy Regulatory Commission (Article 163, paragraph (5));

5. shall fail to connect producers, storage facilities, and consumers to the electricity distribution system it operates, or fail to grant access rights for using the electricity distribution system (Article 164, paragraph (1), item 5);

6. shall fail to timely provide system users with information necessary for access to the electricity distribution system it operates (Article 164, paragraph (1), item 6);

7. shall fail to provide suppliers with electronic access to the list of customers, including the connection category and their consumption for the last 12 months (Article 164, paragraph (1), item 7); and

8. shall fail to act in accordance with the decision of the Ministry under Article 169, paragraph (5) of this Law.

(2) A fine in the amount of EUR 7,000 to EUR 10,000 in denar equivalent shall be imposed on the electricity distribution system operator for a misdemeanour if it:

1. shall fail to align the operation of the electricity distribution system with the operation of the electricity transmission system (Article 164, paragraph (1), item 16);

2. shall fail to procure system services and electricity to cover distribution network losses (Article 164, paragraph (1), item 17);

3. shall fail to measure the electricity taken from and delivered to the electricity distribution system it operates (Article 164, paragraph (1), item 18);

4. shall fail to prepare and submit investment plans for the electricity distribution system for each regulated period to the Energy Regulatory Commission (Article 165, paragraph (6));

5. shall fail to submit collected and processed data from metering points in accordance with Article 167, paragraph (6);

6. shall fail to prepare and publish on its website network rules for electricity distribution, previously approved by the Energy Regulatory Commission (Article 168, paragraph (1));

7. shall own, develop, or operate charging stations not used exclusively for its own needs (Article 169, paragraph (1));

8. shall fail to coordinate with the transmission system operator in determining the locations of charging stations (Article 169, paragraph (7));

9. shall fail to inform the Energy Regulatory Commission of additional revenue generated (Article 172, paragraph (3)).

(3) A fine in the amount of EUR 3,000 to EUR 5,000 in denar equivalent shall be imposed on the electricity distribution system operator for a misdemeanour if it:

1. shall fail to prepare, align with the Ministry, or, if previously approved by the Energy Regulatory Commission, fail to publish on its website the development plan of the electricity distribution system (Article 165, paragraphs (2), (3), and (4));

2. shall determine a list of specifications for flexibility services without approval from the Energy Regulatory Commission (Article 166, paragraph (4));

3. shall fail to ensure equal conditions for offers of energy and flexibility services (Article 166, paragraph (5)).

(4) A fine in the amount of EUR 1,000 to EUR 3,000 in denar equivalent shall be imposed on the electricity distribution system operator for a misdemeanour if it:

1. shall fail to provide persons requesting connection with a detailed cost assessment for the connection construction and network technical requirements (Article 99, paragraph (8));

2. shall fail to publish on its website a list of fees for each consumer category, previously approved by the Energy Regulatory Commission (Article 164, paragraph (1), item 14);

3. shall fail to publish on its website the network maintenance plan, previously approved by the Energy Regulatory Commission (Article 164, paragraph (1), item 15);

4. shall fail to ensure access for users to metering devices owned by the operator or the vertically integrated company (Article 164, paragraph (1), item 19);

5. shall fail to maintain a dispatch log, records on communication system confidentiality, SCADA data, and metering data (Article 164, paragraph (1), item 20);

6. shall fail to ensure the confidentiality of business data of the electricity distribution system users (Article 259, paragraph (1)).

(5) A fine in the amount of EUR 1,000 in denar equivalent shall be imposed on the responsible person within the electricity distribution system operator for the misdemeanours under paragraphs (1) and (2) of this Article; a fine in the amount of EUR 500 in denar equivalent shall be imposed on the responsible person within the electricity distribution system operator for the misdemeanours for misdemeanours under paragraph (3); and a fine in the amount of EUR 300 in denar equivalent shall be imposed on the responsible person within the electricity distribution system operator for the misdemeanours for misdemeanours under paragraph (4) of this Article.

Misdemeanour Provisions for the Electricity Supplier and Trader

Article 287

(1) A fine shall be imposed on an electricity supply company in the amount of EUR 700 to EUR 1,000 in denar equivalent if it is classified as a micro enterprise, a fine in the amount of EUR 1,500 to EUR 2,000 in denar equivalent if it is classified as a small enterprise, a fine in the amount of EUR 4,000 to EUR 6,000 in denar equivalent if it is classified as a medium enterprise, and a fine in the amount of EUR 7,000 to EUR 10,000 in denar equivalent if it is classified as a large enterprise, if it:

1. fails to fulfill its obligations towards consumers in terms of security and scope of supply (Article 173 paragraph (5) item 3);

2. fails to enable a change of supplier (Article 173 paragraph (5) item 9);

3. fails to establish procedures for effective handling of consumer complaints within 60 days, including the possibility of out-of-court dispute resolution and the obligation to refund and/or compensate funds when justified (Article 173 paragraph (5) item 11);

4. fails to submit to the transmission system operator the data on transactions and electricity consumption plans for its consumers (Article 173 paragraph (5) item 13).

(2) A fine shall be imposed on an electricity supply company in the amount of EUR 300 to EUR 700 in denar equivalent if it is classified as a micro enterprise, a fine in the amount of EUR 500 to EUR 1,000 in denar equivalent if it is classified as a small enterprise, a fine in the amount of EUR 1,500 to EUR 3,000 in denar equivalent if it is classified as a medium enterprise, and a fine in the amount of EUR 3,000 to EUR 5,000 in denar equivalent if it is classified as a large enterprise, if it:

1. fails to act in accordance with the obligations set out in Article 9 paragraphs (5), (6), and (7) of this Law;

2. fails to deliver the quantities of electricity it has procured for the purpose of fulfilling the obligations in the supply contracts (Article 173 paragraph (5) item 2);

3. fails to provide its consumers with service of the quality established in the rules for electricity supply (Article 173 paragraph (5) item 5);

4. fails to ensure non-discriminatory treatment of all consumers, especially those in remote areas (Article 173 paragraph (5) item 6);

5. fails to publish on its website the general terms of its electricity supply contracts for small consumers and households (Article 173 paragraph (5) item 7);

6. fails to enable consumers to receive regular and accurate notifications about actual electricity consumption and costs (Article 173 paragraph (5) item 8);

7. fails to ensure adequate protection of confidential data from contracts concluded on the bilateral electricity market (Article 173 paragraph (5) item 14);

8. publishes general statistical data related to its consumers without ensuring the protection of confidentiality (Article 173 paragraph (5) item 15);

9. fails to allow access to data to the Energy Regulatory Commission in accordance with Article 174 paragraph (1) of this Law.

(3) A fine in the amount of up to 10% of the total revenue generated by the legal entity in the previous fiscal year from the energy activity for which it holds a license issued by the Energy Regulatory Commission shall be imposed on the universal electricity supplier if it:

1. fails to act in accordance with Article 8 paragraph (11) of this Law;

2. fails to supply vulnerable consumers and consumers in remote areas (Article 8 paragraph (11) item 1);

3. fails to conduct electricity procurement procedures in accordance with the electricity procurement rules adopted by the Energy Regulatory Commission (Article 8 paragraph (11) item 4);

4. fails to provide electricity supply to a household or small consumer whose supply contract has been terminated (Article 9 paragraph (3)).

(4) A fine shall be imposed on the universal electricity supplier in the amount of EUR 500 to EUR 1,000 in denar equivalent if it is classified as a small enterprise, a fine in the amount of EUR 1,500 to EUR 3,000 in denar equivalent if it is classified as a medium enterprise, and a fine in the amount of EUR 3,000 to EUR 5,000 in denar equivalent if it is classified as a large enterprise, if it:

1. fails to inform consumers or to publish on its website the rights and conditions under which consumers may be supplied by a universal supplier, the electricity supply prices, and the procedure for exercising the right to change supplier (Article 8 paragraph (11) item 2);

2. fails to allow access to data to the Energy Regulatory Commission in accordance with Article 174 paragraph (2) of this Law.

(5) A fine in the amount of up to 10% of the total revenue generated by the legal entity in the previous fiscal year from the energy activity for which it holds a license issued by the Energy Regulatory Commission shall be imposed on the last resort electricity supplier if it:

1. fails to supply consumers who have been left without a supplier in the cases referred to in Article 9 paragraph (2) of this Law;

2. fails to apply electricity prices formed in accordance with the regulation referred to in Article 61 paragraph (1) item 4 of this Law.

(6) A fine shall be imposed on the last resort electricity supplier in the amount of EUR 500 to EUR 1,000 in denar equivalent if it is classified as a small enterprise, a fine in the amount of EUR 1,500 to EUR 3,000 in denar equivalent if it is classified as a medium enterprise, and a fine in the amount of EUR 3,000 to EUR 5,000 in denar equivalent if it is classified as a large enterprise, if it:

1. fails to publish on its website at least once a year the information in accordance with Article 9 paragraph (14) of this Law;

2. fails to allow access to data to the Energy Regulatory Commission in accordance with Article 174 paragraph (3) of this Law.

(7) A fine shall be imposed on an electricity trader in the amount of EUR 700 to EUR 1,000 in denar equivalent if it is classified as a micro enterprise, a fine in the amount of EUR 1,500 to EUR 2,000 in denar equivalent if it is classified as a small enterprise, a fine in the amount of EUR 4,000 to EUR 6,000 in denar equivalent if it is classified as a medium enterprise, and a fine in the amount of EUR 7,000 to EUR 10,000 in denar equivalent if it is classified as a large enterprise, if it:

1. fails to provide the transmission system operator and the electricity market operator with information on the quantities of electricity and corresponding time schedules from all electricity sale contracts and cross-border transaction contracts via the transmission network (Article 177 paragraph (2));

2. fails to deliver the quantities of electricity procured for fulfilling obligations under contracts concluded on the bilateral market and fails to ensure confidentiality of contract data (Article 177 paragraph (4)).

