



Courtesy Translation  
07.10.2016, Skopje

**Subject: Response on the Reasoned Request in the Dispute 9/16**

Respected,

Regarding your Reasoned Request submitted to the Ministerial Council of the Energy Community on 13 May 2016 in which you request the Ministerial Council of the Energy Community to deliver decision pursuant to the Article 91 (1) (a) of the Treaty Establishing the Energy Community that determines that the Republic of Macedonia does not comply with Articles 6 and 89 of the Treaty Establishing the Energy Community and Article 31 (1) and (2) of the Decision of the Ministerial Council of the Energy Community 2011/02/MC-EnC, the Ministry of Economy submits the following response:

As you have already been informed the Ministry of Economy in the previous period was dedicated to working on the transposition of the Third Package of EU legislation in the part of electricity and natural gas. In order to provide expert and technical support under the IPA program of the European Union in the period August 2013 - August 2015 was implemented a project for strengthening the administrative capacity of the Energy Department at the Ministry of Economy. Within this project one of the main targets was the transposition of the Third Package of EU legislation or preparation of Draft Energy Law harmonized with the Third Package.

In order to provide understanding of the provisions of the Third Package and introduction of the stakeholders to the implementation thereof, within the frames of the project were formed working groups and at their meetings were discussed the terms and manner of their transposition in accordance with the existing situation, conditions and specifications of the energy sector in the Republic of Macedonia.

During 2015, draft text of the Energy Law was submitted for comments and opinions to the Energy Community Secretariat, and after incorporation of the comments and suggestions it was distributed to stakeholders in Macedonia respectively. During the month of November 2015 in Vienna were held working meetings among the representatives of the Energy Community Secretariat and representatives of different institutions and energy entities from the Republic of Macedonia.



The Ministry of Economy in the same period also held separate meetings with representatives of different institutions and energy entities in order to address their comments and properly to incorporate them into the draft text.

On February 23, 2016 in Brussels was held meeting of the Subcommittee on transport, energy, environment and regional development between Republic of Macedonia and the European Union at which also participated representative of the Energy Community Secretariat. According to the discussions was adopted conclusion pursuant to which by the end of 2016 should be delivered new Energy Law in compliance with the Third Package of the European Union legislation. The Ministry of Economy, from aspect of its capabilities and available capacities is working intensively to finalize the draft text of the Energy Law. On this occasion I would like to reiterate our commitment and dedication to implement the third package of EU legislation and continuous operation of reforms including:

In the context of the measure "Binding agreements between the electricity transmission system operator (AD MEPSO - Skopje) in the Republic of Macedonia with the Office for coordinated auction of capacities of SE Europe" and its final implementation, removing the legal obstacles, were adopted amendments to the Law on VAT by the Government. The amendments to the Law on VAT refer to the service of providing access to a network of electricity in case of congestion at the appropriate allocation unit when allocating cross-border transmission capacities of interconnection lines so than in relation to the same the place of operations will be the place at which the recipient of the services has headquarters or branch office where the service is physically carried out or, if no such place exists, their domicile or residence. In October, amendments to the law on VAT are in parliamentary procedure and are expected to be adopted with summarily procedure.

In order to provide legal and functional separation of the operator of the distribution system and the supplier, by the Government were adopted amendments to the Energy Law in the context of the separation of operator of the distribution system from the vertically integrated company (EVN Macedonia) and are linked also with the ownership of the means of EVN Macedonia. In October, the amendments to the Energy Law are in parliamentary procedure and are expected to be adopted in summarily procedure.

In terms of soft measures as adoption of market-oriented balancing models allowing non-discriminatory cross-border exchange of Balance



services, Legal opportunity for the operators of the transmission system to acquire balancing services of all operators of national and prospects of regional markets under competitive conditions and Establishment of functional national balanced market based on the above mentioned model, of particular importance is the adoption of Market rules for electricity, which also include the Balancing responsibilities. The Market rules are drawn up and are in the final stage of adoption by the Energy Regulatory Commission.

As you are already informed, the Energy Regulatory Commission drafted the text of the Regulation on certification of transmission system operators, in cooperation with the Energy Community Secretariat. Joint meetings were held in May 2016 in Skopje with representatives of the Energy Community, the Ministry of Economy, AD MEPSO - Skopje, AD GAMA - Skopje and AD MER - Skopje. The Rulebook for the certification of transmission system operators will be adopted within one (1) month after the adoption of the new Energy Law.

Taking into account these considerations, we believe that despite the actions taken to transpose the Third Package of EU legislation in the part of electricity and natural gas, it is necessary for the Energy Community Secretariat to bear in mind that in Republic of Macedonia by the end of this year are expected to be held parliamentary elections, and to adopt decision to postpone the proceedings before the Council of Ministers against the Republic of Macedonia.

The Ministry of Economy, as before, is committed to reforms and introduction of European standards in the energy sector.

Respectfully,

**MINISTER,  
Driton Kuqi**

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