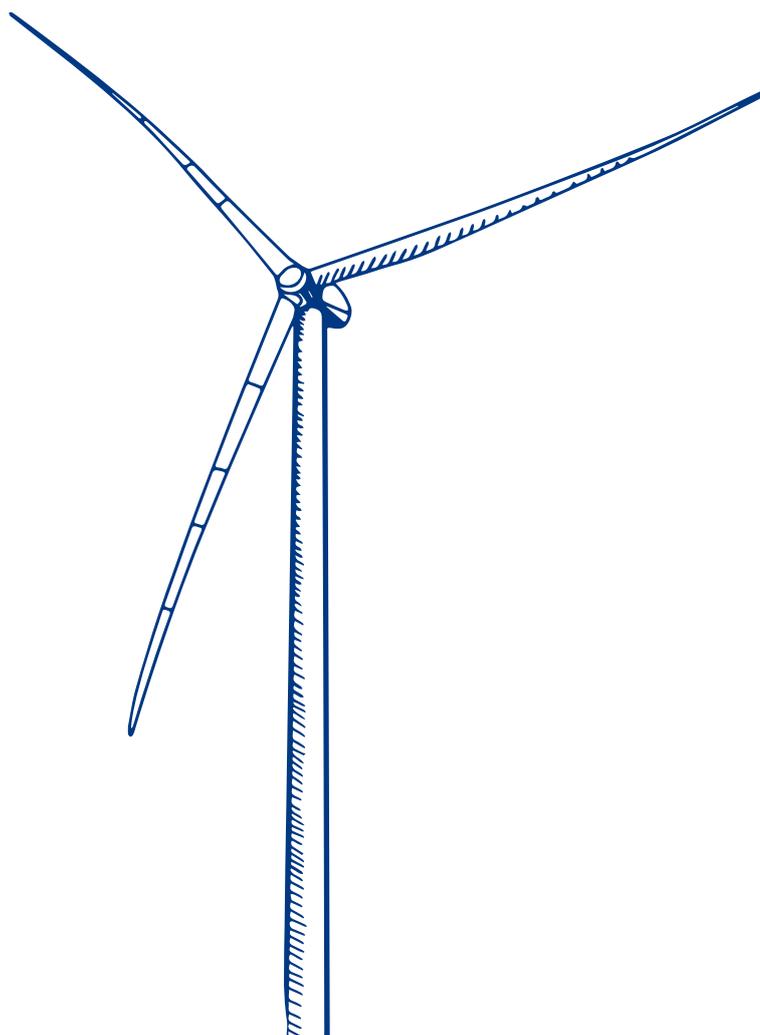


North Macedonia

Annual Implementation Report

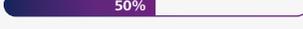
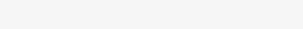
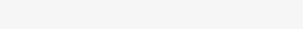
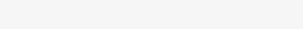
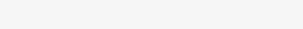
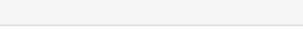
1 November 2020





North Macedonia

Summary Implementation

Summary Indicators	Transposition Assessment	Implementation Status	Descriptions
 Electricity		 82%	Implementation in the electricity sector of North Macedonia is almost completed.
 Gas		 37%	Implementation in the gas sector of North Macedonia is still at an early stage.
 Oil		 50%	Implementation in the oil sector of North Macedonia is moderately advanced.
 Renewable Energy		 65%	Implementation in the renewable energy sector of North Macedonia is well advanced.
 Energy Efficiency		 58%	Implementation in the energy efficiency sector of North Macedonia is moderately advanced.
 Environment		 61%	Implementation in the environment sector of North Macedonia is well advanced.
 Climate		 56%	Implementation in the climate sector of North Macedonia is moderately advanced.
 Infrastructure		 12%	Implementation in the infrastructure sector of North Macedonia is yet to begin.
 Statistics		 96%	Implementation in the statistics sector of North Macedonia is almost completed.
 Cybersecurity		 40%	Implementation in the cybersecurity sector of North Macedonia is still at an early stage.



North Macedonia

State of Energy Sector Reforms

North Macedonia has been catching up in ensuring effective implementation of the Third Energy Package at an impressive pace, starting with the adoption of the Energy Law in 2018. The reforms are underpinned by an ambitious Energy Development Strategy 2020 - 2040. The electricity market is open, the regulation of wholesale and retail prices has been terminated. The electricity transmission system operator has been unbundled and unconditionally certified by the regulatory authority and the Secretariat. Balancing rules imposing balancing responsibility on all market participants have been implemented as of January 2020. The electricity market operator MEMO has been established and designated as the Nominated Electricity Market Operator (NEMO), a prerequisite for day-ahead market establishment and market coupling with the Bulgarian IBEX. North Macedonia has yet to transpose the REMIT Regulation.

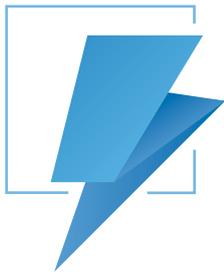
While the reforms in the electricity sector are well advanced, the reform of the gas sector continues to be held back by a long-lasting unresolved dispute related to the ownership in the transmission system operator GA-MA. A settlement was broken by the Secretariat's Dispute Resolution and Negotiation Centre. The dispute prevents unbundling and puts at risk the timely construction of the gas interconnector with Greece. The Law on Compulsory Oil Reserves, adopted in October 2014, is envisaged to enter into force by 1 January 2021.

In terms of climate and environment, North Macedonia is essentially set for a decarbonisation path. The recently adopted energy development strategy sets out three scenarios, of which the green scenario turns out not only to be the most cost-effective but also decarbonizes the electricity sector. North Macedonia is also the most advanced of all Contracting Parties in working on the National Energy and Climate Plan. The draft plan has been formally submitted to the Secretariat for review and recommendations. By adopting an Energy Efficiency Law in early 2020, North Macedonia aligned with the energy efficiency acquis.

The country already ran auctions for the construction of solar power plants on state-owned land, and signed agreements with eleven companies that met the criteria of the public call. In most cases investors did not demand a premium, but competed for gaining and paying for the right to invest. A second tender for solar PV on private land resulted in 24 signed agreements. Another tender was conducted for solar PV installations on a closed open pit mine.

For the emissions from large combustion plants, North Macedonia has adopted a National Emission Reduction Plan (instead of complying with the emission limit values on an individual basis). It is not implemented in practice (for sulphur dioxide and dust). The country paid direct subsidies worth EUR 1,6 million to support coal-fired power generation in 2019.

