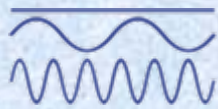


**ENERGY REGULATORY COMMISSION
OF THE REPUBLIC OF MACEDONIA**



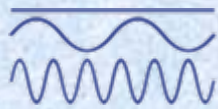
PERFORMANCE OF ENERGY ACTIVITIES ON THE BASIS OF LICENCES

***Partnership Program
(PSB, Vermont - ERC, R. Macedonia)
Vermont, USA, October 09 – 15, 2006***



PERFORMANCE OF ENERGY ACTIVITIES ON THE BASIS OF PERMIT/LICENCE

- Issuing of permits/licenses is not novelty in the Macedonian legislation;
- Issuing of permits for performance of energy activities was provided for the first time with the old Law on Energy (LE) from 1997;
- LE regulates the manner and conditions for issuing, continuation, ceasing, transfer and revocation of permits for performance of energy activities;
- Competent authorities for issuing of permits for performance of energy activities were Government of the Republic of Macedonia and municipalities depending on the type of energy activity.

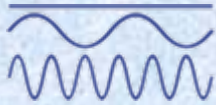


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ESTABLISHMENT OF ERC AND TAKING OVER THE COMPETENCES FROM THE ENERGY DOMAIN

- ERC is established in 2002 with the amendments of the LE from 1997, but it started to work on 23 July, 2003 after the adoption of Decision for Appointment of President and Members of the ERC by the Assembly of the Republic of Macedonia;
- With the establishment of ERC de facto and de iure were undertaken the competences from the Government of RM and the municipalities with regard to the issuing, amendment and revocation of licenses for performance of energy activities;
- Although ERC had undertaken the competences it could not enforce the licensing process into practice because of lack of clear provision in the LE which will impose obligation to the energy companies to license their activities and to prescribe the manner, conditions and procedure for issuing, amendment and revocation of licenses for performance of energy activities;
- In 2005 the amendments of the LE prescribed obligation for the energy companies to license its activities within 4 months from the day of entry into force of the amendments adopted by the Assembly of RM.

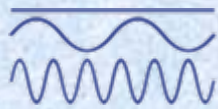


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IMPORTANCE OF THE LICENSING PROCESS FOR THE ENTITIES WHICH PERFORM ENERGY ACTIVITIES

- Licensing of the entities which perform energy activities is important because it provides:
 - Identification of all entities which perform energy activities in separate energy subsectors (electricity, natural gas, district heating, etc)
 - Regulation of relation between energy companies in the energy sector from one hand and on other hand regulation of relation between ERC and energy companies;
 - Establishment of standards which must be fulfilled by the energy companies;
 - Provides safe, secure, continuous and quality energy supply;
 - Establishment of mechanisms for control and monitoring of the activities of energy companies;
 - Coordination of activities of ERC as a competent state authority for regulation of relations in the energy sector with the activities of other state authorities (inspection, licensing, etc).

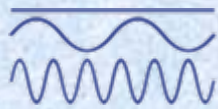


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IMPLEMENTATION OF THE LICENSING PROCESS

- With the new LE ERC obtained right to prescribe the manner, conditions and procedure for issuing, amendment and revocation of licensing, as well form and contents of the licenses for performance of energy activities;
- In 2005, ERC adopted Regulation on the manner, conditions and procedure for issuing of energy licenses, according to which was enforced the licensing obligation in practice;
- So far, all energy enterprises in Macedonia have obtained licenses for performance of energy activities from ERC,
- The licensing process never stops because of new entries in the energy sector and as result of license monitoring where license may be amended, revoked, etc.

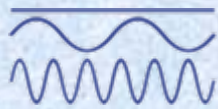


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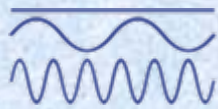
REGULATION ON THE MANNER, CONDITIONS AND PROCEDURE FOR ISSUING, AMENDMENT AND REVOCATION OF LICENCES FOR PERFORMANCE OF ENERGY ACTIVITIES

- The Regulation sets forth provisions on the :
 - manner, conditions and procedure for issuing, continuation, amendment, ceasing, suspension and revocation of licenses for performance of energy activities
 - License contents;
 - Monitoring of fulfillment of obligations deriving from the license by the license holder; and
 - Maintenance of data and information on the issued, amended, suspended, revoked and ceased licenses.



BASIC PRINCIPLES OF THE LICENSING PROCEDURE

- The procedure for issuing, continuation, amendment, suspension and revocation of the energy licenses is based upon principles of:
 - publicity,
 - objectivity,
 - non-discrimination,
 - transparency,
 - efficiency, and
 - economy.

