

*“Official Gazette of the RS”, No. 145/2014*

Pursuant to Article 112, Paragraph 1, Item 2 of the Constitution of the Republic of Serbia, I hereby adopt an

## **ORDER**

### **On the promulgation of the Energy Law**

The Energy Law enacted on 29 December 2014 by the National Assembly of the Republic of Serbia at the twelfth sitting of the second regular session in 2014 is hereby promulgated.

PR number 144

In Belgrade, 29 December 2014

President of the Republic,  
**Tomislav Nikolić**, signed

**Energy**

**LAW**

## **I. INTRODUCTORY PROVISIONS**

### **Subject Matter**

#### ***Article 1***

The present Law shall regulate energy policy objectives and the method of its implementation, conditions for reliable, secure and quality supply of energy and energy sources, conditions for safe supply to the customers, conditions for the protection of energy and energy-generating product customers, conditions and manner of performing energy-related activities, conditions for the construction of new energy facilities, the status and scope of activities of the Energy Agency of the Republic of Serbia (hereinafter: the Agency), the use of renewable energy sources, incentive measures and guarantee of origin, the manner of organizing and functioning of the electricity, natural gas, oil and oil derivatives market, rights and obligations of market participants, establishment of ownership over system operator networks as well as monitoring of this law implementation.

This Law shall regulate the generation, distribution and supply of heat as an energy-related activity.

## **The meaning of individual terms**

### ***Article 2***

Individual terms used in this Law shall have the following meaning:

1. base oil is a basic oil of mineral, synthetic or vegetable origin used for the manufacture of lubricants and for industrial purposes;
2. balance responsibility in the electricity market is the obligation of market participants to balance the generation, consumption and agreed purchase and sale of electricity within the period for which balance deviation is established, and to take financial responsibility for any deviation;
3. balance responsibility in the natural gas market is the obligation of market participants to balance the amount of natural gas entering the system and leaving the system within a period for which balance deviation is established, and to take financial responsibility for any deviation;
4. system operations safety implies the maintenance and utilization of the system in a manner that will not jeopardize the lives and health of people and material goods;
5. biofuels are liquid or gaseous fuels for transport, produced from biomass;
6. biomass is a biodegradable part of products, waste and remains of biological origin from agriculture (including plant and animal matters), forestry and related industries, as well as a biodegradable part of industrial and municipal waste;
7. bio liquid is a liquid fuel made from biomass and used for energy purposes other than transport, including electricity generation and heating and cooling energy;
8. gross final energy consumption is the total final energy consumed for energy purposes in industry, transport, households, public and commercial activities, agriculture, forestry and fishing industry, including the own power consumption of electricity and heat in the field of electricity and heat generation, and losses in the transmission and distribution of electricity and heat;
9. vertically integrated enterprise is an energy entity or a group of energy entities where the same person is entitled, directly or indirectly, to exercise control, and where the energy entity or the group, in addition to one of the following activities: electricity transmission and transmission system operation or natural gas transport and transport system operation, electricity distribution and distribution system operation, natural gas distribution and natural gas distribution system operation, natural gas storage and natural gas storage management, also performs at least one of the following activities: electricity or natural gas generation, electricity or natural gas supply, or public natural gas supply;

10. guaranteed supplier is the supplier that provides the public service of guaranteed supply, purchases electricity from privileged producers and performs activities referring to the implementation of incentive measures, pursuant to this law and regulations rendered on the basis hereof;
11. guaranteed supply is a public service ensuring the right of households and small customers to the supply of electricity having prescribed characteristics in the territory of the Republic of Serbia, at reasonable, clearly comparable, transparent and non-discriminatory prices;
12. guarantee of origin is an electronic document with the sole function of proving to the final customer that a certain quantity of electricity has been produced from renewable energy sources or from highly efficient combined electricity and heat production;
13. oil derivatives are unleaded gasoline fuels, aviation gasoline fuels, jet fuels, gas oils, heating oils, liquid petroleum gas, etc.;
14. direct gas pipeline is a pipeline that connects a producer of natural gas or biogas to a facility of an isolated customer and is not a part of the transport or distribution system;
15. direct transmission line is a transmission line that connects either an isolated generation point with an isolated customer, or a facility of an electricity producer with a supplier that directly supplies electricity to its own premises, subsidiary companies and final customers;
16. electricity distribution is the transfer of electricity via a distribution system for the purpose of delivering electricity to final customers, and it does not comprise electricity supply;
17. natural gas distribution is the transfer of natural gas via a distribution system for the purpose of delivering natural gas to final customers, i.e. another distribution system, and it does not comprise natural gas supply;
18. heat distribution is the transfer of heat for district heating and/or district cooling or industrial use by steam, hot water or cooling fluid through distribution systems;
19. upstream gas pipeline is a pipeline connecting the facilities for oil or natural gas production with the facilities for natural gas processing;
20. energy sources energy sources are coal, natural gas, oil, oil derivatives, oil shale, renewables and other energy sources;
21. energy system is an electricity system, a natural gas, oil or oil derivatives system, and district heating and cooling system comprising energy facilities interlinked into a single technical and technological system;

22. energy entity is a legal person or entrepreneur performing one or more energy-related activities under Article 16 of this Law;
23. vulnerable energy customer is a household that is entitled to the supply under special conditions, due to its social status or the health of its members, pursuant to this Law;
24. energy means electricity and heat;
25. interconnector is an electricity transmission line, gas pipeline, oil pipeline or oil derivatives pipeline that crosses borders between countries for the purpose of connecting their systems, as well as the equipment used for the connection of energy systems;
26. delivery implies the physical delivery of energy or an energy source from the facilities of an energy entity or natural gas/biogas producer to the facilities of another energy entity or final customer;
27. public natural gas supplier is an energy entity performing the energy-related activity of public natural gas supply;
28. public natural gas supply is the sale of natural gas to households and small customers at regulated prices;
29. energy entity control implies the right or capability of an entity to exert decisive influence on business activities of another entity, independently or with other cooperating entities, by means of a) the participation in share capital or the right to use the entire property or a part of it, b) an agreement or the right to appoint the majority of directors, i.e. supervisory board members, or voting and decisions of such bodies;
30. system user means a producer of electricity and natural gas, an final customer whose facility is connected to the system, a supplier, a public natural gas supplier, a wholesale electricity supplier or another system operator;
31. final customer is a legal or natural person or entrepreneur purchasing electricity or natural gas for its own needs;
32. end user of heat is a legal or natural person or entrepreneur purchasing heat for its own needs;
33. household category customer is an final customer purchasing electricity or natural gas for the needs of its household and for joint household consumption, except for the purpose of performing commercial or professional activities;
34. customer is a legal or natural person or entrepreneur purchasing energy or energy sources for its own needs or for reselling purposes;

35. line-pack is the actual quantity of natural gas stored under pressure in the gas pipeline (transport or distribution system), which can be used, over a short term, to maintain the safety of operations and to balance the system within the allowed pressure change range;
36. license is a document establishing the fulfilment of conditions for performing energy-related activities stipulated by this Law;
37. small electricity customers are final customers (legal persons and entrepreneurs) with fewer than 50 employees and a total annual revenue of up to EUR 10 million in dinar counter value, whose all facilities are connected to the electricity distribution system with the voltage level lower than 1 kV, and whose electricity consumption in the previous year was not higher than 30,000 kWh;
38. small natural gas customers are final customers whose annual natural gas consumption does not exceed 100,000 m<sup>3</sup>, and whose all facilities are connected to the natural gas distribution system;
39. electricity metering devices are electricity meters, voltage and electricity measuring transformers and other auxiliary equipment used for measuring electricity;
40. cooperation mechanisms are forms of cooperation among countries that include: joint projects, statistical transfers referring to energy balances of countries, joint support schemes and other forms of cooperation that ensure reduction of the countries' expenses for the achievement of their mandatory total share of renewable energy sources in the gross final energy consumption;
41. motor fuels are unleaded gasoline fuels, aviation gasoline fuels, jet fuels, gas oils, auto gas, biofuels, compressed natural gas, etc., pursuant to regulations defining their technical and other requirements and purpose;
42. competent body, in accordance with obligations arising from ratified international agreements, is the body defined in the Treaty establishing the Energy Community between the European Community and the Republic of Albania, Republic of Bulgaria, Bosnia and Herzegovina, Republic of Croatia, Former Yugoslav Republic of Macedonia, Republic of Montenegro, Romania, Republic of Serbia, and the United Nations Interim Administration Mission in Kosovo, pursuant to Resolution 1244 of the United Nations Security Council ("Official Gazette of the RS", No. 62/06) and decisions issued by the Ministerial Council of the Energy Community, until the accession of the Republic of Serbia to the European Union;
43. biofuels blending means adding a prescribed quantity of biofuels to fuels of oil origin;
44. firm capacity is the capacity of natural gas guaranteed to the system user by the transport system operator, in an agreed volume;

45. non-standard system operator services are services provided by the operator at the request of a customer or a system user, or services aiming at the remedy of consequences of actions of a customer or system user in violation of regulations, which are not included in the price of access to the system or in the costs of connection;
46. new infrastructural facilities are the facilities that hadn't been constructed until the date of coming into force of this Law;
47. renewable energy sources are non-fossil sources of energy such as: water flow, biomass, wind, sun, biogas, landfill gas, gas from sewage water treatment plants, and geothermal sources;
48. electricity distribution system operator is an energy entity dealing with electricity distribution and electricity distribution system operation, and is responsible for the distribution system operation, maintenance and development in a certain area, its connection with other systems and for ensuring a long-term capacity of the system to meet electricity distribution needs in an economically justifiable manner;
49. natural gas distribution system operator is an energy entity dealing with natural gas distribution and natural gas distribution system operation, and is responsible for the distribution system operation, maintenance and development in a certain area, its connection with other systems and for ensuring a long-term capacity of the system to meet natural gas distribution needs in an economically justifiable manner;
50. electricity transmission system operator is an energy entity dealing with electricity transmission and electricity transmission system operation, and is responsible for the transmission system operation, maintenance and development in the territory of the Republic of Serbia, its connection with other systems, and for ensuring a long-term capacity of the system to meet electricity transmission needs in an economically justifiable manner;
51. system operator is an electricity transmission system operator, electricity distribution system operator, natural gas transport system operator, natural gas distribution system operator, and natural gas storage facility operator;
52. natural gas storage facility operator is an energy entity dealing with natural gas storage and natural gas storage facility management, and is responsible for the natural gas storage facility operation, maintenance and development;
53. natural gas transport system operator is an energy entity dealing with natural gas transport and natural gas transport system operation, and is responsible for the transport system operation, management and development in a certain area, its connection with other systems, and for ensuring a long-term capacity of the system to meet natural gas transport needs in an economically justifiable manner;

54. pressure equipment means gas pipelines, oil pipelines, oil derivatives pipelines, steam and hot water boilers, pressurised containers and other pressure equipment stipulated by special technical regulations;
55. organised electricity market is an institutionally regulated relationship between supply and demand of the electricity market participants with predefined standardised products and physical delivery, on a time-scale of day-ahead and intraday;
56. privileged electricity producer is an energy entity generating electricity from renewable energy sources or highly efficient combined production of electricity and heat, and is entitled to incentive measures pursuant to this Law;
57. incentive measures are instruments or mechanisms of support to electricity generation from renewable energy sources or to highly efficient combined production of electricity and heat;
58. ancillary services are services provided by users of electricity transmission and distribution systems to the transmission and distributions system operator for the provision of system services;
59. full supply is the sale of electricity or natural gas where the quantity of electricity or natural gas for the accounting period is not stipulated by the supply agreement, but the final customer is entitled to determine the quantity on the basis of consumption realised at the point of handover;
60. interruptible capacity is the capacity that may be interrupted by the transport system operator pursuant to the terms envisaged in the transport agreement;
61. electricity transmission is the transfer of electricity via connected high voltage systems for the purpose of its delivery to final customers or distribution systems, but it does not comprise electricity supply;
62. temporary privileged electricity producer is a natural or legal person, i.e. an entrepreneur that has obtained a construction permit for the construction of an energy facility for electricity production from renewable sources of energy or highly efficient combined production of electricity and heat, and fulfilled other conditions pursuant to this Law;
63. connection to the system is a set of lines, equipment and devices, including metering equipment and the metering point, by which the installation of a facility of an energy entity, producer or final customer is physically connected to the transmission, transport or distribution system;
64. access to the system is the right to use the system for the purpose of transmission, i.e. transport, distribution, takeover and delivery of an agreed quantity of electricity, natural gas, oil and oil derivatives at the agreed time, under prescribed and publicly announced conditions, according to the non-discriminatory principle;

65. producer from renewable energy sources is an energy facility generating electricity from renewable energy sources and is entitled to guarantees of origin pursuant to this Law;
66. security of electricity and natural gas supply means providing the needed quantities of electricity and natural gas to final customers, as well as the technical capacity of the transmission, transport and distribution systems to ensure the supply to final customers;
67. system services are the services provided by the system operator, which are necessary for ensuring safe, reliable and stable operation of the energy system;
68. electricity supply is the sale of electricity to customers for their own needs or for the purpose of resale;
69. wholesale electricity supply is the sale of electricity to customers, including resale, except for the sale to final customers;
70. natural gas supply is the sale of natural gas to customers for their own needs or for the purpose of resale;
71. heat supply is the sale of heat to final customers at the prices determined in accordance with the methodology referred to in Article 362 hereof;
72. own power consumption of transmission, transport, distribution system and natural gas storage facility operator means the consumption of electricity or natural gas that is necessary for the system operation;
73. the own needs for oil derivatives means the needs or activities that in any step of their realization are not intended for the sale of oil derivatives or for providing services to any third parties, but rather for one's own power consumption;
74. standard system operator services are services provided by the operator to customers and system users, which are charged through the price of access to the system or through the costs of connection;
75. transport of oil and oil derivatives by other transport means implies the transport of oil, i.e. oil derivatives by all means of transport other than oil pipelines, i.e. oil derivatives pipelines;
76. transport of oil by oil pipelines and oil derivatives by oil derivative pipelines means the takeover, pipeline transport and delivery of an agreed quantity of oil and oil derivatives, under prescribed and publicly announced conditions, according to the non-discriminatory principle;
77. natural gas transport is the transfer of natural gas by the transmission system to final customers or another transport system, distribution systems or natural gas storages, but does not include the supply;



78. third countries are countries which are not members of the European Union nor signatories of the Treaty establishing the Energy Community between the European Community and the Republic of Albania, Republic of Bulgaria, Bosnia and Herzegovina, Republic of Croatia, Former Yugoslav Republic of Macedonia, Republic of Montenegro, Romania, Republic of Serbia, and the United Nations Interim Administration Mission in Kosovo, pursuant to Resolution 1244 of the United Nations Security Council ("Official Gazette of the RS", No. 62/06) - hereinafter referred to as: Treaty establishing the Energy Community);
79. trade outside stations for the supply of vehicles with heating oils, biofuels, liquid petroleum oil, compressed and liquefied natural gas used as energy fuels, and fuels for the supply of sports aircrafts is considered retail trade;
80. vessel fuel trade is the wholesale trade and it comprises the supply of liquid fuels to ships and technical vessels pursuant to regulations dealing with inland navigation and ports, and regulations referring to the transport of hazardous goods;
81. trade in motor and other fuels at supply stations for vehicle is considered retail trade;
82. trade in oil, oil derivatives, biofuels and compressed and liquefied natural gas is wholesale trade and it includes purchase or import for the purpose of resale or export, or the use for business purposes;
83. "take or pay" contract is an agreement by which the supplier is obliged to supply the agreed quantities of natural gas, and the customer is obliged to pay for such quantities regardless of whether they have been taken over; to pay for a part of them within the agreed accounting period with the right to take them over within an upcoming accounting period and the obligation to pay the balance upon the takeover;
84. contractual congestion is the situation in the transmission system when the scale of demand for firm capacities exceeds the capacity of the natural gas transport system;
85. horizontally integrated enterprise is an energy entity that in addition to one of the energy related activities in the area of electricity or natural gas also performs at least one activity in an area that is not related to electricity or natural gas.

## **II. ENERGY POLICY AND ENERGY DEVELOPMENT PLANNING**

### **Energy Policy Objectives**

#### ***Article 3***

The energy policy of the Republic of Serbia comprises measures and activities taken for achieving long-term objectives, namely:

- 1) reliable, safe and quality supply of energy and of energy sources;
- 2) adequate level of electricity generation and the transmission system capacity;
- 3) creating conditions for reliable and safe operation and sustainable development of energy systems;
- 4) competitiveness on electricity market based on the principles of non-discrimination, publicity and transparency;
- 5) providing conditions for the improvement of energy efficiency in performing energy-related activities and energy consumption;
- 6) creating economic, commercial and financial conditions for electricity generation from renewable energy sources and combined generation of electricity and heat;
- 7) creating regulatory, economic and commercial conditions for the improvement of efficiency in power system operation, particularly having in mind the development of distributed electricity generation, development of distributed electricity storage capacities, introduction of a consumption management system, and introduction of the advanced network concept;
- 8) creating conditions for the use of new energy sources;
- 9) diversity in electricity generation;
- 10) improvement of environmental protection in all areas of energy-related activities;
- 11) creating conditions for investments in the energy sector;
- 12) protecting customers of energy and energy sources;
- 13) connecting the energy system of the Republic of Serbia with the energy systems of other countries;
- 14) development of the electricity and natural gas market and their connecting with the regional and Pan-European market.

The energy policy is elaborated and implemented in more detail through the Energy Sector Development Strategy of the Republic of Serbia (hereinafter: the Strategy), the Strategy Implementation Programme (hereinafter: the Programme), and the Energy Balance of the Republic of Serbia (hereinafter: the Energy Balance).

In accordance with the Strategy and the Programme, the Government passes national action plans specifying the development objectives and the measures for their achievement.

The measures and activities undertaken for the purpose of achievement of the long-term objectives under Paragraph 1 hereof shall be non-discriminatory, based on the free market principles and must not unreasonably impose additional obligations on the electricity market participants, and shall be justified in terms of their economic and social impact on final customers.

## **Strategy**

### ***Article 4***

The Strategy is a document establishing the energy policy and planning the energy sector development.

The strategy specifies:

- 1) long-term objectives for the development of production capacities that serve to ensure the security of supply, taking into account technological, economic and environmental protection criteria;
- 2) courses of development of the electricity transmission and distribution systems;
- 3) courses of development of the natural gas transport and distributions systems, and natural gas underground storage facilities;
- 4) courses of development of the electricity and natural gas market;
- 5) courses of development of district heating systems;
- 6) sources and manner of providing the required quantities of energy and energy sources;
- 7) courses of development of the utilization of energy from renewable and new sources and energy efficiency improvement;
- 8) courses of development of unused electricity potentials, efficient management of electricity systems that can be achieved through the introduction of distributed electricity storage and production capacities, the introduction of consumption management by monitoring electricity market developments, and the introduction of the advanced network concept, through optimal management of power flows in the transmission and distribution system;
- 9) other elements of significance for accomplishing the energy policy objectives.

The Strategy is adopted by the National Assembly of the Republic of Serbia (hereinafter: the National Assembly) upon the Government's proposal, for a period of at least 15 years.

The Government shall supervise the implementation of the Strategy.

The Strategy is adjusted to the documents referring to the economic development of the Republic of Serbia and strategic and planning documents of the Republic of Serbia, and comprises an analysis of the achieved objectives identified by the Strategy for the previous period.

The Strategy is published in the "Official Gazette of the Republic of Serbia".

## **Programme**

### ***Article 5***

The Programme establishes the conditions, manner, dynamics and measures for the Strategy implementation.

The Programme is adopted by the Government for a period of up to six years, at the proposal of the Ministry in charge of energy sector activities (hereinafter: the Ministry).

The Ministry monitors the Programme implementation and proposes its adjustment to actual needs, as needed, at least biennially.

At the request of the Ministry, the competent body of the Autonomous Province shall submit a proposal of the part of Programme referring to the territory of the Autonomous Province, within 30 days as of the date of request.

At the request of the Ministry or the competent body of the Autonomous Province, energy entities, the Agency and the local self-government units shall submit the information needed for the Programme preparation, within 30 days as of the date of request.

The request for the submission of information referred to in Paragraph 5 hereof shall include the type of information, the period of time to which the information relates, the method of its submission, as well as other elements necessary for the Programme preparation.

### ***Article 6***

The Programme comprises:

- 1) energy facilities to be constructed and reconstructed to ensure the security of supply or environmental protection, and concessions to be offered for the construction of energy facilities and deadlines for their implementation;
- 2) estimate of finances and sources of financing;

- 3) the share of utilization of renewable and new energy sources in the total energy production;
- 4) measures ensuring that the regulations referring to procedures for issuing approvals, permits and licenses, applied to the facilities generating electricity or heating and cooling energy from renewable energy sources, as well as to the related transmission and distribution network and the procedure of converting biomass to biofuels or other energy products, are simple, clear, accessible and transparent;
- 5) utilization of contemporary technologies for the generation of electricity and energy sources;
- 6) incentive measures for investments in the energy sector;
- 7) utilization of advanced technologies for the electricity system operation;
- 8) measures for the improvement of energy efficiency;
- 9) environmental protection measures;
- 10) other elements of significance for the Strategy implementation.

#### ***Article 7***

Aiming at the accomplishment of long-term objectives for the development of production facilities serving to ensure the security of supply as defined by the Strategy and the Programme, long-term sale agreements may be concluded with electricity producers, observing the principles of competition and non-discrimination.

### **Report on the Strategy and Programme implementation**

#### ***Article 8***

The Government submits an annual report on the Strategy and Programme implementation to the National Assembly, which comprises:

- 1) 1) results accomplished against the objectives set by the Strategy, or the Programme for the year in which the annual report on the Strategy and Programme implementation is being submitted;
- 2) estimated effects of the achieved results and their impact on the Programme in the upcoming year;
- 3) a proposal of measures for a more efficient Strategy and Programme implementation;

- 4) estimated needs for adjusting the Programme and possible Strategy adjustment to the actual needs.

The Report under Paragraph 1 hereof shall be submitted to the National Assembly, not later than until 30 June of the current year for the previous year.

## **Promotion of Regional Cooperation**

### ***Article 9***

The competent bodies in the Republic of Serbia, the Agency, the transmission system operator and electricity market operator, i.e. natural gas transport system operator, shall cooperate with competent bodies in other countries for the purpose of market integration at one or several regional levels, aiming at the establishment of a liberalised regional and Pan-European market.

The cooperation under Paragraph 1 hereof includes particularly cooperation in terms of cross-border issues, for the purpose of creating a competitive electricity or natural gas market and harmonisation of legal, regulatory and technical regulations of the Republic of Serbia.

## **Energy Vulnerable Customer**

### ***Article 10***

An energy vulnerable electricity or natural gas customer is a customer from the household category (families comprising one or several members), who lives in one residential unit with a single metering point where the consumption of electricity or natural gas is measured, and who consumes the maximum quantity of electricity or natural gas pursuant to the document under Paragraph 8 hereof, under the conditions prescribed by this Law (hereinafter: an energy vulnerable customer).

The status of an energy vulnerable customer is obtained on the basis of the decision issued by a body in charge of social issues.

A household may acquire the status of an energy vulnerable customer at its own request if:

- 1) it belongs to the category of citizens with the lowest earnings per household member which are determined pursuant to the act passed by the Ministry, taking into account all the household members and entire immovable property in the country and abroad;
- 2) it does not own or use another residential unit other than a residential unit the structure and surface area of which match the household needs, pursuant to the law regulating the social housing area.

The status of an energy vulnerable customer may also be obtained by a household, at its own request, if the life or health of a member of such household can be jeopardized by interruption of electricity or natural gas supply due to his/her health condition, which shall be proved in the manner prescribed in more detail by the document under Paragraph 8 hereof.

The status of an energy vulnerable customer may also be obtained on the basis of the request submitted to the local self-government unit, which issues a decision on obtaining the status of an energy vulnerable customer.

An energy vulnerable customer, except for the household under Paragraph 4 hereof, is entitled to electricity or natural gas supply in the quantities and with a reduction of the monthly payment obligation in the manner specified by the regulation under Paragraph 8 hereof.

Finances for the exercise of rights by energy vulnerable customers are provided in the budget of the Republic of Serbia.

The Government shall prescribe in more detail the criteria for obtaining the status of an energy vulnerable customer, the method of protection, content of the request, conditions, deadline and procedure for obtaining this status, as well as evidence enclosed with the request, quantities of electricity or natural gas for which the monthly payment obligation of the energy vulnerable customer is reduced, the manner of issuing the decision on obtaining this status and the content of such a decision, the method of keeping records, and other issues necessary for determining the status.

## **Report on the Security of Supply**

### ***Article 11***

The Ministry shall prepare a report on the security of electricity and natural gas supply every year until 31 July, submit it to the competent board of the National Assembly of the Republic of Serbia in charge of energy-related activities and shall publish it on the Ministry's website.

The report on the security of electricity supply comprises:

- 1) estimated safety of the transmission and distribution system operation;
- 2) data on the planned electricity consumption and generation, as well as the method for providing the missing quantities for the upcoming five-year period;
- 3) forecast security of supply for the upcoming five to fifteen years;
- 4) investment plan of the transmission system and transmission system users for the upcoming five to fifteen years, including the construction of interconnectors;

- 5) mechanisms for management of congestions in transmission and distribution systems, pursuant to the Treaty establishing the Energy Community and regulations of European associations of transmission system operators;
- 6) data on the measures for covering peak consumption, as well as measures to be taken in case that one or several suppliers fail to provide sufficient electricity quantities;
- 7) scope and quality of the transmission and distribution system maintenance;
- 8) regional, national and European sustainable development objectives, including international projects;
- 9) diversity of primary sources for electricity generation;
- 10) data on investments in electricity generation capacities.

The Ministry shall submit the data under Paragraph 2, Item 10) hereof to the Agency.

The report on the security of natural gas supply comprises:

- 1) estimated safety of the transmission and distribution system operation;
- 2) data on the capacities of natural gas storage facilities;
- 3) data on planned natural gas consumption and production, as well as the method for providing the missing quantities for the upcoming five-year period;
- 4) data on the planned construction of energy facilities for ensuring the security of supply;
- 5) data referring to the quality and level of energy facilities maintenance;
- 6) subject of agreements on long-term gas supply, particularly their remaining validity period and the level of gas market liquidity;
- 7) data on the measures for covering peak consumption, as well as measures to be taken in case that one or several suppliers fail to provide sufficient natural gas quantities;
- 8) the impact of measures under Article 315, Paragraphs 2 and 3 of this Law on the security of supply;
- 9) incentive measures for new investments in research, production, transport and storage of natural gas, including provisions of Article 288 hereof.



## **Public service**

### ***Article 12***

An energy facility holding the licence for performing energy-related activities may be imposed the obligation to provide public services that will ensure the security of supply, regularity, quality and price of supply, environmental protection, including energy efficiency, use of energy from renewable sources, and climate protection.

The obligations referring to the provision of public services shall be clearly defined, transparent, non-discriminatory, verifiable and time-limited, shall guarantee equality of energy entities in the provision of public services, and shall not affect the market opening.

## **Energy Balance**

### ***Article 13***

The Energy Balance shall define the annual needs for energy, i.e. energy sources expressed at a monthly level to be provided for the reliable, safe and quality supply of final customers, while recognising the need for rational consumption of energy and energy sources, sources for the provision of required quantities of energy, i.e. energy sources, and the required level of reserves and reserve capacities of energy facilities for the secure supply of customers with energy and energy sources.

The Energy Balance is adopted by the Government at the proposal of the Ministry, not later than until the end of December of the current year for the following year.

The Energy Balance shall be submitted to the competent board of the National Assembly of the Republic of Serbia, upon its adoption at the Government sitting.

At the request of the Ministry or the competent authority of the Autonomous Province, energy entities, the Agency, ministries in charge of the particular field, competent authorities of the Autonomous Province, and local self-government units shall submit data for the energy balance preparation within 30 days as of the date of request.

In addition to energy entities, authorities, organizations and other bodies under Paragraph 3 hereof, the obligation to provide data for the purpose of preparation and monitoring of the Energy Balance preparation is also on public enterprises, business entities or entrepreneurs and natural persons dealing with the generation and sale of energy and energy sources.

The Ministry shall monitor the Energy Balance implementation, analyse its implementation in the previous year and, if required, propose measures for ensuring its implementation to the Government.

The Ministry shall publish the adopted Energy Balance on its website not later than within 15 days as of the date of its publication in the "Official Gazette of the Republic of Serbia".

#### ***Article 14***

The Energy Balance under Article 13 hereof comprises:

- 1) electricity balance;
- 2) coal balance;
- 3) oil, oil derivatives and biofuels balance;
- 4) natural gas balance;
- 5) heat balance;
- 6) renewable energy sources balance.

The Minister in charge of energy-related activities (hereinafter: the Minister) shall prescribe in more detail the Energy Balance contents, the type of data, deadlines and the manner of data submission as well as other elements necessary for the preparation and monitoring of the Energy Balance implementation.

#### **Development Plans**

#### ***Article 15***

The Autonomous Province and local self-government units shall include in their development plans planned energy demand within their area, as well as the conditions and manner of providing the necessary energy capacities in line with the Strategy and the Programme.

### **III. ENERGY-RELATED ACTIVITIES, LICENSES AND ENERGY PERMITS**

#### **Energy-related activities**

#### ***Article 16***

Energy-related activities, pursuant to this Law, include:

- 1) electricity generation;
- 2) combined generation of electricity and heat;

- 3) electricity transmission and electricity transmission system operation;
- 4) electricity distribution and electricity distribution system operation;
- 5) electricity distribution and closed distribution system operation;
- 6) electricity supply;
- 7) wholesale electricity supply;
- 8) organised electricity market management;
- 9) natural gas transport and natural gas transport system operation;
- 10) natural gas storage and natural gas storage facility operation;
- 11) natural gas distribution and natural gas distribution system operation;
- 12) natural gas supply;
- 13) public natural gas supply;
- 14) production of oil derivatives;
- 15) oil transport via oil pipelines;
- 16) oil derivatives transport via oil derivatives pipelines;
- 17) transport of oil, oil derivatives and biofuels by other transport modes;
- 18) oil, oil derivatives and biofuel storage;
- 19) trade in oil, oil derivatives, biofuels and compressed natural gas;
- 20) trade in fuels outside supply stations for vehicles;
- 21) filling of containers for liquid petroleum gas, compressed and liquefied natural gas;
- 22) trade in motor and other fuels at supply stations for vehicles;
- 23) trade in vessel fuels;
- 24) heat generation;
- 25) heat distribution;
- 26) heat supply;

27) biofuel production;

28) bio liquid production;

29) blending of biofuels with fuels of oil origin.

Energy-related activities under Paragraph 1, Items 1), 2), 6), 7), 8), 12), 14), 17), 18), 19), 20), 21), 22), 23), 27), and 29) hereof shall be performed in accordance with market principles.

Energy-related activities under Paragraph 1, Items 3), 4), 9), 10), 11), 13), 15), 16), 24), 25), and 26) hereof are activities of general interest, pursuant to a separate law.

Energy-related activity under Paragraph 1, Item 5 hereof shall be performed in accordance with the provisions of this Law.

