

LAW ON ENERGY

1. GENERAL PROVISIONS

Article 1

This Law regulates the terms, conditions and manner of conducting the activities in the field of energetics, protection of energetic facilities, devices and plants, protection of environment and nature from the harmful effects caused by the operation of the energetic facilities, devices, plants, and the supervision.

Article 2

Activities in the field of energy pursuant to this Law shall be the following:

1. electric power generation, transmission, and distribution;
2. production and processing of coal;
3. production, treatment, and transportation of oil and derivatives;
4. production, transportation, and distribution of natural gas;
5. generation, transportation, and distribution of heat and geothermal energy;
6. generation of other types of energy.
7. transit of energy and energy supplies; and
8. trade with energy and energy supplies.

Article 3

Activities listed in Article 2 under this Law may be performed by local and foreign legal and physical entities under the conditions and in a manner provided thereof.

Article 4

Activities such as electric power generation, transportation, and distribution, production, transportation and distribution of natural gas and production, transmission and distribution of heat and geothermal energy, except for internal use, shall be activities of public interest.

Article 5

To carry out the activities of Article 4 under this Law, public enterprises may be established or the activities may be performed based on a license.

Public enterprises for electric power generation, transmission, and distribution, and production, distribution of natural gas, shall be established by the Government of the Republic of Macedonia.

Public enterprises for generation, transportation, and distribution of heat and geothermal energy, except for internal use, shall also be established by the municipalities and/or the city of Skopje.

The activities from Article 4 under this Law may be performed by local and foreign legal and natural entities based on a license.

Article 6

Electric power generation, under this Law, shall be an electricity generation in the hydropower plants, thermal power plants, combined thermal power or heating plants and other power plants (hereinafter referred to as "power plants").

Electric power transmission, under this Law, shall be transmission of electricity from the power plants to the distributive electro-energetic objects and the consumers connected to the transmission network.

Electric power distribution, under this Law, shall be taking, distribution and supply of electricity to the consumers connected to the power distribution network.

Article 7

Production of coal, under this Law is exploitation of the coal (excavation from the deposit, enrichment and refinement).

Coal treatment, under this Law shall be the process of getting coke, semi-coke, briquettes, gas, and other coal products.

Article 8

Production of oil and natural gas, under this Law, mean oil exploitation of oil and natural gas from the oil/gas deposits.

Oil treatment, under this Law, shall be refinery processing of crude oil to produce oil derivatives and other chemical products.

Transportation of oil and derivatives, under this Law, shall be loading, unloading and storage of oil and their transportation through oil pipelines, product pipelines, truck reservoirs and other transportation means.

Transportation of natural gas, under this Law, shall be supply of natural gas in gaseous stage from the oil/gas deposits to the distribution and storage facilities; to the consumers, which are connected to the transmission gas network.

Distribution of natural gas, under this Law, shall be supply of natural gas to the consumers connected to the distribution network.

Article 9

Generation of heat energy, under this Law, shall be generation of heat (steam, warm and hot water, warm gases and alike), in heat plants, thermal power and heat plants and industrial power plants and exploitation of geothermal energy.

Transmission of heat and geothermal energy, under this Law, shall be transmission of that energy through pipelines from the springs to the distribution facilities.

Distribution of heat and geothermal energy, under this Law, shall be distribution and supply of that energy to the users connected to the distribution network.

Article 10

Generation and use of other types of energy, under this Law, shall be the use of solar energy, wind energy, biomass energy etc.

Article 10-a

Transit of energy and energizers, in terms of this Law, shall be transmission of energy and energizers, i.e. transportation through the territory of the Republic of Macedonia.

Article 10-b

Trade with energy and energizers, in terms of this Law, shall be buying and selling of energy and energizers and providing services relative to it.

Article 11

Producers of energy, under this Law, shall be legal and natural entities, which generate energy.

Dispatchers of energy, under this Law, shall be legal entities and physical persons, which supply energy.

Consumers of energy, under this Law, shall be legal entities and physical persons and citizens receiving and consuming energy to meet their necessities.

Article 11-a

Production price of certain type of energy, in terms of this Law, is the price set based on the Methodology on pricing of certain types of energy at the threshold of the generating facility. The retail price of certain types of energy, in terms of this Law, is the price set according to the Methodology on pricing of certain types of energy containing the production cost, the transportation cost, trade margin, levies, taxes and other specific charges.

II. TERMS AND CONDITIONS FOR PERFORMING THE ACTIVITIES IN THE FIELD OF ENERGY

1.General Conditions

Article 12

The production, supply and use of energy may be performed if the facilities, devices, and plants for energy generation, transmission, distribution, transportation, and use meet the prescribed standards, technical norms of quality and do not endanger with their operation, the people, the material goods, the living environment and the nature.

Article 12-a

The construction of facilities for the purpose of doing some activities in the field of energy by investing funds of local and foreign legal entities and physical persons may also be performed with an Agreement between the Government of the Republic of Macedonia and the investor who has to established a company for this purpose in the Republic of Macedonia.

The Agreement pertaining to paragraph 1 of this Article, regulates the questions of construction and operation of a facility, including the conditions and manner under which the investor shall leave the facility to the Republic of Macedonia after the Agreement expires, in particular:

- the acquisition of location for construction of facility and clearing the property relations related to the soil;
- provision of licenses required, permits and approvals of construction and work on the facility;
- technical-technological conditions including conditions for protection of the environment and nature during the construction and operation of the facility;
- tax and customs relieves and stimulation -consistent to the law,
- selling of products and services and their valuation;

- property protection of investor in case of expropriation and nationalization of the facility;
- payback of the investment to the investor;
- guarantee that the conditions of work in the facility shall not become worse due to new laws and other regulations;
- transfer income in convertible foreign currency;
- time duration of agreement and /or facility use by the investor and
- opportunity to settle disputes at selected court.