North Macedonia's power generation mainly relies on lignite and hydropower and is dependent on electricity imports. The gas volumes consumed are rather insignificant and imported from Russia through an interconnector with Bulgaria. A second interconnector towards Greece is currently being planned. North Macedonia is the first country in the Western Balkans to build sizeable wind facility. The country currently tenders for a new pumped storage facility at Cebren.



North Macedonia Electricity

Electricity Implementation

Electricity Indicators	Transposition Assessment	Implementation Status	Descriptions
Unbundling			Transmission and distribution network operators are unbundled in accordance with the acquis.
Access to the system			Access to the system is enabled via transparent and non-discriminatory rules and tariffs. Connection Network Codes are directly applicable, but still to be implemented. The Transparency Regulation is transposed and implemented to a large extent.
Wholesale market			The (bilateral) wholesale market is open and competitive and a balancing market is operational. Market concentration is moderate. REMIT has not been transposed.
Retail market			The retail market is open for competition and small customers and households are entitled to universal service at regulated prices. Supplier switching is facilitated by a web-based comparison tool.
Regional integration			Interconnection capacities on the border with Greece are allocated through SEE CAO, others bilaterally. A project for market coupling with Bulgaria was resumed upon the appointment of MEMO as a nominated electricity market operator.

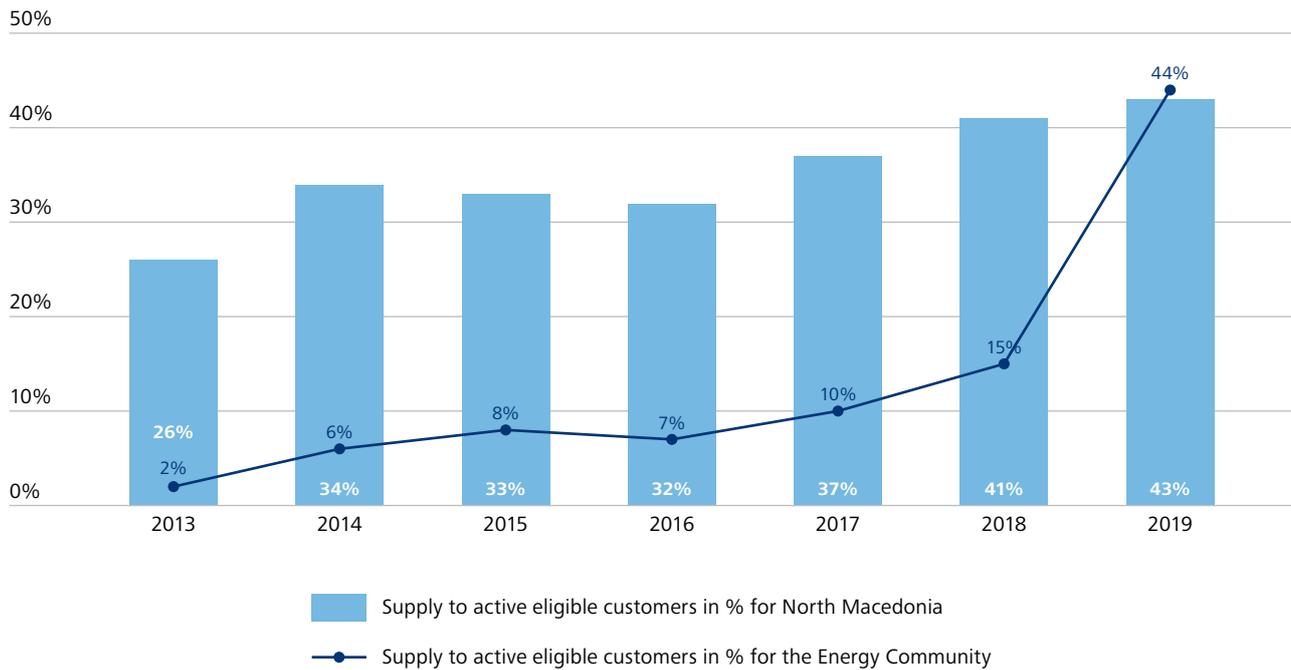
Implementation of the electricity acquis is steadily improving after the adoption of the Energy Law in 2018. The launch of the balancing market in 2020 and the recent designation of a nominated electricity market operator, as the first step to enabling the establishment of a day-ahead market and its coupling, were breakthroughs.

The state-owned transmission system operator MEPSO is ownership unbundled and certified in accordance with the Secretariat's Opinion. The distribution system operator Elektrodistriucija is legally unbundled from supply and generation within the EVN Group. Accounting, legal and functional unbundling and rebranding were fully implemented in the course of 2019. The closed distribution system operator within the state-owned generation company ESM serves less than 80 customers and is thus exempt from legal unbundling. Pursuant to the Energy Law, Connection Network Codes are directly applicable in accordance with North Macedonia's obligations under the Energy Community and membership in ENTSO-E. The implementing rules of network operators have not been amended accordingly.

The wholesale electricity market is open and prices between market players are freely negotiated or set bilaterally or through public tenders. In September 2020, the Government designated a subsidiary of MEPSO, the National Electricity Market Operator (MEMO), to act as the nominated operator of the organised electricity market. After years of delays, balancing rules were implemented as of 1 January 2020, based on a competitive procedure for procurement of balancing services. MEPSO procures both balancing reserve and balancing energy in competitive procedure. The REMIT Regulation was not transposed, which requires amending the Energy Law.

Retail prices are deregulated, except for the universal supplier for which the regulator ERC sets the price. The universal service provider was selected in a tender procedure conducted by the Government in accordance with the Energy Law in May 2019. EVN Home is established as a separate legal entity entrusted with obligations to provide electricity supply as a universal service supplier and supplier of last resort. The price for the supplier of last resort is based on the reference market price, currently

Retail Market Opening



Source: Ministry of Economy

HUPX's day-ahead price. ERC also set up a web platform with a comparison tool to facilitate price comparison for households and small customers. Electricity supply rules, promulgated by ERC, ensure a guaranteed level of customer rights and special protection measures for vulnerable consumers. In addition, ERC adopted Rules for Complaints and Dispute Resolution in April 2020.

MEPSO allocates interconnection capacities with Greece through the regional capacity allocation platform SEE CAO. Other interconnection capacities are allocated bilaterally. Within the SMM block, MEPSO participates with the transmission system oper-

ators of Serbia and Montenegro in activities aiming at regional balancing but so far little has been achieved.

The Energy Law allows recognition of supply licenses issued abroad on the reciprocity principle in coordination with the regulatory authority. So far, this provision has not been exercised in practice. The market coupling initiative with the Bulgarian power exchange IBEX, underpinned by a memorandum signed in 2018, received new impetus after the designation of MEMO as the national organized market operator. According to the plan, market coupling is expected to be launched in Q3 2021.