### **Conditions for performing energy-related activities**

#### ***Article 17***

An energy-related activity can be performed by a public enterprise, business entity or other legal entity or entrepreneur having a license for performing the energy-related activity, unless otherwise prescribed by this Law.

### **Accounting unbundling**

#### ***Article 18***

An energy entity performing one or several energy-related activities with regulated prices or, in addition to those energy-related activities, also performing other energy-related activities or other activities that are not considered energy-related activities under this Law, shall keep separate accounts in its internal accounting for each of the regulated energy-related activities, including electricity supply at regulated prices, and aggregately for other activities that are not considered energy-related activities under this Law, in order to avoid discrimination, cross-subsidies and competition disturbances, and shall prepare an annual balance sheet and income statement for each individual activity, pursuant to this Law, as well as the law regulating operations of business entities, and the Law regulating accounting and audit. The income from ownership over the transport or distributions system shall be specified in the accounts.

The energy entity under Paragraph 1 hereof that is obliged to have annual financial statements audited pursuant to the Law shall ensure the audit of annual financial statements, which should verify the compliance with principles of avoiding discrimination and cross-subsidies. Annual financial statements and audit reports shall be published on the website of the energy entity.

The energy entity under Paragraph 1 hereof shall establish the rules, in its general act on accounting and accounting policies, regarding the allocation of common balance sheet items to be applied when preparing internal accounting calculations by activities.

System operators shall ensure confidentiality of commercially sensitive and business information of energy entities and customers of energy and energy sources, as well as confidentiality of commercially sensitive data and information on its activities, pursuant to this Law and other regulations.

## **License**

### ***Article 19***

A license is issued at the request of a domestic legal person or entrepreneur, as well as at the request of a foreign legal person only for performing the energy-related activity of wholesale electricity supply, pursuant to this Law.

The license is issued by a decision within 30 days as of the submission date of the application for license issuance, if the conditions stipulated by this Law and regulations passed on the basis hereof are met.

The license particularly includes: name of the energy entity, energy-related activity, the list of energy facilities used for performing activities, technical characteristics of such facilities, data on the location or the area where the energy-related activity will be performed, the period for which the license is issued, and obligations related to uninterrupted performing of the activity, transparency and reporting.

The decision by which the application for license issuance is rejected shall be explained in detail, based on impartial and non-discriminatory criteria and submitted to the applicant.

The decision under Paragraph 2 hereof may be appealed to the Ministry within 15 days as of the day of its receipt, unless otherwise stipulated by this Law.

The decision of the Ministry is final and administrative proceedings may be initiated against it.

### ***Article 20***

The license is issued for each individual energy-related activity.

The license is issued for a 10-year period, and for a 30-year period when it comes to electricity generation, combined generation of electricity and heat, and heat generation.

The license validity period may be extended at the request of the energy entity.

The request under Paragraph 3 hereof shall be submitted to the Agency not later than 30 days prior to the license expiry date.

The Agency shall extend the license validity period within 30 days if the conditions for license issuance defined under this Law have been met.

### ***Article 21***

The license is not required for performing the following energy-related activities:

- 1) electricity generation at facilities having a total approved power of up to 1 MW, unless the same energy facility generates electricity at two or more energy facilities with a total approved power exceeding 1 MW, regardless of whether they are connected to the system via one or more connections;
- 2) electricity generation exclusively to cover one's own demand;
- 3) oil transport via oil pipelines exclusively to cover one's own demand;
- 4) oil derivatives transport via oil derivatives pipelines to cover one's own demand;
- 5) transport of oil, oil derivatives and biofuels by other transport modes;
- 6) storage of oil, oil derivatives and biofuels to cover one's own demand;
- 7) heat generation at facilities having a total power of up to 1 MW and heat generation exclusively to cover one's own demand;
- 8) combined generation of electricity and heat in combined heat and power plants, having a total approved connection power of up to 1 MW and total thermal power of up to 1 MW, as well as combined production of electricity and heat exclusively to cover one's own demand;
- 9) retail trade in liquid petroleum gas in bottles with filling weighing less than 12 kg;
- 10) within the energy-related activity of trade in oil, oil derivatives, biofuels and compressed natural gas for the trade of high purity propane ( $\geq 99.5\%$ ), with allowed content of C3 and C4 saturated carbohydrates of up to 2% and boiling temperature of  $-42.1\text{ }^{\circ}\text{C}$ , used as a cooling agent.

The Ministry and the body in charge of commodity reserves do not require a license to perform the energy-related activities under Article 16, Items 18) and 19) hereof, which shall be performed in accordance with this Law and the law regulating commodity reserves.

## **Article 22**

The license shall be issued if:

- 1) the applicant is established or registered for performing the energy-related activity for which the license is issued;
- 2) an exploitation permit has been issued for the energy facility, except for the facilities for which the issuance of the exploitation permit is not envisaged by the regulation governing construction of facilities;
- 3) energy facilities and other devices, installations or plants necessary for performing the energy-related activity meet the conditions and requirements stipulated by technical regulations, regulations on energy efficiency, regulations on fire and explosion protection, as well as regulations on environmental protection;
- 4) the applicant meets the prescribed conditions referring to professional staff for performing technical management operations, operation and maintenance of energy facilities, i.e. the conditions referring to the number and vocational qualification of employees for energy facility maintenance jobs as well as jobs of the operators at those facilities;
- 5) the applicant meets financial conditions for performing the energy-related activity;
- 6) the director, i.e. members of management bodies have not been lawfully convicted for any criminal offences related to performance of the economic activity;
- 7) the applicant is not banned from performing the activity or the legal consequences of the sentence have ceased;
- 8) the applicant owns evidence of the legal basis for the use of the energy facility where the energy-related activity is performed;
- 9) no bankruptcy or liquidation proceedings have been initiated against the applicant.

In addition to the conditions under Paragraph 1 hereof, an entity submitting a request for performing an activity of general interest shall be established for performing such an activity or entrusted with performing such an activity pursuant to a separate law.

In addition to the conditions under Paragraph 1 hereof, for activities for which special technical conditions have been prescribed referring to trade in goods and services, the applicant shall also meet the conditions in accordance with such regulations.

A foreign legal person under Article 19, Paragraph 1 hereof shall be issued a license for performing the activity of wholesale electricity supply if they have met the conditions under Paragraph 1, Items 5), 7) and 9) hereof, and other conditions prescribed by the act under Article 27, Paragraph 7 hereof.

In addition to the application for license issuance, the applicant shall submit the evidence of the fulfilment of conditions under this Article and the act under Article 27, Paragraph 7 hereof.

The evidence of the fulfilment of conditions under Paragraph 1, Items 3) and 4) and Paragraph 3 hereof shall be a report of the inspector in charge or another document prescribed by the act of the Ministry under Article 27, Paragraph 7 hereof.

### ***Article 23***

The license is non-transferable.

The license for performing an energy-related activity shall also be acquired in case any changes are made in the legal basis for the use of the energy facility for which the license has been issued due to a status change or legal transactions on any other grounds.

In case of a status change under Paragraph 2 hereof, the energy entity - license holder under Paragraph 2 hereof shall, simultaneously with the publication of the draft agreement or decision on the status change pursuant to regulations referring to the legal status of business entities, inform the Agency of the commission of the status change, and in case of a change to the legal basis for the use of the facility on other grounds, prior to the conclusion of the legal transaction by which the legal basis for the use of the energy facility is changed.

An energy entity that upon the completion of a status change, i.e. upon the change of the legal basis for the use of the energy facility, continues to perform the energy-related activity in that facility, is obliged to submit an application for the issuance, i.e. modification of the license within 15 days as of the date of the status change registration, i.e. as of the date of conclusion of the legal transaction by which the legal basis for the use of the energy facility is changed, and an energy entity that ceases to perform an energy-related activity shall submit an application for revoking the license, i.e. its modification.

The energy entity under Paragraph 4 hereof shall meet all the conditions under Article 22, Paragraph 1 hereof, except for conditions under Article 22, Paragraph 1, Items 2) and 3) hereof.

In case of the fulfilment of conditions under Paragraph 5 hereof, the Agency shall issue a license with a validity period determined in accordance with the expiry date of the license held by the energy entity that ceases to perform the energy-related activity in the energy facility.

In case that an energy entity owns several licenses, the Agency shall issue a license with a validity period to be determined in accordance with the expiry date of the license the validity of which would be the first one to cease to be valid.



In case of a status change under Paragraphs 2 to 4 hereof, the energy entity that continues to perform the activity at the energy facility may temporarily continue to perform the energy-related activity until obtaining the license, but not longer than for a period of 60 days as of the date of the status change registration.

In case of a status change, the energy entity that continues to perform an energy-related activity the price of which is regulated pursuant to this Law, pending a decision on the price, shall apply the regulated price of the energy entity that performed the said energy-related activity until the date of the status change registration, but not longer than for a period of 90 days as of the date of licence acquisition.

#### ***Article 24***

The vocational qualification under Article 22, Paragraph 1, and Item 4) hereof shall be tested by a professional exam.

The professional exam shall be taken before a commission formed by the Minister or the head of the provincial administration authority in charge of energy affairs for persons employed with an energy entity with headquarters in the territory of the Autonomous Province.

The Ministry shall prescribe in more detail the conditions, programme and method of taking the professional exam under Paragraph 2 hereof, as well as the conditions referring to the professional staff under Article 22, Paragraph 1, Item 4) hereof.

#### ***Article 25***

An energy entity shall be temporarily deprived of the license if the energy entity:

- 1) ceases to meet one or more conditions under Article 22 hereof;
- 2) does not maintain energy facilities in a proper and safe condition and in accordance with technical regulations referring to the system utilization conditions;
- 3) fails to meet its obligations established by the decision on license issuance;
- 4) does not determine the regulated prices of energy, energy sources or services in accordance with methodologies, rules for the electricity market operation and natural gas network code as well as the rules for the operation of systems for oil transport via oil pipelines and oil derivatives transport via oil derivatives pipelines;
- 5) does not keep separate account pursuant to Article 18 hereof;
- 6) fails to comply with other prescribed conditions for performing energy-related activities stipulated by this Law and regulations passed on the basis hereof.

The Agency shall issue a decision on temporary revocation of the license under Paragraph 1 hereof and shall determine a deadline for the elimination of any deficiencies for which the license is temporarily revoked, which must not be shorter than 30 days or longer than 90 days.

The decision on temporary license revocation due to a failure to meet the conditions under Article 22, Paragraph 1, Items 3) and 4) and Article 22, Paragraph 3 hereof shall be issued by the Agency at the proposal of the inspector in charge.

If the energy entity has eliminated the deficiencies due to which the license has been temporarily revoked within the deadline stipulated by the decision under Paragraph 2 hereof, the decision on temporary revocation of the license shall be abolished, and if the said entity has failed to eliminate such deficiencies, the Agency shall issue a decision on permanent license revocation.

An applicant whose license has been revoked can be reissued a license for performing the same energy-related activity upon expiry of a three-year period as of the date of revocation, if they meet the conditions under this law and regulations passed on the basis hereof.

A license for performing an energy-related activity at the energy facility where the activity was formerly performed by an energy entity whose license was permanently revoked must not be issued to an energy entity whose owner or responsible person had an ownership share or was employed with the energy entity whose license was permanently revoked.

The provisions of Paragraph 6 hereof are also applied, accordingly, to spouses, children or relatives in straight line regardless of the degree of kinship, or relatives in lateral line ending with the second degree of kinship with the owner or the responsible person, or the person who is or was employed with the energy entity whose license was permanently revoked.

The decision under Paragraphs 2 and 4 hereof may be appealed to the Minister within eight days as of the decision delivery date.

### ***Article 26***

If the termination of operation of an energy entity whose license has been temporarily revoked could endanger regular and secure energy supply, lives and health of people or cause severe economic disturbances, the Agency may, upon obtaining the opinion of the Ministry and competent inspection, by a decision on temporary license revocation under Article 25, Paragraph 2 hereof, allow the energy entity to continue performing the energy-related activity until the conditions are met for the elimination of harmful consequences arising from the termination of operation of the energy entity, but not longer than until the deadline stipulated by the decision on temporary license revocation.

If the termination of performing an energy-related activity of general interest by an energy entity with permanently revoked license could endanger regular and secure energy supply,

lives and health of people or cause severe economic disturbances, the Government shall, at the proposal of the Ministry, by a special act, appoint another energy entity having a license for performing the same energy-related activity, to perform the energy-related activity in the area where the energy-related activity was performed by the energy entity with permanently revoked license.

In the case under Paragraph 2 hereof, the Government's act shall determine the rights and obligations of the energy entity appointed for performing the energy-related activity of general interest in a particular area, the time period for performing the activity, as well as the rights and obligations of the energy facility owner whose license has been revoked or at whose facility the energy-related activity was performed by an energy entity with revoked license, if there is a need for the use of their energy facility for performing the energy-related activity by the entity appointed by the Government's act.

The agreement on entrustment of energy-related activities of general interest shall also regulate the obligation of an energy entity to, in case of permanent license revocation, allow the use of an energy facility with all necessary documents by the energy entity appointed by the Government's act, as well as the manner, amount and deadlines for payment of a temporary fee for the use of energy facilities.

In case the energy entity under Paragraph 4 hereof uses the energy facility as a lessee, a mandatory element of the Lease Agreement shall be the consent of the owner of the energy facility to the use of the energy facility pursuant to Paragraph 4 hereof.

### ***Article 27***

An energy entity holding a license for performing an energy-related activity may submit a request for its revocation during the license validity period.

An energy entity holding a license for performing an energy-related activity shall submit a request for a change of the decision on license issuance in case of any changes referring to energy facilities used for performing the energy-related activity, as well as any changes of technical and other regulations.

The Agency shall issue a decision on the request under Paragraphs 1 and 2 hereof within 30 days as of the request submission date.

The decision under Paragraph 3 hereof may be appealed to the Ministry within 15 days as of the decision receipt date.

The decision of the Ministry is final and administrative proceedings may be initiated against it.

The license shall cease to be valid pursuant to the law in case of termination of operation of the legal entity or entrepreneur.

The Ministry shall prescribe in more detail the conditions for the issuance, changes and revocation of the license, contents of the application for license issuance, contents of the application for issuing e report of the inspector in charge under Article 22, Paragraph 1, Items 3) and 4) hereof, and evidence to be enclosed with the application for the report issuance, as well as the method of keeping the registry of issued and revoked licenses.

**Approval for Storage and Supply to Cover one's Own Demand**  
***Article 28***

For the storage of oil, oil derivatives and biofuels for own needs in a total capacity exceeding five tons, and for the supply of one's own vehicles at one's own supply stations for vehicles, for which a license is issued, it is necessary to acquire the approval issued by the Ministry by a decision within 30 days as of the application submission date (hereinafter: the Approval for Storage and Supply for Own Needs).

The Approval for Storage and Supply for Own Needs shall be issued provided that the storage facilities and one's own supply stations meet the conditions and requirements stipulated by technical regulations, regulations on energy efficiency, regulations on fire and explosion protection, as well as regulations on environmental protection.

The evidence of the fulfilment of conditions under Paragraph 2 hereof shall be enclosed with the application for issuing the Approval for Storage and Supply for Own Needs.

The evidence of the fulfilment of conditions under Paragraph 2 hereof shall be the report of the inspector in charge.

The Approval for Storage and Supply for Own Needs shall be issued with a validity period of ten years.

The decision under Paragraph 1 hereof may be appealed to the Government within 15 days as of the decision receipt date.

The Government's decision is final and administrative proceedings may be initiated against it.

The Ministry prescribes in more detail the conditions for the issuance, changes and revocation of the Approval for Storage and Supply for Own Needs, the contents of the application and documents to be enclosed with the application for issuance.

***Article 29***

The Approval for Storage and Supply for Own Needs shall be temporarily revoked if the holder of this approval does not maintain the storage facilities and own supply stations for own vehicles in proper and safe condition pursuant to technical regulations and if they fail to comply with other prescribed conditions.

The Ministry shall issue a decision on temporary revocation of the Approval for Storage and Supply for Own Needs and shall determine a deadline for elimination of deficiencies due to which the Approval for Storage and Supply for Own Needs is temporarily revoked, which must not be shorter than 30 days or longer than 90 days.

The decision on temporary revocation of the Approval for Storage and Supply for Own needs due to a failure to meet the conditions under Article 28, Paragraph 2 hereof shall be issued by the Ministry at the proposal of the inspector in charge.

If the entity under Paragraph 1 hereof has eliminated the deficiencies due to which the Approval for Storage and Supply for Own Needs has been temporarily revoked within the deadline stipulated by the decision under Paragraph 2 hereof, the decision on temporary revocation of the Approval for Storage and Supply for Own Needs shall be abolished, and if the said entity has failed to eliminate such deficiencies, the Ministry shall issue a decision on permanent revocation of the Approval for Storage and Supply for Own Needs.

The decision under Paragraph 2 hereof may be appealed to the Government within 15 days as of the decision delivery date.

## **Energy permit**

### ***Article 30***

Energy facilities shall be constructed pursuant to the law regulating the conditions and manner of spatial planning, organisation and use of construction land and construction of facilities, technical and other regulations, with the previously obtained energy permit issued in accordance with this Law.

The energy permit application is submitted with the application for issuance of a construction permit.

The energy permit shall be obtained for the construction of the following facilities:

- 1) electricity generation facilities with power equal to or exceeding 1 MW;
- 2) electricity generation facilities with power of up to 1 MW using water as the primary energy resource;
- 3) facilities for combined generation of electricity and heat in combined heat and power plants, with electricity equal to or exceeding 1 MW and total thermal power equal to or exceeding 1 MW;
- 4) direct electricity transmission lines;
- 5) facilities for oil derivatives production;

- 6) oil pipelines and oil derivatives pipelines, facilities for the storage of oil, oil derivatives, biofuels, compressed natural gas and liquefied natural gas with a total storage capacity exceeding 10 m<sup>3</sup>;
- 7) facilities for natural gas transport , facilities for natural gas distribution, and facilities for natural gas storage;
- 8) direct gas pipelines;
- 9) facilities for heat generation with power equal to or exceeding 1 MW;
- 10) facilities for biofuel production with a capacity exceeding 10 t a year.

An energy permit is not required for the construction of energy facilities which are constructed pursuant to the law regulating public-private partnership and concessions.

### ***Article 31***

The procedure for issuing the energy permit is initiated by an application for energy permit issuance, which may be submitted by domestic and foreign legal or natural persons or entrepreneurs, unless otherwise stipulated hereby.

The energy permit shall be issued to domestic or natural persons or entrepreneurs under the same conditions, in the manner and following the procedure prescribed by this law and other laws, in full compliance with the principles of non-discrimination and application of criteria that have to be objective and public.

### ***Article 32***

The energy permit shall be issued by the Ministry.

The issuance of energy permits under Article 30, Paragraph 3, Items 9) and 10) hereof shall be entrusted to the local self-government unit for facilities to be constructed in its territory.

### ***Article 33***

For energy permit issuance, the conditions referring to the following shall be met:

- 1) reliable and secure energy system functioning;
- 2) conditions for determining the location and land use;
- 3) possibility for the facility connection to the system;

- 4) energy efficiency;
- 5) conditions for utilisation of primary energy sources;
- 6) safety at work and safety of people and property;
- 7) environmental protection;
- 8) economic and financial ability of the applicant to carry out the energy facility construction;
- 9) contribution of electricity generation capacities to the achievement of the total share of energy from renewable energy sources in the final gross energy consumption in accordance with the National Action Plan;
- 10) contribution of electricity generation capacities to the reduction of emissions;
- 11) contribution of the natural gas transport or storage capacities to an increase in the security of supply.

Evidence of the ownership right or the right to lease the land where the energy facility construction is planned shall not be a condition for issuing the energy permit.

#### ***Article 34***

The application for energy permit issuance shall particularly contain the data on:

- 1) the applicant;
- 2) the energy facility;
- 3) the investment value;
- 4) the method of providing financial sources;
- 5) the estimated service life of the facility, as well as the method of the location recovery upon expiry of the facility service life;
- 6) harmonisation with appropriate planning documents pursuant to the law regulating the conditions and manner of spatial planning, organisation and use of construction land and construction of facilities;
- 7) the deadline for the completion of the energy facility construction.

In case that the construction of an energy facility is planned on an exploitation field, the consent of the Ministry in charge of mining and geology shall be submitted in addition to the application under Paragraph 1 hereof.

The Minister shall prescribe in more detail the conditions for issuing the energy permit, contents of the application for energy permit issuance depending on the type and purpose of the energy facility, the method for issuing the energy permit and the contents of the registry of issued energy permits and registry of energy permits that have ceased to be valid.

### ***Article 35***

The energy permit shall be issued by a decision within 30 days as of the application submission date, provided that the conditions stipulated by this Law and regulations passed on the basis hereof are met.

In case that the application for energy permit issuance is rejected, the decision shall contain a detailed explanation based on objective and non-discriminatory criteria and submitted to the applicant.

The decision under Paragraph 1 hereof may be appealed to the Government within 15 days as of the decision receipt date, i.e. to the Ministry in the cases under Article 32, Paragraph 2 hereof.

The decision of the Government, i.e. the Ministry is final and administrative proceedings may be initiated against it.

The energy permit shall be issued with the validity period of three years as of the date of its coming into force.

The energy permit is non-transferable.

At the request of an energy permit holder, the Ministry, i.e. the local self-government unit may extend the energy permit validity period for another year at most.

The request for extension shall be submitted not later than 30 days prior to the energy permit expiry date.

The energy permit validity period shall be extended if the conditions for energy permit issuance stipulated by this law are met, along with the following conditions:

- 1) that the applicant has submitted evidence of acquiring the documents needed for the energy facility construction, i.e. that the applicant has initiated an appropriate procedure before competent authorities for obtaining such documents;
- 2) that the applicant has submitted evidence that they have taken all the needed measures before competent authorities, pursuant to the law, aiming at obtaining the documents.



A new procedure for energy permit issuance may be initiated only if the possibility for extending the validity period of the issued energy permit has been used, pursuant to Paragraph 7 hereof.

An energy entity holding an energy permit may submit a request for its revocation during the energy permit validity period.

### **Direct electricity transmission line and direct gas pipeline**

#### ***Article 36***

A producer of electricity or natural gas and the supplier are entitled to supply final customers as well as their own premises and premises of a subsidiary via a direct electricity transmission line, i.e. gas pipeline.

Final customers that intend to conclude a supply agreement but cannot obtain an access to the network are entitled to electricity or natural gas supply via a direct electricity transmission line, i.e. gas pipeline by the producer of electricity, i.e. natural gas and the supplier.

The possibility of electricity or natural gas supply via a direct electricity transmission line, i.e. gas pipeline does not affect the possibility of contracting electricity or natural gas purchase on the market, i.e. the customer's right to a free choice of the supplier, pursuant to this Law.

The energy permit for the construction of direct electricity transmission lines and direct gas pipelines under Article 30, Paragraph 3, Items 4) and 8) hereof may be issued in cases of denial of access to the system or commencement of resolution of a dispute referring to access to the system.

Issuance of an energy permit for the construction of a direct electricity transmission line or gas pipeline may be denied, with a detailed explanation, if the construction of that transmission line or gas pipeline would endanger the performance of activities of general interest, i.e. the obligation referring to the provision of public services, including the protection of customers.

### **Public tender**

#### ***Article 37***

In case new production capacities cannot be ensured by issuing energy permits, or the taken energy efficiency measures are not sufficient for ensuring the safe and regular electricity supply, the construction of electricity generation facilities may be approved upon the completion of a public tender procedure.

The Government, at the proposal of the Ministry, shall issue a decision on the public tender announcement, pursuant to the law.

The decision under Paragraph 2 hereof shall particularly contain:

- 1) the location where the facility will be constructed;
- 2) the primary energy type;
- 3) the generation method and conditions for electricity takeover;
- 4) conditions referring to environmental protection;
- 5) conditions referring to the protection of cultural monuments if they exist at the site where the facility is to be constructed;
- 6) conditions referring to energy efficiency;
- 7) incentive measures for certain primary energy types and installed power of the production capacity;
- 8) conditions referring to termination of the facility operation;
- 9) bid submission deadline.

The Ministry shall collect, assess and rank the bids submitted in the public tender procedure, and forward a report with the proposal of the most favourable bid to the Government.

The public tender procedure, conditions for participation in the tender procedure and criteria for the bid selection shall be transparent and non-discriminatory.

The decision on the public tender announcement shall be published in the "Official Gazette of the Republic of Serbia", and the details referring to the tender procedure shall be publicly announced by the Ministry, including their publication in accordance with the obligations of the Republic of Serbia undertaken pursuant to ratified international agreements, at least six months prior to the tender closing date.

#### **IV. ENERGY AGENCY OF THE REPUBLIC OF SERBIA**

##### **Status**

##### ***Article 38***

The Agency is the only regulatory authority for the field of energy, established for the purpose of improving and directing the electricity and natural gas market based on the

principles of non-discrimination and efficient competition, by creating a stable regulatory framework, as well as for performing other activities stipulated by this Law.

The Agency is an autonomous legal entity independent from executive authorities in performing its activities, as well as from other state authorities and organizations, and legal and natural persons dealing with energy-related activities; it makes decisions on its own, independently disposes of finances approved by the financial plan, and provides professional capacities necessary for performing activities prescribed by the law.

Employees and members of the Agency Council shall act independently from any market interests, shall not accept any instructions from executive authorities or from other state authorities and organizations, or persons dealing with energy-related activities.

The independence under Paragraph 2 hereof does not bring into question cooperation with other national bodies, implementation of the general policy adopted by the Government for issues not related to the powers and responsibilities of the Agency.

The Agency shall have the status of a legal person with rights, obligations and responsibilities defined by this Law, laws and other regulations regulating the activities of business entities, as well as by the Statute of the Agency (hereinafter: the Statute).

The Agency shall operate under the name of the Energy Agency of the Republic of Serbia.

The head office of the Agency shall be in Belgrade.

For the purpose of more efficient performance of activities within its competences, the Agency may organise the performance of operations outside its head office, by the decision of the Council of the Agency, in the manner and under conditions prescribed by the Statute.

## **Council of the Agency**

### ***Article 39***

The Agency's body is the Council of the Agency (hereinafter: the Council), which passes all decisions on the issues within the competences of the Agency by majority vote of the total number of the Council members, unless otherwise prescribed by this Law and the Statute.

The Council shall consist of the President and four members elect among prominent experts in the energy field.

President of the Council shall represent the Agency, manage the Council activities, make decisions on matters within the Agency's scope of work defined in Article 54 hereof, organise and manage the Agency's operations, propose decisions and other acts adopted by the Council and take care of their enforcement, have managerial powers in matters related to exercising rights and obligations of employees, and perform other activities in accordance with the law, the Statute and the Council's authorisation.

The President and members of the Council shall be accountable for their activities and operations of the Agency to the National Assembly, to which they shall submit a report on activities at least once a year.

The report on activities shall contain information on the Agency's operations in the previous year, its financial operations and the situation in the energy sector of the Republic of Serbia within the Agency's competences.

The report under Paragraph 5 hereof shall be submitted to the National Assembly not later than until 31 May every year.

### **Election and method of operation of the Council**

#### ***Article 40***

The President and members of the Council shall be elected by the National Assembly, on the basis of public competition announced and conducted by the Commission for Election of Candidates (hereinafter: the Commission), established by the Government at the proposal of the Ministry.

The Commission comprises five members, two representatives of the competent board of the National Assembly and three prominent experts with more than 15 years of work experience in the energy field.

A Commission member must not be a person employed with the energy entity.

Within 30 days as of the date of receipt of the Commission's opinion, the Government shall establish the proposal for the election of the President and members of the Council and submit it to the National Assembly for adoption.

#### ***Article 41***

Only citizens of the Republic of Serbia having a university degree in technical, legal or economic fields and at least ten years of work experience in the energy field may be elected as the President and members of the Council.

The President, members of the Council and employees of the Agency shall exercise their employment rights and obligations in accordance with general labour regulations.

#### ***Article 42***

The following persons must not be elected as the President and members of the Council:

- 1) MPs of the National Assembly, MPs of the Assembly of the Autonomous Province, elected members of city councils, other elected and appointed persons, as well as political party officials;
- 2) owners or co-owners of energy entities, as well as persons whose spouses, children or relatives in straight line regardless of the degree of kinship, or relatives in lateral line ending with the second degree of kinship, are owners or co-owners of energy entities;
- 3) persons lawfully convicted for criminal offences against official duty, corruption, fraud or other criminal offences making them unfit to perform the functions they are elected for.

### ***Article 43***

The President and members of the Council shall be elected for the period of five to seven years. The President of the Council shall be elected for the period of seven years, two members of the Council shall be elected for the period of six years and two members of the Council shall be elected for the period of five years.

The President and members of the Council must not be elected more than twice in a row.

The procedure for the election of persons under Paragraph 1 hereof shall be carried out not later than 90 days prior to expiry of the term of office of the previous President, i.e. member of the Council.

In case that the term of office of the President or a member of the Council expires prior to the completion of the election procedure, the President or the member of the Council shall continue performing the function pursuant to this Law until the completion of the election procedure.

### ***Article 44***

The term of office of the President and members of the Council shall terminate upon:

- 1) the term of office expiry;
- 2) release from duty prior to the term of office expiry for any reasons stipulated hereby;
- 3) submission of a letter of resignation to the National Assembly in the written form, in which case the term of office of the President or a member of the Council shall terminate on the date of the letter delivery;
- 4) death of the Council member.

The occurrence of reasons for the term of office termination under Paragraph 1, Items 2) and 3) hereof shall be stated by the competent board of the National Assembly.

The proposal for the release from duty of this member under Paragraph 1, Item 2) hereof may be submitted to the National Assembly by the competent board of the National Assembly in charge of energy-related activities, the Council, or at least 20 MPs, in the following cases:

- 1) if due to illness or any other reason he/she is incapable of performing the duty of the President or member of the Council for a period longer than six months;
- 2) if he/she is lawfully sentenced to imprisonment or convicted for a criminal offence against official duty, fraud, corruption, theft or other similar criminal offence that makes him/her unworthy of performing this function;
- 3) if during the election procedure it is determined that the candidate has provided false information about himself/herself or failed to provide information on circumstances of relevance for establishing the proposal for his/her election;
- 4) if without a justifiable reason he/she refuses or fails to perform the duty of the President or member of the Council over a period of at least three consecutive months or at least six months with interruptions, during a year;
- 5) if it is determined that during his/her term of office he/she has violated the rules referring to the conflict of interest stipulated by the law.

A decision on release from duty may only be made on the basis of a reasoned proposal upon completing a procedure in which all relevant circumstances have been established and in which the President or the member of the Council against whom the procedure has been initiated has been allowed to give his/her statement on all the circumstances.

The reason for the release from duty of the President or member of the Council must not be his/her political or other belief, or his/her membership in a political organization.

#### **Article 45**

The President and member of the Council whose term of office has terminated in the case under Article 44, Paragraph 1, Item 1) and Paragraph 3, Item 1) hereof is entitled to salary compensation for a period of three months as of the date of the term of office termination, in an amount equal to the salary for the month preceding the month of employment termination, and the finances for the salary compensation payment shall be provided from the Agency's budget.