Article 13

For the purpose of connecting to the energy facilities operated by the legal entities and physical persons of the energetic systems, a contract shall be made with the legal entities, which operate the energetic systems.

The contract in paragraph 1 of this article, regulates in particular:

- the technical conditions for connection to the energetic systems;
 - the coordination of the production of energy;
 - the payment of energy supplied; and
 - the conditions for continuous and additional supply of these producers,
- which use a portion of the production for internal demands.

Article 13-a

Legal entities that do business with transmission power systems, transportation, and distribution of energy and energizers shall be responsible to provide services from the free capacities to the entities interested in transmission, transportation, distribution and transit of energy and energizers through these systems.

The interrelations which occur by the use of the systems, in terms of paragraph 1 of this Article, shall be regulated between the entities doing business with the systems and the entities users of services in these systems, by a contract containing in particular, provisions on the technical, energetic and commercial/financial conditions for the use of the system, as well as provisions on the way of dispute settlement which may arise thereof.

In case the public enterprise doing business with the system of power transmission, transportation, and distribution of energy and energizers, shall refuse to provide the services illegally or discriminate any legal entity interested in provision of these services, it may request from the responsible ministry for energy matters, to undertake activities to solve the requirement in compliance with the law.

Article 14

Legal entities or physical persons, whose activity is of public interest, shall be liable to do it continuously and in good quality.

Article 15

The generators and suppliers, for continuous and quality supply to the users with energy, shall be due to:

- have data on the technical specifications of facilities;
- test on periodical base the technical-technological and operational conditions of facilities, devices and plants for generation, transmission and distribution of energy in the subscribed terms; and
- undertake measures to provide operating condition in the facilities, defined by the technical standards.

To do the activities provided in paragraph 1 of this Article, the generators and suppliers of energy shall be responsible to keep records of: technical specifications of the facilities, tests performed; scope and type of test; the date of the test, professional organization and staff carrying out the tests and the responsible person under whose supervision the tests have been made, the status determined and proposed measures to provide operating readiness in the facilities of use.

Article 16

For the purpose of development of the energetics in the Republic, the Government of Republic of Macedonia shall establish a Strategy.

The funds that shall be used to prepare the Strategy pertaining to paragraph 1 of this Article shall be provided by the Budget of Republic of Macedonia and other sources.

The Strategy referred to in paragraph 1 of this Article defines in particular:

-energy demands especially the demands of natural gas as a natural environmental fuel.

- available energy resources and energetic facilities with the technical, energy and economic characteristics;

- the needs for construction of energetic projects;

- funding required and resources to provide them, and

- measures and activities to implement the strategy

- possibilities for effective use of the energy

The Ministry competent for the matters of energy takes care of the strategy implementation provided under paragraph under 1 of this Article.

Article 17

Based on the strategy defined on energetic development, the public enterprises shall adopt a Development Program.

The Development Program on Public Enterprises, established by the Government of Republic of Macedonia, is approved by the Government of Republic of Macedonia and the Program on Development of Public Enterprises, established by the municipality and /or city of Skopje, is approved by the municipality and/or city of Skopje upon a prior opinion issued by the Ministry competent for the matters related to energy.

Article 17-a

To achieve the possibility for more efficient energy utilization, set forth in the Strategy pertaining to paragraph 10 in this Law, the Government of the Republic of Macedonia shall approve a long-term Program on efficient energy utilization.

The Programme from paragraph 1 of this Article, besides the identification of possibilities for more efficient energy utilization in the Republic and definition of the basic policy on efficient energy utilization, shall contain in particular:

- information -educational activities to enhance the energy efficiency;
- encouraging measures to enhance the energy efficiency;
- measures in the Law and other regulations which shall contribute to increase the energy efficiency; and
- activities related to fulfilling the obligations under the international agreements and other acts dealing with the increase in the energy efficiency.

Article 17-b

To implement the Program pertaining to Article 17-a of this Law, the Government of the Republic of Macedonia shall establish a Fund of Energy Efficiency (hereinafter referred to as "Fund").

The Fund has no capacity of a legal entity.

The decision on Fund establishment shall define the organization, the method of operation and management of the Fund.

Article 17-c

The Fund resources shall be provided from the:

1. Bank resources and other financial institutions;
2. Foreign credits;
3. Grants and donors of local and foreign legal and natural entities; and
4. Budget of Republic of Macedonia

Fund resources shall be distributed as credits or grants to domestic legal entities or physical persons, which perform business or other activities.

Fund resources shall be paid in a separate account within a commercial bank designated by the Government of the Republic of Macedonia based on public announcement.

The conditions to be met by the commercial bank are determined after the public announcement.

The administration/technical works related to the needs for fund operation shall be performed by the commercial bank.

Article 18

The demands of total energy amounts and of certain energy types in the Republic for a determined period of time and the possibilities to meet them by production and import shall be determined with the energy balance in the Republic.

The producers, suppliers and users of energy shall be liable to submit to the Ministry competent for energy, not later than the end of October in the current year, the necessary data for preparation of the energy balance for the next year.

The annual energy balance in the Republic for the next year shall be brought by the Government of Republic of Macedonia by the end of the current year.

Article 19

The producers and distributors of energy shall be responsible to submit to the Ministry competent for energy, reports on monthly, quarterly and annual bases, whereas daily reports on electricity oil derivatives and gas of the actual production, purchase and distribution of energy to the users and the status of reserves. The producers of electricity shall indicate the fuel quantities in their reports, which have been used for electricity generation, while the producers of oil derivatives indicate the quantities of oil derivatives used for treatment of the crude oil.

The monthly reports referred to in paragraph 1 of this Article shall be submitted within five (5) days after the month ends, the quarterly reports shall be submitted within fifteen (15) days after the expiration of the quarter and the annual reports within fifteen (15) days after the expiration of the calendar year.

Article 20

The bigger energy consumers shall be obligated to submit to the Ministry competent for energy matters, monthly, quarterly, and annual reports on the actual

consumption of all energy types by the user, as well as energizers supply stocks, including the actual electricity production and services provided.

