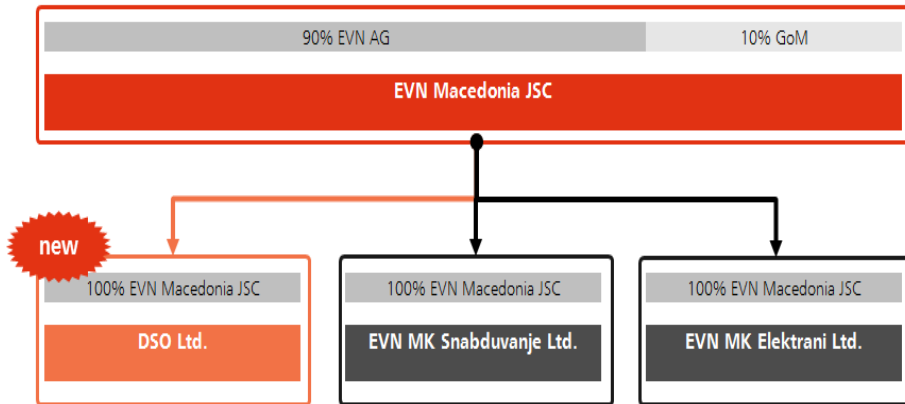


DSO unbundling (1/2)

Main principles

New daughter company is established on 12.09.2016!



Unbundled DSO is expected to be in operation from 1.1.2017

- The law does not allow a company to hold license for distribution of electricity along with other energy licenses (generation, transmission, supply)
- Assets will remain in the mother company EVN Macedonia JSC, lease (concession) contract
- Non grid services (common functions) will be provided from the mother company EVN Macedonia JSC

Main challenges

- Inability to transfer the asset base
 - Assets not registered in Cadaster or in process of legalization
 - Great (unjustified) taxation implications (tax on transferring the assets, pre-payment of VAT) that may disturb regulated prices
 - Complex, long lasting and great costs for assessment of the assets that legally could be subject of transfer

- License transfer was not allowed by the Energy Law – to enable it, legal amendments were necessary

- Massive and costly re-organization
 - impact on processes, personnel, systems, contractual relationships, material management...

- Labor Law defines requirements in regards to the transfer of personnel
 - separate procedure for each person out of over 1.600 employees have to be completed within 8 days

Project overview