The right to compensation under Paragraph 1 hereof is exercised upon personal request and ceases to be valid prior to expiry of a three-month period if the President or member of the

Council becomes employed or exercises the right to retirement, pursuant to regulations on pension and disability insurance.

#### ***Article 46***

Provisions of the law referring to prevention of the conflict of interest in performing public functions shall accordingly apply to the President and members of the Council.

#### ***Article 47***

The Council shall adopt the Statute, an act regulating the internal organisation and method of operation of the Agency, the Rules of Procedure and other general acts pursuant to the law.

The National Assembly shall give its consent to the Statute.

### **Operations of the Agency**

#### ***Article 48***

In performing regulatory operations stipulated by this Law, the Agency shall take measures to achieve or contribute to the achievement of the following objectives:

- 1) ensuring safe supply of energy to the customers through efficient functioning and sustainable development of energy systems, in accordance with the energy policy of the Republic of Serbia, including environmental protection and development of renewable energy sources;
- 2) development of the electricity market in the Republic of Serbia and its integration into the regional and Pan-European electricity market;
- 3) ensuring a stable, transparent and non-discriminatory regulatory framework for energy customers, system users and investors;
- 4) stimulating efficient functioning of energy systems;
- 5) ensuring high standards of service in electricity and natural gas supply with the protection of energy vulnerable customers.

### **Article 49**

The Agency shall issue licenses for performing energy-related activities and adopt an act of license withdrawal, under conditions stipulated hereof, and shall keep registries of issued and withdrawn licenses.

The Agency shall perform the operations under Paragraph 1 hereof as entrusted operations.

The Agency shall carry out a certification procedure and decide on the certification of electricity transmission system operators and natural gas transport system operators.

### **Article 50**

The Agency shall adopt methodologies for:

- 1) determination of the price of access to the electricity transmission system;
- 2) determination of the price of access to the electricity distribution system;
- 3) determination of the price of access to the closed electricity distribution system;
- 4) calculation of unauthorised electricity consumption;
- 5) determination of the price of electricity for guaranteed supply, pursuant to this Law;
- 6) determination of the price of access to the natural gas transport system;
- 7) determination of the price of access to the natural gas distribution system;
- 8) determination of the price of access to the natural gas storage facility;
- 9) determination of the price of natural gas for public supply;
- 10) determination of the price of access to the system for oil transport via oil pipelines and the system for oil derivatives transport via oil derivatives pipelines;
- 11) determination of the costs of connection to the electricity transmission and distribution system;
- 12) determination of the costs of connection to the natural gas transport and distribution system.

When adopting methodologies and giving its consent to regulated prices to operators of electricity transmission or distribution systems, the Agency is obliged to estimate and approve the costs necessary for short-term and long-term: increase in the security of supply,



efficiency of operators' activities, support to the market integration and necessary research activities.

The Agency shall publish the methodologies under Paragraph 1 hereof in the "Official Gazette of the Republic of Serbia".

### ***Article 51***

The Agency shall pass the rules:

- 1) on supplier switching;
- 2) on the quality of electricity and natural gas delivery and supply.

The Agency shall pass the following acts:

- 1) on the fee level for issuance of licenses for performing energy-related activities under Article 20, Paragraph 1 hereof;
- 2) on harmonisation of differences between justifiable and recorded revenues and the approved costs under Article 129, Paragraph 3 hereof;
- 3) on the exemption under Articles 167, 288 and 289, upon obtaining an opinion of the Ministry.

The Ministry responsible for finance affairs shall give its consent to the act under Paragraph 2, Item 1) hereof.

The Agency shall publish the rules and acts under Paragraph 1 and Paragraph 2, Items 1) and 2) hereof in the "Official Gazette of the Republic of Serbia".

### ***Article 52***

The Agency shall determine:

- 1) capacity reservation prices for system services of secondary and tertiary control under Article 88, Paragraph 3, Item 2) hereof, as well as prices of ancillary services under Article 88, Paragraph 2, Item 9) hereof, pursuant to this Law;
- 2) the amount of compensation to a customer on the basis of the level of deviation from the prescribed quality of electricity supply, in accordance with the Rules on the quality of electricity and natural gas delivery and supply.

### **Article 53**

The Agency shall give consent to:

- 1) electricity transmission network code;
- 2) the rules on cross-border transmission capacity allocation;
- 3) the procedure for the connection of facilities to the transmission system;
- 4) 4) natural gas transport network code;
- 5) 5) electricity distribution network code;
- 6) 6) natural gas distribution network code;
- 7) the rules on operation of the system for oil transport via oil pipelines;
- 8) the rules on operation of the system for oil derivatives transport via oil derivatives pipelines;
- 9) the rules on operation of the electricity market;
- 10) the rules on publication of key market data;
- 11) the rules on operation of the natural gas storage system;
- 12) the development plan for the electricity transmission system with the investment plan;
- 13) the development plan for the electricity distribution system with the investment plan and plan for the takeover of metering devices, metering and distribution boxes, i.e. connecting lines, installations and equipment in the metering and distribution box and other devices in facilities of existing customers, i.e. producers;
- 14) the development plan for the natural gas transport system;
- 15) the development plan for the system for oil transport via oil pipelines and oil derivatives transport via oil derivatives pipelines;
- 16) the compliance program for ensuring non-discriminatory behaviour under Articles 132 and 280 hereof;
- 17) the act of the transmission system operator on the amount of fee for the issuance, transfer and termination of the guarantee of origin;

18) the act of the transmission, transport and distribution system operator on the prices of non-standard services, within 30 days as of the date of receipt of the price list proposal.

#### ***Article 54***

The Agency shall decide on appeals against:

- 1) an act of the system operator referring to a request for connection to the system, i.e. if the system operator fails to make a decision referring to a request for connection to the system;
- 2) an act of the system operator on denial of the system access;
- 3) an act of an energy entity for oil transport via oil pipeline or an energy entity for oil derivatives transport via oil derivatives pipeline on denial of the system access.

The Agency shall perform the operations under Paragraph 1 hereof as entrusted operations.

In addition to operations under Paragraph 1 hereof, the Agency shall have the following obligations, in accordance with its scope of activities:

- 1) in case of a dispute among energy entities and between an energy entity and a system user, which is resolved pursuant to the law regulating mediation, to provide professional assistance to the parties in dispute and all the information it disposes of for the purpose of preparation of documents needed for the mediation procedure;
- 2) to consider and act upon submissions of natural and legal persons in relation to non-performance of obligations by system operators, wholesale electricity suppliers, electricity suppliers, natural gas suppliers and public natural gas suppliers, pursuant to this Law.

The Agency's act in the case under Paragraph 3, Item 2) hereof does not exclude the right of the injured party to seek the protection of its rights before the competent court.

#### ***Article 55***

The Agency shall give its opinion:

- 1) on the implementation plan of economically justifiable forms of advanced metering systems adopted by the transmission, transport or distribution system operator;
- 2) on the enforcement of regulations within the Agency's competences.

## **Article 56**

In addition to operations prescribed by this Law, the Agency shall have the authority to:

- 1) supervise the implementation of methodologies and prices approved pursuant to this Law;
- 2) supervise the implementation of rules under Article 53 hereof, request their amendment and supervise the implementation of other acts, in accordance with the provisions of this Law;
- 3) supervise the implementation of development plans of electricity transmission or distribution system operators and development plans of natural gas transport system operators, and recommend, if needed, their amendment, which shall be included in its annual report;
- 4) pass instructions and recommendations and give guidelines for the implementation of acts under Articles 50 and 51, Paragraph 1, Items 1) and 2) hereof;
- 5) prepare and publish a report on the need for the regulation of prices under Article 88, Paragraph 3 hereof, as well as a report on the necessity of maintaining the last resort supply under Article 194 hereof;
- 6) determine in more detail the manner and procedure for giving the consent under Article 53, and deadlines for the submission of data and documents necessary for the Agency's operation;
- 7) determine in more detail the manner, procedure and deadlines for the bookkeeping for the purpose of regulation and for the implementation of account unbundling, certification and other procedures stipulated by the law;
- 8) request from energy entities to submit data and documentation necessary for the Agency's operation, within a deadline that must not be shorter than eight days as of the request receipt date;
- 9) request from a vertically integrated enterprise to provide information with explanation on possible occurrence of discriminatory behaviour in case that the person in charge of supervision of the compliance program reports any violation of the compliance program for ensuring non-discriminatory behaviour under Articles 132 and 280 hereof;
- 10) cooperate with the supplier and distribution system operator for the purpose of taking measures that would provide access for system users and final customers to short and meaningful check-lists with practical information referring to their rights;
- 11) prescribe a procedure for exercising the right of access to data on own power consumption of an electricity or natural gas customer, the type of accessible data and deadlines within which the system operator has to provide the data and publish the

procedure on the Agency's website, along with a simple and easily understandable consumption data presentation form, thus granting the right of access to such data free of charge to the final customer, and, at the request of the final customer, to the supplier as well;

- 12) contribute to the harmonisation of data exchange procedures for the most significant market processes at the regional level;
- 13) submit an annual report on operations and measures taken in respect of the fulfilment of obligation to the competent authority under Article 2, Item 42) hereof;
- 14) adjust and implement all legally binding decisions of competent authorities under Article 2, Item 42) hereof;
- 15) monitor whether an energy entity keeping records on consumption submits the records on consumption to the supplier selected by the final customer;
- 16) monitor indicators of technical and commercial quality of electricity and natural gas supply under Articles 215 and 320 hereof;
- 17) supervise the implementation of measures for the reduction of losses in the electricity or natural gas transport , transport or distribution system;
- 18) supervise activities related to the realization of the implementation plan for advanced metering systems adopted by the transport or distribution system operator;
- 19) decide on other matters stipulated by this Law.

#### ***Article 57***

The Agency shall ensure non-discriminatory system access as well as effective competition and efficient functioning of the electricity and natural gas market, through the supervision of:

- 1) efficient unbundling of accounts of licensed energy entities;
- 2) existence of cross-subsidies among energy entities dealing with different energy-related activities, as well as among different energy-related activities within the same energy entity;
- 3) fulfilment of energy entities' obligations in accordance with this Law and other regulations passed on the basis hereof;
- 4) application of rules on cross-border transmission capacity allocation in cooperation with regulatory authorities of other countries;

- 5) implementation of mechanisms for the removal of congestions in the transmission, i.e. transport system, the use of fees due to congestion collected by the transmission, i.e. transport system operator;
- 6) the time necessary for system operators to carry out the connection to the system, i.e. repair a malfunction in case of delivery interruption;
- 7) publication of data by the transmission or transport system operator referring to cross-border capacities and system use;
- 8) method of the system reserves use;
- 9) conditions and costs of connection of new electricity producers to the transmission or distribution system so as to guarantee objectivity, transparency and non-discrimination, particularly taking into account the costs and benefits from different technologies for electricity generation from renewable sources and combined electricity and heat generation;
- 10) the level of transparency, including transparency of the price in wholesale, as well as the level of competition, including disturbances or limitation of competition, in cooperation with authorities in charge of competition;
- 11) functioning of the organised electricity market, as well as the compliance with the principles of transparency and non-discrimination by the market operator;
- 12) the level and effectiveness of market opening and competition in wholesale and final customer supply, including the organised electricity market, prices for households, including subscription billing systems, the percentage of supplier switchings, electricity cuts and interruption of supply, execution and fees for maintenance services;
- 13) conditions for access to the storage facility, line-pack and use of other ancillary services, where supervision of prices is excluded in case of contracted access to the storage facility; and
- 14) compliance with customer protection measures stipulated by this Law.

In performing the operations under Paragraph 1, Item 1 hereof, the Agency may inspect the business accounts and accounting records of an energy entity, which shall provide access and make it possible to the Agency to inspect appropriate information.

The Agency may inspect the circumstances, data and exchanged information, including those referring to electricity and natural gas market functioning, decide on the implementation of necessary and appropriate measures for the improvement of effective competition and to ensure normal market operations.

In performing the operations under Paragraph 3 hereof, the Agency shall cooperate with the authority in charge of competition and authorities in charge of financial market supervision.

For the purpose of performing operations under Articles 49 - 57 hereof, the Agency may make decisions that will be binding for energy entities.

In the procedure of deciding on individual rights and obligations of legal and natural persons, provisions of the law regulating general administrative proceedings shall apply, unless separate proceedings are prescribed by this Law.

The Agency shall ensure, in accordance with the law and other regulations, the confidentiality of commercial and other confidential business information submitted to it for the purpose of performing operations within its competences.

### **Imposition of measures**

#### ***Article 58***

In case of non-performance of obligations prescribed by this Law, the Agency may, within its competences, give the system operator, wholesale electricity supplier, electricity supplier, i.e. natural gas supplier, and public natural gas supplier: admonition or warning, or initiate appropriate proceedings before the competent court.

When imposing the measures under Paragraph 1 hereof, the Agency shall observe the principles of objectivity and impartiality and allow the system operator, wholesale electricity supplier, electricity supplier, i.e. natural gas supplier, and public natural gas supplier to give a statement referring to the facts that have resulted in the initiation of proceedings.

#### ***Article 59***

An admonition shall be given to energy entities under Article 58, Paragraph 1 hereof, in case of non-performance of obligations under Article 23, Paragraph 3, Article 57, Paragraph 2, Article 94, Paragraph 3, Item 12), Article 109, Paragraph 1, Items 32), 38), 39), 40), and 41), Article 113, Paragraph 4, Article 115, Paragraph 2, Article 132 Paragraphs 7 and 10, Article 136, Paragraph 1, Items 13), 19), 24), 31), 32), and 33), Article 144, Paragraph 5, Article 154, Paragraph 5, Article 184, Paragraph 1, Article 195, Paragraph 1, Items 12) and 13), Article 238, Paragraphs 1 and 2, Article 242, Paragraph 1, Article 244, Paragraph 1, Article 245, Paragraph 3, Article 248, Paragraph 1, Items 17), 23) and 24), Article 250, Paragraph 1, Article 253, Paragraph 2, Article 257, Paragraph 8, Article 261, Paragraph 1, Items 10), 13), 20) and 22), Article 263, Paragraph 2, Article 268, Paragraph 4, Article 276, Paragraph 1, Item 14), Article 277, Paragraph 1, Article 280, Paragraph 2, and Article 301, Paragraph 1, Items 10) and 11) hereof.

A warning shall be issued to energy entities under Article 58, Paragraph 1 hereof, when they fail to act in accordance with the admonition under Paragraph 1 hereof.

When imposing the measures under Paragraphs 1 and 2 hereof, the Agency shall particularly take into account the level of responsibility of the system operator, wholesale electricity supplier, electricity supplier, natural gas supplier, and public natural gas supplier, the manner of duty violation, the severity of consequences of such violation, the frequency of violation, and the circumstance that the measure under Paragraphs 1 and 2 hereof has already been imposed on energy entities under Article 58, Paragraph 1 hereof.

The Agency shall prescribe in more detail the method of proceedings and imposition of measures.

### ***Article 60***

When imposing measures of warning or admonition, the Agency shall explicitly indicate the obligation that the energy entity under Article 58, Paragraph 1 hereof has failed to perform, and shall mandate the energy entity to take measures aiming at performing the obligation.

The imposed measures shall be published on the Agency's website and recorded in the Registry of imposed measures kept by the Agency.

Detailed contents, the method of registry keeping as well as the establishment of a deadline beyond which the imposed measures will be deleted from the registry, shall be regulated by the Agency's act.

The Agency shall initiate the procedures in accordance with the penalty clauses hereof.

## **Financial plan and funding of the Agency**

### ***Article 61***

The Agency shall adopt a financial plan to establish: total revenues and expenditures of the Agency necessary for performing the Agency's obligations stipulated by the law, wage policy for employees of the Agency that ensures appropriate professional staff, as well as the contingency fund.

The National Assembly shall give its consent to the financial plan. The Agency shall independently decide on the allocation of finances approved by the financial plan in a manner that ensures performance of competencies determined by this Law.

The financial plan shall be submitted to the National Assembly, not later than by the end of October of the current year for the following year.

Unless the National Assembly gives its consent to the financial plan for the following year until the end of December of the current year, until obtaining the consent, the Agency shall perform its operations within the funds determined by the last financial plan to which the National Assembly has consented.



After obtaining the consent of the National Assembly, the financial plan shall be published in the "Official Gazette of the Republic of Serbia".

If the annual accounting of the Agency's revenues and expenditures shows that the Agency's total revenues exceed its total expenditures incurred, the difference shall be transferred to the financial plan as the revenue for the following year, where the sources and amount of revenues for the following year shall be adjusted to the Agency's real expenditures for the given year.

All revenue and expenditure accounts of the Agency shall be subject to an annual audit by a competent auditor.

### ***Article 62***

The funds for the Agency's operation shall be provided from the revenues recorded by the Agency pursuant to this Law, namely: on the basis of performing regulatory activities from a part of regulated revenues from system access determined by the methodologies under Article 50, Paragraph 1, Items 1), 2), 6), 7), 8) and 10) hereof, on the basis of the issuance of licenses for performing energy-related activities under Article 20, Paragraph 1 hereof, as well as other revenues recorded in performing activities within the Agency's competences pursuant to the law.

The revenue amount shall be adjusted to the Agency's financial plan.

The Agency may also receive funds from donations, except from donations of energy entities or persons related to such entities.

## **Transparency of the Agency's operations**

### ***Article 63***

The Agency shall ensure the transparency of its operations and availability of information of public interest to concerned entities, which are not deemed confidential pursuant to regulations and acts of the Agency.

## **Relations of the Agency with other bodies and international organisations**

### ***Article 64***

When performing the operations prescribed by the law, the Agency shall cooperate with state and other bodies and organisations, customer protection associations, the organisation dealing with competition protection, and regulatory authorities in the Republic of Serbia and abroad, in a manner that will ensure its independence.

Within the cooperation under Paragraph 1 hereof, the organisation in charge of competition protection and the Agency shall continuously exchange information and data for the purpose of improving and directing the electricity and natural gas market development according to the principles of non-discrimination and efficient competition.

Without delay and immediately after becoming aware of an agreement that limits the right of a customer not entitled to guaranteed supply to simultaneously conclude agreements with more than one supplier or by which the customer's selection of the supplier is limited, the Agency is obliged to inform the competent competition protection authority for the purpose of taking appropriate measures.

In accordance with the law and ratified international agreements and decisions of the Council, the Agency shall cooperate with regulatory authorities of other countries, as well as with other international bodies and organisations, for the purpose of:

- 1) development of the regional and Pan-European electricity and natural gas market;
- 2) encouraging operational agreements ensuring optimal network management;
- 3) achievement of equal conditions for all market participants;
- 4) promoting merger of organised electricity markets;
- 5) joint allocation of rights to the use of cross-border transmission capacities;
- 6) creating conditions for an adequate level of cross-border capacities in the region and among regions in order to ensure the development of effective competition and improvement of the security of supply;
- 7) coordinated application of network codes and congestion management rules;
- 8) contributing to the compatibility of data exchange processes, as well as
- 9) improving its operations in accordance with positive international experience and standards.

## **V. RENEWABLE ENERGY SOURCES**

### **National objectives and the plan for use of renewable sources**

#### ***Article 65***

The use of energy from renewable sources is in the interest of the Republic of Serbia.

At the proposal of the Ministry, the Government shall adopt the National Action Plan for the Use of Renewable Sources (hereinafter: the National Action Plan), which shall ensure that the share of renewable energy sources will be in accordance with ratified international agreements.

The objectives of the use of renewable energy sources listed in the National Action Plan shall be established on the basis of energy needs, economic capacities and obligations of the Republic of Serbia undertaken pursuant to ratified international agreements.

The National Action Plan under Paragraph 2 hereof shall particularly comprise:

- 1) the mandatory share of energy from renewable sources in the gross final energy consumption, in accordance with undertaken international obligations;
- 2) the planned share of energy from renewable sources in the gross final energy consumption;
- 3) the planned share of energy from renewable sources in the gross final electricity consumption;
- 4) the planned share of energy from renewable sources in the gross final consumption of energy used for heating and cooling;
- 5) the planned share of energy from renewable sources in the gross amount of energy consumed in all modes of transport;
- 6) the dynamics of the achievement of shares under Items 2), 3), 4) and 5) hereof, by years;
- 7) measures for the achievement of the planned shares of energy from renewable sources, which shall particularly include: incentive measures, mechanisms of cooperation, cooperation of local, provincial and republic authorities, the policy of development of biomass resources for energy purposes, as well as their effects;
- 8) measures necessary for the development of district heating and cooling infrastructure, in accordance with the growth of the generation of energy for heating and cooling from renewable energy sources;
- 9) measures ensuring the development of appropriate programs for informing citizens and businesses of the incentive measures, benefits and practical aspects of the development and use of energy from renewable sources, including cooperation of public authorities;
- 10) deadlines for the implementation of the planned activities.

The National Action Plan shall be harmonised with regulations governing energy efficiency and reduction of the greenhouse gases emission.

The National Action Plan shall be amended and harmonised with the economic development and energy policy.

### ***Article 66***

The Ministry shall monitor the National Action Plan implementation and submit a report on its implementation to the Government every other year.

The report under Paragraph 1 hereof shall be prepared for the previous two years and shall comprise the information on:

- 1) the share of energy from renewable sources in the gross final energy consumption;
- 2) the share of energy from renewable sources in the gross final consumption of electricity, energy used for heating and cooling, and energy consumed in all modes of transport;
- 3) the effect of incentive measures on an increase in the share of energy from renewable sources in the gross final energy consumption, in relation to the targets set in the National Action Plan;
- 4) application of guarantees of origin, as well as measures taken for the prevention of misuse of guarantees of origin;
- 5) amendments of regulations in order to avoid obstacles for investing in the field of renewable sources;
- 6) ensuring the takeover of electricity generated from renewable sources and its transfer to the transmission, i.e. distribution system;
- 7) availability and utilisation of biomass resources for energy purposes;
- 8) effects of the use of biomass and other renewable energy sources on changes of food prices and land use;
- 9) an increase in the share of biofuels produced from waste, remains, non-food cellulose and wood pulp, as well as the estimated effect of produced biofuels and bio liquids on biodiversity, water springs, water quality and land quality;
- 10) estimated greenhouse gas emission net savings achieved by the use of energy from renewable sources;
- 11) mechanisms of cooperation with other countries for the purpose of achieving the mandatory share of energy from renewable sources in the gross final energy consumption;

12) the method for estimating the share of biodegradable part of waste in the waste used for energy generation, as well as the measures taken for the improvement of such estimate.

If it is established that the share of energy from renewable sources for the previous two calendar years significantly deviates from the share achievement dynamics under Article 65, Paragraph 4, Items 2), 3), 4) and 5) hereof, the Government shall, at the proposal of the Ministry, adopt a decision on amendment of the National Action Plan and establish a proposal of measures to be taken for the realization of the established share achievement dynamics within a reasonable deadline.

### **Calculation of the share of energy from renewable sources**

#### ***Article 67***

The Ministry shall prescribe the method of calculation of the share of energy from renewable sources in the gross final energy consumption, the method of calculation of the amount of electricity generated from hydropower plants and wind power plants, the energy content of fuels used in traffic, the method of calculation of the impact of biofuels, bio liquids and their comparable fossil fuels on greenhouse gas emissions, as well as the method of calculation of the amount of energy from heat pumps.

### **Mechanisms of cooperation**

#### ***Article 68***

The Republic of Serbia may agree on mechanisms of cooperation with other countries for the purpose of achieving the mandatory share of energy from renewable sources in the gross final energy consumption, in accordance with ratified international agreements.

Mechanisms of cooperation are forms of cooperation among countries that include: joint projects, statistical transfers from energy balances of the countries, joint support schemes and other forms of cooperation ensuring reduction of the countries' expenditures for the achievement of their own total mandatory share of renewable energy sources in the gross final energy consumption.

The mechanisms of cooperation under Paragraph 1 hereof may be agreed upon for a period of one or more years.

At the proposal of the Ministry, the Government shall create conditions to ensure the mechanisms of cooperation.

Not later than within three months as of the end of the year in which the mechanisms of cooperation are realised, the Ministry shall submit a notice that shall particularly contain the

information on the quantities and prices of energy subject to cooperation to the competent authority, in accordance with international agreements..

### **Information flow and training**

#### ***Article 69***

The Ministry is obliged to ensure that the information on incentive measures is available to all the parties concerned about the use of energy from renewable energy sources.

In cooperation with other state bodies and with the participation of the Autonomous Province and local self-government units, the Ministry is obliged to prepare appropriate information, programs, training sessions and instructions for the purpose of informing citizens about the advantages and practical aspects of the development and use of energy from renewable energy sources.

### **Status of a privileged electricity producer, temporary status of a privileged electricity producer, and status of an electricity producer from renewable energy sources**

#### ***Article 70***

An energy entity may acquire the status of a privileged electricity producer (hereinafter: a privileged producer) for a power plant or part of a power plant if

- 1) it uses renewable energy sources in the electricity generation process and meets the conditions referring to the installed power, namely: up to 30 MW in hydro power plants, up to 30 MW in hydro power plants on the existing infrastructure, and in accordance with the act under Article 74 hereof in biomass power plants, biogas power plants, wind power plants, solar power plants, geothermal power plants, waste power plants, and other power plants;
- 2) if it is constructed and suitable for use pursuant to the law regulating the construction of facilities;
- 3) if it has a special metering point, separated from metering points in other technological processes, for measuring electricity, i.e. heat that is taken over and delivered;
- 4) it produces electricity in newly constructed, i.e. reconstructed facilities in which unused equipment has been installed;
- 5) it owns a license for performing activities pursuant to this Law;
- 6) it uses wind and solar energy, and its installed power is lower than the free capacity determined by the act under Article 74 hereof;

7) it meets other conditions in accordance with the act under Article 74 hereof.

An energy entity may acquire the status of a privileged producer for a power plant, i.e. a part of it that generates electricity from highly efficient combined production of electricity and heat if:

- 1) it simultaneously generates electricity and heat with a high level of primary energy utilisation in a separate production facility with the installed capacity of up to 10 MW;
- 2) if it is constructed and suitable for use pursuant to the law regulating the construction of facilities;
- 3) if it has a special metering point, separated from metering points in other technological processes, for measuring electricity, i.e. heat that is taken over and delivered;
- 4) it produces electricity in newly constructed, i.e. reconstructed facilities in which unused equipment has been installed;
- 5) it owns a license for performing activities pursuant to this Law;
- 6) it meets other conditions in accordance with the act under Article 74 hereof.

An energy entity may acquire the status of a producer of electricity from renewable sources (hereinafter: the producer from renewable sources) for that power plant if:

- 1) it uses renewable energy sources in the electricity generation process;
- 2) if it is constructed and suitable for use pursuant to the law regulating the construction of facilities;
- 3) if it has a special metering point, separated from metering points in other technological processes, for measuring electricity, i.e. heat that is taken over and delivered;
- 4) it owns a license for performing activities pursuant to this Law;
- 5) it meets other conditions in accordance with the act under Article 74 hereof.

The status of a privileged producer must not be acquired for a pumped-storage hydro power plant.

A natural person producing electricity from renewable sources may also acquire the status of a privileged producer, the temporary status of a privileged producer, and the status of a producer from renewable sources, but only for one power plant with the installed power of up to 30 kW, under the conditions prescribed under Paragraphs 1-3 hereof.

The energy entity and natural person under Paragraph 5 hereof must not simultaneously have the status of a producer from renewable sources and the status of a privileged producer for the same power plant.

### ***Article 71***

Prior to obtaining the status of a privileged producer, the energy entity, i.e. natural person under Article 70, Paragraph 5 hereof may acquire the temporary status of a privileged electricity producer (hereinafter: a temporary privileged producer) if:

- 1) it can commission the construction of a power plant under Article 70, Paragraphs 1 and 2 hereof, pursuant to the law regulating the construction of facilities;
- 2) it has acquired a financial security instrument in accordance with the act under Article 74 hereof, in case that it does not acquire the status of a privileged producer pursuant to Paragraph 2 hereof for a power plant with the installed power exceeding 100 kW;
- 3) it arises from the technical documentation as well as from the provisions of this Law and regulations passed on the basis hereof that for the planned power plant it may acquire the status of a privileged producer.

The status of a temporary privileged producer shall be valid for a period of three years as of the date of coming into effect of the decision on acquisition of the temporary status of a privileged electricity producer, i.e. one year for power plants using solar energy.

If a temporary privileged producer does not acquire the status of a privileged producer within the period under Paragraph 2 hereof, the status of a temporary privileged producer may be extended for one year at the longest, provided that the evidence that the power plant has been constructed is submitted along with the request for extension.

The request under Paragraph 3 hereof shall be submitted not later than 30 days prior to expiry of the period under Paragraph 2 hereof. The Ministry shall issue the decision within 30 days as of the request submission date. The decision may be appealed to the Government within 15 days as of the date of its receipt.

In case of the occurrence of any contingencies that prevent a temporary privileged producer from acquiring the status of a privileged producer, pursuant to this Law, during the validity period of the status of a temporary privileged producer, the status of a temporary privileged producer may be extended for a period necessary to eliminate the contingencies described in more detail in the act under Article 74 hereof.



## **Article 72**

The status of a privileged producer, the status of a temporary privileged producer and the status of a producer from renewable sources shall be established by the Ministry, by issuing a decision within 30 days as of the request submission date.

The request for obtaining the status under Paragraph 1 hereof shall be submitted in a form the contents of which shall be determined in accordance with the act under Article 74 hereof. Enclosed with the request, the applicant shall submit the evidence of the fulfilment of conditions under Article 70 hereof, as well as other evidence pursuant to this Law and regulations passed on the basis hereof.

The decision under Paragraph 1 hereof may be appealed to the Government within 15 days as of the decision receipt date.

## **Article 73**

The status of a privileged producer shall be revoked if:

- 1) the decision on acquiring the status of a privileged electricity producer has been issued on the basis of false information;
- 2) the producer fails to fulfil the obligations stipulated by the law and the act under Article 74 hereof;
- 3) it produces electricity contrary to the conditions under which it has acquired the status of a privileged producer;
- 4) the acts on the basis of which it has acquired the status of a privileged producer have been lawfully revoked, declared void or abolished.

The status of a producer from renewable sources shall be revoked if:

- 1) the decision on acquiring the status of an electricity producer has been issued on the basis of false information;
- 2) the producer fails to fulfil the obligations stipulated by the law and the act under Article 74 hereof;
- 3) it produces electricity contrary to the conditions under which it has acquired the status of an electricity producer from renewable sources;
- 4) the acts on the basis of which it has acquired the status of a producer from renewable sources have been lawfully revoked, declared void or abolished.

The status of a temporary privileged producer shall be revoked if:

- 1) the decision on acquiring the temporary status of a privileged producer from renewable sources has been issued on the basis of false information;
- 2) the producer fails to fulfil the obligations stipulated by the law and the act under Article 74 hereof;
- 3) the acts on the basis of which it has acquired the status of a temporary privileged producer have been lawfully revoked, declared void or abolished;
- 4) if the producer fails to maintain the financial security instrument during the validity period of the status of a temporary privileged producer.