As bigger energy consumers provided pursuant to paragraph 1 of this Article are considered the users, which annual energy consumption amounts: of electricity - above 10 million kWh, of coal - above 5000 tones, of coke - above 1000 tons, of heavy oil - above 1000 tons, of natural gas - above 1 million m³, of diesel - above 1000 tons, of engine petrol or propane-butane above 1000 tons and above 300.000m³ of geothermal water.

The users whose annual consumption of any energy type is lower than the quantities specified in paragraph 2 of the article herein, shall be obligated, upon request of the Ministry competent for energy matters, to submit reports on the consumption by the users of all energy types, energizers, actual electricity generation, and services provided, as well.

Monthly reports shall be submitted within a period of five (5) days after the month expiries, quarterly reports within fifteen (15) days after the quarter expiries, and annual reports within fifteen (15) days after the calendar year expiries.

Article 21

Management activities in complex energetic facilities may be performed by an employee having completed at least the VIII level of education in the related profession and at least 5 years of experience in the field of energy.

Management activities in the plants installations and equipment of the complex energetic facilities may be performed by an employee having completed at least VIII level of education in the related profession and at least two years of practical experience in the field of energy.

Complex energetic facilities as in paragraph 1 and 2 of this Article shall be considered the electric power plants with power above 10 MW, transmission and distribution facilities of electricity above 35 kV and power production and transmission facilities of heat with strength of above 30 MW, oil refineries, oil pipelines and gas pipelines and coalmines.

Article 22

Activities of management with power plants, equipment and machines may be performed by an employee, as follows:

1. For operation of steam turbines above 10 MW: having four years vocational education in the field of energy, electrical or mechanical profession, 12 months supervised operation of turbines and professional examination passed.

For operation of steam turbines up to 10 MW: having four years vocational education in the field of energy, electrical or mechanical profession, 9 months supervised operation of turbines and professional examination passed.

2. For operation of gas turbines used for electricity generation: vocational education in the field of energy, electrical or mechanical profession, 12 months work under supervision in operation of turbines and professional examination passed;

3. For operation of hydro-turbines used for electricity generation: four years vocational education in the field of energy, electrical or mechanical profession, 12 months work under supervision in operation of turbines and professional examination passed; and

4. For operation of automatic thermal control (ATC) boiler plants of above 20 MW installed capacity: four years vocational education in the field of energy,, electrical or mechanical profession, 12 months work under supervised operation of boilers and professional examination passed.

For operation of automatic thermal control (ATC) boiler plants of above 20 MW: four years vocational education in the field of energy, electrical or mechanical profession, 12 months work under supervised operation of boilers and professional examination passed.

For operation of ATC boiler plants to 5 MW installed capacity: having three years vocational education in the field of energy, electrical or mechanical profession, 12 months work under supervised operation of boiler plants and professional examination passed.

For operation of boiler plants by mechanized firing: having four years vocational education in the field of energy, electrical and mechanical profession, 12 months work under supervised operation of boilers and professional examination passed.

For operation of boilers by manual firing: having three years vocational training in the field of energy, electrical and mechanical profession, six months work under supervised operation of boilers and professional examination passed;

5. For operation of steam piston machines: having three years vocational training in the field of energy, electrical and mechanical profession, 12 months working experience under supervised operation with steam piston machines and professional examination passed;

6. For operation of internal combustion engines of total capacity above 200 KW: having four years vocational education in the field of energy, electrical and mechanical profession, 12 months work under supervised operation of engines and professional examination passed;

For operation of internal combustion engines of total capacity of 200 KW: professional training of four years from the field of energy, electrical or mechanical profession, 12 work under supervised operation of engines and professional examination passed;

7. For operation of compressors and cooling installations of total capacity above 200 kW having four years vocational education in the field of energy, electrical, mechanical or chemical/technological profession, 12 months working experience under supervised operation with compressors and cooling installations and professional examination passed;

8. For operation of pump stations of total capacity above 200 KW having four years education in the filed of energy, electrical and mechanical engineering, 12 months working experience under supervised operation with pump stations and professional examination passed.

For operation of pump stations of total capacity up to 100 kW: three years vocational training in the field of energy, electrical and mechanical or chemical-technological profession, 12 months working experience under supervised operation of pump stations and professional examination passed.

9. For operation of gas generators: three years vocational training in electrical or mechanical engineering, 12 months working experience under supervised operation with gas generators and professional examination passed;

10. For operation of district heating boilers of above 1M Installed capacity, 0,5 bars operating pressure, at up to 110 ° C outlet water temperature: three years

vocational training in the field of energy, electrical and mechanical engineering, 12 working experience under the supervised operation with boiler and professional examination passed.

For operation of boilers for central heating of above 0,2 MW TO 1 mw installed capacity, working pressure of 0,5 bars, 110 °C outlet water temperature: three years vocational training in the field of energy, electrical or mechanical profession, 12 months work under supervision out of which, six months operating of boilers and professional examination passed, or primary school completed, 18 months work under supervised operation, out of which six months in operation, and professional examination passed.

For operation of air conditioning equipment: three years vocational training in the field of energy, electrical or mechanical profession, six months working experience under supervised operation with air conditioning equipment and professional examination passed;

11. For operation of the equipment for preparation of the boiler and cooling water above 15 m³/h: three years vocational training in chemical/technological or mechanical profession, six months work under supervision of the equipment for preparation of the boiler and cooling water and professional examination passed.

12. For operation of the process for filling technical gases: three years vocational training in electrical and mechanical profession, six months working experience under supervised operation and professional examination passed or primary school completed, 12 months working experience under supervised operation and professional examination passed.

