

Licensing procedures

(Energy and Water Services Regulatory Commission of the Republic of North Macedonia -ERC)

According to the Law on Energy, the energy activities in the field of natural gas are defined, for which a license is issued by the ERC.

That's all:

- 1) Natural gas transmission.
- 2) Natural gas market organization and management,
- 3) Natural gas distribution,
- 4) Natural gas supply,
- 5) Natural gas trade,

The issuance of licenses for performing energy activities by ERC is done based on the provisions of the Law on Energy and the Rulebook on licenses. The Rulebook on Licenses is an act adopted by the ERC and describes the entire procedure for issuing licenses. The Rulebook on Licenses regulates: the conditions, manner, and procedures on issuing, altering, extending, transferring, suspending, revoking or expiration of licenses on energy activity performance, temporary licenses, and licenses for trial work, as well as the deadlines for undertaking certain activities in respective procedures.

The most important provisions of this act are:

The obligation for obtaining a license or a decision for entry in the registry

- The energy activities can be performed by domestic or foreign entities based on the license for performing the respective energy activity, issued by the Energy and Water Services Regulatory Commission of the Republic of North Macedonia (hereinafter: the Energy Regulatory Commission) or based on the decision for entry in the registry issued by the Energy Regulatory Commission.
- The license holder that performs the activity of natural gas distribution may be issued a license for performing the energy activity of natural gas supply, natural gas supply with a public service obligation and natural gas supply in last resort if less than 100,000 consumers are connected to its system.
- The company that holds a license for performing the activity of natural gas transmission cannot be holder of licenses and cannot be included in the performance of the activities of natural gas production, market organization and management, distribution, trade, or supply.

Duration

- The duration of the license and of the decision for entry in the registry is determined by the Energy Regulatory Commission, in compliance with the deadlines stipulated in the Law on Energy, and depending on the type of the energy activity, the type and the volume of the obligation for providing a public service, or universal service when performing the energy activity, the volume of resources necessary for performing the energy activity, the duration of the right to use the adequate energy resource, as well as the application submitted by the performer of the energy activity in question.

Reimbursement of license issuing costs

- In order to initiate the procedure for issuing, altering, extending and transferring the licenses for performing the energy activities as well as for entry in the registry, the Energy Regulatory Commission charges a fee of 500 euros in MKD counter-value according to the average exchange rate of the National Bank of the Republic of North Macedonia (hereinafter: NBRNM) on the day of the payment, except for the cases when the license is altered when acting in official capacity.
- The holders of licenses for performing the energy activity and the foreign companies that perform an energy activity in the Republic of North Macedonia, are obliged to pay an annual fee to the Energy Regulatory Commission, in compliance with the Law on Energy.

Application for license issuance

- For issuing a license for performing an energy activity, general conditions and the conditions referring to the financial status, the non-existence of legal barriers for performing the activity and technical qualifications must be met, i.e., the applicant must submit the following documents:
 - 1) A filled in form for issuing the license, (from Annex 2 of the Rulebook, for the respective energy activity),
 - 2) Declaration of authenticity of the data provided and the submitted documents, (from Annex 3 of the Rulebook),
- 2a) Authorization for submitting the data and the declaration of authenticity of the provided data and information, (from Annex 7 of the Rulebook),
- 3) Evidence of paid financial fee in net value of 500 EUR in MKD counter-value, according to average exchange rate issued by NBRNM,
- 4) A certificate of current balance, issued by the Central Registry of the Republic of North Macedonia (hereinafter: CR of RNM),
- 5) A history of changes issued by the Central Registry of the RNM,
- 6) Information on the economic and financial status of the applicant by the CR of the RNM,
- 7) A certificate, certifying that no bankruptcy procedure against the applicant, issued by the CR of the RNM is initiated,
- 8) A certificate certifying that no liquidation procedure against the applicant, issued by the CR of the RNM is initiated,
- 9) A certificate of paid taxes and duties from the Public Revenues Office of the Republic of North Macedonia (hereinafter: PRO),
- 10) Certificate issued by the Central Registry of the RNM, or a certificate issued by the basic court certifying that a sentence or a misdemeanor sanction that prohibits him/her from performing an occupation, activity or duty has not been imposed,
- 11) Certificate issued by the Central Registry of the RNM, or a certificate issued by the basic court certifying that a sentence or a misdemeanor sanction that prohibits the authorized entity/entities by the applicant from performing an occupation, activity or duty has not been imposed,
- 12) Information from the CR of the RNM or a certificate issued by the basic court that a sentence for a committed crime by the applicant in the territory of the Republic of North Macedonia has not been imposed,
- 13) Technical and additional documents for each energy activity separately, in accordance with Annex 1 of the Rulebook.