The decision on revocation of the status of a privileged producer, the status of a producer from renewable sources and the status of a temporary privileged producer shall be issued by the Ministry.

The decision under Paragraph 4 hereof may be appealed to the Government within 15 days as of the decision receipt date.

The status of a privileged producer shall cease upon termination of an agreement on electricity purchase under Article 76, Paragraph 3.

#### ***Article 74***

The Government shall prescribe the conditions and procedure of acquisition, duration and termination of the status of a privileged producer, temporary privileged electricity producer and electricity producer from renewable energy sources, the contents of the request and evidence of the fulfilment of conditions for obtaining the status of a privileged producer, payment security instruments, a minimum level of primary energy utilisation in power plants with highly efficient combined production of electricity and heat, depending on the type of the main energy-generating product and the installed power, maximum capacities of all power plants using wind and solar energy that will obtain the status of a privileged producer, i.e. temporary privileged producer, the contents and method of keeping the registry under Article 75 hereof, and other matter in accordance with the Law.

#### ***Article 75***

The Ministry shall keep the registry comprising data:

- 1) on producers having the status of a privileged producer;
- 2) on producers having the status of a temporary privileged producer;
- 3) on producers having the status of a producer from renewable sources;

4) on producers whose status under Items 1), 2) and 3) of this Paragraph has terminated.

### **Incentive measures**

#### ***Article 76***

The incentive measures for privileged electricity producers include:

- 1) the obligation of purchasing electricity from a privileged producer;
- 2) prices at which such electricity is purchased;
- 3) the validity period of the electricity purchase obligation;
- 4) undertaking balance responsibility;
- 5) and other incentive measures prescribed by the act passed on the basis hereof, as well as by other laws and regulations governing taxes, customs and other duties, environmental protection and energy efficiency.

The incentive measures may be used by an energy entity that has acquired the status of a privileged producer pursuant to this Law.

A privileged producer shall be entitled to incentive measures by the conclusion of an agreement on electricity purchase with a guaranteed supplier, pursuant to this law and regulations passed on the basis hereof. A guaranteed producer shall conclude an agreement on electricity purchase within 30 days as of the request submission date.

The agreement on electricity purchase under Paragraph 3 hereof, in addition to the elements stipulated by the law regulating contracts and torts, shall particularly comprise the following elements:

- 1) the type and installed power of the privileged producer's power plant;
- 2) the point where electricity enters the system;
- 3) the point and method of metering;
- 4) the price of electricity and the method and conditions for price changes;
- 5) the method and dynamics of calculation, billing and payment;
- 6) the interest in case of untimely payment;
- 7) payment security instruments;

- 8) obligations of a guaranteed supplier in terms of undertaking the balance responsibility and of a privileged producer in terms of planning the power plant operations;
- 9) incentive measures during trial operation, when the agreement is concluded by a temporary privileged producer;
- 10) and other elements in accordance with the act under Paragraph 5 hereof.

The Government shall prescribe in more detail the contents and other elements of the agreement on electricity purchase.

A privileged producer shall:

- 1) sell the overall produced electricity exclusively to the guaranteed supplier;
- 2) keep records on the consumption of energy sources;
- 3) submit plans of activities to the guaranteed supplier;
- 4) fulfil other obligations stipulated by this law and acts passed on the basis hereof.

#### ***Article 77***

A temporary privileged producer shall be entitled to incentive measures by the conclusion of an agreement on electricity purchase with a guaranteed supplier, under suspensive condition to acquire the status of a privileged producer pursuant to this law and regulations passed on the basis hereof.

Upon a request of a temporary privileged producer, the guaranteed supplier shall conclude an agreement on electricity purchase within 30 days as of the request submission date.

A temporary privileged producer that has acquired the status of a privileged producer pursuant to this Law shall be entitled only to incentive measures applicable on the date of submission of the request for obtaining the status of a temporary privileged producer.

The Government shall prescribe in more detail the contents and other elements of the agreement under Paragraph 1 hereof.

Rights and obligations of a temporary privileged producer and other energy entities in terms of use of incentive measures during the trial operation of a power plant shall be regulated by the act under Article 80 hereof.

## **Obligations of the guaranteed supplier referring to the purchase of electricity from privileged producers**

### ***Article 78***

The guaranteed supplier shall:

- 1) conclude an agreement on electricity purchase under Article 76, Paragraph 3, i.e. Article 77, Paragraph 1 hereof;
- 2) take over rights and obligations of the previous guaranteed supplier within the deadline, in the manner and under conditions determined by the public tender under Article 191 hereof;
- 3) keep a registry of agreements on electricity purchase, and publish them on its website;
- 4) undertake balance responsibility under Article 76, Paragraph 1, Item 4) hereof;
- 5) submit to the Ministry the data needed for establishing compensation as an incentive measure for privileged electricity producers, pursuant to the act under Article 79, Paragraph 4 hereof;
- 6) keep a separate account for transactions related to incentive measures and guarantees of origin, pursuant to this Law.

### **Incentive funds**

#### ***Article 79***

All final customers of electricity shall pay a fee for supporting privileged electricity producers, except in cases stipulated by this Law.

The fee under Paragraph 1 hereof is not paid for electricity consumed at pumped storage hydro power plants for the pumping operation mode.

The Government shall prescribe the method of calculation, payment and collection of funds based on the fee for incentive measures, as well as the method of allocation of the collected funds based on the fee for incentive measures.

At the proposal of the Ministry, not later than by the end of December of the current year for the following year, the Government shall determine the amount of fee under Paragraph 3 hereof, which shall be published in the "Official Gazette of the Republic of Serbia".

### ***Article 80***

The Government shall prescribe in more details the categories of privileged electricity producers, incentive measures for electricity generation from renewable sources and from highly efficient combined generation of electricity and heat, the conditions for their acquisition, the method for determining and the duration of the incentive period, rights and obligations arising from such measures of privileged electricity producers and other energy entities, and other matters in accordance with the law.

### ***Article 81***

In case of any changes of the data on facts that have served as a basis for issuing the decision on acquiring the status of a privileged producer, temporary status of a privileged producer, i.e. the status of a producer from renewable sources, the privileged producer, temporary privileged producer or the producer from renewable sources shall inform the Ministry of such changes within 60 days as of the date of their occurrence.

In the case under Paragraph 1 hereof, the Ministry shall amend the decision if such changes do not affect the fulfilment of conditions on the basis of which the decision has been issued.

## **Guarantee of origin**

### ***Article 82***

The transmission system operator shall issue a guarantee of origin, at the request of a producer from renewable energy sources, and shall be responsible for its accuracy, reliability and protection from misuse.

The distribution system operator shall submit to the transmission system operator the data on produced electricity for which the guarantee of origin is issued in accordance with the act under Article 87, Paragraph 6 hereof.

A guarantee of origin must not be issued for electricity generated at a pumped storage hydro power plant in case that such production is a result of pumping operation.

The request for issuing a guarantee of origin under Paragraph 1 hereof may be submitted within a period not longer than six months as of the last day of the period of generation of electricity for which the issuance of a guarantee of origin is required, and not later than until 15 March of the current year for production from the previous year.

The guarantee of origin shall be issued only once for a unit net amount of 1 MWh of produced electricity measured at the point of its delivery to the transmission, distribution or closed distribution system.

The period of production of electricity for which the guarantee of origin is issued must not be longer than one year.

The guarantee of origin shall be valid for one year as of the last day of the production period for which it is issued.

The guarantee of origin shall cease to be valid upon its utilisation, withdrawal or upon expiry of a year period as of the last day of the period of production of electricity for which it is issued.

The guarantee of origin shall be transferable.

The procedure for issuing, transfer, utilisation and termination of the guarantee of origin shall be based on the principles of objectivity, transparency and non-discrimination.

### ***Article 83***

A guarantee of origin issued in other countries shall be valid in the Republic of Serbia under reciprocity conditions, in accordance with the ratified international agreement.

If the transmission system operator becomes a member of the European association of authorities in charge of issuing guarantees of origin, the guarantee of origin issued in other countries shall be valid in accordance with the rules of such an association.

### ***Article 84***

Guarantees of origin may be transferred regardless of the produced electricity to which they refer. To ensure that electricity produced from renewable sources is only once presented to a customer as consumed, double calculation and double presentation must be avoided. Electricity produced from renewable sources, for which the producer from renewable sources has sold the associated guarantees of origin separately from that electricity, must not be presented or sold to final customers as electricity generated from renewable sources.

### ***Article 85***

A guarantee of origin for electricity generated from renewable sources shall particularly include:

- 1) the name, location, type and power of the production capacity;
- 2) the date of putting the facility into operation;
- 3) information that the guarantee of origin refers to electricity;

- 4) the start date and completion date of the production of electricity for which the guarantee of origin is issued;
- 5) information whether investment support was used for the construction of the production capacity, and the type of such support;
- 6) information whether incentive measures were used, and the type of incentives;
- 7) the date and country of issue and the unique identification number.

A guarantee of origin for electricity produced in power plants with highly efficient combined production of electricity and heat, in addition to information under Paragraph 1 hereof, shall also include:

- 1) lower heating power of the energy source used for the production of electricity for which the guarantee of origin is issued;
- 2) the intended purpose of heat produced in the plant for combined production of electricity and heat for which the guarantee of origin is issued;
- 3) the power plant efficiency at an annual level.

The quantity of electricity produced from renewable sources that equals the quantity of guarantees of origin transferred from the supplier to a third party shall be deducted from the share of electricity from renewable sources in the mix of that supplier for the purpose under Article 196, Paragraph 1 hereof.

### ***Article 86***

The transmission system operator shall keep the registry of guarantees of origin in an electronic form and publish the data from the registry on its website, in accordance with the act under Article 87, Paragraph 6 hereof.

The registry shall also contain the guarantees of origin issued in accordance with Article 83 hereof, with an indication that they have been issued in a foreign country.

The transmission system operator shall be entitled to a fee for the issuance, transfer and utilisation of a guarantee of origin, in accordance with the act regulating the amount of fee to which the Agency shall give its consent.

The act under Paragraph 3 hereof shall be published on the website of the transmission system operator and the Agency.



### ***Article 87***

The transmission system operator shall calculate and publicly announce the shares of all types of energy sources in the electricity sold to final customers in the Republic of Serbia.

When performing the calculations under Paragraph 1 hereof, the transmission system operator shall particularly take into account the used and expired guarantees of origin.

The supplier shall calculate and present to final customers the data on the share of each energy source in the total sold electricity under Article 196, Paragraph 1 hereof, on the basis of the publicly announced data of the transmission system operator under Paragraph 1 hereof and the used guarantees of origin.

The Agency shall supervise the transmission system operator, distribution system operator, suppliers and other entities in performing the obligations stipulated by the law and regulations passed on the basis of the law, which govern guarantees of origin.

The Ministry shall prescribe in more detail the manner in which the share of all energy sources in the sold electricity is calculated and presented to final customers, and the manner of control of those calculations.

At the proposal of the Ministry, the Government shall prescribe in more detail the contents of the guarantee of origin, the procedure of its issuance, transfer and termination, the method of registry keeping, the method of the submission of data on the produced electricity measured at the point of its delivery to the transmission, distribution and closed distribution system, supervision, as well as other matters in accordance with the law.

## **VI. PRICES OF ENERGY, ENERGY SOURCES AND SERVICES**

### ***Article 88***

The prices of energy, energy sources and services provided by energy entities in performing their energy-related activities shall be free, unless otherwise stipulated by this Law.

Regulated prices are the following:

- 1) electricity transmission use-of-system charges;
- 2) electricity distribution system use-of-system charges;
- 3) natural gas transport system use-of-system charges;
- 4) natural gas distribution system use-of-system charges;
- 5) prices of access to the natural gas storage facility;

- 6) prices of access to the system for oil transport via oil pipelines;
- 7) prices of access to the system for oil derivatives transport via oil derivatives pipeline;
- 8) prices of natural gas for public supply;
- 9) prices of ancillary services: primary regulation, voltage regulation, voltage-free starting and remote site operation.

In addition to prices under Paragraph 2 hereof, the following prices may also be regulated:

- 1) prices of electricity for guaranteed supply;
- 2) prices of power reserve lease for system services of secondary and tertiary control.

### ***Article 89***

Once a year the Agency shall analyse the need for the regulation of prices under Article 88, Paragraph 3 hereof on the basis of the achieved competitiveness level in the domestic electricity market, the accomplished level of protection of energy vulnerable customers, the development of the regional electricity market and the assessment of available cross-border capacities, and prepare and publish a report on the need for the further regulation of those prices.

For the purpose of preparation of the report under Paragraph 1 hereof, the Ministry, competent authority in charge of competition protection and energy entities shall submit the needed data and assessments within their competence.

When the Agency determines that the need for the regulation of prices under Article 88, Paragraph 3, Item 1) hereof has ceased, it shall inform the Ministry.

The Ministry shall carry out a public tender procedure pursuant to Article 191 hereof, not later than within six months of becoming aware of the fact that the need for the regulation of prices has ceased.

When the Agency determines that the need for the regulation of prices under Article 88, paragraph 3, Item 2) hereof has ceased, fully or partially, it shall inform the system operator.

The Government shall prescribe the method for determining the highest prices of basic oil derivatives without fiscal duties in case of preventing disturbances in the oil and oil derivatives market or elimination of harmful consequences of disturbances in the oil and oil derivatives market.

Regulated prices under Article 88, Paragraph 2, Items 1) to 9), and Paragraph 3 hereof shall be published in the "Official Gazette of the Republic of Serbia", while the other regulated prices shall be published on the website of the energy entity and the Agency.

## ***Article 90***

Regulated prices under Article 88, Paragraph 2, Items 1) to 9) and Paragraph 3 hereof shall be determined on the basis of methodologies adopted by the Agency.

The methodologies under Paragraph 1 hereof shall particularly determine:

- 1) the method of price regulation that may be based on justifiable operating costs and an adequate return on funds invested in the efficient performing of an energy-related activity, on the application of incentive mechanisms for determining revenues or prices, as well as on the comparison of regulated prices, individual operating costs or returns on invested funds of an energy entity with comparable energy entities in energy-related activities where it is appropriate;
- 2) the elements for which tariffs are determined, as well as the method of calculation of regulated prices, i.e. the tariff and the method of calculation of delivered electricity, i.e. natural gas and performed services;
- 3) the categories and groups of customers, i.e. system users in energy-related activities where it is appropriate;
- 4) the duration of the regulatory period as a period of time for which the regulated prices are calculated, and
- 5) the criteria and method for determining the justifiability of expenses and standards, as appropriate.

The methodology may determine different prices, i.e. tariffs, depending on the quality of received energy or energy sources and takeover conditions, the power, i.e. capacity, the annual, seasonal, monthly and daily dynamics of delivery, the category and group of customers, i.e. system users, the point of takeover, the manner of consumption, the method of measurement, and other characteristics.

The methodology under Article 50, Paragraph 1, and Item 6) hereof shall also determine the compensation to the transport system owner in case of an independent system operator.

## ***Article 91***

The regulated prices shall ensure:

- 1) covering of justified operating costs and an adequate return on funds that are efficiently invested in the performance of a regulated activity, which ensure short-term and long-term security of supply, i.e. sustainable system development taking into account the

revenues and expenditures related to the cross-border capacity allocation and application of energy transit compensation mechanisms and other revenues;

- 2) system operation safety;
- 3) promotion of economic and energy efficiency;
- 4) non-discrimination, i.e. equal position of the same category and group of customers and system users;
- 5) prevention of cross-subsidies among individual activities performed by energy entities and among individual customers, categories and groups of customers, i.e. system users.

When preparing the methodology for determining the price of access to the natural gas transport system and the methodology for determining the price of access to the natural gas storage facility under Article 50, Paragraph 1, Items 6) and 8) hereof, it shall be ensured that the price of interruptible capacity reflects the likelihood of interruption.

#### ***Article 92***

The Agency shall give its consent on the acts on prices adopted by energy entities under Article 88, Paragraph 2, Items 1) to 8), and Paragraph 3, Item 1) hereof, and determine the prices under Article 88, Paragraph 2, Item 9), and Paragraph 3, Item 2) hereof.

The Agency shall determine the type of data the energy entities are obliged to submit along with the act on prices under Paragraph 1 hereof, as well as deadlines and the method of their submission.

The Agency has the authority to require from energy entities to change the regulated price under Paragraph 1 hereof, and the energy entity shall act upon the Agency's request within 30 days as of the request receipt date.

In case that the energy entity fails to act upon the Agency's request within the prescribed deadline, the Agency shall issue a decision determining a temporary regulated price under Paragraph 1 hereof, which shall be applied until the regulated price is formed in accordance with methodologies under Article 50, Paragraph 1 hereof. If the revenue recorded by the use of temporary prices differs from the revenue that would be recorded by the use of the regulated price determined in accordance with methodologies under Article 50, Paragraph 1 hereof, the difference shall be calculated and included in the regulated price for the following regulatory period, in accordance with methodologies.

#### ***Article 93***

In case that the Agency refuses to give its consent to the acts on prices upon a request of an energy entity, it shall issue such a decision within 60 days as of the date of submission of a valid request.

The decision under Paragraph 1 hereof shall comprise an explanation of the reason for the denial of consent to the submitted acts on prices shall be final, and administrative proceedings may be initiated against it.

## **VII. ELECTRICITY**

### **Electricity generation**

#### ***Article 94***

Electricity generation shall include the production in hydro power plants, thermal power plants, thermal power plants - heating plants, and other power plants using renewable energy sources (hereinafter: power plants).

An energy entity performing the activity of electricity generation (hereinafter: the Electricity Producer), pursuant to this Law, shall be entitled to:

- 1) use energy sources it deems most efficient in its facilities for electricity generation, in accordance with the conditions prescribed by this Law and other regulations;
- 2) sell the produced electricity;
- 3) use the electricity transmission and distribution system under the conditions stipulated by this Law and rules on the transmission and distribution system operation.

The Electricity Producer shall:

- 1) meet the conditions listed in the license for performing energy-related activities;
- 2) maintain production capacities in proper condition, ensure their constant operational readiness and safe use, in accordance with technical and other regulations;
- 3) observe regulations and rules referring to the transmission and distribution system operation and functioning of the market, regulations referring to competition protection, as well as decisions issued by competent authorities;
- 4) offer ancillary services to the transmission or distribution system operator, in accordance with the technical characteristics and rules on the transmission and distribution system operation, as well as the rules on electricity market functioning;
- 5) conclude an agreement on the provision of ancillary services with the transmission or distribution system operator;

- 6) make it possible for competent system operators to verify the compliance of technical characteristics of their facilities and operational procedures with the issued act on connection, agreed ancillary services and rules on the transmission or distribution system operation;
- 7) offer to the transmission system operator all the unused production capacities for the needs of balancing and ensuring safe system operation in accordance with technical characteristics and rules on the transmission and distribution system operation, as well as rules on electricity market functioning;
- 8) conclude an agreement on participation in the balance mechanism with the transmission system operator;
- 9) conclude an agreement on the power plant exploitation with the system operator to whose system it is connected;
- 10) to make the data needed for system operation available to the transmission or distribution system operator, in accordance with the rules on the transmission and distribution system operation, as well as the rules on electricity market functioning;
- 11) observe the prescribed conditions referring to energy efficiency and environmental protection;
- 12) submit to the transmission and distribution system operator and the Agency the data needed for the fulfilment of prescribed obligations referring to transparency and supervision of the electricity market;
- 13) keep for a period of five years all hourly data on electricity production by power plants having at least one production facility with the installed power of at least 250 MW, and make the data available to the Agency and other competent authorities, pursuant to the law.

#### ***Article 95***

The power plants under Article 94, Paragraph 1 hereof that are connected to the transmission or distribution system shall be technically capable and operationally ready for the provision of ancillary services in accordance with the transmission or distribution network codes, and in accordance with their specific technologies.

The ancillary services shall be procured on the basis of market principles, in accordance with the principles of transparency and non-discrimination, and in the manner stipulated electricity market rules.

## **Electricity transmission system and transmission system operation**

### ***Article 96***

The transmission system operator shall perform the activity of electricity transmission and transmission system operation in an objective, transparent and non-discriminatory manner.

### ***Article 97***

The electricity transmission system comprises:

- 1) electricity transmission network;
- 2) control centres and control systems in the function of performing activities of electricity transmission and transmission system operation;
- 3) telecommunications infrastructure in transmission system facilities, including optical fibres in the ground wire of overhead lines with the voltage of 400 kV, 220 kV and 110 kV, as well as telecommunications infrastructure in facilities of the distribution system operator, producers and customers, necessary for performing the transmission system operation activities;
- 4) information system and other infrastructure necessary for the transmission system and market operation.

Electricity transmission network pursuant to Paragraph 1, Item 1) hereof is a functionally connected set of electricity facilities comprising power lines with the voltage of 400 kV and 220 kV, overhead power lines with the voltage of 110 kV, ending with the tension string on the portal of the distribution transformer station with the voltage of 110/h kV, and underground power lines with the voltage of 110 kV, ending with the cable end in the distribution transformer station with the voltage of 110/h kV, transformer stations of 400/h kV and 220/h kV, and distribution switchgear facilities with the voltage of 400 kV and 220 kV, as well as terminal switchgear facilities of 400 kV and 220 kV in transformer station with the voltage of 400/h kV and 220/h kV, to which the facilities of customers and producers are connected, distribution switchgear facilities of 110 kV, terminal switchgear facilities of 110 kV in transformer stations with the voltage of 110/h kV where the facilities of customers and producers are connected to the electricity transmission network, and electricity metering devices at all points of takeover, to and from the transmission system.

## **Unbundling electricity transmission system operators**

### ***Article 98***

Independence of the transmission system operator is achieved in the manner that the same person or persons are not authorised to:

- 1) directly or indirectly exercise control of energy entities performing energy-related activities of electricity production or supply, and simultaneously directly or indirectly exercise control or have any other authority over the transmission system operator or the transmission system;
- 2) directly or indirectly exercise control or have any other authority over the transmission system operator or the transmission system, and simultaneously directly or indirectly exercise control over energy entities performing energy-related activities of electricity production or supply;
- 3) appoint members of the supervisory board or other management bodies, as well as legal representatives of the transmission system operator, and simultaneously directly or indirectly exercise control over energy entities performing energy-related activities of electricity production or supply;
- 4) be simultaneously appointed as members of the supervisory board or other management bodies and legal representatives of the transmission system operator and other energy entities performing energy-related activities of electricity production or supply.

The provisions under Paragraph 1, Items 1), 2) and 3) hereof shall particularly apply to:

- 1) the voting right;
- 2) the right to appoint members of the supervisory board or other management bodies as well as legal representatives;
- 3) ownership of the majority share in the ownership structure.

#### ***Article 99***

In case that the person under Article 98 hereof is the Republic of Serbia or another state authority, the control of the transmission system operator, on one side, and energy entities performing energy-related activities of electricity production and supply, on the other side, must not be exercised by the same person, i.e. the same state authority, and in case that the control is exercised by different persons or state authorities, they must not be controlled by the same third party.

#### **Certification and determining the electricity transmission system operator**

#### ***Article 100***

Prior to obtaining the license and becoming the transmission system operator, a legal entity shall be certified pursuant to this Law.



The fulfilment of conditions under Articles 98 and 99 hereof shall be determined during the certification procedure.

The certification procedure is initiated upon:

- 1) a request of the legal entity that is the owner of the transmission system, i.e. network;
- 2) a request of the Agency if the legal entity fails to submit an application for certification, or
- 3) a reasoned request of the competent authority in accordance with the obligations arising from ratified international agreements.

### ***Article 101***

The Agency shall carry out the certification procedure and issue a decision on certification of the transmission system operator, pursuant to this Law and regulations passed on the basis hereof.

The act under Article 27, Paragraph 7 hereof shall regulate in more detail: the certification procedure, contents of the certification request, contents of the decision on certification, and documents to be enclosed with the request, and particularly:

- 1) data on the applicant, including the data on capital assets, the list of co-owners, annual financial statements with auditor reports, articles of incorporation, i.e. the statute;
- 2) evidence of the ownership and other rights to the network;
- 3) data on the control over the transmission system operator, bodies and persons that directly or indirectly exercise control of the system operator, and
- 4) other documents and data needed for conducting the certification procedure.

### ***Article 102***

The Agency shall issue the decision on certification of the transmission system operator within four months as of the date of submission of the request under Article 100, Paragraph 3, Items 1) and 3) hereof.

In case that the Agency fails to issue the decision under Paragraph 1 hereof, the decision on certification shall be deemed issued.

The Agency shall, without delay, submit the decision on certification of the transmission system operator with supporting documents to the competent authority, in accordance with the obligations arising from ratified international agreements, for opinion.

If the competent authority, in accordance with the obligations arising from ratified international agreements, fails to submit its opinion within two months as of the date of submission of the decision on certification, it shall be deemed that the competent authority has agreed with the Agency's decision.

Within two months as of the receipt of the opinion of the competent authority, in accordance with the obligations arising from ratified international agreements, the Agency shall issue the final decision on certification of the transmission system operator, taking into account the given opinion.

The Agency's decision and the opinion of the competent authority, in accordance with the obligations arising from ratified international agreements, shall be published together in the "Official Gazette of the Republic of Serbia" and on the websites of the transmission system operator and the Agency.

In case that the final decision of the Agency differs from the opinion of the competent authority, in accordance with the obligations arising from ratified international agreements, the Agency shall publish an explanation for such a decision, together with the decision and opinion under Paragraph 6 hereof.

### ***Article 103***

The certified transmission system operator shall inform the Agency of all the planned changes that may require the reassessment of the fulfilment of conditions under Articles 98 and 99 hereof.

The Agency shall constantly monitor whether the certified transmission system operator meets the conditions under Articles 98 and 99 hereof, and shall initiate a new certification procedure in the following cases:

- 1) when the transmission system operator informs it about the changes under Paragraph 1 hereof;
- 2) when it becomes aware of any planned changes that represent a reason for a new certification procedure or may lead or have led to violation of the regulation on separation;
- 3) when the competent authority, in accordance with the obligations arising from ratified international agreements, submits a justifiable request.

### ***Article 104***

The certification procedure under Article 103 hereof shall be carried out pursuant to Articles 101 and 102 hereof.

#### ***Article 105***

The transmission system operator and energy entities performing the activity of electricity and natural gas production or supply shall submit to the Agency all the data and all documents necessary for the transmission system operator certification procedure.

The Agency shall keep confidential commercially sensitive information under Paragraph 1 hereof.

#### **Certification of the transmission system operator in relation to third countries**

#### ***Article 106***

A certification procedure commenced on the basis of a certification request submitted by the transmission network owner or transmission system operator controlled by a person or persons from a third country or third countries shall be governed by the provisions of Articles 101 and 102 hereof, taking into account the provision of Article 107 hereof.

The Agency shall, without delay, inform the Ministry and the competent authority, in accordance with the obligations arising from ratified international agreements, about the request and any circumstances that may result in possible takeover of control over the transmission network or transmission network operator by a person or persons from a third country or third countries.

The transmission system operator shall inform the Agency of any circumstances that may result in possible takeover of control over the transmission system operator or the transmission system by a person or persons from a third country or third countries.

#### ***Article 107***

The Agency shall deny certification of the transmission system operator controlled by one or more persons from a third country or third countries, in the following cases:

- 1) if the transmission system operator does not meet the requirements under Article 98 hereof;
- 2) if the awarding of certificate endangers the security of electricity supply to the Republic of Serbia and the region.

During the consideration under Paragraph 1, Item 2) hereof, the Agency shall particularly take into account the provisions of:

- 1) the international law and obligations referring to third countries, including agreements concluded with one or more third countries the signatory to which is also a party to the agreement under Article 2, Item 78) hereof, arising from ratified international agreements and referring to the security of supply;
- 2) rights and obligations of the Republic of Serbia in relation to the third country, arising from agreements concluded with that country, as well as agreements signed by the Republic of Serbia in the process of European integrations;
- 3) other specific facts and circumstances of the case and that third country.

When issuing the decision on certification, the Agency shall take into account the opinion of the Ministry on the impact on the security of supply to the Republic of Serbia or the region.

The Ministry may request that the Agency make a final decision in accordance with the opinion in case that the issuance of certificate endangers the security of supply to the Republic of Serbia or the region, or represents a danger for the safety of the Republic of Serbia.

In case that the final decision is not in line with the opinion of the competent authority, in accordance with the obligations arising from ratified international agreements, the Agency shall publish an explanation for such a decision in the manner prescribed by Article 102 hereof.

The Agency is entitled to reject a request for certification in case that the issuance of the certificate endangers the security of supply to the Republic of Serbia or the region, or represents a danger for the safety of the Republic of Serbia.

## **Responsibilities and duties of the electricity transmission system operator**

### ***Article 108***

The electricity transmission system operator shall be responsible for:

- 1) safe, reliable and secure operation of the transmission system and quality of electricity delivery;
- 2) ensuring adequate transmission capacity in the function of safe supply;
- 3) management of the transmission system and a part of the distribution system with the voltage of 110 kV, which includes coupling bays of 110 kV, bus bars of 110 kV and line bays of 110 kV, in a manner that ensures safety of electricity delivery;

- 4) non-discriminatory and transparent access to the transmission system and the provision of a reasonable explanation in case of access denial;
- 5) development of the transmission system that ensures long-term capacity of the transmission system for the fulfilment of rational requirements in relation to electricity transmission, taking care of environmental protection;
- 6) construction of the connection to the transmission system;
- 7) coordinated operation of the transmission system of the Republic of Serbia with interconnected transmission systems, i.e. with distribution systems in the Republic of Serbia;
- 8) managing power flows taking into account the exchange with other interconnected systems, provision of necessary ancillary services, including consumption management services, to an extent to which such availability is independent from any other transmission system with which its system is interconnected;
- 9) system balancing;
- 10) determining technical, technological and other necessary conditions for the connection of power facilities, devices and plants into a single system;
- 11) correctness and reliability of electricity measurement at the points of takeover, into and from the transmission system;
- 12) arranging and administering electricity market within its competence;
- 13) efficient and functional connection of the electricity market in the Republic of Serbia with neighbouring electricity markets, in cooperation with the electricity market operator in the Republic of Serbia, as well as transmission system operators and market operators of neighbouring countries, in accordance with internationally established principles and undertaken obligations.