13. For operation of pressurized vessels of first and second class: three years vocational training in the field of energy, electrical or mechanical profession, six months working experience under supervised operation for workers in the field of energy and/or 12 months for the workers of electrical or mechanical profession and professional examination passed;

13-a For handling the devices and plants for manipulation with natural gas in the main station, main measuring-regulating station, measuring-regulating station, regulating station and measuring station of main and distributive gas pipelines, as well as the urban networks, with 4 years professional training, in the professional training

12 months work under supervision and examination passed with regard to the job skills.

14. For operation of traffo-stations and electric switchgears: four years vocational educational training in electrical or energy profession, twelve months working experience under supervised operation of traffo-stations and electrical switchgears and professional examination passed;

15. For operation of the dispatching centers and electricity control rooms: four years vocational education in electrical or energy profession, 12 months working experience under supervised operation in dispatching centers and control rooms and professional examination passed;

16. For operation of energetic block for electricity generation: four years vocational education in the field of energy, electrical or mechanical profession, 12 months working experience under supervised operation of energetic blocks and professional examination passed;

17. For operation of the dryers with thermal affect above 500 kW: four years vocational education in the field of energy, electrical or mechanical profession, six months working experience under the supervised operation of dryers and professional examination passed;

For operation of dryers of thermal effect up to 500 kW: two years vocational training in the field of energy, electrical or mechanical profession, six months working experience under supervised operation of dryers and professional examination passed; and

18. For operation of technological furnaces with effect of above 0,5 MW liquid fuel-fired and gas fuel-fired: four years vocational education in the field of energy, electrical or mechanical profession, 12 months working experience under supervised operation of technological furnaces and professional examination passed.

Article 23

The professional examination for operation of energetic facilities may be taken before a board.

The board pertaining to paragraph 1 of this Article shall be established by the Minister competent for energy matters.

Article 24

The Minister competent for energy activities shall approve the program under which the professional examination is conducted and prescribe the method of taking the professional examination for carrying out the activities indicated in article 22 of this law including the amount and method of payment the professional examination fee.

2. Energy delivery from the power system

Article 25

A delivery of certain type of energy shall be carried out through the energetic system under conditions and in a manner prescribed in this Law.

An energy system pursuant to this Law, shall power generation, transmission and distribution system, natural gas production, transportation, and distribution system, thermal energy production, transportation and distribution system, and a system for production, transmission and distribution of geothermal energy.

The energy systems referred to in paragraph 2 of this Article shall be technical-technological entities.

Article 26

Power producers and suppliers shall be due to supply the users with energy in compliance with the energy balance, mutual contracts and general conditions for supply of related type of energy.

Article 27

Power supplier shall be liable to ensure a smooth power system operation to the measuring point where the energy is measured.

Article 28

The power suppliers shall deliver the energy while the consumers shall use it provided that the energy facilities, equipment, devices and plants meet the prescribed standards, technical type of standards and quality standards for the related energy type which provide supply and use of energy smoothly in agreed quantity, capacity, quality and continuity and safety of the staff and property.

Article 29

A power supplier shall terminated the power delivery if it finds out that the user's energy facilities, devices and installation do not meet the conditions prescribed by the standards, technical norms and quality standards for smooth delivery of certain types of energy or if there are errors, and shall immediately notify in writing the user and Ministry competent for energy matters about their existence.

Article 30

A power supplier may suspend the power delivery temporarily from the power system during the performance of scheduled inspections, tests and control measurements, repairs, reconstruction and extension of facilities, devices and installations.

The temporary suspension of power delivery under paragraph 1 of this Article may be fulfilled by the power supplier at the time causing the least damage to the users in compliance with the maintenance program of facilities, devices, equipment and installations, pursuant to the annual energy and supply demand.

Power supplier shall notify in writing the users and the Ministry competent for energy matters on the day and time of the temporary cease of power delivery at least seven days prior to the cut of power.

The supplier of power shall be due to notify the residential consumers and other smaller energy users on the temporary cut of power delivery under paragraph 1 of this Article, through the media, at least 24 hours before the cut.

Article 31

In case there is a need, during the year, for a temporary interruption of power delivery due to unscheduled inspections, repairs, control measurements and maintenance of facilities, devices and installations, the time and duration of power delivery interruption shall be set and determined by the power distributor and the user notifying immediately the Ministry competent for energy matters.

In the event of not reaching consent within the period determined by the power distributor on the temporary power supply interruption referred in paragraph 1 of this Article, the Minister competent for energy, upon user's request, shall make the decision.

A complaint against the decision pertaining to paragraph 2 of this Article may be filed within eight days after the receipt of the decision, to the Macedonian Government Committee competent for solving administration issues of second instance in the field of economy.

The complaint against the decision from paragraph 3 of this Article shall not delay its execution.

The power supplier is liable at least 24 hours prior to the interruption only to inform the residential category of households and small consumers through the media on the interruption referred in paragraph 1 of this Article.

Article 32

The energy consumer of the power system shall be due:

1) not to endanger people's health and property by using its power facilities, devices or installations;

2) to amend, within the period set by the Republic Inspectorate on Technical Inspections, the defects in its power facilities, devices, equipment or installations in conformity with the technical rules and standards;

3) not to cause direct danger for falling apart of the power system;

4) not to connect, without power supplier's agreement, to its facility, a device or installation of the power system and/or enable connection to another user through its facilities, devices or installations.

5) to provide a proper keeping of records for the power consumed and not to use energy without measuring devices or supervision by the measuring devices or by means of measuring devices which are not agreed; and

6) to comply with the measures prescribed for power system operation at war and under emergency circumstances.

In case the power user does not comply with the obligations set forth in paragraph 1 of this Article, the power distributor may, without a prior notification, cut the power delivery of the power system to the user who shall be responsible to notify the user and Ministry competent for energy matters about the interruption.

