

**“10TH OIL FORUM OF THE
ENERGY COMMUNITY”
BELGRADE, 25 SEPTEMBER 2018**

**IMPLEMENTATION OF STOCKHOLDING
OBLIGATION IN A CONTRACTING PARTY
OF THE ENERGY COMMUNITY –
*DIRECTORATE OF COMPULSORY RESERVES
OF OIL AND OIL DERIVATIVES
OF THE REPUBLIC OF MACEDONIA***

WHERE IS THE REPUBLIC OF MACEDONIA WITH REGARDS THE COMPULSORY OIL STOCKS?

Legal framework

- ❑ The compulsory reserves of oil and oil derivatives of the Republic of Macedonia are formed and maintained based on the Law on the Compulsory Reserves of Oil and Oil Derivatives ("Official Gazette of the Republic of Macedonia" nr. 84/08, 35/11, 84/12, 43/14 and 83/18).
- ❑ The abovementioned law transposes the Directives 68/414/EEC, 73/238/EEC and 2006/67/EC which impose obligation to the Member States of the EEC to maintain minimum stocks of oil and/or petroleum products as a measure for mitigation or levelling of harmful consequences in the event of major market disruption.
- ❑ Accordingly, obligation of the country is to have oil stock levels that equate to no less than 90 days of average daily consumption in the previous calendar year.

WHERE IS THE REPUBLIC OF MACEDONIA WITH REGARDS THE COMPULSORY OIL STOCKS?

Current structure of DCOR

- ❑ Directorate of Compulsory Reserves of Oil and Oil Derivatives (hereinafter: DCOR), was established in 2008 as the holder of the rights, obligations and responsibilities in dealing with the compulsory reserves of oil and oil products in the Republic of Macedonia,
- ❑ Legal form - Directorate - independent state body of the public administration, responsible for its operations in front of the Government of the Republic of Macedonia.
- ❑ Bodies - 5 members Managing Board and Director, both appointed by the Government of the Republic of Macedonia.

Main activities of DCOR

- ❑ Collection of fee for compulsory reserves of oil and oil derivatives.
- ❑ Purchasing of oil derivatives in order to establish and maintain compulsory reserves.
- ❑ Organization, management and supervision of the quantity and quality of compulsory oil reserves.

WHERE IS THE REPUBLIC OF MACEDONIA WITH REGARDS THE COMPULSORY OIL STOCKS?

Adoption of oil stocks law (in conformity with the *acquis*)

- ❑ The new Law on Compulsory Oil Reserves (“Official Gazette of the Republic of Macedonia” No. 144/14, 178/14, 199/15 and 197/17) was adopted in October 2014, which transposes the Council Directive 2009/119/EC .
- ❑ This Law establishes the obligation to provide a high level of security of supply of crude oil and oil derivatives by building and maintaining compulsory oil reserves in quantity of minimum 90 days of net imports of previous year or 61 days of inland consumption of previous year, whichever is the higher, by 31st of December 2022.
- ❑ The Law also introduces the necessary procedures for responding to a severe shortage of oil derivatives in the market.
- ❑ This Law initially was supposed to be applicable as of 1st January 2015, however, the Parliament with amendments postponed the application as of 1st January 2019.

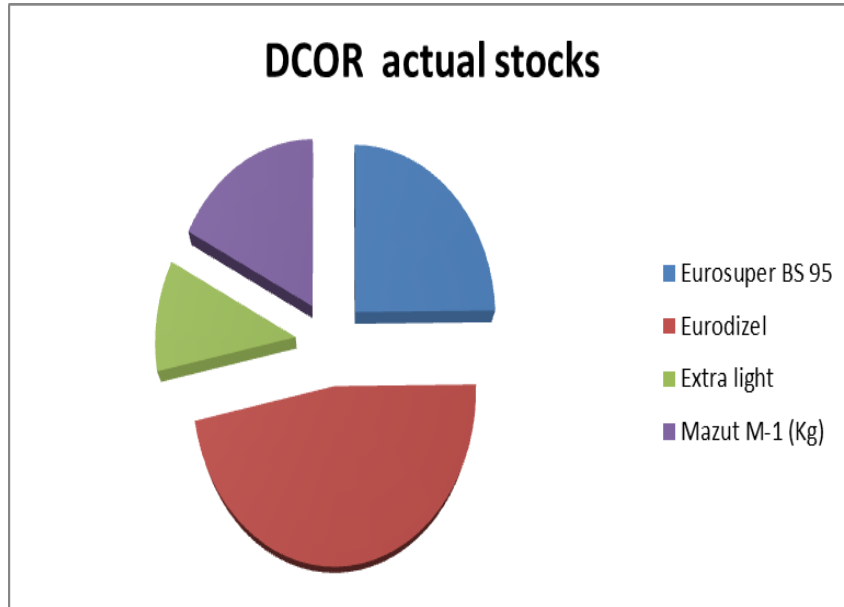
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Adoption of secondary legislation