#### ***Article 109***

The electricity transmission system operator shall:

- 1) apply the rules of relevant European associations of transmission system operators of which it is a member, and participate in the activities of the European Network of Transmission System Operators;
- 2) cooperate with transmission system operators, market operators and other relevant stakeholders, aiming at the establishment of an integrated regional and Pan-European electricity market;

- 3) not discriminate any transmission system user or a group of system users;
- 4) provide information to transmission system users for the efficient system access based on the principles of transparency and non-discrimination;
- 5) ensure confidentiality of commercially sensitive information obtained during performing the activity and publish information that may ensure advantage in the market in a non-discriminatory manner;
- 6) ensure the right to access to electricity consumption data pursuant to Article 56, Paragraph 1, Item 11) hereof;
- 7) pass rules on the transmission system operation;
- 8) pass rules on the allocation of cross-border transmission capacities;
- 9) publish the criteria and procedures referring to safety, management and planning of the transmission system operation, including general principles for calculating the overall transmission capacity and reliability margin on the basis of electrical and physical network properties;
- 10) publish the assessment of available transmission capacity on a daily basis, indicating all the available transmission capacities that are already reserved. The publication shall take place in certain intervals prior to the day of utilisation of the available transmission capacity, and shall include weekly and monthly assessed values, as well as the indication of the expected reliability of available capacities;
- 11) participate in the cost compensation mechanism for electricity transited via the transmission system of the Republic of Serbia, in accordance with the agreement with other transmission system operators, and collect fees for managing congestions in the transmission network;
- 12) pass rules on the electricity market operation;
- 13) pass rules on the publication of key market data;
- 14) collect and publish data and information on accordance with the Rules for the Publication of Key Market Data under Article 176 hereof;
- 15) establish mechanisms for coordination and exchange of information that ensure the safety of network operation in the context of congestion management;
- 16) publish relevant data on the total forecast consumption and actual consumption, availability and use of system user facilities, availability and use of the network and interconnection, balance energy and reserved capacity;
- 17) maintain and develop the transmission system;

- 18) adopt a transmission system development plan every year for a period of at least ten years;
- 19) adopt a plan of investments in the transmission system every year for a period of up to three years, harmonised with the plan of investments of distribution systems;
- 20) provide adequate means for the fulfilment of its obligations;
- 21) issue a decision on the price of access to the transmission system in accordance with the methodology under Article 50, Paragraph 1, Item 1) hereof;
- 22) provide balancing services in accordance with transparent, non-discriminatory and market principles that will ensure appropriate support to system users in balancing their delivery and takeover of electricity;
- 23) determine the price of electricity for the purpose of system balancing, pursuant to Article 174, Paragraph 2 hereof;
- 24) determine technical, technological and other necessary conditions for the connection of power facilities, devices and plants into a single system;
- 25) pass a procedure for the connection of users to the transmission system;
- 26) verify the compliance of facilities of transmission system users with technical requirements listed in the transmission network code and inform system users of any changes of conditions;
- 27) use transmission system facilities in accordance with technical regulations;
- 28) take prescribed safety measures when using the transmission system and other capacities in the function of the transmission system;
- 29) take measures for an increase in energy efficiency and environmental protection;
- 30) primarily take over electricity generated from renewable energy sources, except in case that the safety of the transmission system operation is endangered;
- 31) conduct the procedure of issuance, transfer and termination of guarantees of origin, and keep a registry of guarantees of origin;
- 32) calculate and publicly announce the shares of all types of energy sources in the electricity sold to final customers in the Republic of Serbia;
- 33) submit to the Agency the plan of procurement of electricity for compensating losses for the following year;

- 34) procure electricity for the compensation of losses in the transmission network and ancillary services in its system, in accordance with transparent, non-discriminatory and market principles;
- 35) take measures for the reduction of losses in the transmission system;
- 36) monitor the security of supply and submit to the Ministry the data needed for the report on security of supply;
- 37) to ensure the security of supply, primarily hire producers using domestic energy sources for electricity generation, in an amount not exceeding 15% of the total quantity of energy sources used for electricity production in the calendar year, according to the energy balance of the Republic of Serbia;
- 38) exchange information necessary for the safe and secure system functioning with other system operators;
- 39) keep records needed for establishing indicators of electricity delivery and supply quality, and submit a report to the Agency in accordance with the rules under Article 51, Paragraph 1, Item 2) hereof;
- 40) submit to the Agency the data and documents under Article 56, Paragraph 1, Item 8) hereof;
- 41) submit to the Agency the data on changes of the supplier and the level of market openness;
- 42) submit to the Agency the reports on resolving complaints and appeals of system users;
- 43) take measures in order to provide for system users short and meaningful check-lists with practical information referring to their rights;
- 44) read electricity meters which fulfil the prescribed metrological requirements until the 8th day of the month for the previous month and grant access to data to the customer, producer and supplier within 3 days as of the date of reading;
- 45) control the protective area around transmission network facilities and take measures pursuant to the law;
- 46) pass an act on prices of non-standard services to which the Agency shall give its consent and which shall be published on the system operator's website, and
- 47) deal with other matters necessary for the transmission system operation and market functioning.



The development plan under Paragraph 1, Item 18) hereof and the investment plan under Paragraph 1, Item 19) hereof shall be submitted by the electricity transmission system operator to the Agency every year, for its consent.

#### ***Article 110***

The transmission system operator may neither purchase nor sell electricity, except for the purpose of provision of system services, system balancing, ensuring safe system operation and compensation of losses in the transmission system.

For the purpose of optimisation of electricity purchase for the compensation of losses, the transmission system operator may sell surplus electricity quantities in the organised electricity market, except when the electricity for the compensation of losses in the transmission system is purchased according to an agreement on full supply.

### **Transmission system development and authority for making investment decisions**

#### ***Article 111***

The transmission system operator shall every year submit to the Agency, for its consent, a ten-year transmission network development plan based on the forecast electricity production and consumption and the results of consultations with all stakeholders, and harmonised with the distribution network development plan.

The ten-year transmission network development plan shall comprise efficient measures for ensuring the system operation stability and security of supply.

The plan under Paragraph 1 hereof should:

- 1) show the market participants the needs for construction and reconstruction of the most significant transmission system infrastructure to be constructed or improved in the upcoming ten years;
- 2) contain all the investments for which the decision on realisation has been made and which are on-going, as well as investments to be realised in the upcoming three years;
- 3) determine deadlines for the realization of all investment projects.

#### ***Article 112***

When preparing the plan under Article 111 hereof, the transmission system operator shall analyse the adequacy of production and the transmission system for the expected development of consumption and electricity exchange with other transmission system

operators, and provide a realistic assumption of the consumption and production development dynamics, taking into account the regional investment plan.

### ***Article 113***

The Agency shall organise consultations about the plan under Article 111 hereof with existing and potential system users, in an impartial and transparent manner.

The Agency may require the stakeholders claiming that they are potential users to explain their claims.

The Agency shall check whether the ten-year transmission network development plan covers all the needs for investments defined in the process of consultations, and determine the compliance of the plan with the regional investment plan.

The Agency may require the system operator to amend the ten-year development plan.

Upon giving its consent to the plan under Article 111 hereof, the Agency shall publish on its website the results of consultations and potential amendments to the investment plan.

The Agency shall monitor and assess the realisation of the ten-year transmission system development plan and give in its annual report the assessment of realised investments, which may include recommendations for amendments to the plan.

### ***Article 114***

In case that the transmission system operator fails to implement the investment stipulated by the plan under Article 111, Paragraph 3, Item 2) hereof in the upcoming three years, except for any reasons outside its control, the Agency shall require the transmission system operator to implement the given investments if they are still necessary on the basis of the latest ten-year development plan.

## **Advanced metering systems**

### ***Article 115***

The transmission system operator shall establish technical requirements for the introduction of various forms of advanced metering systems and analyse technical and economic feasibility of the introduction of advanced metering systems and their effects on the market development.

On the basis of the analysis under Paragraph 1 hereof, the transmission system operator shall prepare an implementation plan of economically justifiable forms of advanced metering systems and submit it to the Ministry and the Agency for their opinion.

The transmission system operator shall include in the system development plan the introduction of advanced metering systems, in accordance with the implementation plan, for a period for which the development plan is adopted.

### **Rules on the electricity transmission system operation**

#### ***Article 116***

The electricity transmission network code shall regulate:

- 1) planning of the transmission system development, including the plan contents, method of planning and contents of the investment plan;
- 2) conditions for safe and reliable transmission system operation;
- 3) technical conditions for connecting to the transmission system;
- 4) obligations of transmission system users necessary for safe and reliable system operation;
- 5) obligations of the transmission system users and operator in the functional inspection and putting into operation of a part of the distribution system with the voltage of 110 kV, managed by the transmission system operator, as well as in elements of the electricity system of facilities of users and customers influencing safe and reliable transmission system operation, and in the inspection of operation of protective and control devices after significant plant events or disturbances in the transmission system operation;
- 6) the contents of the agreement on facility exploitation concluded with a customer, producer, distribution system operator and closed distribution system operator;
- 7) utilisation and maintenance of facilities;
- 8) parameters and method of electricity quality control;
- 9) planning of the transmission system operation;
- 10) procedure for reporting and confirming the program of operation of balance responsible parties;
- 11) types and scope of ancillary and system services;
- 12) operational procedures and transmission system operation under normal conditions and in case of disturbances;

- 13) access to the transmission system, payment security instrument and criteria for determining the amount and period for which it is required;
- 14) procedures for measurement by the use of the defined measuring equipment, criteria for the selection of the metering device liquid category and properties of accompanying devices and equipment, depending on the metering point position in the system and the type of system user;
- 15) training of personnel of the transmission system operator and users in the field of operational procedures, aiming at safe and reliable operation of the transmission system;
- 16) other matters necessary for the transmission system operation.

The code under Paragraph 1 hereof shall be passed by the electricity transmission system operator, upon obtaining the consent of the Agency.

The code under Paragraph 1 hereof shall be published on the website of the transmission system operator and the Agency.

The Agency shall publish the decision on giving its consent to the code under Paragraph 1 hereof in the "Official Gazette of the Republic of Serbia".

### **Connection to the transmission system**

#### ***Article 117***

The transmission system operator shall establish and publish a transparent, efficient and non-discriminatory procedure for the connection of facilities to the transmission system (hereinafter: the Procedure).

The Procedure under Paragraph 1 hereof shall include the order of activities of the transmission system operator and the person submitting the request for connection, and deadlines in the procedure of facility connection to the transmission system, referring to: the facility connection study, connection construction and supervision of construction, verification of the fulfilment of technical conditions listed in the connection approval, and other activities of significance for the connection that are not regulated by the law governing planning and construction.

The Procedure under Paragraph 1 hereof shall be approved by the Agency.

The Procedure shall be published on the website of the transmission system operator and the Agency.

The transmission system operator must not deny the facility connection on the basis of any future limitations in the existing transmission capacities such as congestion in distant parts of the transmission network.

The transmission system operator shall submit to the person submitting a request for connection the needed information referring to possible future limitations in the existing transmission capacities.

The transmission system operator must not deny the facility connection on the basis of any additional costs due to an increase in the capacity of the transmission network elements in the vicinity of the connection point.

### ***Article 118***

The transmission system operator is the investor of the connection construction and, as a rule, constructs the connection to the transmission system at the expense of the customer, i.e. electricity producer to be connected.

Upon a request of a customer, i.e. electricity producer, the transmission system operator shall authorise the customer, i.e. the producer to construct the connection on their own and at their own expense, on behalf of the system operator.

In the case under Paragraph 2 hereof, the system connection costs incurred by the customer, i.e. producer shall be reduced in accordance with the methodology for determining the costs of connection to the transmission and distribution system.

For the connection under Paragraph 2, the documentation shall be acquired in the name of the transmission system operator, pursuant to the law regulating construction of facilities.

The rights and obligations of the transmission system operator and the customer, i.e. producer shall be regulated by agreements, namely:

- 1) agreement on the preparation of a study of the facility connection to the transmission system;
- 2) agreement on the preparation of planning and technical documents and acquisition of necessary permits for the connection construction;
- 3) agreement on the connection construction supervision.

### ***Article 119***

The connection of the facility of an electricity producer or customer to the transmission system shall be carried out on the basis of the connection approval, pursuant to this Law.

The approval under Paragraph 1 hereof shall also be issued in case of merger or separation of installations or metering points, i.e. any changes of the approved power of the facility of electricity producer or customer, as well as reconnection due to disconnection.

The merger or separation of installations or metering points under Paragraph 2 hereof shall mean any changes in installations and devices in the facility of an electricity producer or customer.

Changes of the approved power of an electricity producer or customer shall mean an increase or reduction of the approved power.

The conditions and manner of issuing an approval for connection to the transmission system, the approved power and conditions for a change of the approved power, as well as the conditions for the merger or separation of installations or metering points, shall be defined in more detail by the regulation on conditions of electricity delivery and supply.

### ***Article 120***

The approval for connection of a facility shall be issued by means of a decision in administrative proceedings, in written form, upon a request of the person whose facility is to be connected, and upon obtaining the building permit for construction of the facility to be connected.

The transmission system operator shall also issue an approval for connection in the case of connection of a producer's or customer's facility to a part of the distribution system managed by the transmission system operator.

In the case under Paragraph 2 if this Article, the transmission system operator, prior to issuing the approval for connection, shall acquire from the distribution system operator the technical conditions for connection that are of interest for the distribution system, and prior consent to the issuance of approval for connection.

The system operator shall decide upon the request for connection of a customer's facility within 30 days as of the date of receipt of the written request, i.e. upon the request for connection of a producer's facility, within 60 days as of the date of receipt of the written request.

The decision under Paragraphs 1 and 2 hereof may be appealed to the Agency within 15 days as of the decision delivery date. The Agency's decision upon an appeal is final and administrative proceedings may be initiated against it.

### ***Article 121***

The approval for connection of a facility to the transmission system shall particularly include: the point of connection to the system, the method and technical conditions of connection,

costs of connection, necessary inspection of compliance with the Rules on the transmission system operation, the installed capacity, approved power, the point of electricity takeover and the method of energy and power measurement, the deadline for physical connection of the facility.

Technical and other conditions for the connection to the transmission system shall be determined pursuant to this Law, the regulation under Article 214 hereof, technical and other regulations, and rules on operation of the system to which the facility is to be connected.

### ***Article 122***

The costs of connection shall be determined by the transmission system operator, in accordance with the methodology for determining the connection costs adopted by the Agency.

The costs of connection shall be borne by the person submitting the request for connection.

The methodology under Paragraph 1 hereof shall determine the method and more detailed criteria for the connection costs calculation, depending on the point of connection to the system, leased capacity, the need for the execution of works and the need for the provision of services, or the need for the installation of necessary equipment or other objective criteria.

### ***Article 123***

The transmission system operator shall connect the facility of a customer, i.e. producer to the transmission system within 15 days as of the date of fulfilment of the following conditions:

- 1) conditions listed in the approval for connection;
- 2) that an act on the approval of putting into trial operation has been acquired for the facility, or the exploitation permit has been acquired for the facility and connection;
- 3) that the customer, i.e. the producer has submitted to the system operator an agreement on supply, without commercial information;
- 4) that the balance responsibility and access to the system have been regulated for the point of takeover.

An act on the conditions of electricity delivery and supply shall define in more detail the conditions and method of proving the fulfilment of conditions under Paragraphs 1 and 2 hereof.

If the transmission system operator fails to connect the facility of a customer; i.e. producer to the transmission system within the deadline under Paragraph 1 hereof, the inspector in

charge, upon a request of the electricity customer, i.e. producer shall inspect, within 15 days as of the request submission date, the fulfilment of conditions for connection under Paragraph 1 hereof, and if they find that the conditions have been met, they shall mandate the transmission system operator to connect the facility within two business days.

#### ***Article 124***

In case of the connection of a facility to the distribution system of 110 kV, the connection procedure shall be carried out by the transmission system operator, in cooperation with the distribution system operator, in accordance with the Procedure under Article 117 hereof.

In case of need for the connection of facilities for which trial operation has been approved, the approval for temporary facility connection may be issued pursuant to a separate law.

The issuance of the approval for temporary connection shall be carried out under the conditions, in a manner and in accordance with the procedure prescribed for the issuance of approvals for the connection of facilities.

#### ***Article 125***

Interconnection of energy facilities for electricity transmission and distribution shall be carried out on the basis of an agreement regulating mutual rights and obligations between the transmission system operator and the distribution system operator.

The agreement under Paragraph 1 hereof shall be concluded in the following cases:

- 1) connection of a new facility;
- 2) modifications of the facility that do not correspond to previously given technical conditions in accordance with the network code.

The agreement under Paragraph 1 hereof shall be concluded in the written form upon harmonisation of investment plans of the transmission and distribution system operators, and shall contain the following, in addition to the elements prescribed by the law regulating contracts and torts:

- 1) preparation of a study of optimal connection of the transmission and distribution systems and of technical documentation;
- 2) inspection of transformer station or distribution switchgear plants, and verification of compliance with the Distribution Network Code and the Transmission Network Code;
- 3) the point of energy takeover and method of measuring the delivered electricity and power;
- 4) actual costs of the system connection;



5) deadline for the system connection.

### ***Article 126***

The point of energy delivery to a customer, i.e. the point of energy takeover from a producer is the border point between the installation of the customer's, i.e. producer's facility and the transmission system.

The point of separation of responsibility for delivered energy between an energy entity and a customer, i.e. producer, and the point of electricity measurement shall be regulated in more detail by the act defining the conditions for electricity and natural gas delivery and supply.

## **Electricity distribution system and electricity distribution system operation**

### ***Article 127***

The electricity distribution system operator shall perform the activity of electricity distribution and distribution system operation, except for a part of the 110 kV distribution system in transformer stations of 110/h kV (coupling bays of 110 kV, bus bars and line bays of 110 kV), in an objective, transparent and non-discriminatory manner.

### ***Article 128***

The electricity distribution system shall comprise:

- 1) electricity distribution network;
- 2) control centres and control systems in the function of performing activities of electricity distribution and distribution system operation;
- 3) telecommunications infrastructure in electricity distribution facilities of 110 kV, 35 kV, 20 kV, 10 kV, and 0.4 kV, as well as telecommunications infrastructure in power facilities of the transmission system operator, producers and customers, necessary for performing the distribution system operation activities;
- 4) the information and control system and other infrastructure necessary for the distribution system functioning.

The electricity distribution network pursuant to Paragraph 1, Item 1) hereof is a functionally connected set of power facilities comprising distribution transformer stations with the voltage of 110/h kV with transmission line and merger fields of 110 kV, bus bars of 110 kV and transformers of 110/h kV, with the associated transformer fields; transformer stations

of 35/h kV and h/0.4 kV, distribution switchgear facilities with the voltage of 35 kV, 20 kV and 10 kV, and lines of 35 kV, 20 kV, 10 kV and below 1 kV; metering devices with metering or distribution boxes, i.e. distribution switchgear facilities at the points of takeover, to and from the electricity distribution network.

### ***Article 129***

The activity under Article 127 hereof may be performed by one or more electricity distribution system operators, pursuant to the law.

In case that the activity under Article 127 hereof is performed by several electricity distribution system operators, an act of the Government may prescribe unique tariff rates for the calculation of the distribution use-of-system charge for the territory of the Republic of Serbia.

The settlement of differences between revenues recorded by the use of the unique charge and revenues recorded by the use of distribution use-of-system charges approved in accordance with the methodology under Article 50, Paragraph 1, Item 2) hereof, shall be carried out on the basis of a separate act under Article 51, Paragraph 2, Item 2) hereof passed by the Agency.

## **Determining the electricity distribution system operator**

### ***Article 130***

The distribution system operator shall be determined by the issuance of a license, upon the fulfilment of conditions under Articles 131, 132 and 133 hereof and the conditions for license issuance, pursuant to this Law and regulations passed on the basis hereof.

## **Unbundling electricity distribution system operators**

### ***Article 131***

The distribution system operator that is a part of a vertically integrated enterprise shall be independent, in terms of the legal form, organisation and decision-making, of other activities not related to the electricity distribution activity.

The independence of the distribution system operator under Paragraph 1 hereof shall not include the obligation of separating the ownership of the distribution system assets from the vertically integrated enterprise.

Independence of the distribution system operator is ensured in the following manner:

- 1) the persons responsible for the management of the distribution system operator must not participate in the management bodies of the vertically integrated enterprise that is directly or indirectly responsible for the activity of electricity production, transmission or supply;
- 2) by taking measures that will ensure that the persons responsible for the management of the distribution system operator act in a professional manner, in order to ensure their independence in work;
- 3) the distribution system operator shall make decisions independently from the vertically integrated enterprise with regards to funds necessary for the network operation, maintenance and development;
- 4) the distribution system operator shall make decisions on current business operations independently, i.e. decisions on the construction or improvement of the distribution network, if they are within the limits of the approved financial plan.

For the purpose of making decisions under Paragraph 3, Item 3) hereof, the distribution system operator shall have appropriate human, technical, material and financial resources.

Independence of the distribution system operator shall not affect the right of the parent vertically integrated enterprise to:

- 1) implement coordination mechanisms that ensure the management and financial supervision with regard to the return on employed assets and investments of the distribution system operator;
- 2) approve annual and financial plan and set or define the limits of indebtedness.

### **Compliance program and the person supervising its implementation**

#### ***Article 132***

The distribution system operator that is a part of a vertically integrated enterprise shall adopt the compliance program for ensuring non-discriminatory behaviour, which shall include measures for the prevention of discriminatory behaviour, the method for supervision of the implementation of such measures and obligations of employees with regard to the achievement of defined objectives.

The person or body responsible for the supervision of compliance of the distribution system operator shall be appointed by the competent body of the distribution system operator, with the prior consent of the Agency.

The Agency shall approve the conditions for the appointment of and duration of the mandate or employment of the person under Paragraph 2 hereof.

The conditions under Paragraph 3 hereof shall ensure the independence of the person supervising the compliance, which, while performing this job, must not have any other professional position and must not, directly or indirectly, perform any other duty or have a business interest in any other part of the vertically integrated enterprise.

The Agency may withhold its consent to the appointment of the proposed person for supervising compliance only if such a person is not sufficiently independent or does not have appropriate professional skills.

The distribution system operator shall provide for the person under Paragraph 2 hereof all the needed conditions and equipment for work, the right to access to the operator's premises without prior notice, access to all necessary information of the distribution system operator or associated enterprise, invitations and materials for meetings of the management staff at which it is decided on: financial plans and statements, development, investment and maintenance plans and their implementation, purchase of electricity for compensation of losses, and other matters necessary for the fulfilment of their obligations.

The person under Paragraph 2 hereof shall: supervise the implementation of the Compliance Program, supervise the compliance of the distribution system operator's activities with the provisions regulating transparency of operation of the system operator and confidentiality of data, inform the Agency if the bodies of the vertically integrated enterprise by their decisions prevent or delay the projects listed in the Investment Plan under Article 136, Paragraph 1, Item 10) hereof, as well as about any other significant violation related to the implementation of the Compliance Program, prepare an annual report on the implementation of the Compliance Program and submit it to the Agency for its consent.

The person under Paragraph 2 hereof shall keep confidential the commercial and other confidential business information submitted to him/her for the purpose of performing activities within his/her competence.

The report on the implementation of the Compliance Program shall also comprise information on all the commercial and financial relations between the vertically integrated enterprise and the distribution system operator, on any limitations for a successful program implementation, and the proposal of measures and recommendations aiming at more efficient implementation of the Compliance Program, as well as the proposal of amendments to the Compliance Program, as needed.

On the basis of the report under Paragraph 9 hereof, the Agency may request an amendment to the Compliance Program.

The report under Paragraph 9 hereof and the Agency's consent shall be published on the websites of the operator and the Agency.

The person under Paragraph 2 hereof, during the mandate or employment, in terms of the safety of job position, shall enjoy rights pursuant to the provisions of the law regulating the protection of trade union leaders.

The competent body of the distribution system operator may dismiss from duty the person under Paragraph 2 hereof only with the consent of the Agency.

The Agency may require dismissal of the person under Paragraph 2 hereof only if insufficient independence or the lack of professional skills are determined.

### ***Article 133***

The Agency shall supervise the activities of the distribution system operator that is part of a vertically integrated enterprise for the purpose of prevention from violating market competition by using the position in the vertically integrated enterprise.

The distribution system operator that is a part of a vertically integrated enterprise shall in its communications and by its business name make a difference in terms of its identity in relation to the energy entity dealing with electricity supply in the same vertically integrated enterprise.

Within a vertically integrated enterprise, cross-subsidies of entities dealing with different energy and non-energy-related activities shall not be allowed, for the purpose of enabling competition and the prevention of discrimination of system users or groups of users.

### ***Article 134***

The provisions of Articles 131, 132 and 133 hereof shall not apply to the distribution system operator to the system of which fewer than 100,000 final customers are connected.

## **Responsibilities and duties of the electricity distribution system operator**

### ***Article 135***

The electricity distribution system operator shall be responsible for:

- 1) safe, reliable and secure operation of the distribution system and electricity supply quality;
- 2) management of transformer fields of 110 kV in distribution transformer stations of 110/h kV and the medium and low voltage distribution system, in a manner that will ensure security of electricity delivery;
- 3) non-discriminatory and transparent access to the distribution system;
- 4) development of the distribution system that ensures long-term capacity of the distribution system to meet rational requirements for electricity distribution;

- 5) construction of connections of distribution system users;
- 6) determining technical and technological conditions for connection, and connection of power facilities, devices and plants into a single system;
- 7) providing information to energy entities and distribution system users that is necessary for efficient access to the distributions system, based on principles of transparency and non-discrimination;
- 8) providing information about future electricity demand and other information necessary for the transmission system operator and the Agency;
- 9) accuracy and reliability of electricity metering at the points of takeover, into and from the distribution system.

### ***Article 136***

The electricity distribution system operator shall:

- 1) pass the distribution network code;
- 2) not discriminate the distribution system users or groups of users and associated entities within a vertically integrated enterprise;
- 3) provide information to the distribution system users for efficient access to the system, based on principles of transparency and non-discrimination;
- 4) ensure confidentiality of commercially sensitive information obtained while performing the activity and publish information that may ensure advantage in the market in a non-discriminatory manner;
- 5) collect and publish data and information necessary for the fulfilment of prescribed obligations in terms of transparency and supervision of the electricity market;
- 6) verify and submit data on the transmission system operator necessary for administering the electricity market in accordance with the rules on the electricity market operation, on the basis of measured values or those calculated based on the consumption profile;
- 7) adopt the Compliance Program for ensuring non-discriminatory behaviour, and prepare the annual report under Article 132, Paragraph 9 hereof;
- 8) maintain and develop the distribution system;
- 9) adopt the distribution system development plan every year for at least a five-year period, harmonised with development plans of the transmission system and other

distribution systems, considering the requests for connection of producers' and customers' facilities;

- 10) adopt the distribution system investment plan every year for a three-year period, harmonised with the transmission system investment plan;
- 11) adopt every year a plan for the takeover of metering devices, metering and distribution boxes i.e. connection lines, installations and equipment in metering and distribution boxes, and other devices in facilities of existing customers, i.e. producers;
- 12) every year, not later than 31 March, determine a list of customers meeting the conditions for the status of small customers, on the basis of consumption recorded in the previous calendar year and information given in the financial statement or another relevant report, and report this to small customers and the guaranteed supplier;
- 13) maintain an updated database on final customers and their suppliers for all points of delivery from its system;
- 14) submit to the Ministry and the Agency a six-month report on planned and undertaken activities on the implementation of the plan under Paragraph 1, Item 9) hereof, as well as on the degree of realization of the plan under Paragraph 1, Items 10) and 11) hereof;
- 15) determine technical and technological conditions for connecting power facilities, devices and plants into a single system;
- 16) verify the compliance of facilities of distribution system users with technical requirements listed in the distribution network code, and informs a system user about any changes of conditions;
- 17) provide adequate means for the fulfilment of its obligations;
- 18) issue a decision on the price of access to the distribution system pursuant to this Law;
- 19) adopt and publish the prices of connection in accordance with the methodology under Article 50, Paragraph 1, Item 11) hereof;
- 20) submit to the Agency the plan of procurement of electricity for compensating losses for the following year;
- 21) procure electricity for the compensation of losses in the distribution system, in accordance with transparent, non-discriminatory and market principles;
- 22) take measures for the reduction of losses in the distribution system and adopt a plan for the reduction of losses in the system for a period of at least five years;

- 23) control the validity of the connection line, metering cubicle, and metering and other devices which serve for measurement, by implementing regular and extraordinary inspection;
- 24) control the protective belt and take measures pursuant to the law;
- 25) keep records needed for establishing indicators of electricity delivery and supply quality, and submit a report to the Agency in accordance with the rules under Article 51, Paragraph 1, Item 2) hereof;
- 26) supervise the security of electricity supply in the distribution system and submit to the Ministry the data needed for the report on security of supply;
- 27) provide data on electricity consumption and production on the basis of reading of a meter which fulfils the prescribed metrological requirements or defined consumption profiles, until the twelfth day of the month for the previous month, and make it possible for the transmission system operator, customer, producer and supplier to access to the data within three days;
- 28) ensure the right to access to electricity consumption data pursuant to Article 56, Paragraph 1, Item 11) hereof;
- 29) verify and submit data to the supplier referring to customers supplied by them, based on the measured values or those calculated on the basis of consumption profile;
- 30) carry out the exploitation of facilities for electricity distribution in accordance with technical regulations and prescribed conditions;
- 31) take prescribed safety measures while using the distribution system and other capacities serving for the distribution system;
- 32) submit to the Agency the data and documents under Article 56, Paragraph 1, Item 8) hereof;
- 33) submit to the Agency the data on changes of the supplier and the level of market openness;
- 34) submit to the Agency the reports on resolving complaints and appeals of system users;
- 35) submit to the transmission system operator all the data on electricity produced in facilities for which the guarantee of origin is to be issued and all the data necessary for keeping the registry of guarantees of origin;
- 36) take measures for an increase in energy efficiency and environmental protection;
- 37) take over electricity generated from renewable energy sources as priority, except in cases when the safety of operation of the distribution system is endangered;



- 38) take measures in order to provide short and meaningful check-lists with practical information referring to their rights to system users;
- 39) establish a separate organisational unit and procedures for acting upon complaints and appeals within the competence of the system operator, and keep records on them;
- 40) pass an act on prices of non-standard services to which the Agency shall give its consent and which shall be published on the system operator's website, and
- 41) deal with other matters necessary for the distribution system operation and market functioning.

The development plan under Paragraph 1, Item 9) hereof, the plan of investments in the distribution system under Paragraph 1, Item 10) hereof, and the transfer plan under Paragraph 1, Item 11) hereof shall be submitted by the electricity distribution system operator to the Agency, for its consent.

The plan under Paragraph 1, Item 11) hereof shall comprise: the current situation analysis, annual takeover dynamics, replacement and harmonisation of metering devices with the prescribed requirements, metering and distribution boxes, i.e. connection lines, installation and equipment in metering and distribution boxes, and other devices, with the requirements listed in technical regulations and distribution network code, also taking into account electricity consumption and the level of electricity losses in the distribution system.

By the plan of investments in the distribution system under Paragraph 1, Item 10) hereof, the distribution system operator shall envisage the needed funds for the implementation of the transfer plan under Paragraph 1, Item 11) hereof.

When taking over the metering devices, metering and distribution boxes, i.e. connection lines, installation and equipment in metering and distribution boxes, and other devices in facilities of customers, i.e. producers, the electricity distribution system operator shall be entitled to displace the metering point in accordance with technical conditions stipulated by the distribution network code, and the costs of displacement shall be borne by the distribution system operator.

In case that the customer, i.e. producer objects to the takeover of metering devices, metering and distribution boxes, i.e. connection lines, installations and equipment in metering and distribution boxes, the electricity distribution system operator shall be entitled to replace or displace them at its own expense.

### ***Article 137***

The electricity distribution system operator may neither purchase nor sell electricity, except for the purchase of electricity for the compensation of losses in the distribution system.