North Macedonia

Gas

Gas Implementation

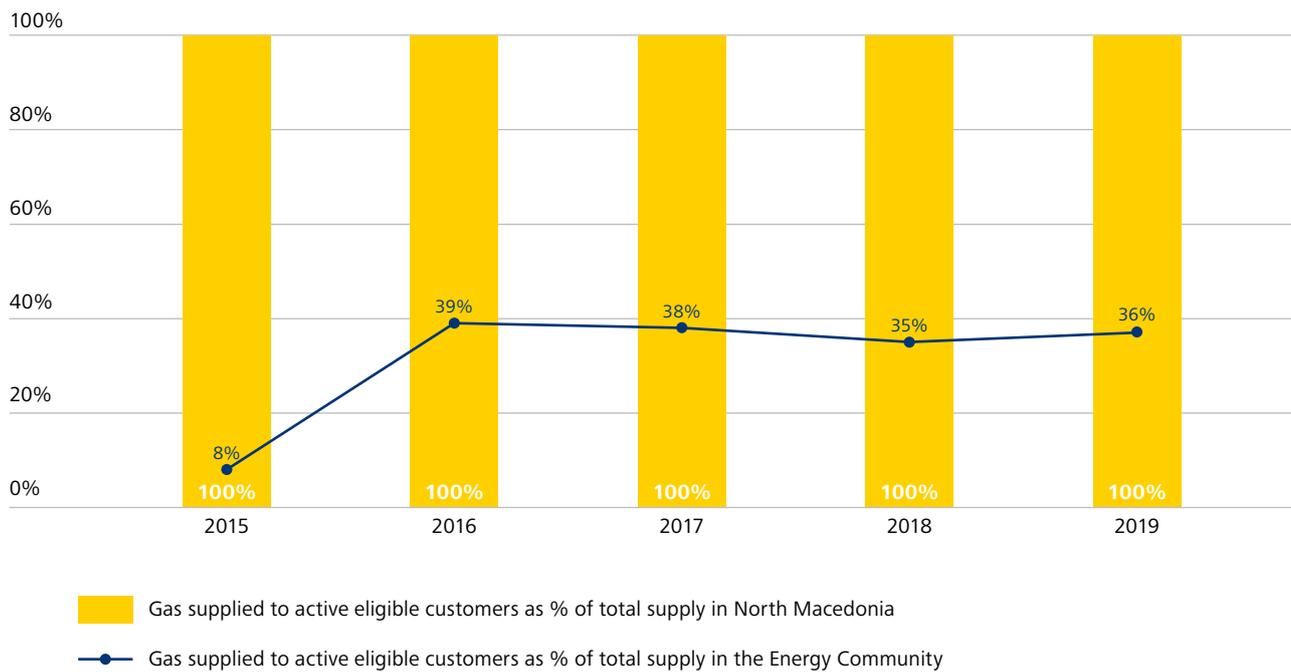
Gas Indicators	Transposition Assessment	Implementation Status	Descriptions
Unbundling			The transmission system operator is not ownership unbundled as required by the Third Energy Package. Distribution companies have less than 100.000 customers and are thus exempted from the unbundling rules.
Access to the system			An entry/exit transmission tariff methodology is in place, as well as provisions on capacity allocation. However, the allocation mechanisms have not been implemented in practice. The Energy Law allows for the applicability of mandatory EU Network Codes. However, this has still not been reflected in a revision of the national network code. The transmission system operator publishes only basic information, well below the scope required by Annex I of Regulation (EU) 715/2009.
Wholesale market			Wholesale gas prices are fully deregulated, but not reported as required by REMIT. The market remains illiquid, without a virtual trading point. All contracts are concluded bilaterally, on a monthly and yearly basis.
Retail market			All customers are formally eligible, and end-user gas prices are deregulated. Customer protection measures are defined in line with Annex I of Directive 2009/73/EC. The Government measures on vulnerable customers improved in the course of the latest reporting period.
Interconnectivity			Security of supply provisions are in line with Directive 2004/67/EC and comply with some provisions of non-mandatory Regulation (EU) 994/2010. The obligation to submit the Security of Supply Statement to the Secretariat was fulfilled, even beyond the requirements of the acquis. With respect to cooperation mechanisms for interconnections, the existing technical agreement for the interconnector with Bulgaria and a template for future memoranda of understanding still have to be harmonised with the Network Code on Interoperability and Data Exchange.

Implementation of the gas acquis has unfortunately slowed down during this reporting period. The main pending issue continues to be setting up and certifying an unbundled transmission system operator, which will unlock progress on other pending issues, such as the proper implementation of the EU Network Codes, including on interconnectivity and cooperation with neighbouring transmission system operators.

A programme for the protection of vulnerable energy customers, adopted by the Government in January 2020, increased overall customer protection at the retail level.

The company Nacionalni Energetski Resursi continues to make progress in constructing new transmission infrastructure, including in coordination with the Greek transmission system

Retail Market Opening



Source: Energy Regulatory Commission (ERC), compiled by the Energy Community Secretariat

operator. However, the effects of this development are still not reflected by higher transmission or consumption rates as the newly built pipelines have not been connected to the existing network.

Despite the announced commitment to solve the long pending dispute between the State and the private supplier Makpetrol, another year has passed without implementing the settlement mediated by the Secretariat's Dispute Resolution and Negotiation Centre, a precondition for tackling the highest priority in the country's gas sector: unbundling the gas transmission system operator. Not having a properly unbundled transmission system operator, creates an obstacle for the new interconnector with Greece and negatively effects capacity allocation, balancing and interoperability in compliance with the gas Network Codes.

The wholesale market is deregulated. However, REMIT is neither transposed nor implemented. In the absence of a virtual trading point, gas trade is based solely on bilateral contracts. For supply there is only one source, Russia's Gazprom. However, there is no longer a monopoly when it comes to gas imports as a few companies, mainly big consumers, have started buying gas for their own needs from suppliers other than the incumbent Makpetrol.

As for many years, the first priority for North Macedonia remains implementing transmission system operator unbundling. This is the only way the country can enable further implementation of the acquis and much needed development of its gas infrastructure.