License extension

- License duration can be extended with a request by license holders which shall be submitted to the Energy Regulatory Commission not later than 60 days from the license expiration. The deadline for issuing licenses depends on the completeness of the submitted documentation and it cannot be longer than 60 days. In case of complete documentation, the issuance deadline is usually on average 20 to 30 days.

Certification procedures

(Energy and Water Services Regulatory Commission of the Republic of North Macedonia - ERC)

According to the Energy Law, the natural gas transmission system operator in the Republic of North Macedonia is a company which:

- 1) is the owner of the natural gas transmission system operator.
- 2) shall not be part of a vertically integrated undertaking.
- 3) is holder of a license for performing energy activity natural gas transmission.
- 4) does not perform and is independent from performing other energy activities, as determined by Energy Law.
- 5) has been certified and appointed as a natural gas transmission system operator by the Energy Regulatory Commission, in a procedure determined by Energy Law.

Owner of the natural gas transmission system operator is the Ministry of economy.

The obligation for certification of the natural gas transmission system operator arises from the Energy Law, which fully describes the manner and procedure of certification, the selection of a compliance officer and the compliance program that follows it, the procedure for certification of persons from third countries as well as revision of certification.

Now, we still do not have a certified operator of the natural gas transmission system, because the process of establishing a new transmission operator in accordance with the 3rd Energy package is still underway.

The general provisions that we will follow when starting the certification procedure are the following:

- The doer of the activity for natural gas transmission must be certified as a natural gas transmission system operator in a manner, procedure and timeline determined by Energy Law.
- The natural gas transmission system operator shall be obliged to:
 - if not certified, to submit a certification request, along with the documents prescribed by the certification rules adopted by the ERC and
 - notify the ERC of all planned transactions which might necessitate its re-certification.
- Within four months as of the date of submission of a certification request by the natural gas transmission system operator, the ERC shall draw up a proposed certification decision regarding the natural gas transmission system operator and shall immediately submit it to the Energy Community Secretariat, together with all the information related to the proposed decision.
- Within 60 days after receiving the opinion by the Energy Community Secretariat, the ERC shall adopt a decision regarding the certification request. The ERC shall take into account the opinion of the Energy Community Secretariat and shall announce the reasons for the possible derogations from the opinion.
- The ERC shall publish the decision in the "Official Gazette of the Republic of Macedonia" and on its website, on which it shall publish also the opinion issued by the Energy Community Secretariat.
- After the implementation of the certification procedure, the ERC issues the natural gas transmission system operator a certificate appointing it the natural gas transmission system operator and confirms that it meets the requirements regarding ownership unbundling and independence, as well as the conditions

regarding financial and material ability and technical and human resources, as well as other conditions prescribed by Energy Law.

The Energy Law also describes the procedure for revision of the certification, when it occurs and due to which circumstances it is implemented, ie:

- The ERC shall initiate a procedure for certification reviews if during the supervision of the operation of the natural gas transmission system operator, or if it was notified by the operator or the harmonization officer, or otherwise came to the knowledge that there has been or is planned a change in the ownership structure of the operator or another change that may affect the fulfilment of the obligations stipulated in Energy Law.
- The ERC shall submit to the natural gas transmission system operator a notification on the commencement of the procedure for the certification review, which obligates it to provide the necessary documentation, data and information from which the planned or occurred change can be determined, as well as a deadline for their dispatch which cannot be shorter than 15 days.
- Within 60 days after receiving the requested data, information and documentation, the ERC shall prepare a proposed decision for issuing a new or revocation of the existing certificate and shall submit it for an opinion to the Energy Community Secretariat.
- Within 60 days after receiving an opinion from the Energy Community Secretariat, the ERC shall adopt a decision on issuing a new or revoking the existing certificate and shall publish it in the "Official Gazette of the Republic of Macedonia" and on its website. When making the decision, the ERC shall take into account the opinion of the Energy Community Secretariat and on its website shall announce the reasons for the possible derogations from the opinion.