(8) A fine shall be imposed on an electricity trader in the amount of EUR 300 to EUR 700 in denar equivalent if it is classified as a micro enterprise, a fine in the amount of EUR 500 to EUR 1,000 in denar equivalent if it is classified as a small enterprise, a fine in the amount of EUR 1,500 to EUR 3,000 in denar equivalent if it is classified as a medium enterprise, and a fine in the amount of EUR 3,000 to EUR 5,000 in denar equivalent if it is classified as a large enterprise, if it fails to allow access to data to the Energy Regulatory Commission (Article 174 paragraph (1)).

(9) A fine in the amount of EUR 1,000 in denar equivalent shall be imposed on the responsible person in the electricity supply company for the misdemeanours referred to in paragraph (1) of this Article, and a fine in the amount of EUR 500 in denar equivalent shall be imposed for the misdemeanours referred to in paragraph (2) of this Article.

(10) A fine in the amount of EUR 500 in denar equivalent shall be imposed on the responsible person in the universal electricity supply company for the misdemeanours referred to in paragraph (4) of this Article.

(11) A fine in the amount of EUR 1,000 in denar equivalent shall be imposed on the responsible person in the last resort electricity supply company for the misdemeanours referred to in paragraph (5) of this Article, and a fine in the amount of EUR 500 in denar equivalent shall be imposed for the misdemeanours referred to in paragraph (6) of this Article.

(12) A fine in the amount of EUR 1,000 in denar equivalent shall be imposed on the responsible person in the electricity trading company for the misdemeanours referred to in paragraph (7) of this Article, and a fine in the amount of EUR 500 in denar equivalent shall be imposed for the misdemeanour referred to in paragraph (8) of this Article.

(13) A misdemeanour sanction of prohibition from performing the activity for a duration of up to six months may be imposed on the electricity supply company or the electricity trading company for the misdemeanours referred to in paragraphs (1), (2), (5), and (6) of this Article.

(14) A misdemeanour sanction of prohibition from performing the activity for a duration of up to six months may be imposed on the responsible person in the electricity supply company or the electricity trading company for the misdemeanours referred to in paragraphs (1), (2), (5), and (6) of this Article.

Misdemeanour Provisions for the Gas Transmission System Operator

Article 288

(1) A fine in the amount of up to 10% of the total revenue of the legal entity earned in the previous fiscal year from the energy activity for which it holds a license issued by the Energy Regulatory Commission shall be imposed on the gas transmission system operator if it:

1. fails to discontinue the supply to the consumer in accordance with Article 9 paragraph (13) of this Law;

2. fails to adopt a compliance programme (Article 206);

3. fails to appoint a compliance officer (Article 207 paragraph (2));

4. fails to submit a request for certification to the Energy Regulatory Commission (Article 208 paragraph (3) item 1);

5. fails to notify the Energy Regulatory Commission of all planned activities for which a certification review is required (Article 208 paragraph (3) item 2);

6. fails to provide all necessary information for access to and use of the gas transmission system and fails to provide access to users of the transmission system (Article 211 paragraph (2) item 4);

7. fails to ensure cross-border gas flows through its transmission network within the available transmission capacity (Article 211 paragraph (2) item 8).

(2) A fine in the amount of EUR 7,000 to EUR 10,000 in denar equivalent shall be imposed on the gas transmission system operator if it:

1. fails to act upon a request from the Ministry in accordance with Article 39 paragraph (1) of this Law;

2. fails to prepare a prevention plan and an emergency plan in accordance with Article 40 paragraph (2) of this Law;

3. fails to approve user requests for connection to the transmission system in accordance with the network rules for gas transmission which are economically justified (Article 211 paragraph (2) item 5);

4. fails to ensure daily dispatching and real-time management of gas flow through the transmission system based on the final daily schedule (Article 211 paragraph (2) item 12);

5. fails to install and maintain metering devices and measure gas flow at all measuring points at the entry and delivery points in the transmission system (Article 211 paragraph (2) item 15);

6. fails to procure system services for balancing the gas transmission system in accordance with the rules on system balancing (Article 211 paragraph (2) item 17);

7. fails to establish and maintain a register of balancing service providers and a register of balance responsible parties (Article 211 paragraph (2) item 18);

8. fails to ensure balancing of the gas transmission system, settlement of imbalances, and balancing services (Article 211 paragraph (2) item 22);

9. fails to adopt and publish on its website the network rules for gas transmission, previously approved by the Energy Regulatory Commission (Article 219 paragraph (1));

10. fails to adopt and publish on its website the rules for the allocation of gas transmission capacities, previously approved by the Energy Regulatory Commission (Article 220 paragraph (1)).

(3) A fine in the amount of EUR 3,000 to EUR 5,000 in denar equivalent shall be imposed on the gas transmission system operator if it:

1. fails to publish on its website the transmission tariffs previously approved by the Energy Regulatory Commission (Article 211 paragraph (2) item 6);

2. fails to prepare and publish on its website the annual maintenance plan for the transmission system, previously approved by the Energy Regulatory Commission (Article 211 paragraph (2) item 10);

fails to publish data and timely provide information to other gas transmission system operators regarding available transmission capacities (Article 211 paragraph (2) item 14);

4. fails to prepare and publish on its website a gas transmission system development plan, previously approved by the Energy Regulatory Commission (Article 213 paragraph (3)).

(4) A fine in the amount of EUR 2,000 to EUR 3,000 in denar equivalent shall be imposed on the gas transmission system operator if it:

1. fails to prepare a final daily schedule for gas transmission and system load (Article 211 paragraph (2) item 11);

2. fails to provide transmission system users with access to metering devices owned by the operator (Article 211 paragraph (2) item 16);

3. fails to prepare rules for the procurement of gas to cover losses in the transmission system and fails to submit them to the Energy Regulatory Commission for approval (Article 211 paragraph (2) item 19);

4. fails to ensure the confidentiality of business data of system service users (Article 211 paragraph (2) item 24);

5. fails to timely provide information to connected transmission and distribution system operators (Article 211 paragraph (2) item 26); and

6. fails to maintain a dispatcher logbook, records of transmission system confidentiality, SCADA data, and metering data (Article 211 paragraph (4));

7. fails to update its website and publish information in accordance with Article 221 paragraph (1) of this Law.

(5) A fine in the amount of EUR 1,000 in denar equivalent shall be imposed on the responsible person in the gas transmission system operator for the misdemeanours referred to in paragraphs (1) and (2) of this Article, a fine in the amount of EUR 500 in denar equivalent for the misdemeanours referred to in paragraph (3), and a fine in the amount of EUR 300 in denar equivalent for the misdemeanours referred to in paragraph (4).

Misdemeanour Provisions for the Gas Transmission System Operator

Article 289

(1) A fine in the amount of EUR 4,000 to EUR 6,000 in denar equivalent shall be imposed on the gas market operator if it is classified as a medium enterprise, or a fine in the amount of EUR 7,000 to EUR 10,000 in denar equivalent if it is classified as a large enterprise, if it:

1. fails to perform imbalance settlement of balance responsible parties (Article 195 paragraph (2) item 4);

2. fails to conduct financial settlement and control the financial coverage of recognized imbalances (Article 195 paragraph (2) item 5);

3. fails to establish and maintain a register of gas market participants (Article 195 paragraph (2) item 10).

(2) A fine in the amount of EUR 1,500 to EUR 3,000 in denar equivalent shall be imposed on the gas market operator if it is classified as a medium enterprise, or a fine in the amount of EUR 3,000 to EUR 5,000 in denar equivalent if it is classified as a large enterprise, if it:

1. fails to timely provide the gas transmission system operator with all information necessary for the preparation of final daily schedules (Article 195 paragraph (2) item 6);

2. fails to prepare a daily market plan (Article 195 paragraph (2) item 9);

3. fails to provide necessary services to the last resort gas supplier (Article 195 paragraph (2) item 12).

(3) A fine in the amount of EUR 1,000 to EUR 2,000 in denar equivalent shall be imposed on the gas market operator if it is classified as a medium enterprise, and a fine in the amount of EUR 2,000 to EUR 3,000 in denar equivalent if it is classified as a large enterprise, if it:

1. fails to maintain records of all contracts concluded with gas market participants (Article 195 paragraph (2) item 7);

2. fails to maintain records of all balancing group contracts concluded between gas market participants and the gas market operator (Article 195 paragraph (2) item 8); and

3. fails to publish information necessary for the smooth organization and management of the gas market (Article 195 paragraph (2) item 11).

(4) A fine in the amount of EUR 1,000 in denar equivalent shall be imposed on the responsible person in the gas market operator for the misdemeanours referred to in paragraph (1) of this Article, a fine in the amount of EUR 500 in denar equivalent for the misdemeanours referred to in paragraph (2), and a fine in the amount of EUR 300 in denar equivalent for the misdemeanours referred to in paragraph (3).