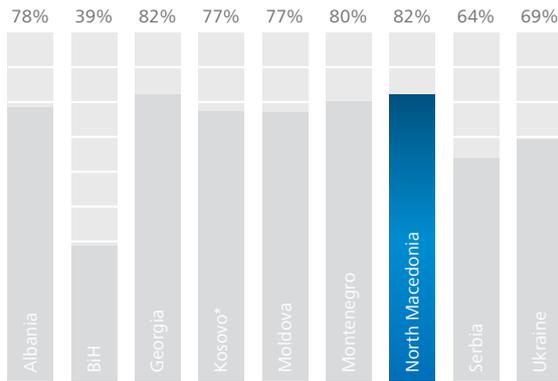


North Macedonia

National Authorities



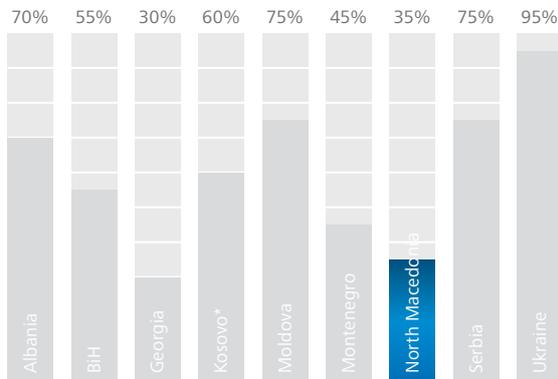
Regulatory Authority



The Energy Regulatory Commission (ERC) continued to demonstrate a high commitment to energy reforms and regulatory independence. The regulator has been exposed to challenges of its independence in the setting of prices for the universal electricity supplier. The need for approval of ERC's annual employment plan and the requirement to follow cumbersome selection procedures remain detrimental to attracting human resources. Electricity and gas Network Codes are directly applicable based on national legislation, their integration into national grid codes is however missing. Regulatory criteria based on which derogations from the Network Code Regulations can be granted and the REMIT Regulation are not yet transposed due to lack of competences. ERC's chairman currently assumes the position of the ECRB President.



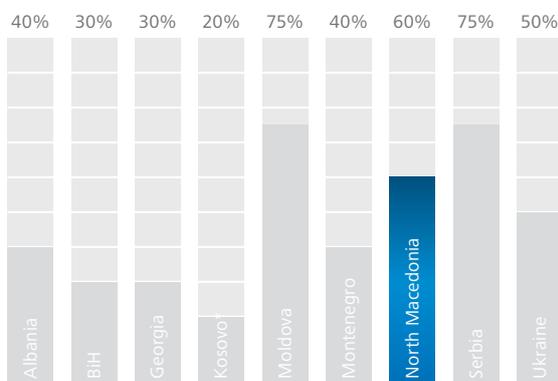
Competition Authority



The Commission for Protection of Competition (CPC) once again did not render any decision in the area of competition, nor did it carry out any investigation in the energy sectors.



State Aid Authority



In the reporting period, the Commission for Protection of Competition (CPC) adopted two decisions regarding State aid to electricity generation and the heat company TE-TO AD Skopje. The CPC approved secondary legislation on renewable energy support. By approving the support scheme under the condition of compliance with the State aid acquis, the CPC did not effectively enforce the State aid prohibition, but deferred the assessment of compliance of the support scheme to its possibility of ex-post monitoring and compliance assessment including the possibility of recovery to the State aid provider.



North Macedonia Oil

Oil Implementation

Oil Indicators	Transposition Assessment	Implementation Status	Descriptions
Stockholding obligation			The entry into force of the Law on Compulsory Oil Reserves is pending since 2015. In practice, oil stocks corresponded to 80 days of average daily consumption in September 2020, an increase from September 2019 when stocks stood at 74 days.
Emergency procedures			The Law on Compulsory Oil Reserves foresees that the Government will adopt a decision on releasing compulsory reserves into circulation in the case of an oil supply emergency. The Intervention Plan was prepared but is not yet approved by the Government.
Fuel specifications of petrol, diesel and gas oil for non-road mobile machinery (NRMM)			North Macedonia transposed the main provisions of the Fuel Quality Directive in 2007. The environmental specifications of petrol and diesel are in conformity with European standards but not for gas oil for NRMM.
Monitoring compliance and reporting including the lay down the rules on penalties			The quality of the oil fuels placed on the market is monitored by the supplier pursuant to the annual plan for monitoring of the quality of liquid fuels, prepared and implemented by the Ministry in charge of energy. Penalty provisions for non-compliance with fuel quality standards are stipulated in the Law on Product Safety.

The new Law on Compulsory Oil Reserves, adopted in October 2014, was supposed to be effective as of 1 January 2015. However, its application was postponed by Parliament several times. According to the latest amendment, the Law is envisaged to enter into force by 1 January 2021.

There was slight progress in oil stockpiling during the reporting period but not on the approval of secondary legislation, which is now expected by the end of 2020. The oil stocks corresponding to the average daily consumption increased by six days compared to the last reporting period.

North Macedonia's legal framework conforms to the Fuel Quality Directive to a large extent.

In accordance with the current Law on Energy, the Government of North Macedonia should adopt a new Rulebook on the Quality of Liquid Fuels within 18 months from the date of entry into force of the Energy Law, which was adopted in 2018. The Rulebook's adoption is pending.



North Macedonia

Renewable Energy

Renewable Energy Implementation

Renewable Energy Indicators	Transposition Assessment	Implementation Status	Descriptions
National Renewable Energy Action Plan			North Macedonia submitted its NREAP, amendments as well as all three Progress Reports on implementation of the Renewable Energy Directive to the Secretariat. With 18,12% of renewable energy sources, North Macedonia is far from its indicative trajectory of 22,3% in 2018.
Quality of support schemes			According to the Energy Law, two types of support measures are applied: the administratively set feed-in tariff (FiT) and the feed-in premium (FiP) granted on a competitive basis. The first auctions under the FiP scheme were conducted in 2019, followed by signature of the first contracts in 2020. The market operator is obliged to take over electricity produced by the privileged producers under FiT support, whereas producers granted FiP sell their electricity in the market.
Grid integration			According to the Energy Law, the transmission and distribution system operators are obliged to ensure priority connection to the systems and priority in the dispatching of renewable energy, while the electricity market operator is obliged to compensate the costs for balancing and the necessary ancillary services.
Administrative procedures and guarantees of origin			Investor guides for various renewable energy technologies are published, while further simplification of administrative procedures is envisaged in the next amendments to the Energy Law. There is no designated administrative body. An electronic system for issuing, transfer and cancellation of guarantees of origin is not in place yet. A concept is under preparation.
Renewable energy in transport			Provisions related to the sustainability of biofuels are still not transposed and the legal framework remains completely non-compliant with Directive 2009/28/EC. The share of renewables in transport remains negligible, reaching only 0,12% in 2018.

By signing agreements with producers awarded with a FiP via auctions, North Macedonia progressed in the implementation of the renewable energy acquis during the reporting period. Although the country overreached its sectorial target for the share of renewable energy in heating and cooling and almost reached its electricity target of 26,8%, the overall target of 23% of renewable energy in gross final energy consumption by 2020 is far from being achieved because of the insignificant share of renewable energy in the transport sector.