Article 33

In addition to the duties set forth in Article 32 under this Law, the energy user shall also be obligated:

1) to provide an energy license;

2) not to constrain the energy distribution to other users;

3) upon a warning from the distributor in a certain period to decrease the voltage, i.e. the quantity of energy consumption on an agreed value and the energy consent

4) in case of energy shortage to comply with the measures prescribed for decrease in the power consumption;

5) to pay the energy distributed in accordance with the general conditions of energy distribution, energy distribution contract and the Law; and

6) to allow and enable the authorized individuals an access to all parts of connection, the protection and measurement devices and power facilities, devices and

installation, which are doubted to be a cause for the occurred, constrains in energy distribution.

If the user does not comply with the obligations set forth in paragraph 1 of this Article, the power distributor, after a prior warning of the user, may interrupt the power distribution from the power system, and shall be responsible to notify the consumer and the Ministry competent for energy matters at least 24 hours prior to the interruption.

Article 34

The power distributor shall be due to reconnect the energy user to the network pursuant to Article 32 and 33, and to whom the power supply has been cut, once it finds out that the causes for the cut are removed.

The charges for the reconnection to the network shall be paid by the energy consumer.

Article 35

The energy consumer, who considers that its power was cut unjustifiably, may seek from the responsible inspection organ to determine the real situation that caused the cut of the power distribution.

If the responsible inspection organ confirms that the energy was cut unjustifiably, it shall immediately order the energy distributor to reconnect the facilities, plants and installations on its network at its charge.

In the cases referred to in paragraph 2 of this Article, the energy consumer shall have a right to claim damages.

Article 36

The energy distributor may limit and/or cut the energy supply from the power system in an event of force majeure and other circumstances, which are beyond the control of the power supplier and energy user, respectively.

Force majeure, in terms of this Law, means unforeseen Acts of Nature (floods, earthquakes, landslide, fires, strong winds, heavy ice deposits on conductors and towers, atmospheric discharges and other circumstances).

Other circumstances, in terms of this Law, mean defects on devices and installations, which were not caused by fault of the distributor and energy user, respectively.

The distributor and consumer shall be released from the obligation related to power distribution and/or power receipt during the duration of the force majeure and other circumstances.

The power consumers shall be notified about the force majeure and other circumstances by the distributor.

The power distributor shall be obligated to notify the consumers of the period needed for reconnection in cases described in paragraph 1 of this Law.

Article 37

The decision on establishing the general conditions for distribution of certain types of energy from the energetic systems ("the General Conditions) defines the distribution conditions, the mutual rights, duties and responsibilities and manner more closely the distributor and the consumer of the related energy type, particularly the:

- conditions and methods of issuing an energy license to connect the power user to the power network;
- conditions, method and time of entering of the power supply contract of related energy type;
- method of accounting and payment for the power distribution;
- conditions and method of indemnity to the power user in case of decreased supply or interruption and;
- users that cannot be cut off the power supply.

The decision on general conditions for electricity distribution, besides the components set forth in paragraph 1 of this Article also contains conditions related to connection and/or power distribution produced by companies and other legal entities and individuals.

The decision on general conditions for electric power distribution and the decision on general conditions for natural gas distribution shall be adopted by the Government of Republic of Macedonia, while the decision on general conditions for heat and geothermal energy shall be brought by the municipality or the City of Skopje, upon a prior consent from the Ministry competent for energy matters.

Article 38

Under conditions of general shortages, there shall be restrictions in the energy consumption in accordance with the criteria and conditions of restrictions in the consumption of certain energy types.

The decisions on criteria and conditions for restriction of certain energy types more closely define the criteria and the methods of restriction, rights, duties and responsibilities of the distributor and the consumer for related energy types in particular the:

- criteria on restriction level;
- grouping of users;
- elements for valuation of the level of restriction;
- levels and restrictions in percentages in energy demands; and
- method of implementation and monitoring the consumption restrictions.

The decisions on the criteria and conditions for restrictions in energy consumption and the decision on the criteria and conditions of restrictions in natural gas consumption shall be adopted by the Government of the Republic of Macedonia, while the decision on the criteria and conditions of restrictions of heat and geothermal consumption shall be brought by the Municipality and/or the City of Skopje, upon a prior consent by the Ministry competent for energy matters.

Article 39

The prices of electric power, natural gas, heat energy, geothermal energy, and oil derivatives are set under the Methodology on pricing certain energy types.

The decision related to the Methodology adoption on pricing certain energy types shall be made by the Government of the Republic of Macedonia.

The Government of the Republic of Macedonia shall issue a consent with regard to the application of the Methodology on pricing certain energy types under the Prices Act brought by the activity performers, especially the production prices of certain energy types, upon prior opinion from the Ministry competent for energy matters, while in regard of the retail prices, upon prior opinion by the Ministry responsible for trade affairs.

Article 40

The Electric power, natural gas and heat energy shall be rated in accordance with a certain Tariff System for selling certain energy types.

The decisions on the tariff system for certain energy types shall be brought by the Government of the Republic of Macedonia.

3. Energy Approval

Article 41

Any legal entity and individual and citizen getting connected to the power system shall be due to obtain an energy approval from the distributor of related energy types. The energy consumer, who increases the energy consumption and engaged capacity for more than 10% of those determined in the energy approval, shall also be obligated to obtain an energy approval.

The energy approval under paragraph 1 of this Article shall be issued on the basis of a previously issued building license and construction project certified by the Ministry competent for urban planning and construction.

Article 42

The energy distributor shall be due, within a period of 15 days after the submission of energy approval application, to issue a decision on the energy approval in compliance with the technical, energetic and economic conditions.

A complaint may be filed against the decision from paragraph 1 of this Article to the Ministry competent for energy matters.

Article 43

Energy distributor shall be liable, within a period of 15 days after the submission of the application for connection to the power system, to connect the energy consumer to the power system provided that the conditions are fulfilled in the energy approval thereof.

The consumer from paragraph 1 of this Article shall be due, upon receiving the refunding for the costs, to connect the new consumers, who have been issued an energy approval, to the energy network built by him/her at his/her own costs. If there is no agreement on the amount for the connection costs, the amount shall be determined by the power distributor who shall be obligated to connect the new consumer to the network.