Misdemeanour Provisions for the Gas Distribution System Operator

Article 290

(1) A fine in the amount of up to 10% of the total revenue generated by the legal entity in the previous fiscal year in the energy activity for which it has been granted a license by the Energy Regulatory Commission shall be imposed for a misdemeanour on the gas distribution system operator, if it:

1. fails to discontinue the supply to the consumer in accordance with Article 9 paragraph (13) of this Law;

2. fails to connect consumers to the distribution network and fails to enable third-party access to the distribution system (Article 223 paragraph (2) item 4);

3. fails to timely provide information to other distribution system operators as well as the gas transmission system operator (Article 223 paragraph (2) item 5);

4. fails to timely provide users of the gas distribution system with the information necessary for effective access to the system (Article 223 paragraph (2) item 6);

5. fails to enable suppliers electronic access to the list of consumers, excluding households, and their consumption over the last 12 months (Article 223 paragraph (2) item 7); and

6. fails to appoint a compliance officer and adopt a compliance programme previously approved by the Energy Regulatory Commission (Article 224 paragraph (5)).

(2) A fine shall be imposed on the gas distribution system operator in the amount of EUR 1,500 to EUR 2,000 in denar equivalent if classified as a small enterprise, EUR 4,000 to EUR 6,000 if classified as a medium enterprise, and EUR 7,000 to EUR 10,000 if classified as a large enterprise, if it:

1. fails to provide the Ministry with the data referred to in Article 39 paragraph (3) of this Law;

2. fails to procure system services and gas for covering losses in the distribution network under market conditions (Article 223 paragraph (2) item 12);

3. fails to measure the quantities of gas taken from the transmission system and delivered to consumers (Article 223 paragraph (2) item 13);

4. fails to prepare and submit an investment plan for the gas distribution system for each regulated approval period to the Energy Regulatory Commission (Article 225 paragraph (4)); and

5. fails to adopt and publish on its website the network rules for gas distribution, previously approved by the Energy Regulatory Commission (Article 227 paragraph (1)).

(3) A fine shall be imposed on the gas distribution system operator in the amount of EUR 500 to EUR 1,000 in denar equivalent if classified as a small enterprise, EUR 1,500 to EUR 3,000 if classified as a medium enterprise, and EUR 3,000 to EUR 5,000 if classified as a large enterprise, if it fails to prepare and publish on its website the development plan for the gas distribution system, previously approved by the Energy Regulatory Commission (Article 225 paragraph (2)).

(4) A fine shall be imposed on the gas distribution system operator in the amount of EUR 300 to EUR 700 in denar equivalent if classified as a small enterprise, EUR 1,000 to EUR 2,000 if classified as a medium enterprise, and EUR 2,000 to EUR 3,000 if classified as a large enterprise, if it:

1. fails to publish on its website a list of charges for each category of consumer, previously approved by the Energy Regulatory Commission (Article 223 paragraph (2) item 8);

2. fails to prepare and publish on its website a maintenance plan for the distribution network, previously approved by the Energy Regulatory Commission (Article 223 paragraph (2) item 11);

3. fails to provide users with access to metering devices (Article 223 paragraph (2) item 14);

4. fails to maintain a dispatcher log and records regarding system confidentiality, supervisory and control system data, and metering data, and fails to retain them for a minimum period of ten years (Article 223 paragraph (2) item 15);

5. fails to ensure confidentiality of business data of users of the gas distribution system and fails to prevent discriminatory disclosure of information about its activities (Article 223 paragraph (2) item 16);

6. misuses confidential data from a third party regarding access to the gas distribution system (Article 223 paragraph (2) item 17).

(5) A fine in the amount of EUR 1,000 in denar equivalent shall be imposed on the responsible person in the gas distribution system operator for the misdemeanours referred to in paragraphs (1) and (2), a fine in the amount of EUR 500 imposed on the responsible person in the gas distribution system operator for the misdemeanour referred to in paragraph (3), and a fine in the amount of EUR 300 imposed on the responsible person in the gas distribution system operator for the misdemeanours referred to in paragraph (4) of this Article.

Misdemeanour Provisions for the Gas Supplier and Trader

Article 291

(1) (1) A fine shall be imposed on the gas supply company in the amount of EUR 700 to EUR 1,000 in denar equivalent if classified as a micro enterprise, EUR 1,500 to EUR 2,000 if classified as a small enterprise, EUR 4,000 to EUR 6,000 if classified as a medium enterprise, and EUR 7,000 to EUR 10,000 if classified as a large enterprise, if it:

1. fails to provide the Ministry with the data referred to in Article 39 paragraph (3) of this Law;

2. fails to fulfill its obligations to consumers regarding the security and scope of supply (Article 230 paragraph (4) item 1);

3. fails to submit to the gas transmission system operator the data on transactions and gas consumption plans necessary for imbalance calculation (Article 230 paragraph (4) item 4);

4. fails to establish procedures for effective handling of consumer complaints within 60 days, including the possibility of out-of-court dispute resolution and an obligation to refund and/or compensate funds (Article 230 paragraph (4) item 9).

(2) A fine shall be imposed on a gas supply company in the amount of EUR 300 to EUR 700 in denar equivalent if classified as a micro enterprise, EUR 500 to EUR 1,000 if classified as a small enterprise, EUR 1,500 to EUR 3,000 if classified as a medium enterprise, and EUR 3,000 to EUR 5,000 if classified as a large enterprise, if it:

1. fails to act in accordance with the obligations set out in Article 9 paragraphs (5), (6), and (7) of this Law;

2. fails to invoice its consumers for the delivered gas (Article 230 paragraph (3));

3. fails to ensure non-discriminatory treatment of all consumers (Article 230 paragraph (4) item 3);

4. fails to enable consumers to receive regular and accurate notifications regarding actual gas consumption and costs (Article 230 paragraph (4) item 5);

5. fails to publish on its website the supply contract terms for each category of consumers (Article 230 paragraph (4) item 10);

6. publishes general statistical data related to its consumers without ensuring confidentiality protection (Article 230 paragraph (4) item 11);

7. fails to provide access to data to the Energy Regulatory Commission and the Energy Community Secretariat (Article 230 paragraph (5));

8. fails to fulfill the obligations under Article 231 of this Law.

(3) A fine shall be imposed on a gas supply company with a public service obligation in the amount of EUR 1,500 to EUR 2,000 in denar equivalent if classified as a small enterprise, EUR 4,000 to EUR 6,000 if classified as a medium enterprise, and EUR 7,000 to EUR 10,000 if classified as a large enterprise, if it:

1. fails to apply gas prices formed in accordance with the tariff system (Article 231 paragraph (1) item 2); and

2. fails to supply households and small gas consumers, as a public service, within the territory for which it holds a license to provide gas supply as a public service (Article 231 paragraph (1) item 4).

(4) A fine shall be imposed on a gas supply company with a public service obligation in the amount of EUR 500 to EUR 1,000 in denar equivalent if classified as a small enterprise, EUR 1,500 to EUR 3,000 if classified as a medium enterprise, and EUR 3,000 to EUR 5,000 if classified as a large enterprise, if it:

1. fails to provide access to data to the Energy Regulatory Commission and the Energy Community Secretariat in accordance with Article 230 paragraph (5) of this Law;

2. fails to inform consumers of their rights and the conditions for gas delivery within the public service (Article 231 paragraph (1) item 1);

3. fails to inform consumers of the terms of supply and the gas price, and fails to notify them of their right to choose another gas supplier (Article 231 paragraph (1) item 3); and

4. fails to publish the prices for public service gas supply on its website (Article 231 paragraph (1) item 6).

(5) A fine in the amount of up to 10% of the total revenue of the legal entity earned in the previous fiscal year from the energy activity for which it holds a license issued by the Energy Regulatory Commission shall be imposed on the last resort gas supply company if it:

1. fails to supply consumers who have been left without a gas supplier in the cases specified in Article 9 paragraph (2) of this Law; and

2. fails to apply gas prices formed in accordance with the regulation referred to in Article 61 paragraph (1) item 5 of this Law.

(6) A fine shall be imposed on the last resort gas supply company in the amount of EUR 500 to EUR 1,000 in denar equivalent if classified as a small enterprise, EUR 1,500 to EUR 3,000 if classified as a medium enterprise, and EUR 3,000 to EUR 5,000 if classified as a large enterprise, if it fails to provide access to data to the Energy Regulatory Commission and the Energy Community Secretariat in accordance with Article 230 paragraph (5) of this Law.

(7) A fine shall be imposed on a gas trading company in the amount of EUR 700 to EUR 1,000 in denar equivalent if classified as a micro enterprise, EUR 1,500 to EUR 2,000 in denar equivalent shall be imposed if classified as a small enterprise, EUR 4,000 to EUR 6,000 in denar equivalent shall be imposed if classified as a medium enterprise, and EUR 7,000 to EUR 10,000 in denar equivalent if classified as a large enterprise, if it:

1. fails to submit to the gas transmission system operator and the gas market operator the information on gas quantities and the corresponding time schedules from all gas purchase and sale contracts, as well as contracts related to cross-border transactions through the transmission system (Article 234 paragraph (2));

2. fails to timely submit to the Energy Regulatory Commission the information and reports on gas transactions and business operations in the Republic of North Macedonia (Article 234 paragraph (4) item 2); and

3. fails to ensure confidentiality of the data and the quantities of gas delivered to consumers (Article 234 paragraph (4) item 4).

(8) A fine shall be imposed on a gas trading company in the amount of EUR 300 to EUR 700 in denar equivalent if classified as a micro enterprise, EUR 500 to EUR 1,000 if classified as a small enterprise, EUR 1,500 to EUR 3,000 if classified as a medium enterprise, and EUR 3,000 to EUR 5,000 if classified as a large enterprise, if it fails to provide access to data to the Energy Regulatory Commission and the Energy Community Secretariat (Article 234 paragraph (5)).