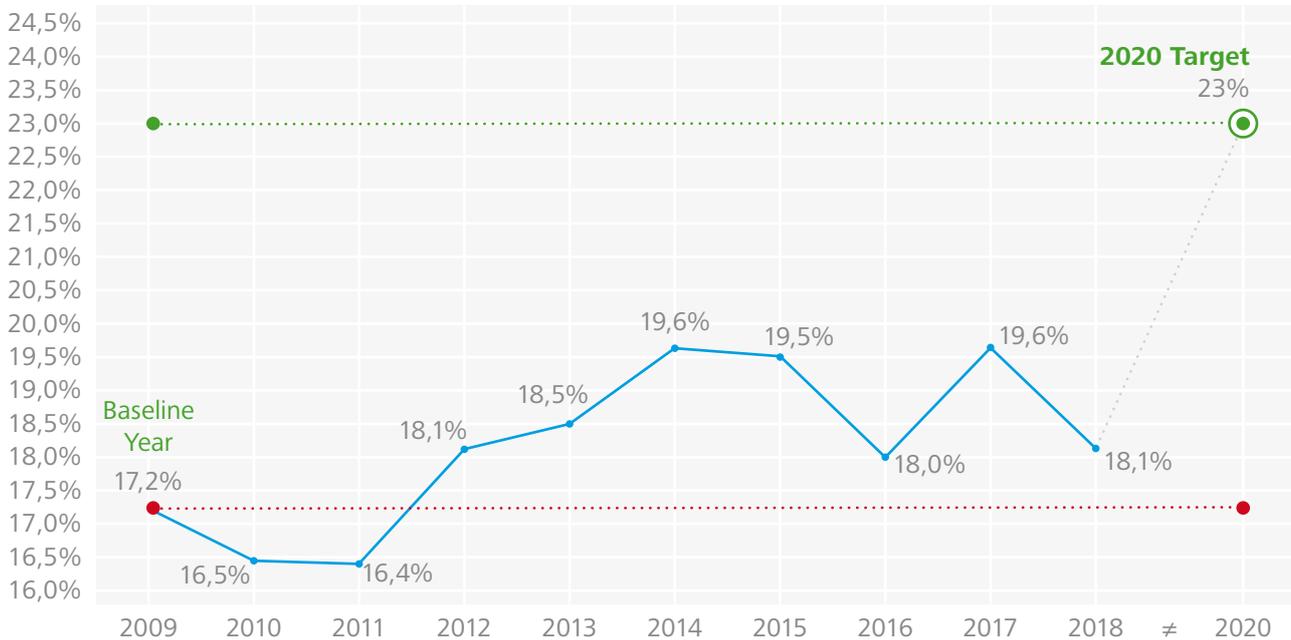
The Energy Law adopted in 2018 implies that the energy agency is designated as the body responsible for the issue, transfer and cancellation of guarantees of origin. However, the energy agency has not adopted the required secondary act and it is yet to implement an electronic system compatible with the standardized European Energy Certificate System.

Self-consumption is enabled through the Rulebook on renewables adopted in 2019. Additional efforts are needed to achieve implementation in practice.

The priority for North Macedonia in the upcoming reporting period should be the transposition of provisions related to the

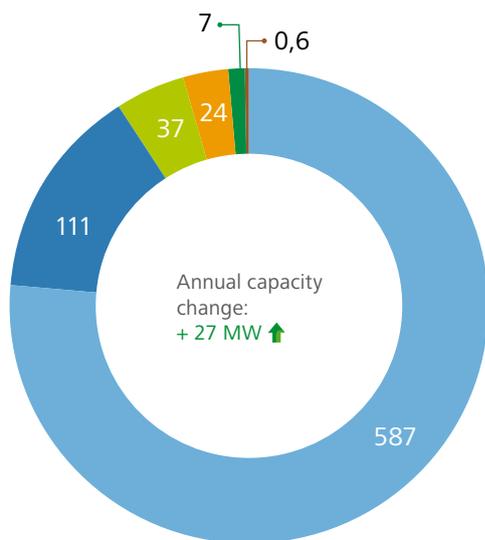
sustainability of biofuels. The country should also implement an electronic system for guarantees of origin.

Shares of Energy from Renewable Sources



Source: EUROSTAT

Total Capacities of Renewable Energy 2019 (MW)



- Large hydropower
- Small hydropower <10 MW
- Wind
- Solar
- Biogas
- Biomass

The renewable energy portfolio of North Macedonia is mainly based on hydropower. In 2019, only 5,5 MW of solar PV were added, while the only wind farm remains Bogdanici (37 MW), which is in operation since 2014.

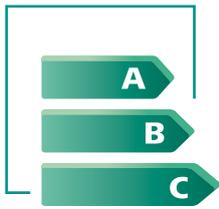
North Macedonia held two solar PV auctions (in 2019 and 2020) based on the bids for an additional fixed FiP on top of the price of each kWh sold on the wholesale electricity market. Auctions resulted in 11 agreements on the right to a FiP on state-owned land with a total installed capacity of 35 MW (average FiP 4 EUR/MWh) and 24 agreements for projects to be built on private land with total installed capacity of 21 MW (average FiP 11 EUR/MWh). Producers have three years to complete the projects to qualify for the premiums.

In February 2020, a public tender was launched for the construction of two photovoltaic units of up to 100 MW on top of a coal mine site in Oslomej, Kicevo without any support. This could be an example of how coal regions can be profitably transformed, by providing new employment opportunities for former coal workers and driving sustainable regional development. The result of the tender is still pending.

Total capacities of renewable energy (MW):