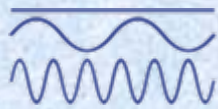


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INFORMATION ABOUT MANNER, CONDITIONS AND PROCEDURE FOR ISSUING OF LICENCES

- Any legal and natural person has right (not obligation) to address the ERC about obtaining detailed information on the manner, conditions, procedure and necessary documentation for license application
- The application for obtaining information can be submitted in written or electronic form
- ERC is obliged within eight days to provide all necessary information to the potential applicant and depending on the energy activity ERC shall advise on the:
 - Manner, conditions and procedure for issuing of the license as well as on the necessary forms (application form, validity statement form) which must be submitted with the license application;
 - Necessary documentation for license application

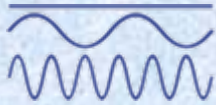


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SUBMISSION OF APPLICATION FOR ISSUING OF LICENCE FOR PERFORMANCE OF ENERGY ACTIVITIES

- The application for issuing of license must be submitted in 3 samples in written form to the ERC
- One sample of from the documentation must be original or certified copy by the official notary, while other sample can be copies verified by the seal of the applicant
- The application for license is composed of:
 - Letter of interest elaborating the intention for obtaining license for performance of energy activity
 - Filled application form for obtaining license (sealed and signed by the applicant)
 - Necessary documentation depending on the license for which is applied in accordance with the prescribed items set forth in the Regulation;
 - Validity statement sealed and signed by the applicant, guaranteeing that all documents, data and information presented in the license application are true

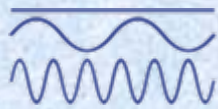


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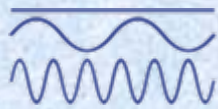
REVIEW OF THE LICENCE APPLICATION AND DECISION - MAKING

- After submission of the license application, ERC checks the documentation whether it is complete and properly submitted
- ERC within 8 days shall adopt conclusion with regard to the application
- If the license application has formal flaws, ERC shall call the applicant to eliminate all flaws within 15 days
- If the license application is properly submitted, ERC shall adopt conclusion and shall make obligation for the applicant to:
 - Prepare the Notification for license application which must be published into two daily newspapers, and
 - Submit the text of the Notification to ERC for approval.
- The applicant is obliged within 5 days to publish the Notification for license application in the daily newspapers and on the ERC's web site
- The Notification for license application is composed of: applicant's name, type of energy activity, area where the energy activity shall be performed, technical description of the installations and assets for performance of the energy activity, deadline for submission of proposals, opinions and suggestions about application and address of the ERC.



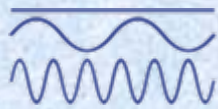
SUBMISSION OF PROPOSALS AND SUGGESTIONS UPON LICENCE APPLICATION

- The proposals, suggestions and opinions from the third parties regarding license application may be submitted within 10 day from the day of the last advertisement of the Notification of license application to the ERC
- Any party may ask to publicly examine the documentation of the application in the premises of ERC, except for documentation which is confidential
- ERC shall forward the received proposals, suggestions and opinions to the applicant, who has right within 10 days to respond in written form
- ERC shall convene preparation session within 40 days from the day of application according to the Book of rules
- For participation on the preparatory session, ERC shall invites the applicant and other representatives from the respective state organs, organizations and institutions, energy enterprises as well as NGO's and civil associations



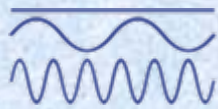
DECISION MAKING REGARDING LICENSE APPLICATION

- ERC shall convene main session for final decision regarding license application within 20 day after conclusion of the preparatory session
- In certain circumstances the deadlines of the licensing procedure can be extended by the ERC if the applicant needs to undertake addition actions
- The ERC shall inform the applicant about its intentions and reasons for extension of formal deadlines in the licensing procedure
- ERC enacts decision as a formal act by which the license application can be rejected or adopted
- The Decisions of the ERC are published in the Official Journal of the Republic of Macedonia
- The applicant has right to appeal the decision of the ERC within 15 days before the Commission for Appeals in the Energy Domain



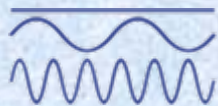
CONTENTS OF THE LICENSES

- Contents of the Licenses are prescribed by the ERC depending on the type of the energy activity which is intended to be performed
- Licenses for performance of energy activities especially regulates:
 - Type and scope of the energy activity which will be performed, location and installations for operation of the energy activity;
 - Data about legal entity to whom the license is issued;
 - Duration of the license;
 - Manner and conditions for safe, quality and continuous energy supply and fulfillment of the public service obligation;
 - Manner and conditions for data submission about financial and technical operation of the license holder;
 - Manner and conditions for amendment, continuation, suspension and revocation of the license.



MAINTENANCE OF DATA AND RECORDS ON ISSUED LICENCES

- ERC establishes, maintains and updates data about issued licenses, and all changes which occurred regarding issued licenses.
- The data on issued licenses contains information about:
 - Application submission;
 - License number;
 - Name, tax number, and registration number of the license holder;
 - Address of the head office of the license holder;
 - Type of the energy activities for which the license was issued;
 - Date of the issued license;
 - Duration of the license; and
 - Issuing, continuation, amendment, ceasing, suspension and revocation of the license.
- The data about issued licenses is published on the ERC's web site
- ERC provides access to documents regarding licenses to the third parties.



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Thank you for your attention !!!



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