(9) A fine in the amount of EUR 1,000 in denar equivalent shall be imposed on the responsible person in the electricity supply company for the misdemeanours referred to in paragraph (1) of this Article, and a fine in the amount of EUR 500 in denar equivalent shall be imposed for the misdemeanours referred to in paragraph (2) of this Article.

(10) A fine in the amount of EUR 1,000 in denar equivalent shall be imposed on the responsible person in the gas supply company with a public service obligation for the misdemeanours referred to in paragraph (4), and a fine in the amount of EUR 500 shall be imposed for the misdemeanours referred to in paragraph (3).

(11) A fine in the amount of EUR 1,000 in denar equivalent shall be imposed on the responsible person in the last resort gas supply company for the misdemeanours referred to in paragraph (5), and a fine in the amount of EUR 500 for the misdemeanour referred to in paragraph (6).

(12) A fine in the amount of EUR 1,000 in denar equivalent shall be imposed on the responsible person in the gas trading company for the misdemeanours referred to in paragraph (7), and a fine in the amount of EUR 500 for the misdemeanour referred to in paragraph (8).

(13) A misdemeanour sanction of prohibition from performing the activity for up to six months may be imposed on the gas supply company or the gas trading company for the misdemeanours referred to in paragraphs (1), (2), (7), and (8).

(14) A misdemeanour sanction of prohibition from performing the activity for up to six months may be imposed on the responsible person in the gas supply company or the gas trading company for the misdemeanours referred to in paragraphs (1), (2), (7), and (8).

Misdemeanour Provisions for the Crude Oil, Petroleum Derivatives and Transport Fuels Market

Article 292

(1) A fine shall be imposed in the amount of EUR 700 to EUR 1,000 in denar equivalent on a company classified as a micro enterprise, EUR 1,500 to EUR 2,000 in denar equivalent if classified as a small enterprise, EUR 4,000 to EUR 6,000 in denar equivalent if classified as a medium enterprise, and EUR 7,000 to EUR 10,000 in denar equivalent if classified as a large enterprise, if it is engaged in the following activities:

1. the processing of crude oil and production of petroleum derivatives, production of biofuels, production of transport fuels by blending petroleum derivatives and biofuels, filling of pressure vessels with liquefied petroleum gas, compressed and liquefied gas, transport of crude oil through oil pipelines, transport of petroleum derivatives through product pipelines, wholesale trade in crude oil, petroleum derivatives, biofuels, and transport fuels, and trade in pressure vessels with liquefied petroleum gas, compressed and liquefied gas, and fails to use and maintain facilities, equipment and installations for performing energy activities in accordance with technical regulations, standards and other safety, operational and environmental protection regulations (Article 247 paragraph (1));

2. the transport of crude oil through oil pipelines, if it fails to adopt and publish on its website the rules for the operation of the oil pipeline, previously approved by the Ministry (Article 248 paragraph (1));

3. the transport of petroleum derivatives through product pipelines, if it fails to adopt and publish on its website the rules for the operation of the product pipeline, previously approved by the Ministry (Article 249 paragraph (1));

4. the transport of crude oil through oil pipelines or petroleum derivatives through product pipelines, if it fails to provide access to users for the transport of crude oil or petroleum derivatives where the technical conditions for third-party access have been met (Article 250 paragraph (1));

5. the transport of crude oil or petroleum derivatives, if it fails to ensure the confidentiality of business data of users (Article 250 paragraph (3)); and

6. activity on the liquid fuels market, where it fails to comply with the obligations prescribed by the regulation on the quality of liquid fuels (Article 257 paragraph (1)).

(2) A fine shall be imposed in the amount of EUR 300 to EUR 700 in denar equivalent on a company classified as a micro enterprise, EUR 500 to EUR 1,000 in denar equivalent if classified as a small enterprise, EUR 1,500 to EUR 3,000 in denar equivalent if classified as a medium enterprise, and EUR 3,000 to EUR 5,000 in denar equivalent if classified as a large enterprise, if it is engaged in the following activities:

1. wholesale trade in fuels without owning or having the right to use separate facilities for storing crude oil, petroleum derivatives, biofuels and/or transport fuels (Article 252 paragraph (2));

2. wholesale trade in petroleum derivatives and transport fuels without maintaining operational reserves of petroleum derivatives and transport fuels at all times (Article 252 paragraph (3));

3. wholesale trade in fuels not conducted through storage facilities that meet the conditions prescribed by law and other regulations (Article 252 paragraph (4));

4. wholesale trade in crude oil, petroleum derivatives, and transport fuels contrary to Article 253 of this Law;

5. wholesale trade in fuels without using storage facilities for crude oil, petroleum derivatives, biofuels, or transport fuels that meet the conditions prescribed in Article 255 of this Law; an

6. production, wholesale and retail trade in petroleum derivatives, biofuels and transport fuels, as well as purchase of such products by consumers from abroad without a declaration of conformity from accredited legal entities (Article 257 paragraph (3)).

(3) A fine in the amount of EUR 1,000 in denar equivalent shall be imposed on the responsible person in the company for the misdemeanours referred to in paragraph (1) of this Article, and a fine in the amount of EUR 500 shall be imposed for the misdemeanours referred to in paragraph (2) of this Article.

(4) A misdemeanour sanction prohibiting the performance of the activity for up to 30 days may be imposed on the company for the misdemeanours referred to in paragraph (1) of this Article.

(5) A misdemeanour sanction prohibiting the performance of the activity and revocation of the license may be imposed on the company for the misdemeanours referred to in paragraph (2) of this Article.

(6) A misdemeanour sanction prohibiting the performance of the function for up to 30 days may be imposed on the responsible person in the company for the misdemeanours referred to in paragraphs (1) and (2) of this Article.

Misdemeanour Provisions for the Heat Producer

Article 293

(1) A fine shall be imposed on a heat production company in the amount of EUR 100 to EUR 300 in denar equivalent if classified as a micro enterprise, EUR 300 to EUR 700 in denar equivalent if classified as a small enterprise, EUR 1,000 to EUR 2,000 in denar equivalent if classified as a medium enterprise, and EUR 2,000 to EUR 3,000 in denar equivalent if classified as a large enterprise, if it fails to submit annual reports to the Energy Regulatory Commission and to the mayor of the relevant local government unit regarding equipment, facilities, maintenance plans, and planned capacity (Article 237 paragraph (3)).

(2) A fine shall be imposed on a heat production company in the amount of EUR 100 to EUR 300 in denar equivalent if classified as a micro enterprise, EUR 300 to EUR 700 in denar equivalent if classified as a small enterprise, EUR 1,000 to EUR 2,000 in denar equivalent if classified as a medium enterprise, and EUR 2,000 to EUR 3,000 in denar equivalent if classified as a large enterprise, if it fails to ensure operational reserves of alternative fuel during the heating season (Article 238 paragraph (4)).

(3) A fine in the amount of EUR 100 in denar equivalent shall be imposed on the responsible person in a company classified as a micro enterprise, a fine in the amount of EUR 200 in denar equivalent if classified as a small or medium enterprise, and a fine in the amount of EUR 300 in denar equivalent if classified as a large enterprise, for the misdemeanours referred to in paragraphs (1) and (2) of this Article.

(4) A misdemeanour sanction prohibiting the performance of duties for up to one year may be imposed on the responsible person in the company.

Misdemeanour Provisions for the Heat Distribution System Operator and Heat Supplier

Article 294

**(1)** A fine in the amount of up to 10% of the total revenue of the legal entity earned in the previous fiscal year from the energy activity for which it holds a license issued by the Energy Regulatory Commission shall be imposed on the heat distribution system operator if it:

1. fails to maintain, develop, and, where economically feasible, expand the heat distribution system (Article 240 paragraph (1) item 2);

2. fails to connect producers and consumers to the distribution system it operates, fails to provide third-party access to the distribution system, and fails to apply prices and tariffs previously approved by the Energy Regulatory Commission (Article 240 paragraph (1) item 3);

3. fails to take all prescribed safety measures in the use of the heat distribution system, as well as environmental protection measures (Article 240 paragraph (1) item 6);

4. fails to supervise and test the heat distribution system (Article 240 paragraph (1) item 10);

5. fails to monitor the technical and functional readiness of heat facilities and fails to publish on its website information on the technical condition of the system before and after reconstruction or remediation following an incident (Article 240 paragraph (1) item 11); and

6. fails to purchase heat from other producers in accordance with Article 241 paragraph (4) of this Law.

**(2)** A fine in the amount of EUR 1,500 to EUR 2,000 in denar equivalent shall be imposed on a heat distribution system operator if classified as a small enterprise, EUR 4,000 to EUR 6,000 in denar equivalent if classified as a medium enterprise, and EUR 7,000 to EUR 10,000 in denar equivalent if classified as a large enterprise, if it:

1. fails to ensure heat necessary for covering losses in the distribution network and system services from the regulated producer (Article 240 paragraph (1) item 4);

2. fails to procure, install, and maintain metering devices at the output points of production facilities and in heat substations to which consumer buildings are connected, and fails to measure the heat received or delivered by the heat system (Article 240 paragraph (1) item 5);

3. fails to coordinate system operations with producers to ensure uninterrupted distribution of heat (Article 240 paragraph (1) item 9);

4. fails to prepare a long-term forecast of heat demand (Article 240 paragraph (1) item 12);

5. fails to submit to the Energy Regulatory Commission the complete documentation related to the fulfillment of contracts with heat producers and suppliers, as well as financial reports and audited financial statements prepared by an authorized auditor, operational reports, and other data (Article 241 paragraph (6)); and

6. fails to adopt and publish on its website the distribution network rules for heat, previously approved by the Energy Regulatory Commission (Article 242).