In case of failure to reach an agreement on the costs under paragraph 2 of this Article, the network owner shall settle the payment in a court procedure.

The determination of costs for connection to the power system shall not delay the connection.

Article 44

The energy approval shall cease to be valid if within a period of two years after its issuance, the construction has not commenced.

III. PROTECTION OF POWER FACILITIES, DEVICES AND INSTALLATIONS AND ENERGY AREA

Article 45

The construction and performance of other works, trees planting on the land below, above and nearby power facilities, devices and installations which affect the process of power generation, transmission distribution, and distribution or endanger

the security of people and property except in cases defined in this Law shall be forbidden

If the performance of works under paragraph 1 of this Article is necessary, the power producer and/or the distributor shall be due to provide an approval for the works within a period of 15 days from the submission of the application, which defines the necessary protective measures on site, devices and installations. The costs for the protective measures undertaken shall be borne by the investor of works.

Article 46

The owner and/or user of land shall be due to allow passage for land measuring, recording, projecting and performance of works for maintenance and reconstruction for power transmission and distribution facilities, as well as carrying out inspection supervision on the land they are placed on.

The owner and/or land user have a right to recovery for the damage caused by the works under paragraph 1 of this Article pursuant to the regulations related to expropriation.

Article 47

The area for construction of energetic facilities (the “Energy area”) shall determined by the space and urbanization plans.

Energy area under paragraph 1 of this Article means the deposit of energy raw materials, the area where a facility or plant is built or is intended to be built for energy production, transmission, processing, accumulation, storage, conversion or distribution including the area for waste products disposal resulting from the production and use of certain energy type.

IV. PROTECTION OF ENVIRONMENT AND NATURE AGAINST HARMFUL INFLUENCE IN OPERATION OF POWER FACILITIES, DEVICES, AND INSTALLATIONS

Article 48

For the reason of environment and nature protection during the construction of new power facilities and reconstruction of the existing ones, the Investor shall be liable, in compliance with this or other law, to foresee and develop the technology and other technical-technological measures and activities in the technical documentation to prevent the contamination of land, waters, and air.

Article 49

Power producers and consumers creating gases, liquid and solid wastes and noise in the process of power production or utilization shall be due to maintain records, the amounts of gaseous substances emitted into the air, substances released as waste waters-effluent and the solids disposed in the land including the strength of noise which is emitted in the closer and wider power surroundings.

If the waste substances and noise from paragraph 1 of this Article are created in quantities above the maximum allowed limits prescribed by law and other regulations, the power producers and consumers shall be due to undertake technical-technological and other measures and activities to reduce wastes and the noise to prescribed limits.

V. PERFORMANCE OF ACTIVITIES IN THE FIELD OF ENERGY BY LICENSING

Article 50

Activities pertaining to Article 4 of this Law may be performed on the basis of a license under conditions and methods set forth in this or other law.

The license for executing the energy activities connected with the use of energy resources must be issued obligatorily if the performer in this field has previously obtained a right on exploitation of the energy resources.

Article 51

The license on power generation, transmission, and distribution, international transport of crude oil through the oil pipeline and production, transport and distribution of natural gas, shall be issued by the Government of the Republic of Macedonia.

The license on production, transport, and distribution of heat and geothermal energy is issued by the Municipality and the City of Skopje upon a prior opinion of the Ministry competent for energy matters.

Article 52

The license for performing the activity, except in cases from paragraph 2 Article 50 of this Law may be obtained on public competition basis.

If there is no interested entity on the announced competition, the license for performing the activity may be issued on the basis of an application, which is submitted to the authority that issues the license.

The license to perform the activity without public competition by exception may be granted in case of a request (or a bid) made by a strategic investor.

The strategic investor, in terms of this Law, shall be the applicant of the request, which based on the amount of assets they would like to invest in a specific type of energy activity, the importance of that activity for the country and other conditions shall be determined by the Government of the Republic of Macedonia upon a proposal by the Ministry responsible for energy matters.

Article 53

The licensing competition on performing the activities pertaining to Article 52 of this Law shall be announced by the licensing authority.

The open competition shall contain in particular the:

- type of energy activity and the area it shall be performed at;
- technical, energy, financial, and other data for the power facilities;
- commencement date and duration of the activity;
- amount and method of payment of the licensing fee;
- deadline and address to file the application for open competition; and
- other conditions that shall be fulfilled by the activity performer.

Article 54

Together with the application for participation at the open competition the legal entities or individuals shall submit the following data: the name and address of the company and/or the first and last name of the individual, qualified personnel and ownership status capital data, detailed working plan, evidence to guarantee the financial ability for performing the activity, references for performing the activity and other data and documents that the applicant might consider useful as a basis for obtaining a license.

Article 55

The license on performing certain activities in the field of energy shall contain, in particular:

- 1) data for the performer of the activity;
- 2) type of activity the license is issued for;
- 3) commencement date of the activity and license validity; and
- 4) general conditions of the activity performed

Article 56

The licensor and licensee shall sign a contract, which sets in detail the procedure and method of performing the activity, in particular the:

- 1) amount, manner, terms and guarantee of assets provided to perform the activity;
- 2) rights and duties related to the assets invested by the performer of the activity;

- 3) reasons and conditions to suspend or terminate the contract;
- 4) obligations of the activity performer related to data that s/he shall give to the licensor that are related to the actions and events which may influence the activity performance in the field of energy, under conditions set forth in the contract;
- 5) responsibility for the failure to meet the conditions in the contract;
- 6) mutual obligations related to eventual damage caused by the execution or non-execution of the energy activity, i.e. the contract;
- 7) obligation to improve and protect the environment and the nature;
- 8) method of settling disputes; and
- 9) validity expiration of the contract and its possible extension.

Article 57

The contract pursuant to Article 56 of this Law shall cease to be valid by:

- 1) the time expiration it was concluded for;
- 2) revocation;
- 3) revoke of license;
- 4) force majeure;
- 5) termination.

