

**Renewable Energy Coordination Group**

**7<sup>th</sup> Meeting, Vienna, 12 March 2019**



# **Ministry of Economy Energy Department**

**PROGRES REPORT FOR THE PROMOTION OF  
THE USE OF ENERGY FROM RENEWABLE  
SOURCES IN THE REPUBLIC OF NORTH  
MACEDONIA**

## Strategic documents for RES in accordance with the provisions of the Energy Law

- In May 2018 new Energy Law was adopted - in line with the requirements of the EU Directives and Regulations and with the Third energy package
- Higher inclusion of renewable energy sources in energy consumption and increase of energy efficiency are one of the main strategic goals of the Government of the Republic of North Macedonia in the energy sector
- On the proposal of the Ministry, the Government, within six months from the day of adoption of the Energy Development Strategy, shall adopt an Action Plan on Renewable Energy Sources for a period of ten years (In accordance with the previous Energy Law National Action Plan for RES is already adopted )
- The obligation to the Energy Community has been legally prescribed for the preparation of two-yearly reports for the implementation of the ten-year RES action plan (and so far, according to the obligations, the ME has prepared and submitted to the EC two-yearly reports)
- According to the State Statistical Office data, the share of RES in 2016 is 18%, and in 2017 it is 19.6%

# Decree on the measures for supporting the production of electricity from renewable energy sources

- Adopted and published in the Official Gazette of Republic of North Macedonia no. 29/2019

Two types of support measures are foreseen:

- a preferential tariff as a prescribed amount of money allocated for the purchased electricity by the market operator, or
- premium as an additional amount of the price realized by the sale of the generated electricity on the wholesale electricity market

## Types of power plants for energy from renewable sources for which support measures are awarded

A feed-in tariff is granted to a preferential producer for the generated electricity from the following power plants:

- Hydro power plant,
- Wind power plant,
- Thermal power plant using biomass (thermal power plant which uses biomass as a fuel), and
- Thermal power plant using biogas (thermal power plant that uses biogas as a fuel)

The premium is awarded to a preferential producer for the electricity produced from the following power plants:

- Wind power plant, and
- Photovoltaic power plant,

## Limit of installed capacity of the power plant

	Installed capacity should not exceed	Period of using feed-in tariffs
hydroelectric power plant	10 MW	20 years
wind power plant	50 MW	20 years
thermal power plant using biomass	1 MW	15 years
a thermal power plant using biogas	1 MW	15 years

Currently, total installed capacity of 185 preferential producers using feed-in tariffs is 133 MW:

- **72,46 MW** (79 small hydropower plants) and planned **34,06 MW** (30 small hydropower plants are under construction),
- **16,713 MW** (102 photovoltaic power plants),
- **36,80 MW** (1 wind power plant and the remaining capacity of 13,20 MW – second phase is in the process of construction) and **36 MW** (1 wind power plant is in process of construction),
- **6,99 MW** (3 biogas plants),
- **4,3 MW** planned (6 biomass plants are in the process of construction).

## Preferential producers who uses premiums

- wind power plant **20 years**
- photovoltaic power plant **15 years**

- The premium is granted to a preferential producer as an additional fixed amount of the price realized by the sale of each kWh produced on the wholesale electricity market
- the maximum reference amount of a fixed premium is determined using the methodology for each type of technology separately
- The fixed premium is paid on a monthly basis, based on the submitted invoice for generated and sold electricity for a calendar month.

- **Program for Financial Support for the Production of Electricity from Preferential Producers who use Premiums** was adopted and published in the Official Gazette of Republic of North Macedonia no.29/2019
- Funds for realization of this program are 30,000,000 MKD (about 500.000 euros) and are set in the Budget of the Republic of North Macedonia for year 2019
- A Decision has been adopted for starting a tender procedure with an auction for awarding electricity premiums produced by photovoltaic power plants built on land owned by the Republic of North Macedonia with a total installed capacity of up to 35 MW, as well as a Decision for starting a tender procedure with an auction for awarding electricity premiums generated by photovoltaic power plants built on land that is not owned by the Republic of North Macedonia or on land owned by the Republic of North Macedonia that the right to use has been established with a total installed capacity of up to 27 MW
- Until May 2019, a public call for construction of photovoltaic power plants will be announced using a premium on locations for which the potential for electricity production has already been determined. At the same time, special premiums will be granted to private lands through a transparent and competitive procedure

## Manner of selection of most favourable bid

- The criteria for selecting the most favorable bid is the lowest fixed premium
- The maximum referented amount of a fixed premium for electricity production in 2019 is 15 €/MWh for photovoltaic power plants.
- The auction will be conducted with negative bidding, whereby the starting price for starting the bidding is the lowest price of all initially accepted eligible bids
- The tender documentation shall determine the bid selection rule in case the e-auction was unsuccessful and there were two or more acceptable initial offers of the same amount



- Adopted **Decision on the national mandatory targets for the participation of energy produced from renewable sources in the gross final energy consumption and for the share of energy produced from renewable sources in the final energy consumption in transport**, (Official Gazette of Republic of North Macedonia No. 29/2019), which stipulates :
  - The percentage share of renewable energy sources in gross final energy consumption **by 2020 is 23%**.
  - The percentage share of renewable energy sources in the final energy consumption **in transport by 2020 is 10%**.,
  
- Adopted **Decision on the total installed power of preferential electricity producers** (Official Gazette of Republic of North Macedonia No. 29/2019), which stipulates the total installed power of power plants, for which feed in tariffs for produced and purchased electricity are granted, and the amount of the same is as follow:
  - 86 MW for wind power plants,
  - 10 MW for thermal power plants on biomass, and
  - 20 MW for biogas thermal power plants, whereby:
    - 7 MW for thermal power plants on biogas shall be allocated until 31 December 2019, and
    - 13 MW for biogas thermal power plants are allocated from January 1, 2020,
- And the total installed capacity of photovoltaic power plants for which premiums are granted for produced and sold electricity are 200 MW.