766

Source: Energy Regulatory Commission of the Republic of North Macedonia



North Macedonia

Energy Efficiency

Energy Efficiency Implementation

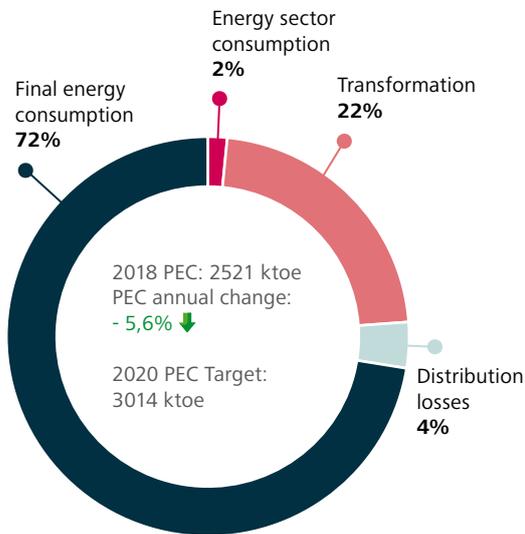
Energy Efficiency Indicators	Transposition Assessment	Implementation Status	Descriptions
Energy efficiency targets and policy measures			In February 2020, the Parliament adopted a comprehensive Law on Energy Efficiency, transposing, inter alia, the Energy Efficiency Directive and setting the specific targets required under Article 5 and 7 of the Directive. The 2020 target was set in the third Annual Progress Report. By-laws on the obligation scheme, buildings renovation strategy, energy audits and energy service contracts are being drafted.
Energy efficiency in buildings			The Energy Efficiency Law transposed the Energy Performance of Buildings Directive. Nevertheless, implementation is still lagging behind as key by-laws are either missing or are not updated. At the cut-off date of this report, North Macedonia was preparing rule-books on energy performance of buildings, energy audit of buildings and an energy performance certificates verification system, in order to fully implement the Directive.
Energy efficiency financing			Before the Energy Efficiency Law was adopted, the energy services market was very incipient. In August 2020, the first five municipalities implemented energy savings performance contracts on street lighting. No energy efficiency fund exists yet, but it is planned with World Bank support.
Energy efficient products - labelling			Via the 2020 Energy Efficiency Law, the country transposed the 2018 Ministerial Council Decision on Regulation (EU) 2017/1369 on energy labelling repealing Directive 2010/30/EU and the Eco-Design Directive but not the five energy-related product regulations.
Efficiency in heating and cooling			The share of district heating in total heat supply in 2018 was 10% and entirely produced by gas, of which 56% in co-generation units. 32% of heating and cooling is generated from renewables, but efficiency is low as the majority of biomass-based boilers and stoves use old technologies. The country has not yet prepared the assessment of its high efficiency cogeneration and efficient district heating potential required by the Energy Efficiency Directive.

In this reporting period, North Macedonia has made significant progress with the adoption of the new Energy Efficiency Law that transposed the Energy Efficiency Directive, the Energy Performance of Buildings Directive and the Regulation on Labelling of Energy-related Products. This replaced the outdated 2015 legal provisions of the Energy Law that were not compliant with either the Energy Efficiency or the Energy Performance of Buildings Directives.

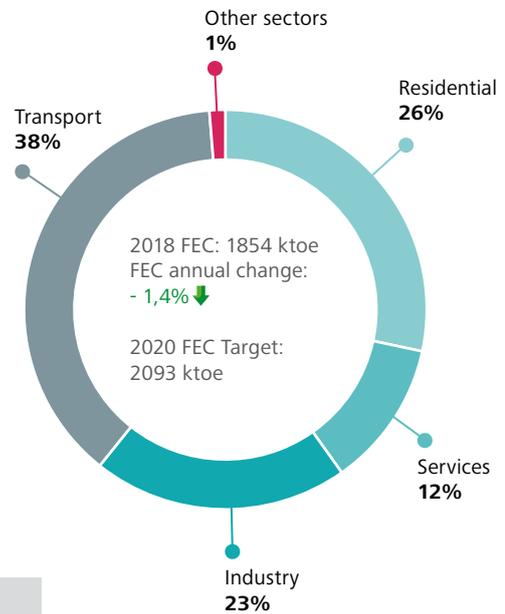
The lack of institutional capacity in the Ministry of Economy remains acute (not a single energy efficiency expert in the staff), but many donors are supporting the preparation of legal and regulatory acts. The preparation and implementation of the subsequent secondary legislation remains a big challenge despite the technical assistance available.

2018 Energy Efficiency Indicators and Trends

Primary Energy Consumption (PEC)



Final Energy Consumption (FEC)



Energy intensity, 2018 value and trends:
0,30 ktoe/mil EUR, -9,0% ↓

Source: EUROSTAT 2020 data and the Contracting Party's Annual Reports under Directive 2012/27/EU

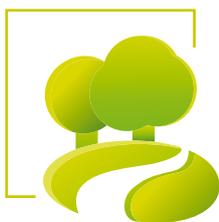
Energy Efficient Products – Overview of Implementation of Labelling Regulation

FRAMEWORK REGULATION*	Household dishwashers	Fridges and freezers*	Household washing machines	Televisions	Air conditioners and fans*	Household tumble driers	Electrical lamps and luminaires	Solid fuel boilers*	Space heaters*	Water heaters & storage tanks	Domestic ovens and range hoods
	●	●	●	●	●	●	●	●	●	●	●

● Adopted and implemented ● Compliance or implementation issues detected ● No progress with adoption/implementation

* The new labelling package adopted by the Ministerial Council in November 2018 was assessed, as the transposition deadline expired in January 2020.

Source: multiple sources of data (EECG reports, NEEAPs etc.), compiled by the Energy Community Secretariat



North Macedonia

Environment

Environment Implementation

Environment Indicators	Transposition Assessment	Implementation Status	Descriptions
Environmental impact assessment (EIA) and strategic environmental assessment (SEA)			Legislation transposing the latest amendments (Directive 2014/52/EU) to the EIA Directive remains to be adopted. Administrative capacities should be improved in order to secure proper quality control of EIA reports and a systematic screening process for projects subject to Annex II of the Directive. Strategic environmental reports should be prepared as early as possible in the process of the preparation of the plan or programme (e.g. spatial planning plans). Securing early and effective opportunities for public participation remains a challenge.
Sulphur in fuels			The transposing national legislation is in line with the provisions of the Directive. There is no domestic production and imported fuels covered by the scope of the Directive are subject to regular sampling and analysis.
Large combustions plants and industrial emissions			New legislation to ensure effective implementation of the NERP is foreseen but not adopted. For the largest combustion plant in the country (TPP Bitola), an integrated permit is in the final stage of adoption.
Nature protection			Two new protected areas (one national park category II and one protected landscape category V) are in the process of being designated. The designation file for international protection under the Ramsar Convention is prepared for one protected area (monument of nature category III). Effective measures to secure proper functioning and protection of the Emerald Network are still lacking.

The deadline for the transposition of amendments introduced by Directive 2014/52/EU to the provisions on environmental impact assessment was not met. Adoption of new or amending legislation should be supplemented with quality control of the environmental impact assessment studies. A systematic approach to the screening process of projects subject to Annex II of the EIA Directive (particularly for small hydropower projects) should be established and projects with a significant impact (taking into account their cumulative impact) should be properly assessed. Public participation opportunities for small hydropower projects must be improved.

With regard to strategic environmental assessment, the procedure was implemented for the National Energy Strategy, which applies until 2040. The SEA report was prepared at a very late stage of the process without proper public participation. More efforts should be devoted to the timely conduct of SEAs, ideally

at the same time the preparation of the plan or programme starts. Opportunities for early and effective public participation have to be properly and systematically implemented.

The Directive on the sulphur content of liquid fuels is transposed and properly implemented. The provisions on marine fuels do not apply.

