

<p>The step under review</p>	<p>Gradual decrease of public intervention in the price-setting for the supply of electricity in line with Article 5 of the Directive 2019/944 on common rules for the internal market for electricity: No more than 70%</p>
<p>Baseline</p>	<p>Baseline (2024) 85%.</p>
<p>Deadline of the step</p>	<p>June/2025</p>
<p>Actual results</p>	<p>EVN Home announces a public tender for the procurement of electricity to meet the needs of the universal supplier. Any supplier or trader of electricity who holds a valid license for the supply or trade of electricity has the right to participate in this tender.</p> <p>As the sole owner of AD ESM, the Government of North Macedonia determines the amount of electricity that AD ESM will offer for the next six-month period to cover the needs of EVN Home, as well as the price at which the electricity will be offered.</p> <p>Universal supplier submits relevant data and documentation to the Energy Regulatory Commission (ERC), which serves as the basis for determining retail electricity prices.</p> <p>The universal supplier shall prepare a draft decision, including a detailed explanation of the methodology used to determine electricity prices, together with all supporting data and calculations. This draft decision must be published on the supplier's official website and submitted to the ERC no later than 5 December of the current year, for the following year for which the prices will apply.</p> <p>Based on the above procedures, the Government has adopted a decision whereby:</p> <ol style="list-style-type: none"> 1. The state-owned Joint Stock Company "Power Plants of North Macedonia" (JSC ESM), Skopje, will offer a price of EUR 62 per MWh to the universal supplier for 100% of the needs of the universal supplier for the period from July 1, 2025 to December 31, 2025, during the electricity procurement process.

2. The Government of the Republic of North Macedonia commits to find a way to compensate the difference between the production cost of electricity from AD ESM Skopje and the electricity price determined by the Government of the Republic of North Macedonia, with which AD ESM Skopje will submit an offer covering 100% of the total needs of the universal supplier for the period July–December 2025. This is to ensure that AD ESM Skopje can continue to safely, stably, and continuously supply consumers with electricity and maintain financial stability for the ongoing operations of the company.

The Ministry of Energy, Mining and Mineral Resources, letter arch. no. 08-5910/1 of December 15, 2025, requested from the Regulatory Commission for Energy, Water Services and Municipal Waste Management Services of the Republic of North Macedonia (hereinafter: the Energy Regulatory Commission) information and documentation related to the envisaged Reform 2.1.1.2 Gradual adjustment of the price of electricity to market level accompanied by measures to address energy poverty.

The Energy Regulatory Commission, with letter no. 03-2364/1 dated 16.12.2025, reported the following:

"Representatives of the Energy Regulatory Commission actively participate in the working groups established by the Ministry of Energy, Mining and Mineral Resources (hereinafter: the Ministry), while the Energy Regulatory Commission is intensively working on the by-laws arising from the Law on Energy* ("Official Gazette of the Republic of North Macedonia" no. 101/25 and 135/25), and are aimed at creating a stable and predictable regulatory framework aligned with the principles and standards of the European Union, which has the ultimate goal of joining the electricity market in the single electricity market of the European Union.

Taking into account the above, and related to check 1 of the Reform Agenda 2.1.1.2, the Energy Regulatory Commission has adopted the Rules for the Procurement of Electricity for the Universal Supplier ("Official Gazette of the Republic of North Macedonia" No. 223/25) which regulate the manner, conditions and procedure for the procurement of electricity intended for the supply of consumers in the categories of households and small consumers, which is supplied by the selected, i.e. designated electricity supplier who has an obligation to provide universal service in the supply of electricity. The purpose of these rules is to ensure an objective and transparent procedure for the procurement of electricity at the most favorable price, which will not discriminate against participants in the wholesale electricity market, and who meet the conditions to apply for the procedures for the procurement of electricity by the universal supplier. Accordingly, the Energy Regulatory Commission has no legal authority nor can it influence the quantity and price offered in the tender by the largest state-owned electricity producer, AD ESM Skopje."

At the same time, the Ministry of Energy, Mining and Mineral Resources, letter arch. no. 08-5910/1 of December 15, 2025, requested from the state-owned AD ESM Skopje information and documentation related to the envisaged Reform 2.1.1.2 Gradual adjustment of the price of electricity to the market level accompanied by measures to address energy poverty.

AD ESM responded with a letter with arch no. 09-7810/2 dated 17.12.2025 that "AD ESM, a state-owned electricity producer, acts in accordance with the recommendations of the Government of the Republic of North Macedonia based on information on the financial performance of AD ESM for the coming year, for participation in the public announcements of EVN Home for the provision of electricity to households and small consumers, as well as for the announcements of Elektrodistribucija DOOEL Skopje for the

	<p>provision of electricity to cover losses in the electricity distribution network. AD ESM also sells electricity on MEMO (Macedonian Electricity Exchange)''</p> <p>Lack of response from the Government - closed session</p> <p>The implementation of the measure will lead to a significant increase in the price of electricity for households and small consumers supplied by the universal supplier.</p>
<p>Evidence provided</p>	<ol style="list-style-type: none"> 1. Decision adopted at a Government session held on July 4, 2025 Нацрт-записник од Осумдесеттата седница на Владата на Република Северна Македонија, одржана на 4 јули 2025 година - Македонец 2. Translated decision adopted at the Government session held on July 4, 2025 Нацрт-записник од Осумдесеттата седница на Владата на Република Северна Македонија, одржана на 4 јули 2025 година – англиски 3. Барање информации и документација бр. 08-5910/1 од 15 декември 2025 година - Request for information and documentation No. 08-5910/1 dated December 15, 2025 4. Одговор на АД ЕСМ арх бр. 09-7810/2 од 17.12.2025 година - Response of AD ESM arch. no. 09-7810/2 dated 17.12.2025 5. Одговор на Регулаторна комисија за енергетика бр.03-2364/1 од 16.12.2025 година - Response of the Energy Regulatory Commission No. 03-2364/1 of 16.12.2025
<p>Checks performed in the verification of the step and related findings</p>	<ol style="list-style-type: none"> 1. The Regulatory Commission for Energy, Water and Waste Management Services (RCWMS) informed the public that a correction has been made to the submitted draft decision on the final price by the universal supplier EVN Home, more information at the following link. https://www.erc.org.mk/odluki/23122025%20%D0%A4%D0%B8%D0%BD%D0%B0%D0%BB%D0%BD%D0%B0%20%D1%86%D0%B5%D0%BD%D0%B0%20%D0%BD%D0%B0%20%D0%B5%D0%BB%D0%B5%D0%BA%D1%82%D1%80%D0%B8%D1%87%D0%BD%D0%B0%20%D0%B5%D0%BD%D0%B5%D1%80%D0%B3%D0%B8%D1%98%D0%B0.pdf 2. Information relating to electricity prices for households and small consumers valid as of 01.01.2026 3. https://www.erc.org.mk/page.aspx?id=287
<p>Compliance with general</p>	<p><i>The implementation of the steps <u>does not contravene</u> the general principles outlined in Article 4 and 11(4) of Regulation (EU) 2024/1449 and Article 3 of the Facility Agreement.</i></p>

principles and DNSH principle	<i>The implementation of the steps <u>does not contravene</u> the 'Do No Significant Harm' principle (DNSH).</i>
Double funding	<i>Contributions from third parties were <u>not reported</u> in support of the achievement of this step.</i>
Clear conclusion on the achievement of the step	Not achieved