**(3)** A fine in the amount of EUR 300 to EUR 700 in denar equivalent shall be imposed on a heat supply company if classified as a micro enterprise, EUR 500 to EUR 1,000 in denar equivalent if classified as a small enterprise, EUR 1,500 to EUR 3,000 in denar equivalent if classified as a medium enterprise, and EUR 3,000 to EUR 5,000 in denar equivalent if classified as a large enterprise, if it:

1. fails to supply consumers with whom it has concluded a contract for secure, continuous, and quality heat supply (Article 243 paragraph (1));

2. fails to conclude an annual contract with the heat distribution system operator for the procurement of heat for consumer needs (Article 243 paragraph (2));

3. fails to submit to the Energy Regulatory Commission annual reports on heat sold (Article 243 paragraph (5)); and

4. fails to submit to the Ministry and to the mayors of the local self-government units in whose territory it operates annual reports on heat sold (Article 243 paragraph (6)).

**(4)** A fine in the amount of EUR 1,000 in denar equivalent shall be imposed on the responsible person in the company for the misdemeanours referred to in paragraphs (1) and (2) of this Article, and a fine in the amount of EUR 500 shall be imposed for the misdemeanours referred to in paragraph (3) of this Article.

Other Misdemeanour Provisions

Article 295

(1) A fine in the amount of up to 10% of the total revenue of the legal entity earned in the previous fiscal year from the energy activity for which it holds a license issued by the Energy Regulatory Commission shall be imposed on a license holder for performing an energy activity, if it fails to secure storage capacity booking in accordance with Article 38 paragraph (2) of this Law.

(2) A fine in the amount of EUR 1,500 to EUR 2,000 in denar equivalent shall be imposed on a capacity provider classified as a small enterprise, a fine in the amount of EUR 4,000 to EUR 6,000 in denar equivalent if classified as a medium enterprise, and a fine in the amount of EUR 7,000 to EUR 10,000 in denar equivalent if classified as a large enterprise, if it:

1. fails to notify the electricity transmission system operator in accordance with Article 25 paragraph (2) of this Law; and

2. fails to pay for the unavailability of the capacity it has offered in accordance with Article 25 paragraph (5) of this Law.

(3) A fine in the amount of EUR 7,000 to EUR 10,000 in denar equivalent shall be imposed on a large gas consumer if it fails to provide the Ministry with the data required under Article 39 paragraph (3) of this Law.

(4) A fine in the amount of EUR 7,000 to EUR 10,000 in denar equivalent shall be imposed on a license holder for performing an energy activity in the field of gas if it fails to submit the information required under Article 44 paragraph (1) of this Law to the Ministry.

(5) A fine in the amount of EUR 1,500 to EUR 2,000 in denar equivalent shall be imposed on a license holder classified as a small enterprise, a fine in the amount of EUR 4,000 to EUR 6,000 in denar equivalent if classified as a medium enterprise, and a fine in the amount of EUR 7,000 to EUR 10,000 in denar equivalent if classified as a large enterprise, if it fails to initiate a procedure for license modification in accordance with Article 80 paragraph (1) of this Law.

(6) A fine in the amount of EUR 100 to EUR 300 in denar equivalent shall be imposed on a legal entity using the electricity distribution system, gas distribution system, or heat distribution system and classified as a micro enterprise, a fine in the amount of EUR 300 to EUR 700 in denar equivalent if classified as a small enterprise, a fine in the amount of EUR 1,000 to EUR 2,000 in denar equivalent if classified as a medium enterprise, and a fine in the amount of EUR 2,000 to EUR 3,000 in denar equivalent if classified as a large enterprise, if it fails to grant an authorized person of the relevant system operator access to perform the tasks referred to in Article 167 paragraph (5), Article 222 paragraph (4), and Article 244 paragraph (3) of this Law.

(7) A fine in the amount of EUR 250 in denar equivalent shall be imposed on a natural person using the electricity distribution system, gas distribution system, or heat distribution system, if they fail to grant an authorized person of the relevant system operator access to perform the tasks referred to in Article 167 paragraph (5), Article 222 paragraph (4), and Article 244 paragraph (3) of this Law.

(8) A fine in the amount of EUR 500 in denar equivalent shall be imposed on a sole trader who is a user of the energy system, if they act contrary to the obligations stipulated in Article 258 paragraph (1) of this Law.

(9) A fine in the amount of EUR 100 to EUR 300 in denar equivalent shall be imposed on a legal entity classified as a micro enterprise, EUR 300 to EUR 700 in denar equivalent if classified as a small enterprise, EUR 1,000 to EUR 2,000 in denar equivalent if classified as a medium enterprise, and EUR 2,000 to EUR 3,000 in denar equivalent if classified as a large enterprise, if it acts contrary to the obligations stipulated in Article 258 paragraph (1) of this Law.

(10) A fine in the amount of EUR 200 in denar equivalent shall be imposed on a natural person who is a user of the energy system, if they act contrary to the obligations stipulated in Article 258 paragraph (1) of this Law.

(11) A fine in the amount of EUR 100 to EUR 300 in denar equivalent shall be imposed on a company performing an energy activity if classified as a micro enterprise, EUR 300 to EUR 700 in denar equivalent if classified as a small enterprise, EUR 1,000 to EUR 2,000 in denar equivalent if classified as a medium enterprise, and EUR 2,000 to EUR 3,000 in denar equivalent if classified as a large enterprise, if it misuses business secrets and information obtained while performing its activity for the purpose of gaining business advantage or undertaking discriminatory actions in favor of third parties (Article 266 paragraph (2)).

(12) A fine in the amount of EUR 100 to EUR 300 in denar equivalent shall be imposed on a legal entity classified as a micro enterprise, EUR 300 to EUR 700 in denar equivalent if classified as a small enterprise, EUR 1,000 to EUR 2,000 in denar equivalent if classified as a medium enterprise, and EUR 2,000 to EUR 3,000 in denar equivalent if classified as a large enterprise, if it:

1. constructs or performs other works, plants vegetation or trees on land beneath, above, or near energy facilities, equipment, and installations in a manner that disrupts the production, transmission, or distribution of energy or endangers human safety or property, except in cases prescribed by this Law (Article 267 paragraph (1)); or

2. as the owner or user of the land, fails to allow passage over that land for the purpose of surveying, mapping, design, maintenance, reconstruction, or inspection of energy facilities located on that land (Article 268 paragraph (1)).

(13) A fine in the amount of EUR 200 in denar equivalent shall be imposed on the responsible person in the company for the misdemeanours referred to in paragraph (1) of this Article.

(14) A fine in the amount of EUR 300 in denar equivalent shall be imposed on the responsible person in a legal entity for the misdemeanours referred to in paragraphs (4), (6), and (7) of this Article.

(15) A fine in the amount of EUR 400 in denar equivalent shall be imposed on a natural person for the misdemeanours referred to in paragraph (7) of this Article.

Article 296

The determination of the amount of the fine for a legal entity or sole trader shall be conducted in accordance with the Law on Misdemeanours.

PART FIFTEEN

TRANSITIONAL AND FINAL PROVISIONS

Article 297

(1) The Chairman and members of the Energy Regulatory Commission appointed prior to the entry into force of this Law, whose term of office has not expired or been terminated, shall continue to perform their duties until the expiry of the term for which they were appointed.

(2) Holders of licenses for performing energy activities issued prior to the entry into force of this Law shall, within one month from the date of entry into force of this Law, submit a request to the Energy Regulatory Commission for license modification in accordance with the provisions of this Law.

(3) Licenses for performing energy activities that are modified in accordance with paragraph (2) of this Article shall remain valid until the expiration of their original term of validity.

(4) No fee shall be charged to the license holder for carrying out energy activity for the procedure of license modification under paragraphs (2) and (3) of this Article.

(5) License holders for carrying out energy activity who fail to submit a request for license modification within the deadline referred to in paragraph (2) of this Article shall have their license terminated.

(6) Procedures initiated for issuance, modification, extension, transfer, suspension, revocation, or termination of licenses, trial licenses, and temporary licenses for performing energy activities prior to the entry into force of this Law shall be concluded in accordance with the provisions of this Law.

(7) Procedures initiated for resolving claims for damages caused by restriction or interruption of supply of electricity, natural gas, crude oil and oil derivatives, and thermal energy from or within the transmission or distribution systems of electricity, natural gas, crude oil, and oil derivatives, prior to the entry into force of this Law, shall be concluded in accordance with the Law on Energy(\*) (Official Gazette of the Republic of Macedonia no. 96/18 and Official Gazette of the Republic of North Macedonia no. 96/19, 236/22, 134/24 and 147/24).

Article 298

(1) The threshold for installed capacity of power plants from renewable energy sources and highly efficient cogeneration plants, which shall have priority access to electricity systems and priority dispatch of the produced electricity, as stipulated in Article 104 paragraph (2) item 1 of this Law, shall be set at 400 kW from the date of entry into force of this Law until 31 December 2025.

(2) The threshold for installed capacity of power plants from renewable energy sources and highly efficient cogeneration plants, which shall have priority access to electricity systems and priority dispatch of the produced electricity, as stipulated in Article 104 paragraph (2) item 1 of this Law, shall be set at 200 kW from 1 January 2026.

