

ENERGY AND WATER SERVICES REGULATORY COMMISSION  
OF THE REPUBLIC OF NORTH MACEDONIA



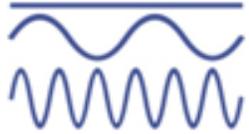
# RECENT DEVELOPMENTS

**NATASHA VELJANOVSKA**  
**Member of ERC**

48<sup>th</sup> ECRB Meeting

14 April 2021, 10:00-13:00 (virtual)





- Currently ERC has 5 Commissioners. In 2020 the mandate of 2 members was terminated (1 had resigned and 1 is in pension). The procedure for election of 2 new members is on-going.
- ERC has 36 persons employed in professional and administrative services.
- The Financial Plan of ERC for 2021 was submitted to the Parliament of the Republic of North Macedonia for approval on 29<sup>th</sup> of October 2020, but it not yet approved. ERC issued decision for temporary financing.
- ERC has prepared the Annual Report for 2020 and it shall be published by end of this month.

# SECONDARY LEGISLATION

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- From the period of 1<sup>st</sup> of December 2020 to 14<sup>th</sup> of April 2021, ERC approved:
  - ✓ Changes of the Electricity Balancing Rules,
  - ✓ Changes of the Rulebook on licenses,
  - ✓ Changes of the Rules for determining the compensation for the damage caused to the producers and consumers connected to the electricity transmission and distribution systems,
  - ✓ Plan for Maintenance of the Electricity Distribution Grid for 2021 of LLCSP Elektrodistribucija (Electricity DSO),
  - ✓ Plan for maintenance of the internal high voltage lines for 2021 of MEPSO JSC (Electricity TSO),
  - ✓ Annual report on the implementation of the Compliance Program of MEPSO JSC (Electricity TSO).
  
- Setting the water services tariffs for the regulated period 2021-2023.
  
- Issuing of licences, resolutions and decision for preferential producers, resolutions on complaints, etc.
  
- The following is in approval procedure:
  - Electricity Transmission Grid Code of the MEPSO JSC (Electricity TSO),
  - Plan for reduction of losses of the LLCSP Elektrodistribucija (Electricity DSO),
  - Development plan of the electricity distribution system for the period 2021-2025 of the LLCSP Elektrodistribucija (Electricity DSO),
  - Changes of Rulebook on preferential producers from renewable energy sources,
  - Developments plans of the natural gas distribution systems for the period 2021-2025.

# ELECTRICITY MARKET

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- In 2020 there was a decrease in the electricity consumption by 0,3% (gross) or 0,44% (net) compared to 2019.
- In 2020, 52,24% of the total consumed electricity was provided on the open electricity market, including the quantities of electricity to cover the losses of TSOs and DSOs which are purchased on the open electricity market since 1<sup>st</sup> of January 2012.
- There are 34 licensed suppliers and 60 licensed electricity traders, of which 16 active electricity suppliers in the liberalized electricity market and one active electricity supplier in the regulated electricity market, while there are 22 active electricity traders on the electricity wholesale market.
- In 2020, there were 16.200 realized changes of supplier. Compared to 2019 (7.231 changes of supplier), this indicator shows an increase of 124,2%. These indicators indicate that despite the crisis caused by the COVID-19 pandemic during 2020, the functionality of the electricity market records continuous and high growth.
- The total number of customers is 876.569, which is an increase for 7.955 or 0,92% in reference to 2019. There are 876.555 customers connected to the distribution system, from which 774.935 are households.

# NATURAL GAS

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- Regarding the long-standing dispute between the Government of the Republic of North Macedonia and MAKPETROL AD Skopje, for the determination of the participation of each party in the realization of the construction of the gas pipeline system in the Republic of North Macedonia, a Law for resolution of dispute among the Government of the Republic North Macedonia and MAKPETROL AD Skopje through settlement, has been prepared and adopted by the Parliament. The Ministry of Economy shall be the full owner of the natural gas transmission system operator. In 2021 the process for certification of the natural gas transmission system operator is expected to begin.
- The natural gas market has 11 licensed suppliers and 15 licensed natural gas traders. There are 3 active importers, natural gas traders, while the natural gas retail market has 6 active natural gas suppliers/traders, 3 of which are operators of natural gas distribution systems at the same time.
- At the end of December 2020 ERC adopted new tariffs for natural gas. The average tariff for the transmission and operation of the natural gas transmission system were decreased in average by 6,17%. The tariff for natural gas distribution for one of the distributors decreased by 6,06%, and for the other two distributors the tariffs remain on the same level as in the previous period.

# RENEWABLE ENERGY

- According to the Action Plan for RES, the percentage share of RES in final consumption in 2020 should be 23.9%, and in 2025 should be 25%. According to the State Statistical Office, the share of RES in gross final energy consumption for 2019 is 17,46%. (data for 2020 will be published in October 2021).
- The percentage share of electricity generation from RES in total electricity generation in 2020 is 29,22%.