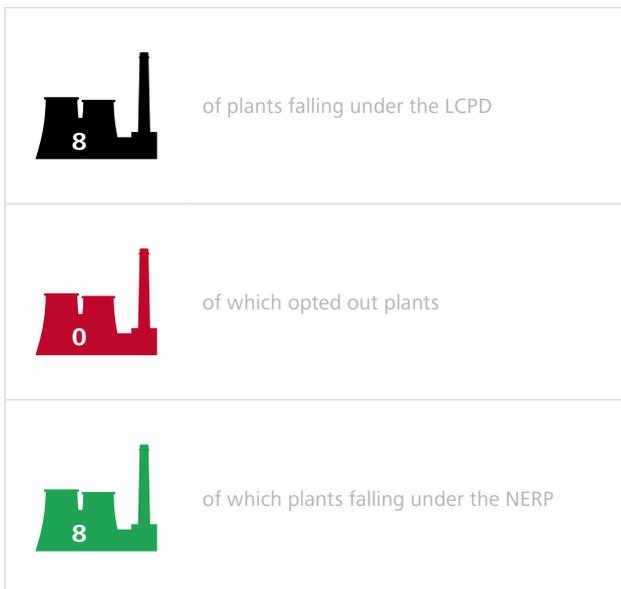
Certain steps for implementing the National Emission Reduction Plan (NERP) have been taken, as the procedure for issuing the integrated permit for the thermal power plant Bitola is in its final stage. The adoption of legislation required for the effective implementation of the NERP is foreseen. The overdue integrated permit for the largest combustion plant in the country is drafted and in the final stage of adoption. North Macedonia complied with its emissions reporting obligations for the reporting year 2019. The current emissions from large combustion plants show

compliance with the ceiling for nitrogen oxides, while in the case of sulphur dioxide and dust there is significant non-compliance which needs to be addressed.

Two new protected areas are in the last stage of being designated as special protected areas – the National park “Shar planina” and Protected Landscape “Osogovo”. The National park “Shar planina” will extend the nature protection of the Šar Mountains (already designated as a national park in Kosovo*) to Macedonian territory. A joint management action plan should be prepared by both Contracting Parties in order to secure proper

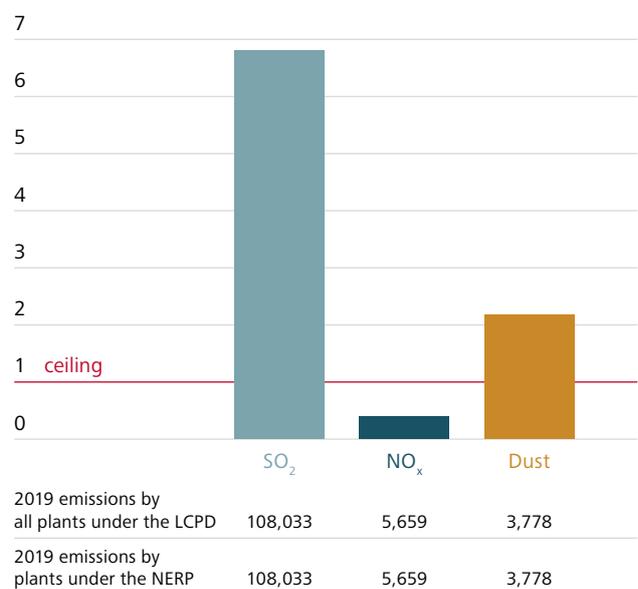
and effective measures in line with the Wild Birds Directive. A designation file for the international protection of Lake Ohrid under the Ramsar Convention is also prepared. Ensuring proper protection of the Emerald Network and enforcement of the Law on nature protection is still a challenge. The Bern Convention of European Wildlife and Natural Habitats announced that due to the large number of complaints in North Macedonia, it will conduct an expert mission to the country in the upcoming year to assess the protection of the Emerald sites and potential conflicts with proposed and planned energy and other infrastructure projects.

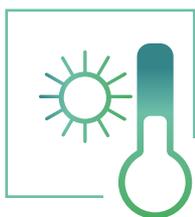
Installations under the Large Combustion Plants Directive



Source: compiled by the Energy Community Secretariat

2019 emissions versus NERP ceilings





North Macedonia Climate

Climate Indicators	Transposition Assessment	Implementation Status	Descriptions
National greenhouse gas emissions monitoring and reporting systems			Work on drafting a law on climate action has started during this reporting period. The law will set legal obligations for the preparation of a long-term strategy on climate action and the required institutionalisation of the national GHG emissions inventory system. Its adoption was envisaged for the end of 2020, but it is still pending.
National Energy and Climate Plans (NECPs)			North Macedonia was the first Contracting Party to submit its draft NECP with all the required chapters for review. After the formal review of the draft by the Secretariat, the final NECP is expected to be adopted in Q1 2021.

North Macedonia's National Determined Contribution (NDC) under the Paris Agreement envisages a 30% reduction of CO₂ emissions from fossil fuels by 2030 with existing policies and measures and up to a 36% reduction applying additional measures, both compared to the business-as-usual scenario. The fourth National Communication and third Biannual Update Report to the UNFCCC, covering emissions up to 2016, are under finalization. Based on the analysis from the update, the revision of the NDC has started.

North Macedonia's greenhouse gas (GHG) inventory requires institutionalisation, meaning that the competences and responsibilities of the relevant institutions need to be more clearly defined. A national inventory of anthropogenic GHG emissions by sources and sinks is mentioned in the 2005 Law on Environment. The adoption of a separate law on climate action is expected to fill the compliance gaps. Assigning the responsibility of GHG emissions data verification to the National Academy of Sciences and Arts (MANU) is a positive step.

Although there is no a specific reference to low-carbon strategies, the Law on Environment provides the legal basis for the preparation of the National Plan on Climate Change to be ad-

opted by the Government. Work on a long-term strategy on climate action started in March 2019 and is envisaged to end in 2020. In view of the extensive use of fossil fuels and particularly the dominant share of domestic lignite for electricity production, there is significant potential in the country for policies and measures that lead to GHG emissions reduction.

There is currently no national legal basis for the National Energy and Climate Plan (NECP). However, this gap will be covered by an amendment to the Energy Law, which is currently in public consultation and expected to be adopted in 2020. Nonetheless, the national working groups have been established and were active throughout 2020. For the preparation of the analytical basis of the Macedonian NECP, the Government draws on the expertise of the MANU. For the reference and policy scenarios, MANU built on its previous modelling work for the Macedonian Energy Strategy 2040 and second Biannual Update Report. NECP scenarios were finalized in July 2020. Following close co-operation with the Secretariat throughout the process, North Macedonia was the first Contracting Party to submit its draft NECP to the Secretariat for review in July 2020. After the formal review of the draft, the final NECP will be adopted in Q1 2021.