(3) By way of derogation from paragraphs (1) and (2) of this Article, electricity producers from renewable sources or highly efficient cogeneration plants that have obtained a license, including a temporary license for performing the energy activity of electricity production, as well as investors who have concluded a contract for the right to use a premium and have built and commissioned the energy facility into commercial operation as of the date of entry into force of this Law, shall be entitled to exercise the right to priority dispatch until the expiry of the period determined in the contract.

Article 299

Energy facilities for which a construction permit and connection approval to the transmission or distribution network has been obtained, or for which an authorization for the construction of new energy facilities has been issued in accordance with the Energy Law (Official Gazette of the Republic of Macedonia no. 96/18 and Official Gazette of the Republic of North Macedonia no. 96/19, 236/22, 134/24, and 147/24) or another law, shall, as of the entry into force of this Law, be considered as facilities included in the **Annual Plan for the Construction of Energy Facilities for 2025**, and may submit a request for authorization to the Ministry no later than 15 November 2025.

(2) Within 30 days from the entry into force of this Law, the electricity transmission system operator and the electricity distribution system operator shall include the energy facilities referred to in paragraph (1) of this Article in their development plans, in accordance with Article 87 of this Law.

(3) An interested investor may submit to the Ministry an initiative for the construction of an electricity storage facility, either as a standalone installation or as part of a power plant in operation, from the date of entry into force of this Law until 31 May 2025.

(4) Energy storage facilities for which an initiative has been submitted within the deadline referred to in paragraph (3) of this Article shall be included in the **Annual Plan for the Construction of Energy Facilities for 2025.**

(5) Within 30 days from the adoption of the Annual Plan for the Construction of Energy Facilities for 2025, the electricity transmission system operator and the electricity distribution system operator shall include in their development plans the storage facilities referred to in paragraph (4) of this Article, in accordance with Article 87 of this Law.

(6) Within 30 days from the entry into force of this Law, the units of local self-government, the Ministry of Transport, the Ministry of Environment and Spatial Planning, the electricity transmission system operator, the natural gas transmission system operator, and the electricity distribution system operator shall submit to the Ministry a report on the energy facilities and the status of the energy facilities referred to in paragraph (1) of this Article.

(7) By 15 August 2025, the Government shall adopt, upon the proposal of the Ministry, the **Annual Plan for the Construction of Energy Facilities for 2025.**

(8) An interested investor may submit an initiative to the Ministry by 1 October 2025 for inclusion of an energy facility in the **Annual Plan for the Construction of Energy Facilities for 2026.**

(9) The municipal plan for 2026 shall be prepared by the units of local self-government by 1 October 2025.

(10) An interested investor may submit an initiative to the unit of local self-government by 1 September 2025 for inclusion in the municipal plan for 2026.

(11) The electricity transmission system operator, in cooperation with the electricity distribution system operator, shall, upon request from the Ministry and for the needs of the **Annual Plan for the Construction of Energy Facilities for 2025**, prepare the integrated study referred to in Article 99 paragraph (4) of this Law by 15 June 2025.

(12) The electricity transmission system operator, in cooperation with the electricity distribution system operator, shall, upon request from the Ministry and for the needs of the **Annual Plan for the Construction of Energy Facilities for 2026**, prepare the integrated study referred to in Article 99 paragraph (4) of this Law by 1 December 2025.

(13) The Ministry shall submit the **Annual Plan for the Construction of Energy Facilities for 2026** to the Government by 15 January 2026.

(14) The Government shall adopt the **Annual Plan for the Construction of Energy Facilities for 2026** by 31 January 2026.

The Ministry shall develop the electronic platform referred to in Article 87 paragraph (11) of this Law by 31 December 2026. Until the platform is developed, the procedure for granting authorization for the construction of new energy facilities shall be conducted in paper form.

Article 300

(1) The Government shall, within two months from the date of entry into force of this Law and by 1 January 2028 at the latest, submit reports to the Energy Community Secretariat on the necessity and proportionality of public interventions and on the assessment of progress towards achieving effective competition among suppliers and the transition to market-based pricing.

(2) Regarding the regulated prices referred to in Article 6 paragraph (2) of this Law, the Government shall, by 31 December 2028, submit a report to the Energy Community Secretariat on compliance with the conditions set out in Article 6 paragraph (6) of this Law, including the alignment of suppliers required to apply such interventions, and the impact of regulated prices on the financial condition of suppliers.

Article 301

Within 18 months from the date of entry into force of this Law, users who own energy infrastructure that has been commissioned since 2022 may, in accordance with this Law, transfer the ownership thereof to the vertically integrated company that approved the connection.

Article 302

(1) The Integrated National Energy and Climate Plan referred to in this Law for the period 2025–2030 shall be prepared and adopted by the Government by 31 December 2025.

(2) The Integrated National Energy and Climate Progress Report on the implementation status of the plan referred to in paragraph (1) of this Article shall be submitted by the Government to the Energy Community Secretariat by 15 March 2027.

(3) The Government shall, by 1 January 2029, taking into account the long-term perspective, notify the Energy Community Secretariat of the adoption of the Integrated National Energy and Climate Plan referred to in paragraph (1) of this Article.

(4) The Government shall, by 1 January 2033, notify the Energy Community Secretariat of the updated final Draft Integrated National Energy and Climate Plan, or provide justified reasons for not updating the draft plan.

(5) The Government shall, by 1 January 2034, notify the Energy Community Secretariat of the updated final Integrated National Energy and Climate Plan, or provide justified reasons for not updating the final plan.

Article 303

(1) Within one year from the date of entry into force of this Law, the Ministry shall adopt the preparedness plan referred to in Article 30 paragraph (7) of this Law, publish it on its website, and submit it to the Energy Community Secretariat.

(2) The Ministry shall submit the first updated plan referred to in paragraph (1) of this Article to the Energy Community Secretariat by 5 January 2029.

(3) Within one year from the date of entry into force of this Law, the Ministry shall prepare a risk assessment report referred to in Article 39 of this Law and submit it to the Energy Community Secretariat.

(4) The Ministry shall notify the Energy Community Secretariat of the first updated report referred to in paragraph (3) of this Article no later than 1 January 2028, and shall update the subsequent reports in accordance with Article 39 paragraph (4) of this Law.

(5) The action plan for congestion reduction referred to in Article 153 of this Law shall be adopted by the Ministry by 31 December 2027.

Article 304

(1) For generation facilities commissioned from the date of entry into force of this Law until 31 December 2025, derogation from balancing responsibility under Article 126 of this Law shall be permitted only if the electricity generation facilities use renewable energy sources and have an installed capacity of less than 400 kW.

(2) For generation facilities commissioned after 1 January 2026, derogation from balancing responsibility under Article 126 of this Law shall be permitted only if the electricity generation facilities use renewable energy sources and have an installed capacity of less than 200 kW.

(3) Contracts referred to in Article 126 paragraph (21) of this Law shall not have a duration longer than six months as of 1 January 2026.

(4) The Energy Regulatory Commission shall submit a report to the ECRB Secretariat by 1 January 2028 on the total capacity covered by contracts referred to in Article 126 paragraph (21) of this Law that exceed one day in duration or procurement period.

Article 305

Within 12 months from the date of entry into force of this Law, the electricity distribution system operator shall implement the possibility for a temporary measure involving changes in the production and/or load scheme of the system, either upward or downward, to be activated by the electricity transmission system operator or the electricity distribution system operator, in order to modify physical energy flows in the system and eliminate congestion or otherwise ensure secure system operation, provided that the redispatched capacity exceeds 1 MW.

Article 306

The provision of Article 131 paragraph (6) of this Law shall not apply to energy storage facilities that are fully integrated network components or for the typical depreciation period of new storage facilities for which a final investment decision has been made no later than 31 December 2023, provided that the storage facilities:

1. shall be connected to the grid within two years of the final investment decision, but no later than 31 December 2025;

2. shall be integrated into the electricity transmission or electricity distribution system;

3. shall be used exclusively for immediate restoration of network security in the event of unforeseen incidents on the grid, where such restoration begins immediately and ends once normal redispatching can resolve the issue; and

4. shall not be used to buy or sell electricity on markets, including the balancing energy market.

Article 307

(1) The Energy Regulatory Commission shall, within eight days from the date of entry into force of this Law, determine compliance with the conditions set forth in the Decree on the Operation of the Operator of the Organized Electricity Market and the necessary technical, staffing, and financial conditions to be met (\*) (Official Gazette of the Republic of North Macedonia no. 227/19), and shall submit to the Government an opinion and a proposal for the adoption of a decision appointing the electricity market operator nominated as the operator of the organized electricity market, in accordance with the Decision on the Appointment of the Electricity Market Operator as Operator of the Organized Electricity Market (Official Gazette of the Republic of North Macedonia no. 218/20), as the Nominated Electricity Market Operator (NEMO) in the Republic of North Macedonia.

(2) The Government shall, within three days from the date of submission of the proposal referred to in paragraph (1) of this Article, adopt a decision appointing the electricity market operator as the Nominated Electricity Market Operator (NEMO) in the Republic of North Macedonia, in accordance with this Law, for a period of four years from the date of appointment.

(3) The Ministry shall, within eight days from the date of the appointment of the electricity market operator as NEMO, notify the Energy Community Secretariat of the appointment in accordance with the rights and obligations arising from ratified agreements.