Article 58

The working license may be revoked if the:

- 1) performer does not commence the activity in the period set forth in the license;
- 2) performer ceased to comply with the conditions set forth for the performance of the activity;
- 3) performer ceased to perform the activity in a manner and under conditions prescribed in this Law and other regulations;
- 4) contract was terminated and canceled; and
- 5) performer, in the defined period of time, fails to react on the request made by the authorities to recover the faults.

Article 59

Prior to the expiration of the validity contract on performing the activity, based on a license, the performer of the activity may apply for license extension.

Article 60

The transfer of the license may be carried out with consent of the one who issued the license.

Article 60-a

The provisions of the Law on Concessions shall be applicable for the activity performance in the field of energy on the base of a license.

VI. SUPERVISION

Article 61

Supervision over the legitimacy in applying this law, other provisions and general acts and prescribed normative and standards and norms of quality in the field of energy shall be carried out by the Ministry competent for energy matters.

The inspection supervision shall be exercised by the Republic Inspectorate for Technical Inspection.

The works of inspection supervision pursuant to paragraph 2 of this Article shall be performed by electric power inspectors, inspector for steam boilers and plants under pressure, as well as the mining inspector, in a manner designated by a separate law.

VII. PENAL PROVISIONS

Article 62

An individual shall be fined with amount from 80.000,00 to 240.000,00 Denars for an offence if:

- 1) the facilities, devices and equipment for power generation, transmission, distribution and consumption of energy fail to comply with the prescribed standards, technical normative and standards of quality, therefore endangering by their operation the people, material goods, environment, and the nature (Article 12);
- 2) fails to perform continuous and quality distribution of energy to the consumers (Article 14);
- 2a) it refuses without any reason to provide the services or makes discrimination in providing the services from paragraph 1 Article 13-a.
- 3) fails to inspect periodically the technical-technological and operational conditions of facilities, devices, and equipment for power generation, transmission and distribution within the periods proscribed in the law and other regulations (article 15, paragraph 1, line 2);
- 4) fails to undertake measures to ensure operational conditions of facilities and their use (Article 15, paragraph 1, line 3);
- 5) fails to ensure management with complex power facilities and plants of the installations and equipment of the complex power facilities to be carried out by workers who fulfill the prescribed conditions (Article 21, paragraphs 1 and 2); and
- 6) fails to ensure handling with certain power facilities, devices, and equipment to be performed by workers who fulfill the prescribed conditions (Article 22, paragraph 1).
- 7a) by using its own energy facilities, the devices and installations endangers the life or people's health or property (Article 32, paragraph 1, sub-section 11)
- 7b) causes a direct danger for a breakdown of the power system (Article 32, paragraph 1, sub-section 3)

The person in charge in the legal entity shall be also fined with amount from 15.000,00 to 45.000,00 Denars for an offence pursuant to paragraph 1.

For the actions pursuant to paragraph 1 of this article a security measure shall be stated for prohibition to perform the managing duty in the period of three months to one year

Article 63

The legal entity shall be fined for an offence with amount from 60.000,00 to 200.000,00 Denars if:

- 1) s/he fails to distribute the energy to the consumers in compliance with the energy balance, mutual agreements and general conditions for distribution of a certain type of energy (Article 26)
- 2) fails to notify the consumer and Ministry competent for energy matters about the interruption in energy distribution to (Article 30 and 31);
- 3) if it fails to reconnect to the network the consumer whom the energy distribution has been interrupted, pursuant to Articles 32 and 33 of this Law, when it determines that the reasons for interruption of energy distribution have been removed (Article 34);
- 4) fails to reconnect the consumers' facilities, equipment and installations to its network, to whom the energy distribution has been unreasonably interrupted (Article 35);
- 5) it fails obtain an energy approval from the distributor of a certain type of energy (Article 41);
- 6) within 15 from the date of submission of the application for connection the power system, the user who fulfills the conditions from the energy approval, fails to connect it to the power system (Article 43, paragraph 1); and
- 7) it performs construction or other activities, plants trees in the land above, below and nearby the power facilities, plants, devices and equipment by means of which the process of power generation, transmission, and distribution or people's property and security are endangered (Article 45);

Pursuant to paragraph 1 of this Article, the person in charge in the legal entity shall be also fined for an offence with amount from 10.000,00 to 30.000,00 Denars.

For actions pursuant to paragraph 2 of this Article, a safety measure shall be

pronounced to the responsible individual and that is: prohibition to perform the managing duties in a period of three months to one year.

Article 64

A legal entity shall be fined for an offence with amount from 50.000 to 150.000 if:

- 1) during the period determined by the Republic Inspectorate for Technical Inspection the irregularities of its energy facilities, devices and installations are not removed in compliance with the technical regulations and principles (Article 32 paragraph 1 item 2);
- 2) it connects its facility, device or installation to the energy system or through its facilities, devices or installations provides connection to another consumer without an approval from the distributor (Article 32 paragraph 1 item 4);
- 3) it does not provide correct evidence of the consumed energy and consumes the energy without measuring instruments or out of the measuring instruments, or with measuring instruments that are not agreed upon (Article 32 paragraph 1 item 5)
- 4) it does not stick to prescribed measure for functioning of the energy system in war or extraordinary conditions (Article 32 paragraph item 6).

The responsible person within the legal entity shall be also fined for an offence pertaining to paragraph 1 of this Article with amount from 10.000,00 to 30.000,00 Denars.

For activities pertaining to paragraph 2 of this Article, a safety measure shall be pronounced to the responsible person and that is prohibition to perform managing duties during a period from three months to one year.