# Rulebook on Renewable Energy Sources

- At the final phase of adoption
- It introduced the possibility of micro and small enterprises and households to install photovoltaic installations on the roof for generation of electricity, that will be used for own consumption, and the surplus of generated electricity will be delivered to the system (**prosumers**)
- This will be further specified in the network codes

# Program for Promotion of Renewable Energy Sources and Encouraging Energy Efficiency in Households

- In January 2018, our Government adopted Program for Promotion of Renewable Energy Sources and Encouraging Energy Efficiency in Households for 2018, with financial support from the state budget in the amount of MKD **50,000,000 (EUR 700,000)**.
- Until 2018, **6,538 households** which purchased and installed solar collectors have been subsidized, and approximately 96.000.000 MKD were paid from the State budget. **2.350 households** were subsidized and they were provided with a return on part of the funds they spent for purchased and installed PVC or aluminum windows, and approximately 66.000.000 MKD were paid from the State budget and about **642 households** that bought pellet stoves in their homes were subsidized and approximately MKD 21.000.000 were paid from the State budget.
- **In the Budget of the Ministry of Economy for 2019, total of MKD 50,000,000.00** were approved for the realization of subsidies for purchase and installation of solar collector systems, PVC windows and pellets for households for 2019, as follows:
  - reimbursement of part of the costs for purchased and installed **solar thermal collector systems** in households up to 30%, but not more than MKD 15,000 per household for 2019 in the total amount of MKD **5,000,000**,
  - reimbursement of part of the costs for purchased and installed **PVC or aluminium windows** in households up to 50%, but not more than MKD 25,000 per household for 2019, in the total amount of MKD **25,000,000**; and
  - reimbursement of part of the cost of purchasing **pellets stoves** with linear distribution per household, depending on the number of requests that meet the requirements of item 1 of part V, but not more than MKD 25,000 per household for 2019 in the total amount of MKD **20,000,000**.

# Grid integration

- Transmission and distribution of electricity generated by RE Producers is guaranteed.
- The Transmission and Distribution System Operators must transmit all the power from RES delivered to the grid, and the Market Operator must purchase all the energy delivered to the grid by RE Producers that have been granted preferential status at the approved feed-in tariff or premiums as stated in Article 187 of the Energy Law.
- Suppliers and traders are obliged to buy electricity from the market operator for the needs of their consumers in the Republic of North Macedonia in appropriately to the share of the nominated electricity in the total envisaged electricity needs for the consumers in the Republic of North Macedonia.
- Priority access is ensured
- According to the Energy Law, transmission and/or distribution system operators are obliged to allow access to the relevant system in a transparent and objective manner that prevents discrimination of system users.
- Further, the electricity transmission or distribution system operators must provide priority access to electricity systems for the electricity generated from renewable sources, taking due consideration of technical limits on the electricity system.
- The detailed procedures in the Transmission and Distribution Grid Codes described above require that RE Producers receive the necessary information on costs, precise timetable for processing their requests and an indicative timetable for their grid connection

- EVN Macedonia is obliged to adopt a Decision on the award of approval for connection to the distribution grid within 40 days from the date of receipt of the request
- In the Distribution Grid Code there is a separate chapter for connection of the RES to the distribution grid that regulates the procedure for connection, technical issues, exchanges of data between the DSO and the RES applicant for mutually acceptable technical solution etc
- The request for connection, prepared on a standard template, and accompanied by a detailed study on the connection to the transmission grid, should be submitted to the transmission system operator (MEPSO)
- If the relevant operator fails to issue the connection approval decision, or if the connection approval decision is not in compliance with the relevant Grid Code, the entity applying for connection can lodge an appeal in front of the Energy Regulatory Commission
- With regard to dispatch, the only requirements placed on RES Producers if obtaining the status of a preferential producer are:
  - to sell the electricity generated to the electricity market operator, pursuant to its electricity purchase contract;
  - to submit its electricity generation plans to the electricity market operator;
  - to operate in compliance with the terms and conditions stipulated in the Decree on electricity feed-in tariffs and premiums ( for wind and sun)

# Law on biofuels

- The Law on biofuels should be adopted - in order to fully complete the legislation and bylaws in the direction of promotion of biofuels, as well as complete transposition of the Directive 28/2009 /EC on the promotion of renewable energy in the part referring to biofuels
- Action plan for the use of biofuels (based on this Law), should be prepared as well as appropriate by-laws that will complete the legal framework and regulate the issues related to the use of biofuels, in accordance with the methodology for determining the biofuels, the obligatory percentage of biofuels, such as the establishment of system for verifying biofuels, the price of mixed biofuels, the possibilities for subsidizing production and use, etc.
- The Ministry of Economy is currently working on allocation of technical assistance for its preparation.



**Thank you for the attention!**

Ministry of Economy

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