For the purpose of optimisation of electricity purchase for the compensation of losses, the distribution system operator may sell surplus electricity quantities in the organised electricity market, except when electricity for the compensation of losses in the distribution system is purchased on the basis of an agreement on full supply.

### **Advanced metering systems**

#### ***Article 138***

The distribution system operator shall determine technical requirements for the introduction of various forms of advanced metering systems and analyse the technical and economic justifiability of introducing advanced metering systems, the effects on the market development and benefits for individual categories of end electricity customers.

Based on the analysis under Paragraph 1 hereof, the distribution system operator shall prepare the implementation plan of economically justified forms of advanced metering systems and submit it to the Ministry and the Agency for their opinion.

The distribution system operator shall include in the system development plan the introduction of metering systems in accordance with the implementation plan, for the period for which the development plan is to be adopted.

By the implementation plan under paragraph 2 hereof, the distribution system operator shall cover at least 80% of the points of takeover in the category of end electricity customers for which the economic justifiability of implementation has been determined.

### **Rules on the electricity distribution system operation**

#### ***Article 139***

The electricity distribution network code shall regulate:

- 1) planning of the distribution system development, including the contents of the plan, the method of planning and contents of the investment plan;
- 2) conditions for safe and reliable operation of the distribution system and obligations of the distribution system users;
- 3) integration of electricity production capacities and optimal utilisation of those using renewable energy sources;
- 4) consumption management;
- 5) technical conditions for connection to the distribution system;

- 6) technical and other conditions for reliable and secure operation of the distribution system and reliable and secure takeover of electricity from producers connected to the distribution system and from other systems, as well as reliable electricity delivery from the distribution system;
- 7) contents of the agreement on facility exploitation concluded with a customer, producer, operator of another distribution system and operator of a closed distribution system;
- 8) utilisation and maintenance of distribution system facilities and facilities connected to the distribution system;
- 9) parameters and method of electricity quality control;
- 10) planning of the distribution system operation;
- 11) registration of operation of electricity production capacities connected to the distribution system, and management of production;
- 12) operational procedures in emergency situations;
- 13) planning of operation and distribution system operation;
- 14) access to the distribution system, payment security instruments and criteria for determination of the amount and period for which they are required;
- 15) procedures for metering by the use of the defined measuring equipment, criteria for the selection of the metering device liquid category and properties of accompanying devices and equipment, depending on the metering point position in the system and the type of system user;
- 16) frequency and method of inspection of validity of the connection line, metering cubicle and metering and other devices in the function of measurement, contents of the report on inspection, contents of the report on unauthorised consumption, the method for determining unauthorised consumption;
- 17) the method for determining the consumption profile;
- 18) the method for determining the coefficient of reduction of a metered value to the book value;
- 19) obligations of the distribution system user and operator in the functional inspection and putting into operation of a part of the distribution system in facilities of producers and customers that influence safe and reliable operation of the distribution system, as well as in the inspection of operation of protective and control devices after any significant plant events or disturbances in the distribution system operation;
- 20) obligations of distribution system users;

- 21) contents of the agreement on facility exploitation concluded with a customer, producer and operator of a closed distribution system;
- 22) operational procedures and system operation under normal conditions and in case of any disturbances and disturbances in the electricity market;
- 23) the method of voltage quality control;
- 24) training of employees of the distribution system operator and users in the field of operational procedures, aiming at the safe and reliable distribution system operation, and
- 25) other matters necessary for the distribution system operation and market functioning.

The rules under Paragraph 1 hereof shall be passed by the electricity distribution system operator, with the consent of the Agency.

The rules under Paragraph 1 hereof shall be published on the websites of the distribution system operator and the Agency.

The Agency shall publish the decision on giving its consent to the rules under Paragraph 1 hereof in the "Official Gazette of the Republic of Serbia".

## **Connection to the distribution system**

### ***Article 140***

A facility of an electricity customer or producer shall be connected to the distribution system on the basis of approval of the distribution system operator, pursuant to this Law and regulations passed in accordance with this Law.

The approval for the connection of a facility of an electricity customer or producer that is already connected to the distribution system shall also be issued in case of merger or separation of installations, i.e. metering points, any changes of the approved power of the electricity customer's or producer's facility, as well as reconnection due to disconnection.

The merger or separation of installations or metering points under Paragraph 2 hereof shall mean any changes in installations and devices in the facility of an electricity producer or customer.

A change of the approved power of an electricity customer's or producer's facility shall mean an increase or reduction of the approved power.

The conditions and manner of issuing the approval for connection to the distribution system, approved power and conditions for any changes of the approved power, as well as

conditions for the merger or separation of installations or metering points, shall be stipulated in more detail by the regulation on conditions of electricity delivery and supply.

Exceptionally from Paragraph 1 hereof, connection to the electricity distribution system for facilities that do not serve for production purposes, transmission and distribution of electricity, as well as other facilities for which a building permit is issued by the ministry in charge of construction affairs, or the competent authority of the Autonomous Province, shall be performed within the process of unified procedure prescribed by the law governing construction of facilities.

The application for issuance of conditions for the facilities under Paragraph 6 hereof shall be submitted by the competent authority performing the unified procedure, and the conditions shall contain all the data needed for the preparation of technical documents, execution of works, capacities and conditions for connection to the distribution system.

The conditions under Paragraph 7 hereof shall be valid for 12 months as of the day of issuance, or until the expiry date of the decision on building permit issued in accordance with these conditions, if the investor pays at least one fifth of the amount of fee for the costs of connection to the distribution system.

Upon request of the authority under Paragraph 7 hereof the distribution system operator shall issue an approval, which shall be final on the day of its adoption, within 15 days as of the day of receiving the request for connection, if the conditions prescribed by the law have been met and perform the connection to the distribution system.

The approval under Paragraph 9 hereof shall contain the final calculation for connection to the distribution system.

### ***Article 141***

The distribution system operator is the investor of construction of connections and, as a rule, the operator constructs the connection to the distribution system.

Upon a request of an electricity producer, the distribution system operator shall authorise the producer to construct the connection on their own and at their own expense, on behalf of the system operator.

In the case under Paragraph 2 hereof, the system connection costs incurred by the producer shall be reduced in accordance with the methodology for determining the costs of connection to the transmission and distribution system.

For the connection under Paragraph 2 hereof, the documentation shall be acquired in the name of the distribution system operator, pursuant to the law regulating the construction of facilities.

The rights and obligations of the distribution system operator and the producer shall be regulated by an agreement that, in addition to the elements stipulated by the law regulating contracts and torts, shall particularly include: supervision of the connection construction, dynamics of the execution of works, deadlines, and professional supervision determined by the investor, and other issues.

Upon the construction of connection, it shall become a part of the distribution system.

#### ***Article 142***

The approval for connection of a facility shall be issued by means of a decision in administrative proceedings, upon a request of the legal or natural person whose facility is to be connected.

The distribution system operator shall decide upon the request for connection of a customer's facility within 15 days as of the date of receipt of the written request, i.e. upon the request for the connection of a producer's facility, within 45 days as of the date of receipt of the written request.

The decision under Paragraph 2 hereof may be appealed to the Agency within 15 days as of the decision delivery date. The Agency's decision upon an appeal is final and administrative proceedings may be initiated against it.

#### ***Article 143***

The approval for connection of a facility to the distribution system shall particularly include: the point of connection to the system, the method and technical conditions for connection, approved power, the point and method of energy measurement, the deadline for connection, and the costs of connection.

Technical and other conditions for connection to the distribution system shall be determined pursuant to this Law, the regulation under Article 214 hereof, technical and other regulations and the rules on operation of the system to which the facility is to be connected.

#### ***Article 144***

The costs of connection under Article 143, Paragraph 1 hereof shall be determined by the distribution system operator, in accordance with the Methodology for determining the connection costs adopted by the Agency.

The costs of connection shall also include the costs of procurement of metering devices and shall be borne by the person submitting the request for connection.

The methodology under Paragraph 1 hereof shall determine the method and more detailed criteria for the connection costs calculation, depending on the point of connection to the system, approved power, the need for the execution of works or the need for the installation of necessary equipment or other objective criteria.

Prior to the commencement of its application, the distribution system operator shall submit to the Agency the act on the amount of connection costs, in accordance with the methodology for determining the costs of connection to the electricity transmission and distribution system.

The Agency shall require an amendment of the act on the amount of connection costs in case that it is not adopted in accordance with the methodology.

### ***Article 145***

The distribution system operator shall connect the facility of a customer to the distribution system within eight days as of the date of fulfilment of the following conditions:

- 1) conditions listed in the approval for connection;
- 2) that the exploitation permit has been acquired for the facility, or that the devices and installation of the customer's facility meet technical and other prescribed conditions;
- 3) that the customer has submitted an agreement on supply to the distribution system operator;
- 4) that the balance responsibility and access to the system have been regulated for the point of takeover.

The distribution system operator shall connect the facility of an electricity producer to the distribution system within eight days as of the date of fulfilment of the following conditions:

- 1) conditions listed in the approval for connection;
- 2) that an act on the approval of putting into trial operation, or the exploitation permit has been acquired for the facility;
- 3) that the producer has submitted an agreement on electricity supply to the distribution system operator;
- 4) that the balance responsibility and access to the system have been regulated for the point of takeover.

Upon connecting the facility under Paragraphs 1 and 2 hereof, the connection shall become a part of the system to which it has been connected.

The Rule on the conditions of electricity delivery and supply shall define in more detail the conditions and method of proving the fulfilment of conditions under Paragraphs 1 and 2 hereof hereof.

If the distribution system operator fails to connect the facility of a customer; i.e. producer to the distribution system within the deadline under Paragraphs 1 and 2 hereof, the inspector in charge, upon a request of the electricity customer, i.e. producer shall inspect, within 15 days as of the request submission date, the fulfilment of conditions for connection under Paragraphs 1 and 2 hereof, and if they find that the conditions have been met, they shall mandate the distribution system operator to connect the facility within two business days.

#### ***Article 146***

The point of electricity sale to a customer, i.e. the point of electricity takeover from a producer is the border point between the installation of the customer's, i.e. producer's facility and the distribution system.

The point of separation of responsibility between an energy entity and a customer, i.e. producer, and the point of electricity measurement shall be regulated in more detail by the regulation defining the conditions for electricity delivery and supply.

#### ***Article 147***

In case of need for connection of temporary facilities, construction sites, water and similar facilities, as well as facilities for which trial operation has been approved in accordance with a separate law, an approval for temporary connection of the facility may be issued.

Issuance of the approval for temporary connection and electricity supply shall be carried out under conditions, in the manner and according to the procedure prescribed for issuing approvals for the connection of facilities.

### **Closed electricity distribution system**

#### ***Article 148***

A closed electricity distribution system is a system used for electricity distribution in a geographically limited industrial zone, trade zone or a zone of common services, if:

- 1) the business operations or the production process of the user of that system are connected for specific and safety reasons;
- 2) electricity is primarily distributed to the system owner or operator, their associated enterprises and other system users.



Final customers from the household category must not be connected to a closed distribution system, except in the case of a small number of households that are related to the owner or user of the closed distribution system operator by employment or otherwise, and are located in the area of that system.

#### ***Article 149***

Users whose facilities are connected to a closed distribution system shall not be discriminated in relation to users of other distribution systems in terms of electricity delivery and supply.

#### ***Article 150***

The owner of a closed distribution system, if not interested in performing the activity of distribution and management of the closed distribution system, may sell the system through a legal transaction or lease it to another interested legal entity.

In the case under Paragraph 1 hereof, the operator of the system to which the closed distribution system is connected, i.e. the operator of the distribution system to which the closed distribution system is connected, shall have the pre-emption right, i.e. the right of first lease.

In case that the operator of a closed distribution system under Paragraphs 1 and 2 hereof is not provided, the Government shall, temporarily, for a period that must not be longer than two years, designate the territorially competent distribution system operator for the performance of the activity of distribution and management of the closed distribution system.

In the case under Paragraph 3 hereof, the owner of the closed distribution system and the territorially competent distribution system operator shall regulate all the issues regarding the fee for the closed distribution system use, by an agreement.

#### ***Article 151***

The Agency shall adopt the methodology for calculation of the price of access to a closed distribution system.

The closed distribution system operator shall issue a decision on the price of access to the closed distribution system on the basis of methodology under Paragraph 1 hereof, and shall publish it on its website.

Upon a request of a closed distribution system user, the Agency shall check the method for determining the price of access to that system, and in case that it finds that the prices have

not been determined in accordance with the methodology, the Agency shall require the closed distribution system operator to correct the prices.

### **Responsibilities and duties of the closed electricity distribution system operator**

#### ***Article 152***

The closed electricity distribution system operator shall be responsible for:

- 1) safe and reliable operation of the closed distribution system and electricity delivery quality;
- 2) non-discriminatory and cost-effective access to the closed distribution system;
- 3) fulfilment of rational requirements for an increase of its system power;
- 4) fulfilment of rational requirements for the construction, i.e. harmonisation of existing connections of the closed distribution system users with the needs of system users;
- 5) accuracy and reliability of electricity metering at the points of delivery from the closed distribution system.

#### ***Article 153***

The closed electricity distribution system operator shall:

- 1) maintain the network;
- 2) pass the rules on the closed distribution system operation if there are any specific needs in relation to the rules on operation of the distribution system to which it is connected;
- 3) prepare the plan of investments in the closed distribution system, harmonised with the needs of system users;
- 4) make a decision on the price of access to the closed distribution system, pursuant to this Law;
- 5) monitor the losses in the closed distribution system and adopt a plan for the reduction of electricity losses;
- 6) procure electricity for the compensation of losses in its network;

- 7) provide closed distribution system users with information needed for efficient access to the closed distribution system, based on the principles of transparency and non-discrimination;
- 8) conclude an agreement on facility exploitation with the operator of the system to which it is connected;
- 9) ensure confidentiality of commercially sensitive information obtained during the performance of the activity and publish information that may ensure advantage in the market in a non-discriminatory manner;
- 10) collect and publish data and information necessary for the fulfilment of prescribed obligations in terms of transparency and supervision of the electricity market;
- 11) verify and submit to the transmission system operator the data necessary for administering the electricity market, in accordance with the rules on the electricity market operation, on the basis of the measured hourly values, or hourly values calculated on the basis of the measured monthly values, and the consumption profile;
- 12) verify and submit data to the supplier on the customers supplied by them, on the basis of the measured hourly values, or hourly values calculated on the basis of the measured monthly values, and the consumption profile;
- 13) ensure the right to access to electricity consumption data pursuant to Article 56, Paragraph 1, Item 11) hereof;
- 14) take prescribed safety measures;
- 15) take measures for an increase in energy efficiency and environmental protection;
- 16) regulate other matters necessary for the closed distribution system operation and market functioning.

### **Rules on the closed distribution system operation**

#### ***Article 154***

The closed distribution system operator shall abide by the rules on operation of the system to which it is connected.

The closed distribution system operator may regulate the specificity of its system by the rules on the closed electricity distribution system operation, in terms of:

- 1) technical and other conditions for reliable and secure operation of the closed distribution system;

- 2) technical conditions for connection to the closed distribution system;
- 3) access to the closed distribution system;
- 4) utilisation and maintenance of facilities;
- 5) special procedures in case of any disturbances of operation;
- 6) other matters necessary for the closed distribution system operation.

The rules under Paragraphs 1 and 2 hereof shall be published on the website of the closed electricity distribution system operator.

Upon a request of a user of the closed distribution system, the Agency shall reconsider the rules on the closed distribution system operation.

In case that the Agency determines that the rules on the closed distribution system operation have not been passed in accordance with this Law, it shall require the closed distribution system operator to amend the rules.

#### ***Article 155***

A closed electricity distribution system operator without the license for electricity supply may procure electricity only for the compensation of losses in the closed distribution system, and participate in the organised electricity market and procure electricity there, to optimise in the most effective manner the procurement of electricity necessary for the compensation of losses in the closed distribution system.

The Agency may release a closed distribution system operator from the obligation to procure electricity for the compensation of losses in the distribution network in a transparent and non-discriminatory manner and under market conditions.

#### ***Article 156***

The closed distribution system operator may supply electricity to final customers whose facilities are connected to that system if it holds a license for electricity supply, but it must not contract conditions in an agreement on electricity supply that would impede the right of the final customer to change the supplier.

In the case under Paragraph 1 hereof, an final customer is entitled to change the supplier under the general conditions for switching suppliers prescribed by this Law and regulations passed on the basis hereof.

## **Ownership over electricity networks**

### ***Article 157***

An electricity transmission network may, pursuant to the law, be publicly owned or owned by the transmission system operator founded by the Republic of Serbia for the performance of activities of transmission and transmission system operation.

A distribution electricity network may, pursuant to the law, be publicly owned or owned by the distribution system operator founded by the Republic of Serbia, or a distribution system operator that is a subsidiary of a legal person whose founder is the Republic of Serbia.

The system operator shall acquire the ownership of electricity network facilities it has constructed by its own means or acquired through a legal transaction.

In case that the system operator founded by the Republic of Serbia ceases to exist, the electricity network shall become the property of the Republic of Serbia.

In case that the system operator - subsidiary of a legal person founded by the Republic of Serbia ceases to exist, the electricity network shall become the property of that legal person, and if the legal person ceases to exist, the electricity network shall become the property of the Republic of Serbia.

Exceptionally from Paragraphs 4 and 5 hereof when the legal successor of the system operator which ceases to operate is another legal entity founded by the Republic of Serbia, which, pursuant to provisions of this Law, may own the electricity networks, such legal entity shall acquire the ownership of those networks.

The electricity networks under Paragraphs 1 and 2 hereof must not be alienated from public ownership, or from the ownership of system operator, nor may they be the subject of encumbrance or enforced actions.

### ***Article 158***

The acquisition of ownership of the transmission, i.e. distribution system operators over electricity networks in accordance with this Law shall not be regulated by the provisions of the Law on Public Ownership ("Official Gazette of the Republic of Serbia", No. 72/11, 83/13 and 105/14) regarding the acquisition of ownership of the state-owned assets by public enterprises and for-profit corporations.

## **System access**

### ***Article 159***

The electricity transmission, i.e. distribution system operator shall make it possible for system users to access the system at regulated prices, based on the principles of transparency and non-discrimination, pursuant to the provisions of this Law as well as the regulations and rules on the system operation passed on the basis hereof.

### ***Article 160***

The system access shall be regulated by an agreement on access concluded by the transmission, i.e. distribution system operator and a system user, in accordance with the network code.

In addition to the elements prescribed by the law regulating contracts and torts, the agreement on access shall comprise: data on the point of takeover, power at the point of takeover, accounting period and the calculation method, in accordance with methodologies under Article 50 hereof, as well as other elements depending on specificity of the point of takeover.

The agreement on access to the electricity transmission, i.e. distribution system must not stipulate power that exceeds the approved power at the point of takeover.

### ***Article 161***

The electricity transmission, i.e. distribution system operator may deny access to the system only if there are no technical capacities due to:

- 1) the lack of capacities;
- 2) disturbances in the operation or overloaded system;
- 3) endangered safety of the system operation.

The data on the transmission, i.e. distribution system load level are public, and the type, scope and manner of data publication shall be in compliance with the rules on operation of the system to which the facility is connected.

In case that the system operator refuses to conclude an agreement on system access, it shall issue a decision on the matter within five days as of the date of submission of the request for conclusion of the agreement.

The decision under Paragraph 3 hereof shall include thoroughly explained reasons for the denial of system access based on objective and technically and economically justifiable criteria.

The decision under Paragraph 3 hereof may be appealed to the Agency within eight days as of the decision delivery date.

The Agency shall ensure that the criteria for denial of system access are consistently applied.

The Agency shall ensure, when it is possible and when the denial takes place that the transmission, i.e. distribution system operator provides the interested party with the information of measures to be taken aiming at an increase in the network capacity.

The interested party seeking information under Paragraph 7 hereof shall pay an appropriate fee.

The Agency's decision issued upon an appeal is final and administrative proceedings may be initiated against it.

### **Access to the transmission, i.e. distribution system of a producer from renewable energy sources**

#### ***Article 162***

The transmission, i.e. distribution system operator shall primarily take over the electricity produced from renewable energy sources, except in case that the security of supply or safety of the transmission, i.e. distribution system operation is endangered.

In case that the transmission, i.e. distribution system operator, due to the endangered security of supply or endangered safety of the transmission, i.e. distribution system operation, limits the system access for producers from renewable energy sources to a considerable extent, it shall inform the Agency of the measures taken as well as of measures to be taken in order to prevent potential future limitations.

### **Access to the transmission system in cross-border electricity exchange**

#### ***Article 163***

Access to the transmission system in cross-border electricity exchange shall be obtained on the basis of the right to use the cross-border transmission capacity.

The right to use of cross-border transmission capacities shall be granted in a non-discriminatory and transparent manner, in accordance with the harmonised technical criteria for the operation of connected transmission systems and the rules on the allocation of cross-border transmission capacities.

#### ***Article 164***

The right to participation in the allocation of rights to use cross-border transmission capacities and to use cross-border transmission capacities shall be exercised on the basis of agreements concluded between the transmission system operator and market participants.

The rules on the allocation of rights to use cross-border transmission capacities shall regulate the procedure and method of allocation of rights to use of cross-border transmission capacities, the type and scope of data and the method of their publication, as well as other matters related to the allocation of rights to use cross-border transmission capacities.

The transmission system operator shall pass the rules under Paragraph 2 hereof with the consent of the Agency, and shall publish them on its website.

The transmission system operator, with the consent of the Agency, may also regulate the procedure and method of allocation of rights to use cross-border capacities and access the cross-border transmission capacities by an agreement with the neighbouring transmission system operator, by an agreement with transmission system operators of other countries, i.e. electricity market operators.

The rules under Paragraph 2 and the agreement under Paragraph 4 hereof shall be in compliance with the Treaty establishing the Energy Community and other international agreements confirmed by the Republic of Serbia.

#### **Principles of congestion management in cross-border exchange**

#### ***Article 165***

Network congestion problems shall be solved by the use of non-discriminatory market methods giving efficient economic signals to the market participants and transmission system operators. Network congestion problems must not be solved by the use of methods applying selection of individual agreements on electricity sale concluded among market participants.

Procedures for limitation of cross-border electricity exchange shall be used only in emergency situations when the transmission system operator has to act without delay and re-dispatching and counter-trade are not possible. Every such procedure shall be applied in a non-discriminatory manner.

Except in cases of Force Majeure, market participants that are assigned cross-border capacity are entitled to a refund of fee for the assigned capacity if their right to use the capacity is limited.



Market participants shall have available the maximum cross-border capacity and maximum transmission network capacity, in compliance with standards for safe and secure transmission system operation.

Market participants shall inform transmission system operators in a timely manner of their intent to use the assigned cross-border capacity. The assigned cross-border capacity that is not used shall be re-offered to the market participants in a transparent and non-discriminatory manner.

The transmission system operator, if technically possible, shall apply mutual offsetting of cross-border exchange of opposite direction electricity at the same border, aiming at maximum utilisation of the cross-border capacity. Taking into account the transmission system safety, cross-border exchange that reduces congestion must not be denied.

All the revenues acquired through allocation of cross-border capacities may be used for the following purposes:

- 1) to guarantee availability of the assigned capacity;
- 2) to maintain or increase cross-border capacities through investments in the network, a particularly in the construction of new interconnection transmission lines.

If the revenues cannot be efficiently used for the purposes listed under Paragraph 7, Items 1) and 2) hereof, they may be used, with the consent of the Agency, as revenues taken into account by the Agency when adopting the methodology for determining the price of access to the electricity transmission system, up to a maximum amount determined by the Agency. The remaining revenues shall be put into a separate internal account of the transmission system operator, until the conditions for their use for the purposes under Paragraph 7, Items 1) and 2) hereof are met.

#### ***Article 166***

The costs of electricity transit due to the cross-border electricity exchange shall be covered by the use of the offset mechanism among transmission system operators, in accordance with internationally undertaken obligations of the Republic of Serbia.

#### **Exemptions for new interconnection transmission lines in the field of electricity**

#### ***Article 167***

New interconnection direct current transmission lines may, upon a request, be exempted from the application of the rules on system access under Article 159 hereof, the rules on allocation of cross-border transmission capacities under Article 164 hereof, and the rules on the use of revenues from the allocation of capacities in the procedure for determining the price of access to the transmission system, under the following conditions:

- 1) that investments in the new infrastructural facility increases competition in electricity supply;
- 2) that the risk of investments in the construction of an interconnection transmission line is such that the investments will not occur unless the exemption is approved;
- 3) that the interconnection transmission line is owned by a natural or legal person that performs business operations within another legal person separated from the system operator within which the new interconnection transmission line will be constructed;
- 4) that users of the interconnection transmission line pay a fee for the use of that facility;
- 5) that the funds from the price of access to the transmission or distribution system have not been used in any part of the funds or operating costs of the interconnection transmission line;
- 6) that the exemption does not prevent competition, efficient functioning of the electricity market and efficient functioning of the system to which the new interconnection transmission line is connected.

The provision of Paragraph 1 hereof shall be exceptionally applied in the case of an interconnection alternate current transmission line, provided that the costs and risk of such an investment considerably exceed the costs and risk that usually occur in the connection of two neighbouring transmission systems via an interconnection alternate current transmission line.

The provision of Paragraph 1 hereof shall also be applied in the case of a considerable increase in the capacity of existing interconnection transmission lines.

The act on exemption under Paragraphs 1 to 3 hereof shall be passed by the Agency, upon obtaining the opinion of the Ministry, and shall be published in the "Official Gazette of the Republic of Serbia", along with the Ministry's opinion and a detailed explanation.

The act on exemption under Paragraphs 1 to 3 hereof may include the capacity of the interconnection transmission line as a whole, or a part of the capacity.

Within two months as of the date on which the request for exemption is received by the last competent regulator, the competent authority, in accordance with the obligations arising from ratified international agreements, may submit its advisory opinion to those regulators that may use the opinion as a basis for decision making.

When deciding on the exemption under Paragraphs 1 to 3 hereof, the Agency shall:

- 1) consider the need for determining the conditions in relation to the exemption duration and non-discriminatory access to the interconnection transmission line;

- 2) take into account additional capacities to be constructed, the expected project duration, and national specificities and circumstances in the Republic of Serbia.

Prior to passing the act on exemption, the Agency may decide on the rules and mechanisms for the management and allocation of capacities.

The rules under Paragraph 8 hereof shall include the obligation to offer the unused capacity in the market, and users of the interconnection transmission line are entitled to trade in their contracted capacities in the market. When assessing the criteria under Paragraph 1, Items 1), 2) and 6) hereof, the results of the capacity allocation shall be taken into account.

The act on exemption may be passed upon an exchange of opinions with other countries that are affected by the construction of the interconnection transmission line, or with competent regulatory authorities.

The Agency shall, without delay, submit to the competent authority, in accordance with the obligations arising from ratified international agreements, a copy of the request for exemption, as well as the decision and all relevant information referring to the decision.

The information under Paragraph 11 hereof, which makes it possible for the competent authority to issue a reasoned opinion, may be submitted in an aggregated form and shall particularly include:

- 1) detailed reasons on the basis of which the exemption has been approved or denied, including financial information justifying the need for exemption;
- 2) a conducted analysis of the effects of the approved exemption on the competition and efficient functioning of the internal electricity market;
- 3) reasons for the period of time and the share in the total interconnection capacity for which the exemption is approved, and
- 4) the result of consultations of regulatory authorities.

Within two months as of the day of receipt of information under Paragraphs 11 and 12 hereof, the competent authority, in accordance with the obligations arising from ratified international agreements, may issue a decision requiring the Agency to amend or withdraw the act on exemption.

In case that the competent authority, in accordance with the obligations arising from ratified international agreements, issues the decision under Paragraph 13 hereof, the Agency shall take this decision into account to the greatest possible extent.

When the final decision of the Agency differs from the opinion of the competent authority, in accordance with the obligations arising from ratified international agreements, the Agency shall provide and publish, along with its decision, an explanation on which its decision is based.

The deadline under Paragraph 13 hereof may be extended for two more months if the competent authority, in accordance with the obligations arising from ratified international agreements, requires additional information, and the extension shall commence after the day of receipt of complete information.

The deadline under Paragraph 16 hereof may be extended in mutual agreement of the competent authority, in accordance with the obligations arising from ratified international agreements, and the Agency.

In case that the required information under Paragraph 16 hereof are not submitted within the required deadlines, the information shall be deemed withdrawn.

The opinion of the competent authority, in accordance with the obligations arising from ratified international agreements, on the act of exemption shall expire two years after the day of its passing, if the construction of the interconnection transmission line has not commenced, i.e. five years after the day of its passing, if the interconnection transmission line has not been put into operation, except if the competent authority, in accordance with the obligations arising from ratified international agreements, decides that the delay has occurred due to the circumstances that are out of control of the person to whom the exemption has been approved.

The act on exemption passed by the Agency is final and administrative proceedings may be initiated against it.

## **Electricity market**

### ***Article 168***

Electricity market includes:

- 1) bilateral electricity market;
- 2) balance electricity market, and
- 3) organised electricity market.

The electricity transmission system operator shall organise and administer the market under Paragraph 1, Item 2) hereof, and an energy entity performing the activity of organised electricity market management (hereinafter: the Market Operator) shall organise and administer the market under Paragraph 1, Item 3) hereof, observing the principles of transparency and non-discrimination.

## **Electricity market participants**

## ***Article 169***

Electricity market participants are:

- 1) electricity producer;
- 2) supplier;
- 3) wholesale supplier;
- 4) final customer;
- 5) electricity transmission system operator;
- 6) electricity distribution system operator;
- 7) closed electricity distribution system operator;
- 8) market operator.

In addition to the market participants under Paragraph 1 hereof, the organised electricity market participants may also be other legal persons, in accordance with the rules on the organised market operation.

Electricity market participants shall submit to the transmission, i.e. distribution system operator all the needed data in accordance with the rules on the transmission system operation, the rules on the distribution system operation, and the rules on the electricity market operation.

## **Bilateral electricity market**

### ***Article 170***

A bilateral electricity market is the market on which electricity is directly purchased and sold among the market participants on the basis of agreements on electricity supply.

The agreement on electricity supply shall particularly define the amount of electricity, the price and the period of supply.

The amount of electricity may be:

- 1) determined in advance for each accounting period during the period of supply;
- 2) determined on the basis of the recorded electricity consumption at the point of takeover during the supply period, and

3) determined on the basis of the recorded electricity production at the point of takeover during the supply period.

In case that the agreement on electricity supply is concluded between the supplier and final customer and the amount of electricity is determined pursuant to Paragraph 3, Item 2) hereof, the agreement shall be deemed an agreement on full supply.

In case that the agreement on electricity supply is concluded between the supplier and the transmission or distribution system operator for the compensation of losses in the system, and the amount of electricity is determined pursuant to Paragraph 3, Item 2) hereof, the agreement shall be deemed an agreement on full supply.

### **Balance responsibility of market participants**

#### ***Article 171***

An electricity market participant shall regulate its balance responsibility.

Balance responsibility is regulated through the conclusion of an agreement on balance responsibility with the transmission system operator, or by the transfer of balance responsibility to the balance responsible party, pursuant to this Law, the law regulating contracts and torts, and the rules on the electricity market operation.