North Macedonia

Infrastructure

Infrastructure Implementation

Infrastructure Indicators	Transposition Assessment	Implementation Status	Descriptions
National competent authority		<div style="width: 30%;"><div style="background-color: #007bff; height: 10px;"></div></div> 30%	The Law on strategic investments, adopted on 16 January 2020, fails to fully transpose Regulation (EU) 347/2013. The Law defines the establishment of a Commission for strategic investments and an operational group, but it is not clear which, if any, of these bodies is the national competent authority. Both, the Commission and the operational group, have coordinating roles which are not defined by the Law.
Manual of procedures		<div style="width: 0%;"><div style="background-color: #007bff; height: 10px;"></div></div> 0%	The manual of procedures has not been defined yet. It is not clear who and by whom the permit granting process would be facilitated, including preparing the manual of procedures, publishing it and updating it regularly.
National regulatory authority involvement		<div style="width: 0%;"><div style="background-color: #007bff; height: 10px;"></div></div> 0%	The national regulatory authority did not publish the methodology and the relevant evaluation criteria for investments in electricity and gas infrastructure projects.

As North Macedonia did not transpose Regulation (EU) 347/2013 and failed to designate the national competent authority, it is still in breach of the infrastructure acquis.

To assist the country in the transposition of the Regulation, the Secretariat provided technical assistance to the Ministry of Economy in December 2017, and again during 2018. The Ministry should, based on the reports and recommendations, adopt a legal act transposing the Regulation.

Transposition would facilitate the realization of candidate PECI and PMI infrastructure projects, pending the 2020 selection process. Beside a PECI 2018 project (line 400 kV Bitola – Elbasan), North Macedonia develops important gas projects like interconnectors North Macedonia – Serbia, North Macedonia – Albania (suggested PECI 2020) and North Macedonia – Greece (suggested PMI 2020).





North Macedonia

Statistics

Statistics Implementation

Statistics Indicators	Transposition Assessment	Implementation Status	Descriptions
Annual statistics			The annual questionnaires for 2018 and the questionnaire on final energy consumption of households were transmitted to EUROSTAT.
Monthly statistics			All monthly data are transmitted in accordance with the acquis; only short-term monthly data are not provided on time.
Price statistics			Price statistics for electricity and natural gas for 2019 were compiled and transmitted in accordance with the acquis.

North Macedonia maintains a high level of compliance with the acquis on statistics.

The production of official statistics in North Macedonia is by law entrusted to the State Statistical Office (SSO). SSO is also responsible for the coordination of all statistical activities in the country.

Annual data are compiled and disseminated including the five questionnaires for coal, oil, natural gas, electricity, heat and renewable energy for 2018, as well as disaggregated data on residential consumption of energy for 2018. The annual questionnaires are communicated to EUROSTAT timely and in compliance with the acquis. Preliminary questionnaires for 2019 were prepared and transmitted on time. SSO also prepares and transmits to EUROSTAT the questionnaire on renewables shares. SSO has already established a quality system for producing quality reporting as required under the Treaty and a corresponding quality report was submitted to EUROSTAT.

SSO releases monthly energy statistics on electricity, natural gas, oil and petroleum products and solid fuels, which are subsequently published by EUROSTAT, fully in compliance with Annex C of Regulation (EC) 1099/2008. The short-term monthly data pursuant to Annex D of Regulation (EC) 1099/2008 are still not available on time.

Prices of electricity charged to industrial end-users and households and prices of natural gas charged to industrial end-users are compiled and submitted to EUROSTAT, as well as the breakdown of prices per component, pursuant to the acquis.

North Macedonia has transposed and implemented the key requirements of the energy statistics acquis. Only the timeliness of monthly data has to be permanently improved.



North Macedonia Cybersecurity

Cybersecurity Implementation

Cybersecurity indicators	Transposition Assessment	Implementation Status	Descriptions
Institutions and legislation			A cybersecurity strategy and action plan are in place but their implementation is delayed. The responsible computer incident response team (MKD-CIRT) is operational. The necessary legal framework is not in place, the draft law on cybersecurity is still to be adopted.
Requirements for operators and energy regulatory authority			There is no adopted regulation on risk assessment and requirements for critical infrastructure operators in energy. The draft act of the energy regulator ERC addressing cybersecurity-related obligations for public and private energy operators is yet to be adopted. The competences of ERC in cybersecurity should be legally strengthened.

North Macedonia's cybersecurity in the energy sector is based on the national Strategy for Cybersecurity 2018 - 2022, implemented by the national authority for information security - the Agency for Electronic Communications. Energy-specific policies are defined in the draft rules of the energy regulatory authority ERC and the energy operators. A compliant legal framework is missing.

The strategy developed by the Ministry of Information Society and Administration aims to provide a secure, confidential and resilient digital environment. The strategy is complemented by an action plan for implementation, which calls for transposition of Directive 2016/1148/EC (NIS Directive) and introduction of legal provisions on critical infrastructure in sectoral laws. In 2020, the energy regulatory authority ERC plans to adopt a specific cybersecurity strategy for 2023 for the electricity sector.

A law transposing the NIS Directive drafted in November 2019 awaits adoption. The preparation of general legislation on critical infrastructure has not started yet. A study foreseen in the action plan aiming to identify critical information infrastructure and important information systems was postponed.

The national computer incident response team MKD-CIRT is hosted by the Agency for Electronic Communications. It provides cybersecurity services, education and risk analysis for the public administration and the operators of critical infrastructure and large enterprises in all sectors of the economy, including energy. The establishment of a specific energy CIRT is foreseen in the draft law.

There is no legal basis or methodology for cybersecurity risk assessment or reporting obligations in energy. The national CIRT performs continuous assessment of the threats in general and communicates with stakeholders. The action plan calls for regular audits of risks in the information systems of critical infrastructures and preparedness of operators after 2020, but the methodology and the operational agent are not established yet. Minimum technical and organizational measures for information systems security in each sector, including energy, should be developed by 2021. The CIRT has established channels for voluntary cybersecurity notifications and incident reporting. A governmental decision of 2020 imposes mandatory participation in CIRT's activities on all public bodies and utilities.

There is no law enforcing cybersecurity requirements or reporting obligations for energy operators. A draft ERC strategy includes a list of general recommendations and requirements for all public and private energy operators. The list refers, inter alia, to the application of an ISO 27000 series of standards, cybersecurity governance, establishment of an information security officer, classification of risks and assets and application of energy-specific cybersecurity measures, as well as reporting obligations.

The Energy Law of 2018 defines the role of ERC in energy security, which is used as an implicit basis for engagement in cybersecurity. Full-scale enforcement and clearly defined cybersecurity powers of the energy regulator still need to be included in the Law.