(4) Within 18 months from the entry into force of this Law, the NEMO, together with other NEMOs and transmission system operators in the region, shall establish and apply methodologies pursuant to Article 124 paragraph (1) items 2 and 5 of this Law, for the operation of the organized electricity market in the Republic of North Macedonia or the regional electricity market, ensuring efficient, transparent, and non-discriminatory allocation of transmission capacities.

Article 308

(1) The Government shall, within 60 days from the date of entry into force of this Law, adopt a decision for the transfer of the ownership structure of the electricity transmission system operator in accordance with Article 134 paragraph (1) of this Law.

(2) The transfer of ownership of the shares of the electricity transmission system operator to the owner referred to in paragraph (1) of this Article shall be recorded in the Central Securities Depository within 10 days from the adoption of the decision referred to in paragraph (1) of this Article.

(3) The electricity transmission system operator shall initiate the certification procedure referred to in Article 137 of this Law within 30 days from the transfer of ownership of the shares in accordance with paragraph (2) of this Article.

Article 309

The deadline for changing the electricity supplier, as determined in Article 176 paragraph (3) of this Law, shall be 21 days from the day of receipt of the request for change of supplier, until 31 December 2025.

Article 310

As of the date of entry into force of this Law, the existing natural gas transmission system operator shall continue to perform the function of gas transmission system operator referred to in Article 204 of this Law and gas market operator until a company is designated with a license for the performance of the energy activity of organising and managing the gas market, in accordance with the provisions of this Law.

Article 311

(1) The bylaws provided for in this Law relating to energy supply security, preparedness for dealing with risks and managing an energy crisis, the status and competences of the Energy Regulatory Commission, licenses, construction of new energy facilities, third-party access and network connection, the electricity market, and the gas market shall be adopted within nine months from the date of entry into force of this Law.

(2) The bylaws provided for in this Law relating to energy balances and energy statistics, the thermal energy market, the crude oil, petroleum derivatives, and transport fuel market, the management of energy facilities, equipment, devices, and installations, the determination and control of quality of electricity delivery and supply, and supervision shall be adopted within 18 months from the date of entry into force of this Law.

(3) Until the adoption of the bylaws referred to in paragraphs (1) and (2) of this Article, the bylaws adopted based on the Energy Law (\*) (Official Gazette of the Republic of Macedonia No. 96/18 and Official Gazette of the Republic of North Macedonia No. 96/19, 236/22, 134/24, and 147/24) shall apply.

Article 312

(1) The ongoing procedures for passing the professional competence exam for operators of energy devices and installations initiated before the date of entry into force of this Law shall be completed in accordance with the Energy Law () (Official Gazette of the Republic of Macedonia No. 96/18 and Official Gazette of the Republic of North Macedonia No. 96/19, 236/22, 134/24, and 147/24).

(2) The Minister shall adopt the act referred to in Article 263 paragraph (14) of this Law within six months from the date of entry into force of this Law.

(3) Until the adoption of the bylaws referred to in paragraphs (2) ) of this Article, the bylaws adopted based on the Law on Energy (\*) (Official Gazette of the Republic of Macedonia No. 18/96 and Official Gazette of the Republic of North Macedonia No. 19/236, 22/134, 24/147, and 24/) shall apply.

Article 313

(1) Procedures for obtaining the status of preferential electricity producer initiated before the date of entry into force of this Law shall be completed in accordance with the Law on Energy (\*) (Official Gazette of the Republic of Macedonia No. 96/18 and Official Gazette of the Republic of North Macedonia No. 96/19, 236/22, 134/24, and 147/24).

(2) The decisions for granting the status of temporary preferential electricity producer from renewable energy sources, decisions for granting the status of preferential electricity producer from renewable energy sources, and decisions for using feed-in tariffs and premiums for electricity from renewable energy sources adopted before the entry into force of this Law shall be governed by the Law on Energy (Official Gazette of the Republic of Macedonia No. 96/18 and Official Gazette of the Republic of Macedonia No. 96/19, and 236/22, 134/24 and 147/24) and the regulations adopted thereunder, which refer to the procedures for acquiring the status of a preferential producer, the decisions for acquiring the status of a preferential producer and the decisions for using preferential tariffs and premiums for electricity from renewable energy sources, adopted until the date of entry into force of this Law, shall apply.

(3) Electricity purchase agreements concluded with preferential electricity producers before the entry into force of this Law shall remain valid until the expiry of the period for which they were concluded.

Article 314

(1) The supplier of electricity under last resort supply and the supplier of natural gas under last resort supply who, on the day of entry into force of this Law, provide a public service in accordance with the Energy Law (\*) (“Official Gazette of the Republic of Macedonia” No. 96/18 and “Official Gazette of the Republic of North Macedonia” No. 96/19, 236/22, 134/24, and 147/24), shall continue to provide the service until the expiry of the term of the licence.

The universal electricity supplier that provides a universal service in the supply of electricity until the date of entry into force of this Law provides a public service in accordance with the Law on Energy (\*) (Official Gazette of the Republic of Macedonia No. 96/18 and Official Gazette of the Republic of North Macedonia No. 96/19, and 236/22, 134/24 and 147/24) shall provide the service until the expiration of the term of the license.

Article 315

(1) Within 15 days from the date of adoption of the Annual Plan for the Construction of Energy Facilities for 2025, the Minister shall establish the Commission for Granting Authorisation for the Construction of Electricity Facilities referred to in Article 89 of this Law.

(2) The existing commission for conducting the procedure for granting authorisations for facilities, established in accordance with the Law on Energy (\*) (Official Gazette of the Republic of Macedonia No. 96/18 and Official Gazette of the Republic of North Macedonia No. 96/19, 236/22, 134/24, and 147/24), shall continue to operate until the establishment of the commission referred to in paragraph (1) of this Article.

Article 316

On the day of entry into force of this Law, the Law on Energy (\*) (Official Gazette of the Republic of Macedonia No. 96/18 and Official Gazette of the Republic of North Macedonia No. 96/19, 236/22, 134/24, and 147/24) shall cease to be in force, except for the provisions related to support measures for renewable energy sources and the issuance of guarantees of origin, and the provisions of Articles 297 paragraphs (1) and (7), 311 paragraph (3), 312 paragraph (3), 313, 314, and Article 315 paragraph (2) of this Law.

Article 317

This Law shall enter into force on the eighth day following its publication in the Official Gazette of the Republic of North Macedonia.

**EXPLANATORY NOTES TO THE DRAFT LAW ON ENERGY (\*)**

1. **EXPLANATION OF THE CONTENT OF THE PROVISIONS OF THE DRAFT LAW**

The Draft Law ON Energy is comprised of 15 parts with a total of 317 articles, which shall transpose the European Union’s Clean Energy Legislative Package, as well as address other matters of national importance related to:

1. the objectives and manner of implementing the energy policy;

2. Energy activities and the manner and conditions under which such activities shall be carried out;

3. rights and obligations of energy consumers and energy system users;

4. procedure for determining and fulfilling the obligations for providing public services in the supply of electricity, gas and heat;

5. Security and safety of energy supply;

6. The status, competences, and functioning of the Regulatory Commission for energy, Water Services and Waste Management Services;

7. conditions and manner of access and connection to energy transmission and distribution systems;

8. construction of energy facilities;

9. markets for electricity, gas, heat, as well as the market for crude oil, oil derivatives and fuels for transport, and

10. other issues in the field of energy.

The first part of the Draft Law, comprising Articles 1 through 10, shall regulate general provisions, including the scope of regulation, the objectives of the Law, definitions of the terms used therein, energy activities, unbundled accounting, market-based supply prices, obligations for the provision of public and/or universal service in the supply of electricity, gas, and thermal energy, and the protection of vulnerable energy consumers.

The second part, comprising Articles 11 through 16, shall regulate the objectives of the energy policy and its implementation through the Energy Development Strategy, the Integrated National Energy and Climate Plan, the planned energy balance, the Action Plan, and the Municipal Energy Plan, for which a detailed procedure for adoption shall be prescribed.

The third part, comprising Articles 17 through 45, shall regulate issues relating to the security of energy supply, preparedness for risk management, and handling of energy crises. A novelty compared to the existing law shall be the transposition of the obligation to prepare a resource adequacy assessment for the security of electricity supply, the regulation of capacity mechanisms, the preparation of electricity crisis risk assessments, and contingency plans for electricity crisis management. The Law shall establish the obligation of the competent state authorities and the transmission system operator to prepare all relevant documents and undertake all activities in this area in coordination at the regional and EU level, through active cooperation with the respective regional and European institutions and bodies, and to ensure synchronisation and complementarity of national documents and activities with regional and EU documents. This part of the draft Law shall also appropriately transpose the requirements for the application of European Union regulations for the application of protective measures to ensure security of gas supply.

The fourth part shall regulate the status, competences, and functioning of the Energy Regulatory Commission, incorporating the requirements for its functional and financial independence, the manner of operation, decision-making procedures, and the newly established competences provided for under Directive (EU) 2019/944 on the internal market for electricity. This part shall also elaborate on the competences of the Commission in relation to pricing and tariffs, cybersecurity of energy infrastructure, and the procedures for resolving complaints submitted by energy consumers and system users. It shall comprise Articles 46 through 73.

The fifth part, comprising Articles 74 through 86, shall regulate licences for the performance of energy activities, including the conditions, manner, and procedures for issuing, amending, renewing, transferring, suspending, revoking, or terminating the validity of licences and trial operation licences. These provisions shall introduce changes resulting from practical experience with the current legislation.