By the conclusion of the agreement on balance responsibility with the transmission system operator and upon the fulfilment of conditions stipulated by the rules on the electricity market operation, an electricity market participant shall acquire the status of a balance responsible party.

A market participant transfers balance responsibility by the conclusion of an agreement on the transfer of balance responsibility with a balance responsible party.

By the conclusion of an agreement on full supply, the final customer transfers the balance responsibility for its point of takeover to the supplier.

By the conclusion of an agreement on full supply under Article 188 hereof, the transmission, i.e. distribution system operator transfers the balance responsibility to the supplier.

By the conclusion of the agreement under Paragraphs 2 and 4 hereof, the producer transfers the balance responsibility for its point of takeover to the supplier.

The transmission system operator shall be responsible for the establishment and implementation of balance responsibility of electricity market participants.

### ***Article 172***

The transmission system operator and distribution system operator must not take over balance responsibility for another market participant.

The transmission system operator and distribution system operator must not transfer their own balance responsibility to another market participant, except when they purchase electricity on the basis of an agreement on full electricity supply.

### ***Article 173***

The transmission system operator shall keep the registry of balance responsibility for the points of takeover in the transmission system, and the distribution system operator shall keep the registry of balance responsibility for the points of takeover in the distribution system.

The distribution system operator shall submit to the transmission system operator information contained in the registry, in accordance with the rules on the electricity market operation and the rules on changes of suppliers.

## **Balance electricity market**

### ***Article 174***

The transmission system operator shall purchase electricity from and sell it to the balance electricity market participants for the purpose of balancing and ensuring the safe system operation.

The price of electricity for the needs of system balancing and ensuring its safe operation shall be determined based on the market principle, in accordance with the rules on the market operation.

The share in the balance market shall be regulated by an agreement to be concluded between the transmission system operator and an electricity market participant, in accordance with the rules on the electricity market operation.

## **Rules on the electricity market operation**

### ***Article 175***

The rules on the electricity market operation shall regulate in more detail:

- 1) balance responsibility of market participants;

- 2) balance electricity market;
- 3) calculation of balance group deviations;
- 4) calculation of financial offsets between balance responsible parties;
- 5) the payment security instrument and criteria for determining the amount and the period for which it is required;
- 6) calculation of electricity needed for balancing and ensuring safe system operation;
- 7) the method for providing system services;
- 8) other matters necessary for the electricity market functioning.

The rules under Paragraph 1 hereof shall be passed by the transmission system operator, with the consent of the Agency.

The rules under Paragraph 1 hereof shall be published on the websites of the transmission system operator and the Agency, and the decision on giving the Agency's consent to those rules shall be published in the "Official Gazette of the Republic of Serbia".

### **The rules on publication of key market data**

#### ***Article 176***

The rules on the publication of key market data refer to the timely publication of all relevant data and their availability to all electricity market participants, and represent a precondition for non-discriminatory market operation.

The rules under Paragraph 1 hereof shall comprise all the relevant data referring to electricity consumption, transmission and production, and balance market.

The rules under Paragraph 1 hereof shall regulate in more detail the responsibilities of the electricity transmission operator, electricity distribution system operator, electricity producer and final customer referring to the publication of market data, as well as other matters necessary for data publication.

The rules under Paragraph 1 hereof shall be passed by the transmission system operator, with the consent of the Agency.

The rules under Paragraph 1 hereof shall be published on the websites of the transmission system operator and the Agency, and the decision on giving the Agency's consent to those rules shall be published in the "Official Gazette of the Republic of Serbia".



## **Organised electricity market**

### ***Article 177***

The organised electricity market is an institutionally regulated relationship between supply and demand of the electricity market participants with predefined standardised products and physical delivery, on a time-scale of one day in advance and within a day.

### ***Article 178***

The market operator shall perform the activity of organised electricity market management.

### ***Article 179***

The market operator shall be founded by the transmission system operator, in the manner prescribed by an act of the Government.

### ***Article 180***

The market operator shall be responsible for:

- 1) establishment of the organised electricity market;
- 2) administering of the organised electricity market;
- 3) efficient and functional connection of the electricity market in the Republic of Serbia with neighbouring electricity markets, in cooperation with the transmission system operator in the Republic of Serbia, as well as transmission system operators and market operators of neighbouring countries, in accordance with internationally defined principles and undertaken obligations.

### ***Article 181***

The clearing and financial offsetting, pursuant to this Law, among organised electricity market participants shall be carried out by a legal person authorised for such activities, with the head office in the Republic of Serbia or a European country, in accordance with the clearing and financial offsetting principles applicable on the Pan-European electricity market.

Transactions on the organised market may be concluded in the domestic currency or Euro.

If the legal person under Paragraph 1 hereof has the head office in a European country, payments, charging and transfers based on financial offsetting among the organised electricity market participants shall be performed in Euro.

### ***Article 182***

The market operator shall:

- 1) pass the rules on the organised electricity market operation;
- 2) ensure confidentiality of commercial and business information of the market participants, as well as other information available to them during performing the activity;
- 3) regulate balance responsibility by concluding an agreement on balance responsibility with the transmission system operator, or by transferring balance responsibility to the legal person under Article 171, Paragraph 2 hereof.

### ***Article 183***

The rules on the organised electricity market operation shall regulate in more detail:

- 1) the rules and procedure for acquiring the status of an organised electricity market participant;
- 2) the conditions and procedure for termination of the status of an organised electricity market participant;
- 3) the registry of organised electricity market participants;
- 4) products of trade in the organised electricity market;
- 5) the procedure for submitting, amending and revoking offers for sale and purchase in the organised electricity market;
- 6) the contents of offers for sale and purchase in the organised electricity market;
- 7) the procedure for determining the validity of offers for sale and purchase in the organised electricity market;
- 8) the method for creating the supply curve and demand curve in the organised electricity market;
- 9) the method for determining market quantities and prices for the accounting period;

- 10) procedures in the case of insufficient level of supply or demand in the organised electricity market;
- 11) the method for issuing certificates of transactions concluded in the organised electricity market;
- 12) the procedure of clearing and financial offsetting in the organised electricity market;
- 13) the method for managing risks related to financial offsetting;
- 14) procedures in case of emergency situations, and
- 15) other matters necessary for the organised electricity market functioning.

The market operator shall pass the rules under Paragraph 1 hereof and publish them on its website.

### **The obligation to keep records**

#### ***Article 184***

The supplier and wholesale supplier shall make available to the Agency, the authority in charge of competition affairs and the competent authority, in accordance with the obligations arising from ratified international agreements, all relevant data referring to transactions stipulated by contracts on electricity supply of all market participants, except for final customers.

The data under Paragraph 1 hereof shall include details of transaction properties, such as: duration, rules on the delivery and settlement of obligations, quantities, dates and times of execution and transaction prices, the method for identification of participants in the market to which the transaction refers, as well as specifications of all agreements on electricity supply in which the obligations have not been settled.

The supplier shall keep the data under Paragraph 2 hereof and make them available for a period of at least five years.

### **Protection of commercially sensitive information**

#### ***Article 185***

The transmission, i.e. distribution system operator, market operator, supplier and wholesale supplier shall keep as a trade secret the data and documents comprising information of sales prices, quantities and conditions of electricity supply, metering data on production, i.e. consumption of final customers, as well as other data and documents whose publication or making available to third parties may lead to disturbances in the electricity market.

The provision of Paragraph 1 hereof shall also apply to agreements on electricity supply within a period of one year as of the date of termination of such agreements, except for agreements concluded in the public procurement procedure, where upon expiry of that period the metering data on production, i.e. electricity consumption of final customers may be disclosed, i.e. the documents may be made available to third parties, only upon a request of the producer, i.e. final customer of electricity.

### **Electricity supply to final customers**

#### ***Article 186***

All final customers of electricity shall be entitled to select their supplier in the electricity market.

Electricity supply to final customers may be carried out by an energy entity holding the license for performing the supply activity (hereinafter: the supplier), pursuant to this Law.

Electricity supply to final customers may also be carried out by a producer holding the license for performing the supply activity, pursuant to this Law.

### **Agreement on supply to final customers**

#### ***Article 187***

The agreement on supply of final customers shall regulate rights and obligations between the supplier and final customer of electricity.

In addition to general elements stipulated by the law regulating contracts and torts, the agreement under Paragraph 1 hereof shall comprise the following elements:

- 1) rights and obligations in terms of the power and amount of electricity;
- 2) supply dynamics;
- 3) rights and obligations of the supplier and final customer in case of the non-performance of obligations and in case of temporary interruption of supply;
- 4) the period for which the agreement is concluded, and right and obligations in case of expiry or termination of the agreement;
- 5) the method of calculation and terms of payment for the electricity taken over;
- 6) the method of informing the customers about price changes and other conditions of electricity supply;

7) the method for resolving disputes, and

8) other elements depending on specificities and types of services provided by the supplier.

The conditions for the conclusion and contents of the agreement on supply shall be regulated in more detail by the regulation under Article 214 hereof, and the provisions of the agreement shall include rights and obligations of the customer in a clear, simple and unambiguous manner.

The agreement on supply must not withhold or impede the customer's right to termination or cancellation of the agreement due to the exercise of the right to a supplier switching, nor may further financial obligations be imposed on that basis, and the supplier shall inform the customer of the possibilities for a change of the supplier.

In case of termination or cancellation of the agreement on full supply by the supplier, the notice period must not be shorter than 30 days.

Prior to the commencement of supply to the final customer, the supplier shall report the agreement, i.e. any amendments of the agreement to the system operator, and shall particularly submit the following data: on the final customer, on the points of takeover, the type of agreement and the period of supply.

### **Agreement on full supply**

#### ***Article 188***

Only one agreement on full supply may be concluded for one point of takeover and for the same period of supply.

The final customer that has concluded the agreement on full supply under Paragraph 1 hereof must not conclude another agreement on electricity supply for the same point of takeover and the same period of supply.

Upon the conclusion of the agreement under Paragraph 1 hereof, the supplier shall, prior to the commencement of supply, conclude:

- 1) an agreement regulating its balance responsibility and including the points of takeover of that final customer, and
- 2) an agreement on access to the system with the operator of the system to which the final customer's facility is connected.

## **The agreement on supply with a predefined amount of electricity**

### ***Article 189***

For one point of takeover, for each accounting period during the period of supply, several agreements on supply with predefined amounts of electricity may be concluded.

Upon the conclusion of the agreement under Paragraph 1 hereof, the final customer shall, prior to the commencement of supply, conclude:

- 1) an agreement regulating balance responsibility for its points of takeover, and
- 2) an agreement on access to the system with the operator of the system to which its facility is connected.

The agreement on supply with a predefined amount of electricity may be concluded by all final customers, except for households and small customers.

## **Guaranteed supply**

### ***Article 190***

Electricity supply to households and small customers, as a public service (hereinafter: guaranteed supply), shall be carried out by the supplier designated by the Government in accordance with this Law (hereinafter: the guaranteed supplier).

The guaranteed supplier shall provide guaranteed supply to the customer under Paragraph 1 hereof, upon its request or by default, unless the customer selects another supplier.

The guaranteed supplier shall supply the customer under Paragraph 1 hereof pursuant to the agreement on full supply.

The guaranteed supplier shall publish the supply conditions and electricity price on its website or in another appropriate manner.

The agreement on full supply under Paragraph 3 hereof may also be concluded as a formal agreement, in accordance with the published supply conditions under Paragraph 4 hereof and the regulation governing electricity delivery and supply.

### ***Article 191***

The guaranteed supplier under Article 190, Paragraph 1 hereof, shall be designated on the basis of a public tender procedure and appointed for a period of up to five years.

The public tender procedure shall be conducted by the Ministry.

The decision on announcement of the tender under Paragraph 1 hereof shall particularly comprise the conditions and criteria for the selection of the guaranteed supplier, the conditions and method for forming and changing prices, elements of the agreement to be concluded between the guaranteed supplier and final customer, as well as the period for which the guaranteed supplier is appointed.

In case that the guaranteed supplier is not selected in the manner under Paragraph 1 hereof, the Government shall designate a supplier that will temporarily perform the guaranteed supply, for a period not longer than a year.

### **Last resort supply**

#### ***Article 192***

A final customer of electricity that is not entitled to guaranteed supply, pursuant to the provisions of this Law, shall be entitled to last resort supply in the following cases:

- 1) in case of bankruptcy or liquidation of the supplier that had supplied the customer until then;
- 2) in case of termination or revocation of the license held by the supplier that had supplied the customer until then;
- 3) if the customer has not found a new supplier upon termination of the agreement on supply with the previous one, except if the termination of the agreement is a consequence of non-performance of the customer's payment obligations;
- 4) if the customer has not found a new supplier upon termination of the agreement on supply with the previous one, and belongs to the category of customers for which electricity delivery must not be suspended in case of non-performance of obligations, pursuant to this Law.

The supplier that is incapable of supplying the final customer, in the case under Paragraph 1, Items 1) and 2) hereof, shall inform the last resort supplier, customer and system operator about the date of the termination of supply, in a timely manner.

The supplier that ceases to supply the final customer, in the case under Paragraph 1, Items 3) and 4) hereof, shall inform the system operator about the date of the termination of agreement on supply, in a timely manner.

Last resort supply shall be carried out without a request of the final customer, and shall commence upon termination of the agreement on supply with the previous supplier.

Last resort supply must not last longer than 60 consecutive days.

The last resort supplier shall supply the final customer pursuant to the agreement on full supply, and shall submit the agreement, in written form, to the final customer within eight days as of the date of commencement of last resort supply.

The last resort supplier shall publish the last resort supply conditions and the price of electricity on its website.

In case that the final customer fails to conclude the agreement under Paragraph 6 hereof within eight days as of the agreement receipt date, the system operator shall, upon a request of the last resort supplier, suspend electricity supply to that customer, and the final customer shall pay for the electricity taken over.

If the final customer, upon expiry of the last resort supply period, does not find a new supplier, the system operator shall suspend electricity supply to that customer.

### ***Article 193***

On the basis of the conducted public tender procedure, the Government shall designate the supplier to perform last resort supply (hereinafter: the last resort supplier).

The public tender procedure shall be conducted by the Ministry.

The decision on announcement of the tender under Paragraph 1 hereof shall particularly comprise the conditions for the selection of the last resort supplier, the conditions and method for forming and changing prices, elements of the agreement to be concluded between the last resort supplier and final customer, as well as the period for which the last resort supplier is appointed.

In case that the last resort supplier is not selected in the manner under Paragraph 1 hereof, the Government shall designate a supplier that will temporarily perform the last resort supply, for a period not longer than six months, during which a new tender shall be announced and finalised.

In case that the last resort supplier is not selected in the repeated tender procedure, the Government shall designate a guaranteed supplier that will perform the last resort supply, for a period not longer than a year.

The price at which the guaranteed supplier shall carry out last resort supply must not be lower than the average price of electricity in the organised market for the previous year.

### ***Article 194***

Every year, the Agency shall assess the necessity of maintenance of last resort supply and its impact on the competition in the market.



On the basis of the assessment under Paragraph 1 hereof, the Agency shall prepare a report comprising an estimate about the time of cancellation of last resort supply and report this to the Ministry.

The report shall be published on the Agency's website.

## **Responsibilities of the supplier**

### ***Article 195***

The supplier shall:

- 1) treat final customers in a non-discriminatory manner;
- 2) publish the general conditions of the offer for the conclusion of an agreement, i.e. inform the customer of the offered conditions in an appropriate manner, where this obligation shall also apply to the conclusion of agreements via a mediator, and shall ensure that the offer particularly includes:
  - (1) name and address of the supplier;
  - (2) type and quality of services that may be separately contracted;
  - (3) the method for obtaining the latest information of the prices;
  - (4) duration of the agreement, conditions for its extension and termination, and conditions under which the agreement must not be extended, as well as the manner of regulating mutual relations in case of the agreement termination;
  - (5) penalties, offsets, refunds and other charges in case that the supplier fails to meet the agreed quality level of the supplier's commercial services, as well as measures the supplier may take for the fulfilment of due obligations;
  - (6) the method and procedure for resolving customers' complaints, i.e. the procedure for resolving disputed, where the supplier is obliged to make that procedure simple, cheap, efficient and transparent;
- 3) inform the customers on its website or in another appropriate manner:
  - (1) about the roles of the supplier or operator of the system to which the customer's facility is connected;
  - (2) about the place and manner of submitting complaints referring to calculation, commercial services of the supplier and system operator, as well as about the quality and reliability of electricity supply if they are below the levels stipulated by technical regulations and rules on the quality of delivery and supply;

(3) have a possibility to directly address the operator of the system to which its facility is connected when it comes to any changes of technical conditions for connection, technical problems related to the system connection, metering devices and accuracy of measurement, low voltage, failure on the grid and interruption of power supply;

(4) provide an organisational unit, a body or persons with appropriate work experience and professional qualifications for resolving complaints and impartial decision-making within deadlines stipulated by the law;

5) inform customers, within a reasonable period, about any changes of prices and other terms of supply, while customers from the household category shall be informed pursuant to the law regulating the consumer protection, except in the case of reduction of prices and providing customers with more favourable terms of supply, where the publication of information in the media shall also be deemed informing, and customers shall be entitled to terminate the agreement on supply if they do not accept the changed price and terms;

6) offer customers several ways to pay their obligations, incentive measures and benefits in the payment of obligations, depending on the offered prices, duration of the accounting period, obligation maturity date and other specificities;

7) publish the conditions, procedure, legal consequences, i.e. customers' rights in the case of suspension of electricity supply due to the non-performance of obligations under the agreement on electricity supply, the procedure and legal consequences of the customer's facility disconnection from the system;

8) provide a free telephone line for notifications and answering the customers' questions for the purpose of informing about the conditions and method for exercising customers' rights;

9) separately indicate in the electricity bill the costs of system access at regulated tariffs, fees prescribed by the law, taxes and other obligations or information in accordance with this Law;

10) take measures to provide customers with short and meaningful check-lists with practical information referring to their rights;

11) perform other obligations in accordance with regulations governing contracts and torts, trade and supply of goods and services, and consumer protection;

12) submit to the Agency a report on resolving complaints and appeals of final customers;

13) submit to the Agency the data on the amount of sold electricity and revenues recorded on that basis, for the purpose of monitoring the market, regardless of the number of customers;

14) inform customers about electricity consumption and costs to enable the customers to manage consumption;

15) make it possible for customers to access the rules on supplier switching in a simple manner;

16) to issue to customers the final invoice upon supplier switching, not later than within six weeks after supplier switching.

The act under Article 214 hereof shall regulate in more detail the contents of the bill under Item 9) hereof.

### ***Article 196***

The supplier of electricity shall provide the customer, in or enclosed with the electricity bill or in another appropriate manner, with the information of the share of all types of energy sources in the total amount of sold electricity of that supplier in the previous year, in a reasonable manner, clearly comparable at the national level, as well as of the taken measures and the manner, i.e. effects of the undertaken activities aiming at an increase in energy efficiency and environmental protection, for the production capacities from which the electricity has been procured.

By a special act the Government may prescribe the obligation of the electricity supplier to ensure the minimum share of energy from renewable sources in the amount of sold electricity.

The electricity supplier shall refer the customers to sources of publicly available information about the environmental impact, at least referring to carbon-dioxide emissions and radioactive waste from electricity production from all sources from which the concerned supplier sold electricity in the previous year.

In addition to the data and information under Paragraphs 1 and 2 hereof, the supplier shall provide the final customer with information on their rights in case of dispute.

The Agency shall take all necessary measures to ensure that suppliers provide customers with clear, reliable and comparable data under Paragraphs 1 and 2 hereof.

## **Supplier switching and rules on supplier switching**

### ***Article 197***

Prior to supplier switching switch, the customer and supplier that had supplied the customer until supplier switching shall settle their mutual financial obligations.

Electricity supplier switching shall be free of charge for the customer and shall not last longer than 21 days.

The Agency shall pass the rules regulating the terms and procedure of a supplier switching in case that the final customer has concluded an agreement on full supply.

The rules shall particularly comprise:

- 1) conditions for the switching and the supplier switching procedure;
- 2) obligations of the supplier whose agreement is terminated;
- 3) obligations of the new supplier;
- 4) obligations of the electricity transmission, i.e. distribution system operator;
- 5) rights and obligations of the customer, supplier and system operator in case of change of the customer's place of residence;
- 6) deadlines for taking actions by participants in the procedure, and
- 7) other matters of significance for a supplier switching.

### **Unauthorised consumption, cut-off, outage and restriction of electricity supply**

#### ***Article 198***

Unauthorised electricity consumption is:

- 1) the use of electricity without an approval for connection;
- 2) the use of electricity with an approval for connection obtained prior to the fulfilment of conditions for connection;
- 3) the use of electricity after suspension of electricity supply;
- 4) the use of electricity without a metering device, regardless of the metering device or via a metering device that is incapable of proper measurement;
- 5) the use of electricity via a metering device on which the seals of the system operator have been damaged, or damaged or with the expired date of the mark on the seal of the competent authority for certification of metering devices, as well as in case that irregular electricity measurement is detected;
- 6) arbitrary replacement of the device that affects the accuracy of measurement of the received electricity.

### ***Article 199***

Unauthorised use shall be determined by the transmission, i.e. distribution system operator in the process of regular or extraordinary control of the metering point.

The regular and extraordinary control of the metering point under Paragraph 1 hereof shall be performed by at least two qualified persons authorised by the transmission, i.e. distribution system operator.

As a rule, regular control of a metering point is performed once in six months, but not less frequent than once a year.

Extraordinary control of a metering point shall be carried out in all cases of suspected unauthorised consumption. Doubt as to the accuracy of the metering device may be expressed by a customer or a stakeholder, and the extraordinary control of the metering device in use shall be performed by the authority in charge of metrology affairs, i.e. relevant authorized body for certification of metering devices.

A report on the performed regular and extraordinary control shall be made on the spot, and it shall comprise the established facts and evidence.

The report under Paragraph 5 hereof shall also be signed by the person present during the control, who shall be given a copy of the report.

In case that no-one is present during the control or the present person refuses to sign the report, a notification shall be left at the site of control with the deadline and address where the report can be taken over, or the report is delivered otherwise, pursuant to the law.

More detailed conditions, the procedure and method for determining unauthorised consumption, contents of the report, rights of customers and the procedure of deciding upon a complaint shall be regulated by the act under Article 214 hereof.

### ***Article 200***

In case of unauthorised consumption, the transmission, i.e. distribution system operator shall calculate the amount of electricity consumed in an unauthorised manner and deliver the bill to the customer, in a manner and following the procedure stipulated by the methodology for calculation of electricity consumed in an unauthorised manner, adopted by the Agency.

Unauthorised consumption shall be calculated for the period from the date of the last regular or extraordinary control of the metering point until the date of discovering the unauthorised consumption.

In case that the system operator has failed to carry out the regular or extraordinary control of the metering point under Article 199, Paragraphs 3 and 4 hereof, the amount of electricity consumed in an unauthorised manner shall be calculated for a period of up to six months.

## **Suspension of electricity supply**

### ***Article 201***

The transmission, i.e. distribution system operator shall suspend electricity supply to final customers in the following cases:

- 1) when they use electricity contrary to the conditions stipulated by the approval for connection, except when electricity cut-off is envisaged;
- 2) when power facilities, plants or devices of a customer do not meet the conditions prescribed by regulations and pose a direct threat for the life and health of people, environment and property;
- 3) in case of arbitrary replacement of devices for limiting power or electricity that does not affect the accuracy of measurement;
- 4) upon a request of the supplier due to outstanding obligations under the agreement on supply;
- 5) in case of the non-performance of obligations under the agreement on access to the electricity transmission or distribution system;
- 6) in case of electricity use without an agreement on supply or full supply, i.e. when the customer's last resort supply has expired and an agreement on supply has not been concluded;
- 7) in case of electricity use without regulation of the balance responsibility pursuant to this Law;
- 8) in cases of unauthorised consumption under Article 198, Paragraph 1, Item 6) hereof;
- 9) upon a written request of the customer, provided that the suspension is required for a period of at least one year and up to two years.

The transmission, i.e. distribution system operator may suspend electricity supply to final customers in the following cases:

- 1) when an final customer makes it possible for another final customer to consume electricity without approval of the system operator via its installation;

- 2) when a customer whose approval for connection has not regulated the impact on voltage quality causes reduction of electricity supply to other customers by its devices or the manner of electricity use, provided that emission levels permitted by the rules on operation are exceeded, and does not eliminate the disturbances within the deadline determined by the system operator.

Suspension of electricity supply shall not imply termination of the agreement on supply, and during the period of suspension the final customer shall have obligations referring to system access.

If the suspension is carried out upon a request of the customer under Paragraph 1, Item 9 hereof, the customer shall not have any obligations under the agreement on supply, i.e. system access.

In case of unauthorised consumption under Article 198, Paragraph 1, Item 5) hereof, the transmission, i.e. distribution system operator shall bring the metering point into proper technical condition at their own expense.

In case of unauthorised consumption under Article 198, Paragraph 1, Item 6) hereof, the transmission, i.e. distribution system operator shall bring the metering point into proper technical condition at the expense of the customer.

Prior to suspension of electricity supply, except in the case under Paragraph 1, Items 2), 3), 4), 6), 8) and 9) hereof, the customer shall receive an admonition defining the deadline for elimination of observed irregularities and deficiencies, which must not be shorter than three days as of the admonition delivery date.

The customer, i.e. the person whose facility has been suspended electricity supply is entitled to lodge a complaint to the transmission, i.e. distribution system operator, except in case of suspension upon a request of the supplier, when the complaint is lodged to the supplier.

More detailed conditions and procedure for suspension of supply, and rights and obligations of the transmission, i.e. distribution system operator, supplier and final customers, shall be regulated by the regulation on conditions of electricity delivery and supply.

## ***Article 202***

Prior to submitting a request to the transmission, i.e. distribution system operator for the suspension of supply under Article 201, Paragraph 1, Item 4) hereof, the supplier shall warn the final customer, in written form, that their electricity supply will be suspended if within a deadline that must not be shorter than 15 days nor longer than 30 days as of the warning delivery date the customer fails to settle the outstanding obligations, i.e. to reach an agreement on the fulfilment of obligations.

If the customer fails to fulfil the obligations within the given deadline, the authorised person of the supplier shall submit a request for suspension of electricity supply to the operator of

the system to which the customer's facility is connected, and shall inform the customer about this in written form.

On the basis of the supplier's request, the system operator shall suspend electricity supply to the customer within a period that must not be longer than eight days as of the request receipt date.

The customer that, upon the submission of request for suspension, settles the debt for the delivered electricity, shall without delay report this to the supplier, and the supplier shall without delay inform the transmission, i.e. distribution system operator and withdraw the request for suspension.

The provision under Paragraph 4 hereof shall also apply in case that the supplier and customer have reached an agreement on the fulfilment of obligations.

The customer whose electricity supply is suspended shall be entitled to lodge a complaint to the supplier, and a separate body, organisational unit or the authorised person of the supplier under Article 195, Paragraph 1, and Item 4) hereof shall decide upon the complaint within three days as of the complaint receipt date.

In case that the complaint is lodged by a natural person, the body under Article 195, Paragraph 1, and Item 4) hereof shall comprise a representative of registered associations pursuant to the law regulating consumer protection.

The supplier shall inform the transmission, i.e. distribution system operator, without delay, about the merits of the complaint, as well as in the case of subsequent fulfilment of the customer's obligations, and the transmission, i.e. distribution system operator shall restore electricity supply without delay, and not later than within 24 hours.

### ***Article 203***

Electricity supply to customers for facilities whose interruption of operation would pose a direct threat for lives and health of people and for facilities of special interest for the economy, people's lives and defence of the country, must not be suspended due to non-performance of obligations referring to delivered electricity.

The agreement on supply with the customer under Paragraph 1 hereof shall define payment security instruments for electricity supply, and the supply may be suspended in case that the payment security instruments are not provided.

The regulation on conditions of electricity delivery and supply shall prescribe in more detail the types of facilities, by intended purpose, whose supply must not be suspended.



## **Disconnection**

### ***Article 204***

The transmission, i.e. distribution system operator shall disconnect a facility of a final customer from the system in the following cases:

- 1) in case of unauthorised consumption under Article 198, Paragraph 1, Items 1-6 hereof;
- 2) when an final customer deprives authorised persons of the transmission, i.e. distribution system operator of safe, full and unobstructed access to metering devices and installations, as well as to the point of metering for the purpose of reading, verification of correctness, repair of failures, replacement, maintenance and control of correctness of metering and other devices with metering and distribution boxes, arrangement of the metering point and suspension of electricity supply;
- 3) upon a written request of the final customer;
- 4) if the suspension of electricity supply under Article 201, Paragraph 1 hereof has lasted longer than a year, except in the case of suspension of supply upon a request of the final customer, when the facility shall be disconnected from the system if the suspension of supply has lasted longer than two years.

In case of disconnection of the final customer's facility from the system, the agreement on supply and agreement on access for the point of takeover of the facility to be disconnected shall terminate, and for reconnection the final customer shall acquire an approval for connection under Article 140, Paragraph 2 hereof.

### ***Article 205***

The final customer, i.e. the person whose facility has been disconnected from the system, shall be entitled to lodge a complaint to the transmission, i.e. distribution system operator.

More detailed conditions for disconnection and rights and obligations of the transmission, i.e. distribution system operator and final customers shall be regulated by the regulation on conditions of electricity delivery and supply.

## **Load shedding**

### ***Article 206***

The transmission, i.e. distribution system operator may temporarily restrict electricity delivery to final customers in the following cases, in accordance with the rules on operation of the system to which the facility is connected and the regulation on conditions of electricity delivery and supply:

- 1) direct threat to lives and health of people or a danger of property damage;
- 2) technical and other disturbances in the system;
- 3) performing measurement, inspection, scheduled maintenance works, investment works and connection of new users.
- 4) in case of application of measures under Articles 211, 212 and 213 hereof.

### **Rights, obligations and protection of final customers**

#### ***Article 207***

Final customers shall enjoy protection of their rights pursuant to this Law, regulations passed on the basis hereof, the law regulating consumer protection and other regulations.

In case this Law regulates an issue which is regulated in a different manner by another law, the provisions of this Law shall apply.

In case that the final customer is not satisfied with decisions made in accordance with his Law upon complaints, requests and appeals, they may exercise their rights in court proceedings.

#### ***Article 208***

In case of occurrence of any technical or other disturbances in electricity supply the cause of which is not on the final customer's facility, the final customer is entitled to require elimination of such disturbances within a reasonable period.

The reasonable period within which the transmission, i.e. distribution system operator is obliged to eliminate the disturbances in electricity supply to final customers shall be deemed a period of 24 hours, and not longer than two days as of the date of receipt of notification about the disturbance.

Disturbances in electricity supply pursuant to Paragraph 1 hereof shall not be deemed interruptions in electricity supply due to the application of measures under Article 214, Items 13) and 14) hereof.

#### ***Article 209***

The final customer shall maintain the inner electrical installations up to the point of separation between the distribution system and installations of the customer's facility in

proper technical condition, in accordance with applicable technical regulations, and shall apply the measures prescribed by the rules on system operation.

