



Regulation of Transmission and Distribution Unbundling

**Case Study by North Macedonia
Energy, Water Services and Municipal Waste
Management Regulatory Commission of North
Macedonia**



ERRA EMER & GF COM Joint Meeting

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Basic Information of Power System



- 25.713km²,
- 1.8 Million population as of 2021 census,
- Interconnection points with neighbors - Greece (2x400 kV), Bulgaria (1x400 kV), Serbia (1x400 kV); and Kosovo (1x400 kV);
- Ongoing project for construction of interconnection 400 kV line with Albania;
- 6.889 GWh gross electricity consumption in 2024;
- 6.129 GWh domestic electricity production
- 88,7% - domestic production;
- 11,3% - net import (760 GWh);

Basic Information TSO (1/2)



TSO electricity operator:

- *Only one electricity transmission system operator, JSC MEPSO,*
- *TSO owns and operates 5 TS 400/110kV, 52 TS 110/xx kV (11 TSs sole ownership, rest are shared with DSO), 577,06km – 400kV network and 1656,64 km – 110 kV network,*
- *Total number of direct consumers is 8 legal persons with 26 metering pints,*
- *Total number of generators is 7 legal persons with 40 metering points*
- *5 interconnections with 7 metering pints,*
- *Transmitted electricity to customers in the country:*

Year	2022	2023	2024
GWh	6,397	5,892	5,895

Basic Information TSO (2/2)



JSC MEPSO:

- *Is in state ownership – Ministry of Transport and Communications (MoTC) is owner of all shares of JSC MEPSO and exercises rights and obligations of shareholders assembly in accordance with the Company Law,*
- *TSO is a two-tier joint-stock company with supervisory and management board. MoTC appoints the supervisory board, that later appoints the management board*
- *TSO is unbundled according to the ownership unbundling model as regulated in the Energy Law;*
- *TSO is certified by the ERC on 15th of August 2019 following a positive opinion of the Energy Community Secretariat which means that it fulfils the criteria and conditions established within the Third Energy Package of EU (Internal Energy Market consolidation).*

Certification of the electricity TSO



Conclusions of the Certification procedure stipulates that TSO:

- is the owner of the electricity transmission grid in the Republic of North Macedonia,*
- is owned by MoTC, that is independent in the adoption of decisions for appointing the members of the supervisory body of the TSO, it is exercising its rights according to the Company Law and must not accept directions nor guidance from the Government or another state body,*
- holds a license for performance of the energy activity electricity transmission,*
- does not perform and is independent from other activities in the electricity sector such as production, distribution, trade, supply of electricity, electricity market organization and management, and supply of natural gas,*
- is independent in the administration and management of the company in respect of other companies performing energy activities in the country.*

Basic Information DSO (1/2)



Distribution systems operators:

- *Elektrodistribucija Ltd Skopje, whole territory of the country*
- *JSC ESM Skopje – Energetika Branch (only in industrial area in the city of Skopje with only 52 industrial customers-less than 100.000 customers)*

Voltage level (kV)	110kV (OH)	110kV Cable	35kV (OH)	35kV Cable	20(10)kV (OH)	20(10)kV Cable	0,4kV (OH)	0,4kV Cable
Length (km)	186	6	917	214	6.878	3.564	12.729	4.985
Share (%)	96,88	3,12	81,08	18,92	65,87	34,13	71,86	28,14

Voltage level TS (kV/kV)	110/xx, with TSO	110/xx	35(20)/10	10/0,4
Number	41	13	76	7.450

Category of connection	MV1	MV2	LV 1.1	LV 1.2	LV2	Total
Number	78	1.409	6.887	3.582	912.562	924.519

Electricity distributed			
Year	2022	2023	2024
GWh	5,221	4,992	5,207

Basic Information DSO (2/2)



DSO operator:

- *Separate legal entity established by EVN Macedonia JSC Skopje (90% of shares EVN AT and 10% of shares GoNM),*
- *EVN Macedonia JSC Skopje has established:*
 - *EVN Elektrani, generation company*
 - *EVN Supply, supply company*
 - *EVN HOME, universal supplier for households and small consumers and supplier of last resort,*
 - *Elektro distribucija, distribution company.*
- *Service Level Agreements signed among companies for shared service,*
- *Separate logo of DSO that aims not to confuse customers*
- *DSO is unbundled legally and functionally and performs accounting unbundling since 2017.*

Role of ERC (1/2)



ERC is responsible for:

- *issuance of licenses for performing the energy activities transmission of electricity and distribution of electricity,*
- *adoption of the Rulebook for certification of the electricity and natural gas TSO,*
- *approval of the Rulebook for operation, authorizations, rights and obligation of the compliance officer for TSO,*
- *approval of the compliance programs of TSO and DSO,*
- *approval of the appointment of the compliance officers of TSO and DSO,*
- *approval of the annual report for implementation of the compliance program submitted by the compliance officers of TSO and DSO*

Role of ERC (2/2)



ERC is responsible for:

- monitoring the changes in the ownership structure of the entities, especially the energy transmission and distribution systems operators,*
- monitoring the implementation of the obligations for maintaining separate accounting;*
- monitoring the implementation of compliance programs of the operators to ensure non-discrimination, transparency and objectivity in the functioning of energy markets,*
- ERC has competence to take a decision against the operators if it determines irregularities. The decision shall specify the measures to be taken, the deadlines for taking such measures and the obligation to submit reports on the undertaken measures.*

ERC 27th of February 2025 issued a Decision for imposing measures to electricity DSO to comply with certain unbundling requirements.

Challenges of ERC



ERC is challenged by the:

- adoption of the new Energy Law (parliamentary procedure) in compliance with the CEP and IEP according to which the ownership of the TSO shares shall be transferred to the Ministry of Energy, Mining and Mineral Resources, along with the rights and obligation such transfer of shares brings with,*
- conduction of new certification procedure for TSO to prove compliance with the unbundling criteria,*
- setting of the indicators related to unbundling of operators and data that should be submitted by the operators,*
- capacity of ERC to monitor efficient unbundling and to propose proper measures and guidance to the operators,*
- capacity of the ERC to conduct analysis for distortion of market competition due to unbundling issues and to initiate misdemeanor proceedings before competent courts (penalties are established as 10% of annual income)*

Unbundling in the Gas Sector



TSO

- *Long lasting dispute over ownership between the government and a private company and no certified operator,*
- *Dispute resolution in 2021,*
- *New TSO company established in 2022,*
- *Certification process started in 2023 and ended in 2024 with ownership unbundling model.*

DSO

- *No need for unbundling according to the law for small systems. There are three small DSOs which have no obligation for unbundling in accordance with the law.*



**THANK YOU
FOR YOUR ATTENTION!**

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Topic description

as per 2024-2026 workplan

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This case study focuses on evaluating existing transmission and distribution regulatory models and unbundling regimes. Participants will examine the mechanisms and procedures for assessing the effectiveness of current regulatory models and unbundling practices in place. Key areas of discussion include the role of regulators in each regulatory model and unbundling regime, with a focus on enhancing regulatory oversight and effectiveness. Through detailed analysis and comparative studies, the case study aims to identify opportunities for strengthening the role of regulators in ensuring fair competition, promoting investment, and safeguarding consumer interests within the transmission and distribution sectors.