The sixth part shall regulate the construction of new energy facilities and shall include substantial changes compared to the existing legal provisions. Under the proposal, the Government, in accordance with the Energy Strategy, the Integrated National Energy and Climate Plan, and the respective implementation action plan, upon proposal by the Ministry, shall adopt an annual plan for the construction of energy facilities for electricity and thermal energy production and energy storage. The authorisations for construction of electricity facilities shall be issued for:

1. for construction of power plants for production of electricity with an installed capacity equal to or greater than 1 MW and for highly efficient combined heat and power plants, plants for production of synthetic fuels using electricity, plants for production of hydrogen using electricity and electricity storage facilities, as well as for electricity storage facilities for which a tender procedure for allocation of land under long-term lease or sale of state-owned land is conducted;

2. for construction of power plants for production of electricity with an installed capacity equal to or greater than 1 MW and for highly efficient combined heat and power plants, plants for production of synthetic fuels using electricity, plants for production of hydrogen using electricity and electricity storage facilities whose construction will be carried out on privately owned land, based on a previously submitted request from an investor;

3. for construction of energy facilities producing electricity and for highly efficient combined heat and power plants, plants for production of synthetic fuels using electricity, plants for production of hydrogen using electricity and electricity storage facilities for which a procedure has been carried out and a contract for establishment of a public-private partnership has been awarded

4. for construction of energy facilities producing electricity, plants for production of synthetic fuels using electricity, plants for production of hydrogen using electricity and electricity storage facilities for which a procedure has been carried out and a concession for goods of general interest has been awarded, and

5. for construction of an energy facility for production of electricity and for a highly efficient combined heat and power plant producing electricity, plants for production of synthetic fuels using electricity, plants for production of hydrogen using electricity and electricity storage facilities for which a special law regulating the realization of the investment for its construction has been adopted. This part shall regulate the procedure, criteria for granting the authorisation, its validity period, amendment and transfer, the introduction of a construction guarantee, the manner and procedure for constructing gas and thermal energy distribution systems, and direct lines for electricity and gas. This part shall comprise Articles 87 through 98.

The seventh part shall regulate the conditions and manner for accessing and using transmission and distribution networks for electricity and gas, and the thermal energy distribution network, as well as the conditions, manner, and procedure under which users shall be connected to these networks. This part shall include Articles 99 through 107.

The eighth part shall regulate the electricity market. It shall consist of Articles 108 through 190.

Chapter I of this part shall regulate the structure and functioning of the electricity market, including:

1. The wholesale electricity market, comprising:

* the bilateral contracts market, and
* the organised market;

1. The retail electricity market, which shall involve electricity sales between suppliers and consumers not participating in the wholesale market;
2. The balancing energy market; and
3. The long-term market.

This chapter shall provide detailed regulation of the organised electricity market, including the competences, rights, and obligations of the nominated electricity market operator (NEMO) regarding day-ahead and intraday market coupling, as well as its cooperation with the transmission system operator and other NEMOs in the region.

Chapter II shall regulate electricity production and storage. Also, this chapter shall establish the restrictions and exceptions relating to the ownership and management of storage facilities by transmission or distribution system operators.

Chapter III of this part shall regulate electricity transmission. The provisions of this chapter are fully aligned with the legislation of the European Union and the obligations that arise for the transmission system operator from membership in ENTSO-E, as well as from the obligations of the regional bodies and institutions established in the relevant TSMs adopted by ACER, which are applied directly or after prior approval by the Energy Regulatory Commission. This chapter contains articles on obligations for the transmission system operator to actively participate in the work of the Regional Coordination Center, especially with regard to the coordinated calculation of transmission capacities and coordinated management of the transmission systems in the region. This chapter shall also regulate the content of the transmission system development plan, as well as the procedures to be followed in the event of its non-fulfilment, and the content of the network rules for electricity transmission. Special provisions of this chapter shall be dedicated to the rules for the allocation of cross-border transmission capacities, the reduction of congestion on interconnection capacities for electricity transmission, and the obligation to adopt and implement an Action Plan for congestion reduction.

Chapter IV of this part shall regulate the rights and obligations of the electricity distribution system operator, the content and implementation of the electricity distribution system development plan, the conditions and procedure for the use of flexibility services within the distribution network, electricity metering, and the content of network rules for electricity distribution. A significant novelty introduced in this part of the Law shall be the regulation of the method and conditions for the connection of electric vehicle charging stations to the electricity distribution network.

Chapters V, VI and VII of this part shall regulate the rights and obligations of electricity suppliers, traders and consumers. The obligations of suppliers shall be fully aligned with the requirements set out in Directive (EU) 2019/944 on the internal market for electricity and shall serve entirely to support the realisation of consumer rights. A particular novelty shall be the provisions concerning consumer rights with regard to switching suppliers, the right to a dynamic pricing supply contract, participation in aggregation agreements, and demand-side management. The concept of an active consumer shall be introduced, enabling a consumer who has installed generation facilities for own use to sell surplus electricity on the electricity market, either directly or through an aggregation agreement. Furthermore, the possibility shall be introduced to establish a citizen energy community as a legal entity registered in the register of other legal entities, formed voluntarily by natural persons, units of local self-government and/or small consumers, which shall perform one or more energy activities for the purpose of exchanging energy produced and consumed within a limited geographical area, and to deliver environmental protection, economic or social benefits for its members or improve public services. The provisions governing the introduction of a smart metering system and the manner and conditions under which consumers may use such systems shall be elaborated in detail.

The ninth part of the Draft Law, comprising Articles 191 through 229, shall regulate the gas market and shall contain provisions governing the functioning of the gas market as an organised form of gas trading, the status, rights and obligations of the gas transmission and distribution system operators, gas storage operators, as well as gas suppliers, traders and consumers.

The tenth part of the Draft Law shall regulate the thermal energy market and shall include the provisions of Articles 230 through 246.

The eleventh part of the Draft Law shall regulate the market for crude oil, oil derivatives and transportation fuels. This part shall comprise Articles 247 through 257.

The twelfth part of the Draft Law shall comprise the provisions of Articles 258 through 269, which shall relate to the management of energy facilities, the handling of confidential information by operators, data exchange between energy undertakings and the protection of confidential information, compensation for damages, the use of infrastructure owned by non-energy operators, professional training of operators of energy equipment, the quality and quality control of delivered electricity, issues related to the construction of energy facilities and physical access thereto, as well as situations where bankruptcy proceedings are initiated against an energy undertaking with a public service obligation.

The provisions of the thirteenth part shall relate to supervision, namely the competent authorities that shall perform supervision under this Law, the types of supervision, and the rights and obligations of the supervisory bodies and of the subjects under supervision. This part shall be comprised of Articles 270 through 277.

The fourteenth part shall contain the misdemeanour provisions, comprising Articles 278 through 296, and shall regulate the competent authorities responsible for conducting misdemeanour procedures and imposing sanctions, as well as the types of misdemeanours and the fines and other penalties that may be imposed on offenders.

The fifteenth part of the Draft Law shall contain the transitional and final provisions and shall comprise Articles 297 through 317.

**II.** **INTERCONNECTEDNESS OF THE SOLUTIONS CONTAINED IN THE PROPOSED PROVISIONS**

The solutions contained in the Draft Law shall be interconnected and shall constitute a single legal whole, within which the subject matter from the field of energy, namely the markets for different types of energy and the status and competences of the Energy Regulatory Commission, shall be incorporated to a large extent. Renewable energy sources, as a distinct subject matter, shall be regulated by a separate law. The provisions of this legal solution shall be interrelated, with some being common and applicable to all energy markets, contained in the general parts of the Law, while others shall be specific and contained in the special parts of the Law.

**III. CONSEQUENCES ARISING FROM THE PROPOSED SOLUTIONS**

The proposed legal solution shall enable the fulfilment of obligations assumed under the ratified Treaty Establishing the Energy Community, namely the transposition of the European Union’s Clean Energy Legislative Package adapted by the Energy Community Ministerial Council. It shall allow for market coupling, facilitate the integration of the electricity system and market within the region, establish a comprehensive system for the assessment of supply security, enable the identification of crisis scenarios and the adoption of contingency plans for risk management and crisis response, create legal certainty and improve planning for the construction of electricity generation facilities, and shall also regulate other matters in the field of energy.

1. \* This Law, in accordance with the Decision of the Ministerial Council of the Energy Community No. 2021/13/MC-EnC, aligns with Directive (EU) 2019/944 of the European Parliament and of the Council of 5 June 2019 on common rules for the internal market for electricity and amending Directive 2012/27/EU (CELEX No. 32019L0944), Regulation (EU) 2019/943 of the European Parliament and of the Council of 5 June 2019 on the internal market for electricity (CELEX No. 32019R0943); Regulation (EU) 2017/1938 of the European Parliament and of the Council of 25 October 2017 concerning measures to safeguard the security of gas supply and repealing Regulation (EU) No. 994/2010 (CELEX No. 32017R1938); Regulation (EU) 2022/1032 of the European Parliament and of the Council of 29 June 2022 amending Regulations (EU) 2017/1938 and (EC) No. 715/2009 with regard to gas storage (CELEX No. 32022R1032), Regulation (EU) No. 1227/2011 of the European Parliament and of the Council of 25 October 2011 on the integrity and transparency of wholesale energy markets (CELEX No. 32011R1227) and Regulation (EU) No. 2015/1222 of the European Commission of 24 July 2015 establishing guidelines on capacity allocation and congestion management (CELEX No. 32015R1222) [↑](#footnote-ref-2)