Power plants	Number	Installed capacity (MW)	Share in total installed capacity (2.103,3 MW)	Electricity generation (GWh)	Share in total electricity generation (5.127,2 GWh)
<b>Total RES</b>	<b>295</b>	<b>779,96</b>	<b>37,10%</b>	<b>1.498</b>	<b>29,22%</b>
HPP	10	586,65	27,90%	1.003	19,56%
WPP	1	36,80	1,75%	117	2,28%
SHPP	107	119,2	5,67%	284	5,54%
PV	173	29,72	1,41%	37	0,72%
Biogas	3	6,99	0,33%	57	1,11%
Biomass	1	0,60	0,03%	0	0,00%

# RES PREFERENTIAL PRODUCERS USING FEED-IN TARIFFS

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- Currently the total installed capacity of 203 preferential producers using feed-in tariffs is 148,46 MW:
  - ✓ 87,36 MW (96 small hydro power plants) and planned 27,45 MW (25 small hydro power plants are under construction);
  - ✓ 16,71 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 113,2 MW (3 wind power plants are in process of construction);
  - ✓ 6,99 MW (3 biogas plants) and planned 3,96 MW (3 biogas plants are under construction);
  - ✓ 0,6MW (1 biomass plant) and 3,75 MW planned (4 biomass plants are in the process of construction).

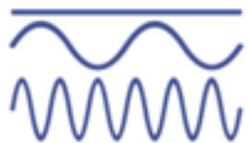
# INVESTMENTS IN ENERGY SECTOR (1/2)

- In April 2021 three memoranda were signed with Greece to secure the supply of natural gas from the planned liquefied natural gas terminal in Alexandroupolis and of electricity from a nearby gas-fired power plant in order to implement the strategy to phase out coal and switch to renewables and gas. North Macedonia's National Energy Resources (NER) and power utility Elektrani na Severna Makedonija (ESM) signed the agreements with Greek companies Gastrade and Damko Energy. ESM will participate with 25% in the share capital of Alexandroupolis Electricity Production, the special purpose vehicle (SPV) or project firm that should finance, construct, own and operate the power plant. Damco is currently the sole owner of the project. It is currently licensed for a capacity of 662 MW, anticipated to increase to 800 MW. ESM will sign a long-term power purchase agreement (PPA) for the amount of electricity proportional to its share in the ownership of the power plant. Investment in the combined cycle power plant is estimated at EUR 380 million. North Macedonia intends to acquire a 10% share in the EUR 370 million LNG terminal. The plan is to open the gas terminal and power plant by 2023. The intend is to convert state-owned REK Bitola's coal-fired thermal power plant to gas and convert thermal power plant Negotino from oil to gas.
- The Government of North Macedonia has selected nine companies and groups for the second phase of the tender for granting a water concession for the construction of Čebren HPP on the river Crna and the operation of existing HPP Tikveš. The planned capacity of HPP Čebren is 333 MW while the investment is estimated at EUR 570 million. The construction of the Čebren HPP and the operation of existing HPP Tikveš will be structured as a public-private partnership (PPP) with the winning bidder. The idea is to establish a venture with power utility Elektrani na Severna Makedonija (ESM).

# INVESTMENTS IN ENERGY SECTOR (2/2)

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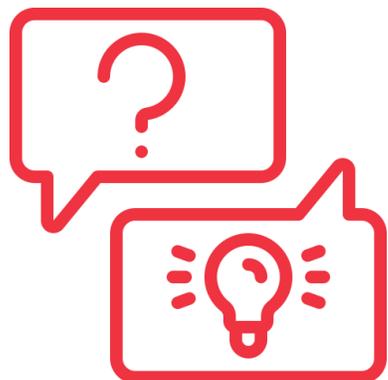
- State-owned power utility Elektrani na Severna Makedonija (ESM) announced tender for a partner to install two solar power plants with an installed capacity of 50 MW each, in the form of a public-private partnership. The first tender for the photovoltaic power plant in the old mines of the mining and power complex REK Oslomej was launched a year ago, but it was unsuccessful. The plan is to shut down the 125 MW Oslomej coal-fired power plant, and to install solar power plants in the abandoned open pits of the lignite mine. It is a part of the move to decarbonize the energy sector and add 400 MW in solar projects.
- After successfully finishing the auction for the construction of 62 MW of solar photovoltaic installations in 2020, in the next period the Ministry of economy will organize similar bidding for another 60 MW. In 2019 auctions were organized for the construction of solar PV plants backed with premiums on private and state land. In 2020, the government signed contacts with 9 companies for investment in state land, and with 23 investors for projects on private land. These 62 MW PV's should be operational by 2023.



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# THANK YOU FOR YOUR ATTENTION!



Natasha Veljanovska  
Member of ERC

e-mail: [natasha.veljanovska@erc.org.mk](mailto:natasha.veljanovska@erc.org.mk)

URL: [www.erc.org.mk](http://www.erc.org.mk)

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