- ❑ Part of the bylaws in which should be transposed the four annexes of Directive 2009/119/EC (Annex I - IV) and thus should contribute to further completion of the process of transposition of the Directive, have been drafted with the assistance of the EC Secretariat and currently they are in the inter-ministerial reconciliation.
- ❑ Within IPA project is prepared an Intervention Plan in case of emergency disruption of the supply of the market with crude oil and oil derivatives.
- ❑ With regards to the abovementioned postponement date of the Law, the deadline for adoption of the bylaws is postponed as well, i.e. they should be adopted no later than 31st December 2018.

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Current structure of compulsory oil reserves



The participation of each oil derivative in the current total quantities of oil stocks in %:

Eurosuper BS 95 - 25%

Eurodizel - 47%

Extra light – 10%

Mazut M-1 - 18%

WHERE IS THE REPUBLIC OF MACEDONIA WITH REGARDS THE COMPULSORY OIL STOCKS?

Establishing of stocks

- ❑ DCOR performs activities related to purchase of crude oil and/or oil derivatives in order to establish compulsory reserves. These activities are performed on basis of an Annual Plan with financial plan and an Annual Procurement Plan adopted by the Managing Board of DCOR, for the current year.

Financing

- ❑ Main source of financing of DCOR is the fee for the compulsory reserves that is paid by the producers and importers of oil derivatives.
- ❑ The fee is included in the price of petroleum products and it is determined with a Decree by the Government, according to DCOR's proposal based on calculation.
- ❑ Current fees are as follows:
 - 0,740 denars/kg or \approx 0,012 eurocent/kg for Mazute,
 - 0,300 denars/liter or \approx 0,005 eurocent/liter for diesel fuels and
 - 0,890 denars/liter or \approx 0,014 eurocent/liter for gasoline

WHERE IS THE REPUBLIC OF MACEDONIA WITH REGARDS THE COMPULSORY OIL STOCKS?

Storage of oil stocks

- ❑ All oil reserves are established in final products (oil derivatives) and held (commingled) in rented storage capacities in the country.
- ❑ DCOR performs supervision of the quantity and quality of compulsory oil reserves, on regular basis.

Quantity & Quality Control - on the spot



WHERE IS THE REPUBLIC OF MACEDONIA WITH REGARDS THE COMPULSORY OIL STOCKS?

Storage of oil stocks (2)

- ❑ Trade companies processing crude oil and producing oil derivatives and/or import crude oil, semi products of crude oil and oil derivatives and having storing and excise license, have an obligation to store the compulsory reserves.
- ❑ DCOR and above mentioned companies have concluded agreements for storage and maintenance of the compulsory reserves.
- ❑ Current situation:
 - no sufficient, proper storage capacity
 - to store abroad – allowed on basis of bilateral agreements
 - tickets – allowed