Article 65

A legal entity shall be fined for an offence with amount from 40.000,00 to 120.000,00 if:

- 1) it impedes the distribution of energy to other consumers; (Article 33 paragraph 1 item 2)

- 2) it does not reduce the power, i.e. the quantity of consumption of energy to the agreed value and energy approval upon a notification by the distributor (Article 33 paragraph 1 item 3);
 - 3) it does not respect the prescribed measures for reduction of consumption in case of lack of energy (Article 33 paragraph 1 item 4);
 - 4) does not pay for the distributed energy according to the general conditions for energy distribution, the Agreement for distribution and the Law (Article 33 paragraph 1 item 5);
- it does not allow access to authorized individuals to all parts of the connection, to the measuring and protection devices and energy facilities, devices and installations for which there is a doubt that they may cause the problems in the distribution process (Article 33 paragraph 1 item 6).

The responsible person within the legal entity shall be fined for an offence pertaining to paragraph 1 of this Article with amount from 10.000,00 to 30.000,00 Denars.

The responsible person shall be pronounced a safety measure for activities pertaining to paragraph 2 of this Article and that is prohibition to perform managing duties during a period of three months to one year.

Article 66

A legal entity shall be fined for an offence with amount from 30.000,00 to 90.000,00 Denars if:

- 1) it does not keep separate work records pursuant to Article 15 paragraph 2 of this Law;
- 2) it does not submit data for preparation of the energy balance (Article 18);
- 3) it does not submit the reports on the production, supply, distribution and consumption of energy within the prescribed time period (Articles 19 and 20);
- 4) it does not issue a decision for energy approval in compliance with the technical, energetic and economic conditions, within a 5 days from the submission of the application. (Article 42);
- 5) it does not allow access for the purpose of measuring, recording, projecting and performing activities for maintenance and reconstruction of transfer and distribution

energy facilities, as well as performing inspection on the land on which they are situated. (Article 46 paragraph 1)

6) it does not anticipate and analyze the technology and other technical measures and activities for prevention from pollution of the land, waters and air during the construction of new energy facilities and reconstruction of the existing ones (Article 48).

The responsible person within the legal entity shall be fined for an offence pertaining to paragraph 1 of this Article with amount from 8.000,00 to 25.000,00.

The responsible person shall be pronounced a safety measure for activities pertaining to paragraph 2 of this Article and that is prohibition to perform managing duties during a period of six months to one year.

Article 67

A legal entity, which produces energy and energetic raw materials, as well as the legal entities and individuals, consumers of energy, which produce gas, liquid, solid and other waste and noise during the process of production or consumption of energy and energetic raw materials shall be fined for an offence with amount from 50.000,00 to 150.000,00 Denars, if it does not follow and record the quantities of gaseous substances emitted in the air, substances released through waste waters – effluent and solid wastes deposited on land, as well as the noise emitted in the near and more distant surrounding of the energy facilities (Article 49).

Article 68

An individual shall be fined with an amount from 5.000,00 to 15.000,00 Denars if s/he performs some of the activities pertaining to Article 62, 63, 65, 66 paragraph 1 items 1, 2, 3, 5 and 6 and 67 of this Law.

For activities pertaining to Article 64 paragraph 1 items 4 and 5 of this Law a fine shall be pronounced for the caused damage of 5 to 15 times of the amount from paragraph 1 of this Article.

VIII. TRANSITIONAL AND FINAL PROVISIONS

Article 69

Legal and natural entities shall be due to adjust their operation with provisions in the Law herein, within a period of six months from the date of entering into force of this Law.

The existing public company, JP Elektrostopanstvo na Makedonija for production, transmission and distribution of electricity shall continue to operate as a public company.

Article 70

The workers who had not passed the professional exam, with respect to Article 22 of this Law, shall be due within two years, after the date of entry into force of this Law, to pass the professional examination.

Within the period defined in paragraph 1 of this Article, the examination is due to be passed by workers who have completed their education in duration less than a year from the designated in article 22 of this Law and who have an appropriate working experience to the date of passing this Law except for the workers who have completed the primary school.

Article 71

The regulations pertaining to Article 24 of this Law shall be passed in a period of six months from the date of entering into force of this Law.

Till the drafting of the regulations from paragraph 1 of this Article, the regulations that were effective to the date of entering into force of this Law shall be applicable.

Article 72

The decision on general conditions for distribution of certain types of energy pursuant to Article 37 of this Law shall be adopted within nine months after entering into force of this Law.

Till the drafting of the regulations from paragraph 1 of this Article, the decisions that were effective to the date of entering into force of this Law shall be applicable. (Official Gazette of SRM, No.38/89).

Article 73

The decisions on the criteria and conditions for consumption limitation of certain type of energy of Article 38, paragraph 3 of this Law shall be brought within one year after the date of entering into force of this Law.

Till the drafting of the regulations from paragraph 1 of this Article, the decisions that were effective to the date of entering into force of this Law shall be applicable.

Article 74

The decisions on the methodology on pricing of certain types of energy pursuant to Article 39 of this Law shall be brought within six months from the date of entering into force of this Law.

Article 75

The decisions on the tariff systems from Article 40 paragraph 2 of this Law shall be brought within six months of the date of entering into force of this Law.

Until the adoption of the regulations of paragraph 1 of this article, the Tariff system on selling electric power shall be applicable (Official Gazette of SRM, No. 45/82, 10/85, 22/88, 29//89 and 47/89) and the Tariff system on selling the geothermal energy (Official Gazette of SRM, No.41/90).

Article 76

The decision on technical conditions and standards for designing and construction of distribution and gas pipeline systems (Official Gazette of the SRM, No. 45/90) shall be valid until the date of appropriate adoption of certain regulations.

Article 77

On the date of entering of this Law into force, the Law on Energy (Official Gazette of the SRM No. 41/87, 41/88, 42/88 and Official Gazette of the Republic of Macedonia, No 15/93, 13/94, 15/94) shall cease to be valid, as well as the Law on Safe Transportation Through Oil Pipelines and Gas Pipelines (Official Gazette of the SFRJ, No. 64/73) including the by-laws passed in compliance with this Law.

Article 78

This Law shall enter into force on the eighth day from the date of its publication in the Official Gazette of Republic of Macedonia.