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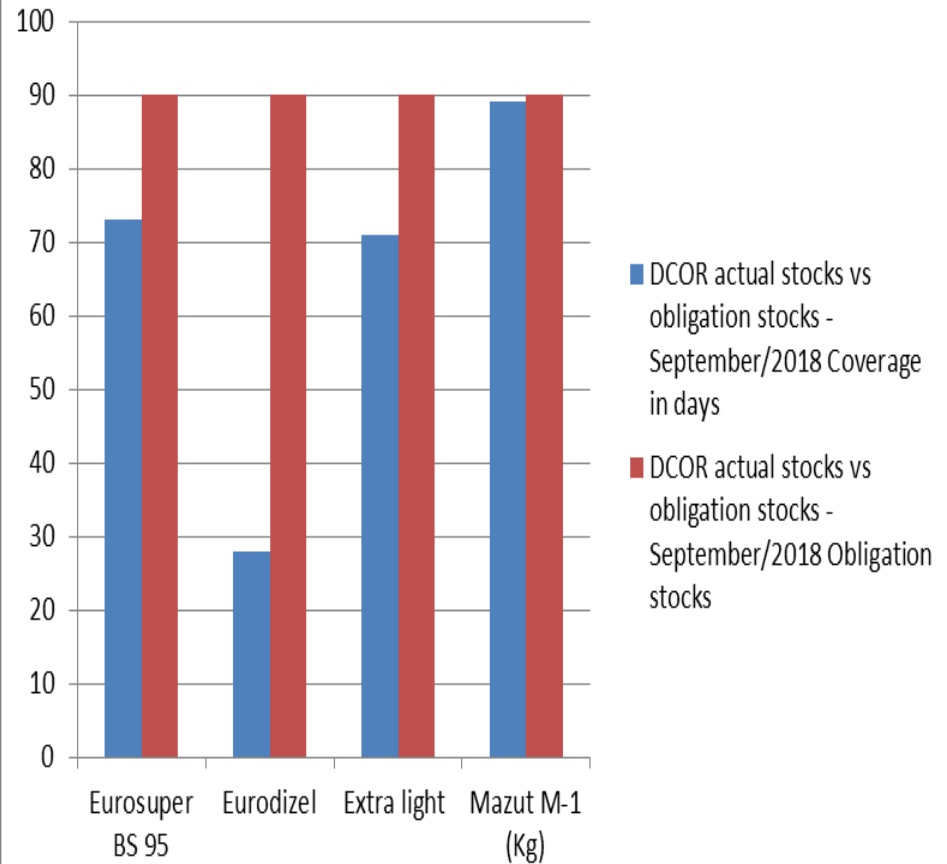
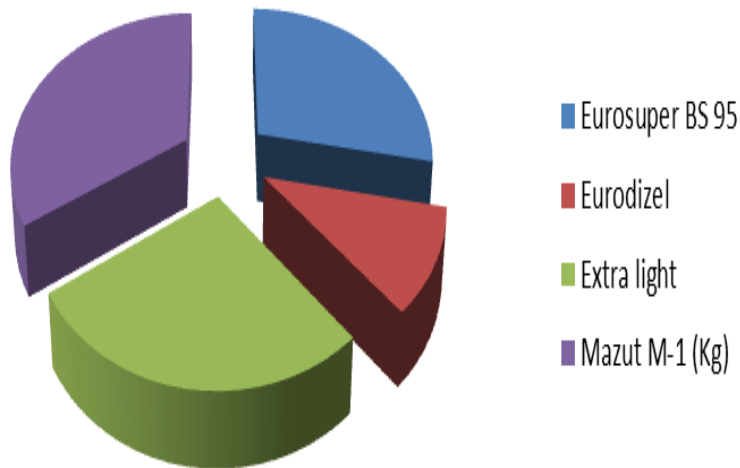
The average occupancy level of compulsory oil reserves

- ❑ Based on the average daily consumption of oil products in the Republic of Macedonia in 2017, presented in the Energy Balance of the Republic of Macedonia for 2018 ("Official Gazette of the Republic of Macedonia" no. 22/18), DCOR has prepared a new calculation of the average occupancy level of the compulsory oil reserves, that relates to the four types of oil derivatives stored as compulsory oil reserves in the Republic of Macedonia. Accordingly, average occupancy level of the compulsory oil reserves, as of 15 September 2018, corresponds to 65 days.

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Actual structure and coverage of compulsory reserves

DCOR actual stocks vs obligation stocks - September/2018 Coverage in days



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Key objective

- ❑ Compulsory oil reserves in quantity of minimum 90 days of net imports of previous year or 61 days of inland consumption of previous year, whichever is the higher, by 31st of December 2022.

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Thank you for your attention !



Questions ?

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