### ***Article 210***

The final customer shall use electricity under the conditions, in the manner and for the purposes defined by the approval for connection and the agreement on supply, pursuant to the law and other regulations passed on the basis hereof.

### **Measures in case of endangered security of supply or disturbances in the energy system operation**

### ***Article 211***

In case of endangered security of supply to final customers due to insufficient supply in the market or the occurrence of other extraordinary circumstances, the Government shall prescribe the measures for restriction of electricity supply, or special conditions for import or export of electricity, the manner and conditions for the formation and control of prices, the obligation of supply exclusively to particular users, or special conditions for performing energy-related activities with the minimum disturbance of the energy market in the region.

In the case under Paragraph 1 hereof, the Government shall determine the method for ensuring, i.e. the sources of funds for the compensation for possible damages incurred by energy entities implementing such measures, as well as the conditions and method for the allocation of funds based on the compensation for damages.

The measures under Paragraph 1 hereof may last as long as the circumstances for which they have been prescribed are present, i.e. as long as the consequences of such circumstances are present.

The Ministry shall inform the competent authorities, in accordance with the obligations arising from ratified international agreements, about the measures taken under paragraph 1 hereof.

### ***Article 212***

In case of general shortage of electricity, electricity supply restriction measures shall be taken, along with measures implying savings and rational electricity consumption.

The decision on the application of measures under Paragraph 1 hereof shall be issued by the Government, at the proposal of the Ministry, upon prior notification by the supplier and the transmission, i.e. distribution system operator about the occurrence of circumstances for the application of these measures.

The decision under Paragraph 2 hereof and the plan of electricity supply restrictions shall be published in the media not later than 24 hours prior to the commencement of application of measures to which the decision refers.

In case of general shortage of electricity, electricity supply to final customers' facilities of special interest for the economy and lives of people and the defence of the county must not be suspended.

The regulation on the conditions of electricity delivery and supply shall regulate in more detail the measures to be taken by the transmission, i.e. distribution system operator in case of general shortage, the manner of taking measures, measures referring to savings and rational electricity consumption and the type of facilities by intended use under Paragraph 4 hereof to which electricity supply may be suspended in case of general shortage.

### ***Article 213***

In case of disturbance of the electricity system operation, as well as due to works on maintenance and expansion of the electricity system, measures shall be taken in accordance with electricity supply restriction plans to be adopted by the transmission, i.e. distribution system operator.

The decision on the application of measures under Paragraph 1 hereof shall be made by the transmission, i.e. distribution system operator, in accordance with the rules on system operation.

The regulation on the conditions of electricity delivery and supply shall define in more detail the measures to be taken in case of any disturbances in the operation of the electricity system, as well as due to works on maintenance and expansion of the electricity system.

## **Conditions of electricity delivery and supply**

### ***Article 214***

The Government shall prescribe in more detail the conditions of electricity delivery and supply to final customers, which shall regulate in more detail:

- 1) the conditions and method of issuing the approval for connection to the transmission or distribution system and connection among systems, approved power, conditions for a change of approved power, conditions for merger and separation of installations, i.e. metering points;
- 2) conditions and method of connection of temporary facilities, construction sites and facilities in trial operation, and other facilities, pursuant to the law regulating construction of facilities;

- 3) the method and procedure of defining a list of final customers that meet the conditions for the status of a small customer;
- 4) conditions and method of measuring the amount of delivered electricity;
- 5) metering point, method and periodicity of control;
- 6) voltage quality at the point of electricity supply;
- 7) the point of separation of responsibility for delivered electricity between an energy entity and a customer, i.e. producer;
- 8) conditions for the conclusion and contents of the agreement on supply;
- 9) conditions and procedure for suspension of electricity supply to final customers, as well as energy vulnerable customers;
- 10) rights and obligations of the transmission i.e. distribution system operator, supplier and final customer;
- 11) the method of regulation of mutual relations among the supplier, transmission, i.e. distribution system operator and final customer;
- 12) type of facilities, by intended purpose, that must not be suspended electricity supply in case on non-performance of obligations referring to delivered electricity and in other cases;
- 13) measures to be taken in case of general shortage, the method of taking measures, measures referring to electricity savings and rational consumption, and types of facilities, by intended purpose, that must not be suspended electricity supply in case of general shortage;
- 14) measures to be taken in case of disturbances in the electricity system operation, as well as due to works on maintenance and expansion of the electricity system;
- 15) the procedure and manner of determining unauthorised consumption, contents of the report, rights of final customers, and the procedure of deciding upon complaints;
- 16) conditions and method for disconnecting the final customer's facility from the system, rights of final customers and the procedure of deciding upon complaints;
- 17) the manner of informing final customers;
- 18) the accounting period and mandatory contents of electricity bills;
- 19) other matters in accordance with the law.

## **Quality of electricity delivery and supply**

### ***Article 215***

Energy entities performing energy-related activities related to electricity delivery and supply shall ensure the quality of delivery and supply stipulated by this Law, regulations referring to the general terms of electricity delivery and supply, and other regulations passed on the basis hereof.

The Agency shall pass the rules under Article 51, Paragraph 1, Item 2) hereof, which shall prescribe in more detail the indicators of technical and commercial quality of electricity supply, the method of recording data and calculating the indicators, the manner and deadlines for the submission of data and reports to the Agency, the method for determining the required values of particular indicators, as well as the method for the assessment of results obtained by monitoring of the achieved values of quality indicators in relation to the required ones.

Indicators of the technical quality of delivery that shall be particularly monitored are the following: the continuity of electricity delivery, voltage quality, the time needed for the fulfilment of prescribed system operator's obligations affecting the connection, repair of failures, suspension, disconnection, and other indicators.

The Agency shall use the recorded values of electricity delivery technical quality indicators when approving development plans and investment funds, and when regulating prices of access to transmission and distribution systems, in the manner prescribed by methodologies for determining regulated prices of access, which define the method for determining and maximum amount of incentives, i.e. reduction of the approved maximum revenue, depending on the direction and degree of deviation from the required values of supply technical quality indicators.

Indicators of the commercial quality of delivery and supply that shall be particularly monitored are the following: ensuring efficient communication with customers, i.e. system users, informing of planned outages, precise and clear notification of final customers of the terms of electricity delivery and supply, the number of submitted and number of justified submissions of final customers, compliance with prescribed deadlines for taking action on submissions of final customers, and other indicators.

The rules under Paragraph 2 hereof shall also define the method for determining the amount of fee to customers on the basis of any deviations from the prescribed quality.

## **Protection of power facilities**

### ***Article 216***

An energy entity using and maintaining energy facilities shall be entitled to pass across real estate of another owner for the purpose of execution of works on the maintenance and inspection of correctness of facilities, devices, plants or equipment, as well as for the purpose of execution of other works and the use of the real estate at which the given works are executed, only during the execution of such works.

The owner of the real estate shall ensure access to energy facilities under Paragraph 1 hereof, and shall endure and not interfere with the execution of works under Paragraph 1 hereof.

The energy entity under Paragraph 1 hereof shall compensate for damages incurred by the owner of the real estate during the execution of works, the amount of which shall be determined in mutual agreement.

In case that the owner of the real estate and the energy entity fail to reach an agreement pursuant to Article 3 hereof, the decision shall be made by the competent court.

### ***Article 217***

The competent authority shall order displacement of an energy facility only in case of construction of a transport, energy and utility infrastructure facilities, facilities intended for the defence of the country, water management facilities and facilities for the protection from natural disasters, and other facilities considered facilities of general interest pursuant to the law on expropriation, which, due to natural or other characteristics, cannot be constructed at other sites, as well as in the case of construction of facilities and execution of works on the exploitation of mineral wealth.

In case of Paragraph 1 hereof, the costs of displacement of an energy facility, including the costs of construction, i.e. installation of the energy facility at another site, shall be borne by the investor of the facility due to the construction of which the energy facility is displaced.

Mutual rights and obligations between the investor of the facility due to the construction of which the energy facility is displaced and the energy entity that is the owner, i.e. user of the displaced energy facility, shall be defined by the Agreement.

### ***Article 218***

An energy entity performing the activity of electricity transmission or distribution shall implement protection measures pursuant to this Law and other technical regulations.

Facilities must not be constructed in the protective belt, below, above or next to power facilities, contrary to the law, technical and other regulations, nor may other works be executed, including planting flowers and other plants.

The protective belt for overhead electricity lines, on both sides of the line from the final phase conductor, shall have the following width:

- 1) for the voltage level of 1 kV to 35 kV:
  - for bare conductors - 10 meters, through forest area - 3 meters;
  - for poorly insulated conductors - 4 meters, through forest area - 3 meters;
  - for self-supporting cable bundles - 1 meter;
- 2) for the voltage level of 35 kV - 15 meters;
- 3) for the voltage level of 110 kV, including 110 kV - 25 meters;
- 4) for the voltage level of 220 kV and 400 kV - 30 meters.

The protective belt for underground power lines(cables), from the edge of the reinforced concrete channel, shall have the following width:

- 1) for the voltage level of 1 kV to 35 kV, including 35 kV - 1 meter;
- 2) for the voltage level of 110 kV - 2 meters;
- 3) for the voltage level exceeding 110 kV - 3 meters.

The protective belt for transformer stations in the open space shall be:

- 1) for the voltage level of 1 kV to 35 kV - 10 meters;
- 2) for the voltage level of 110 kV and exceeding 110 kV - 30 meters.

The transmission, i.e. distribution system operator in charge of the energy facility shall regularly remove trees or branches and other plants endangering the energy facility operation, at its own expense.

Owners and holders of other rights on the real estate located in the protective belt, below, above or next to the energy facility must not execute any works or perform other activities that prevent or endanger the energy facility operation, without prior consent of the energy entity that is the owner or user of the energy facility.

The consent under Paragraph 7 hereof shall be given by the energy entity upon a request of the owner or holder of other rights on the real estate located below, above or next to the



energy facility, within 15 days as of the request submission date, and shall comprise technical conditions in accordance with the law, technical and other regulations.

### **Technical regulations**

#### ***Article 219***

The Minister in charge of energy affairs shall prescribe technical requirements referring to the design, construction, inspection, utilisation and maintenance of energy facilities for electricity production, transmission and distribution at all voltage levels, power installations inside them, earthing and lightning protection, as well as the conditions to be met by a legal person, i.e. entrepreneur performing the activities of inspection or maintenance of energy facilities for electricity production, transmission and distribution.

The technical regulations shall be published in the "Official Gazette of the Republic of Serbia".

## **VIII. NATURAL GAS**

### **Performing activities**

#### ***Article 220***

Energy entities performing energy-related activities of natural gas transport and transport system operation, natural gas storage and storage facility management, natural gas distribution and distribution system operation, shall use and maintain energy facilities pursuant to the law regulating the pipeline transport, technical and other regulations referring to the activity they perform, conditions of fire and explosion protection, as well as conditions of environmental protection prescribed by the law and other regulations.

Entities using collection and transport systems in exploitation fields for natural gas production shall be subject to regulations governing mining activities, when it comes to the facilities under this Paragraph.

### **Natural gas transport and transport system operation**

#### ***Article 221***

A natural gas transport system is a network for natural gas transport comprising a network of pipelines with designed pressure exceeding 16 bar, except for supply gas pipelines, as well as compressor stations, block stations, metering and regulating stations, and metering stations at all points of delivery from the transport system, other energy entities, electronic

communications and information system and other infrastructure necessary for natural gas transport, including line-pack (hereinafter: the natural gas transport system).

### **Natural gas transport system operator**

#### ***Article 222***

The activity of natural gas transport and natural gas transport system operation shall be performed by the natural gas transport system operator, with rights and obligations stipulated by this Law.

The natural gas transport system operator shall also perform the activities of organising and administering the natural gas market and shall perform business operations in accordance with the principles of objectivity, transparency and non-discrimination, observing conditions prescribed by laws and regulations passed on the basis hereof.

### **Transport system operator organisation**

#### ***Article 223***

The transport system operator may be organised as:

- 1) transport system operator pursuant to Articles 224 and 225 hereof;
- 2) independent system operator pursuant to Articles 227-231 hereof, or
- 3) independent transport operator pursuant to Articles 232-238 hereof.

### **Transport system operator**

#### ***Article 224***

The transport system operator is the owner of the transport system.

The transport system operator shall be an independent legal person that is not part of a vertically integrated enterprise and is independent of performing energy-related activities of natural gas production and supply.

#### ***Article 225***

Independence of the transport system operator is achieved in the manner that the same person or persons are not authorised to:

- 1) directly or indirectly exercise control of entities performing activities of production or supply, and simultaneously directly or indirectly exercise control or have any other rights over the transport, i.e. transmission system operator, or the transport, i.e. transmission system;
- 2) directly or indirectly exercise control of the transport, i.e. transmission system operator, or the transport, i.e. transmission system, and simultaneously directly or indirectly exercise control or have any other rights over entities performing the activity of production or supply;
- 3) directly or indirectly appoint members of the supervisory board or other management bodies, as well as legal representatives of the transport, i.e. transmission system operator, and simultaneously directly or indirectly exercise control or have any other rights over entities performing the activity of production or supply;
- 4) be simultaneously appointed as members of the supervisory board or other management bodies, or legal representatives of the transport, i.e. transmission system operator and entities performing activities of production or supply.

The provisions under Paragraph 1, Items 1), 2) and 3) hereof shall particularly apply to:

- 1) the voting right;
- 2) the right to appoint members of the supervisory board or other management bodies or legal representatives;
- 3) ownership of the majority share in the company.

The entity performing the activity of production, i.e. supply under Paragraph 1 hereof shall imply a natural gas producer, i.e. supplier, and electricity producer, i.e. supplier.

In case that the person under Paragraph 1 hereof is the Republic of Serbia or another state authority, the control of the transport system operator, on one side, and entities performing the activities of natural gas production and supply, on the other side, must not be exercised by the same person, i.e. the same state authority, and in case that the control is exercised by different persons or state authorities, they must not be controlled by the same third party.

Commercially sensitive data owned by a transport system operator that used to be part of a vertically integrated enterprise, i.e. its employees, shall not be made available to entities performing any of the production and supply activities.

### ***Article 226***

Exceptionally from Article 224 of this Law, if the transport system was part of a vertically integrated enterprise before the deadline determined in accordance with the obligations of

the Republic of Serbia undertaken pursuant to ratified international agreements, the transport system operator may be organised as an independent system operator pursuant to Articles 227-231 hereof, or as an independent transport operator pursuant to Articles 232-238 hereof.

### **Independent system operator**

#### ***Article 227***

If the transport system was part of a vertically integrated enterprise before the deadline determined in accordance with the obligations of the Republic of Serbia undertaken pursuant to ratified international agreements, an independent system operator may be designated upon the proposal of the transport system owner, in which case Article 225 hereof shall not apply.

Designation of the independent system operator shall be carried out in accordance with internationally undertaken obligations.

The independent system operator under Article 226 hereof shall:

- 1) meet the conditions prescribed by Article 225, Paragraph 1 hereof;
- 2) have employees, financial, material and technical means necessary for performing the activity of natural gas transport;
- 3) abide to the ten-year transport system development plan under Article 250 hereof;
- 4) perform the activity of transport and transport system operation, pursuant to this Law.

### **Responsibilities of the independent system operator**

#### ***Article 228***

In addition to responsibilities under Article 248 hereof, the independent system operator shall:

- 1) approve and charge access to the system by third parties, pursuant to the provisions hereof;
- 2) manage, maintain and develop the transport system;
- 3) plan investments so as to ensure long-term capability of the transport system to fulfil rational requirements for natural gas transport.

The independent system operator shall develop the transport system and shall be responsible for the planning, construction and putting into operation of new infrastructure.

### **Responsibilities of the transport system owner**

#### ***Article 229***

The owner of the transport system on which the independent system operator performs the activity of transport and transport system operation shall:

- 1) provide all relevant cooperation and support to the independent system operator aiming at the fulfilment of its tasks, particularly including all relevant information;
- 2) based on the decision issued by the independent system operator, finance the investments stipulated by the ten-year development plan under Article 250 hereof, or give consent to investment financing by another stakeholder, including independent system operator. Relevant financial arrangements shall be approved by the Agency. Prior to issuing such approval, the Agency shall consult the transport system owner, independent system operator and other stakeholders;
- 3) fulfil the obligations referring to the transport system, excluding obligations referring to operations of the independent system operator;
- 4) provide guarantees that will ensure financing of the transport system development, except for investments for which, pursuant to Item 2) hereof, it has consented to financing by a stakeholder, including independent system operator.

The owner of the transport system managed by the independent transport system operator shall not be responsible for granting access to third parties and management of such access, nor for investment planning.

#### ***Article 230***

The transport system owner must be independent, in terms of its legal form, organisation and decision-making, of other activities not related to natural gas transport.

The independence of the transport system owner under Paragraph 1 hereof shall be achieved in the following manner:

- 1) members of management bodies of the transport system owner shall not be members of management bodies or employees of the enterprise performing the activity of natural gas production or supply;

- 2) members of management bodies of the transport system owner shall be independent in terms of decision making;
- 3) the transport system owner shall adopt and supervise implementation of the Program under Article 237 hereof.

### **Keeping confidential information of the independent system operator and transport system owner**

#### ***Article 231***

The independent system operator and owner of the transport system shall keep confidential commercially sensitive information obtained during performing business operations, and shall prevent commercially significant information concerning its own business operations from being disclosed in a discriminatory manner.

The information under Paragraph 1 hereof shall not be available to other parts of the enterprise, unless it is necessary for performing their operations. The transport system owner and other parts of the enterprise shall not have common departments, except for departments dealing with administrative and IT activities.

The obligations under Paragraph 1 hereof shall not have an adverse effect on efficient competition and market functioning.

### **Independent transport operator**

#### ***Article 232***

If the transport system was part of a vertically integrated enterprise before the deadline determined in accordance with the obligations of the Republic of Serbia undertaken pursuant to ratified international agreements, an independent transport operator may be designated upon the proposal of the vertically integrated enterprise, in which case Article 225 hereof shall not apply.

Designation of the independent transport operator shall be carried out in accordance with internationally undertaken obligations.

The independent transport operator shall have employees, financial, material and technical means necessary for performing the activity of transport and transport system operation, including the transport system.

Hiring employees or providing services between the independent transport operator and other parts of the vertically integrated enterprise shall not be permitted, unless:

- 1) the provision of such services leads to discrimination of transport system users;

- 2) the conditions for the provision of such services are regulated by the program under Article 237 hereof.

Upon a request of the independent transport operator, the vertically integrated enterprise shall provide the independent transport operator, in a timely manner, with appropriate funds for future investments and/or for replacement of existing assets necessary for performing the energy-related activity.

Business entities of a vertically integrated enterprise performing the activity of natural gas production or supply must not, directly or indirectly, have a share in the independent transport operator.

The independent transport operator shall neither have direct nor indirect share in a business entity of a vertically integrated enterprise performing the activity of natural gas production or supply, nor shall have the right to dividends or any other financial profits of the company.

The independent transport operator shall be organised pursuant to the law regulating business entities.

The independent transport operator shall differ from the vertically integrated enterprise or any of its parts in terms of the business identity, communication, trademark and premises.

The independent transport operator shall not have common information systems or equipment, premises and data protection systems with any part of the vertically integrated enterprise, nor shall employ the same persons for the information systems, equipment and data protection systems.

Financial statements of the independent transport operator must not be audited by the same auditor that audits financial statements of the vertically integrated enterprise or any of its parts.

### ***Article 233***

In addition to responsibilities under Article 248 hereof, the independent transport operator shall:

- 1) represent the transport system operator;
- 2) approve and charge access to the system by third parties, pursuant to the provisions hereof, based on the non-discrimination principles;
- 3) charge transport services pursuant to the provisions hereof;
- 4) manage, maintain and develop the transport system;

- 5) plan investments so as to ensure long-term capability of the transport system to fulfil rational requirements for natural gas transport;
- 6) have its own legal, accounting and information technologies departments, independent of any part of the vertically integrated enterprise.

#### ***Article 234***

Without prejudice to the provisions of Article 236 hereof, the independent transport operator shall independently make decisions on the funds needed for the transport system operation, maintenance, development and construction, as well as decisions on bank loans and capital increase, independently of the vertically integrated enterprise.

Any commercial and financial relations between the vertically integrated enterprise and the independent transport operator shall be based on the principle of transparency and non-discrimination.

The independent transport operator shall present to the Agency all its commercial and financial agreements with the vertically integrated enterprise.

The independent transport operator shall inform the Agency of the funds available for planned investments.

#### ***Article 235***

Members of management bodies of the independent transport operator shall be persons that:

- 1) are not directly or indirectly employed by other parts of the vertically integrated enterprise or their majority shareholders;
- 2) were not directly or indirectly employed by other parts of the vertically integrated enterprise or their majority shareholders within a three-year period prior to appointment;
- 3) upon termination of employment by the transport system operator, do not have any professional position or perform any function, do not have a business share or business relations with other parts of the vertically integrated enterprise, nor with its majority owner, for a period of at least four years;
- 4) neither have an ownership share nor obtain any other direct or indirect financial benefits from any part of the vertically integrated enterprise, and their earnings must not depend on activities or business results of the vertically integrated enterprise.



The independent transport operator shall submit to the Agency a proposal for the appointment of members of management bodies, including the conditions referring to the time, term and termination of office, as well as material and other rights.

Within three weeks as of the date of receipt of the proposal under Paragraph 2 hereof, the Agency may object to the proposal of the decision on appointment if:

- 1) there is doubt concerning professional independence of a member of management bodies pursuant to Paragraph 2 hereof, as well as the conditions of employment, including salary and other material rights;
- 2) in case of early termination of office, there is doubt concerning justifiability of such early termination.

The provisions of Paragraph 2 and Paragraph 3, Item 2) hereof shall also apply to persons employed in managerial positions and their direct subordinates, referring to management, maintenance, construction or development of the transport system.

The provisions of Paragraph 1, Item 2) hereof shall apply to at least one half plus one members of management bodies, and other members of management bodies may be persons who were not directly or indirectly employed by other parts of the vertically integrated enterprise or its majority shareholders within the period of six months prior to appointment.

### ***Article 236***

Members of the supervisory board, i.e. shareholders assembly of the independent transport operator may be representatives of the vertically integrated enterprise, representatives of third party shareholders, and representatives of other stakeholders such as employees of the independent transport operator.

The body under Paragraph 1 hereof shall make decisions affecting the value of property of the independent transport operator, consents to annual and long-term financial plans, indebtedness level of the independent transport operator, and the amount of profits to be paid out.

The provisions under Article 235, Paragraph 1, Items 2), 3) and 4) hereof shall apply to at least one half minus one members of the body under Paragraph 1 hereof, and the provisions of Article 235, Paragraph 1, Item 2) hereof shall apply to all members.

## **Program for ensuring non-discriminatory behaviour**

### ***Article 237***

The independent transport operator shall adopt and implement the Program for ensuring non-discriminatory behaviour under Article 280 hereof (hereinafter: Non-discriminatory behaviour Program).

The Non-discriminatory behaviour Program shall stipulate special obligations of employees aiming at the achievement of those objectives.

The Agency shall give its consent to the Non-discriminatory behaviour Program.

### ***Article 238***

The management body shall appoint a legal or natural person responsible for supervision of the Non-discriminatory behaviour Program, if it meets the conditions under Article 225, Paragraph 1, Items 1)-3) hereof, with prior consent of the Agency.

The management body may dismiss the person responsible for supervision of the Non-discriminatory behaviour Program, with prior consent of the Agency.

The Agency may reject the proposal for appointment if the person is not sufficiently independent or does not have required professional capacities.

The person under Paragraph 1 hereof shall:

- 1) supervise implementation of the Non-discriminatory behaviour Program;
- 2) prepare an annual report on the measures taken for the Non-discriminatory behaviour Program implementation, and submit it to the Agency;
- 3) submit a report to the management body and give recommendations referring to the Non-discriminatory behaviour Program and its implementation;
- 4) inform the Agency of any significant violations of provisions of the Non-discriminatory behaviour Program;
- 5) submit a report to the Agency on all commercial and financial relations between the vertically integrated enterprise and transport system operator;
- 6) submit information at the request of the Agency.

The person responsible for supervision of the Non-discriminatory behaviour Program shall submit to the Agency proposals of decisions on the investment plan or individual investments in the transport system prior to their delivery to the management body.

If the management body fails to adopt the decisions and this results in the prevention or postponement of investments envisaged for implementation in the upcoming three years within the ten-year transport system development plan, the person responsible for supervision of the Non-discriminatory behaviour Program shall report this to the Agency.

The Agency shall give its consent to the conditions defining the term of office or employment of the person responsible for supervision of the Non-discriminatory behaviour Program, including its term of office or employment duration, which ensure its independence, including the provision of all the elements needed for the fulfilment of its obligations.

During the term of office, the person responsible for supervision of the compliance program shall not have other professional engagement, responsibility or interest, directly or indirectly, in/with any part of the vertically integrated enterprise, or with its majority shareholders.

The person responsible for supervision of the Non-discriminatory behaviour Program may attend all meetings of the management or management bodies of the independent transport operator, supervisory board and assembly, which are obliged to inform them about scheduled meetings and to provide materials necessary for such meetings.

The person responsible for supervision of the Non-discriminatory behaviour Program shall attend all meetings at which the following issues are discussed:

- 1) conditions for access to the natural gas transport system, particularly referring to the price of system access, services related to system access, allocation of capacities and overload management, transparency, balancing, and secondary market;
- 2) on-going projects referring to the management, maintenance and development of the transport system, including investments in new interconnectors and connections;
- 3) purchase and sale of natural gas for the purpose of ensuring safe transport system operation, own natural gas production, system balancing and compensation of losses in the transport system.

The person responsible for supervision of the Non-discriminatory behaviour Program shall supervise the compliance of the independent transport operator with the provisions of this Law referring to confidentiality of the independent transport operator and owner of the transport system.

The person responsible for supervision of the Non-discriminatory behaviour Program shall have access to all significant data and departments of the independent transport operator, as well as to any information that may be needed or the fulfilment of prescribed tasks.

The person responsible for supervision of the Non-discriminatory behaviour Program shall have access to departments of the independent transport operator without prior notice.

With prior consent of the Agency, the management body may dismiss the person responsible for supervision of the Non-discriminatory behaviour Program. In case of insufficient independence or insufficient professional capacities of the person responsible for supervision of the Non-discriminatory behaviour Program, the Agency may require their dismissal from duty.

### **Certification and designation of transport system operator**

#### ***Article 239***

Before some legal entity acquires the license and thus becomes designated as the transport system operator, it shall be certified pursuant to this Law.

In the process of certification, the fulfilment of the following conditions shall be determined:

- 1) for transport system operator pursuant to Articles 224 and 225 hereof;
- 2) for independent system operator pursuant to Articles 227-231 hereof;
- 3) for independent transport operator pursuant to Articles 232-238 hereof.

The certification procedure is initiated upon:

- 1) the request of a legal entity that still has not been certified as the transport system operator;
- 2) a request of the Agency if the legal entity fails to submit an application for certification, or
- 3) a reasoned request of the competent authority in accordance with the obligations arising from ratified international agreements.

#### ***Article 240***

The Agency shall carry out the certification procedure and issue the decision on certification of the transport system operator pursuant to this Law and regulations passed on the basis hereof.

The act under Article 27, Paragraph 7 hereof shall regulate in more detail: the certification procedure, contents of the certification request, contents of the decision on certification, and documents to be enclosed with the request, and particularly:

- 1) data on the applicant, including the data on capital assets, the list of co-owners, annual financial statements with auditor reports, articles of incorporation, i.e. the statute;
- 2) evidence of ownership or other rights in the transport system;
- 3) data on control of the transport system operator, bodies and persons that directly or indirectly exercise control of the system operator, as well as data on control of the transport system owner, bodies and persons that directly or indirectly exercise control of the transport system owner, depending on the form of organisation, pursuant to Article 223 hereof;
- 4) other documents and data needed for conducting the certification procedure.

### **Article 241**

The Agency shall issue the decision on certification of the transmission system operator within four months as of the date of submission of the request under Article 239, Paragraph 3, Items 1) and 3) hereof.

In case that the Agency fails to issue the decision under Paragraph 1 hereof, the decision on certification shall be deemed issued.

The Agency shall, without delay, submit the decision on certification of the transport system operator with supporting documents to the competent authority, in accordance with the obligations arising from ratified international agreements, for opinion.

If the competent authority, in accordance with the obligations arising from ratified international agreements, fails to submit its opinion within two months as of the date of submission of the decision on certification, it shall be deemed that the competent authority has agreed with the Agency's decision.

Within two months as of the receipt of the opinion of the competent authority, in accordance with the obligations arising from ratified international agreements, the Agency shall issue the final decision on certification of the transmission system operator, taking into account the given opinion.

The Agency's decision and the opinion of the competent authority, in accordance with the obligations arising from ratified international agreements, shall be published together in the "Official Gazette of the Republic of Serbia" and on the websites of the transport system operator and the Agency.

In case that the final decision of the Agency differs from the opinion of the competent authority, in accordance with the obligations arising from ratified international agreements, the Agency shall publish an explanation for such a decision, together with the decision and opinion under Paragraph 6 hereof.

### ***Article 242***

The certified transport system operator shall inform the Agency of all the planned changes that may require the reassessment of the fulfilment of conditions under Article 223 hereof.

The Agency shall constantly monitor whether the certified transmission system operator meets the conditions under Article 223 hereof, and shall initiate a new certification procedure in the following cases:

- 1) when the transmission system operator informs it about the changes under Paragraph 1 hereof;
- 2) when it becomes aware of any planned changes that represent a reason for a new certification procedure or may lead or have led to violation of the regulation on separation;
- 3) when the competent authority, in accordance with the obligations arising from ratified international agreements, submits a justifiable request.

### ***Article 243***

The certification procedure under Article 242 hereof shall be carried out in accordance with Articles 240 and 241 of this Law.

### ***Article 244***

The transport system operator and natural gas producer or energy entities performing the activity of electricity and natural gas supply shall submit to the Agency all the data and all documents necessary for the transport system operator certification procedure.

The Agency shall keep confidential commercially sensitive information under Paragraph 1 hereof.

## **Certification of the transport system operator in relation to third countries**

### ***Article 245***

A certification procedure commenced on the basis of a certification request submitted by the transport system owner or transport system operator controlled by a person or persons from a third country or third countries shall be governed by the provisions of Articles 240, 241 and 246 hereof.

The Agency shall, without delay, inform the Ministry and the competent authority, in accordance with the obligations arising from ratified international agreements, about the request and any circumstances that may result in possible takeover of control over the transport system or transport system operator by a person or persons from a third country or third countries.

The transport system operator shall inform the Agency of any circumstances that may result in possible takeover of control over the transport system operator or the transport system by a person or persons from a third country or third countries.

### ***Article 246***

The Agency shall deny certification of the transport system operator controlled by one or more persons from a third country or third countries, in the following cases:

- 1) if the transport system operator does not meet the requirements under Article 223 hereof;
- 2) if the awarding of certificate endangers the security of natural gas supply to the Republic of Serbia and the region.

During the consideration under Paragraph 1, Item 2) hereof, the Agency shall particularly take into account the provisions of:

- 1) the international law and obligations referring to third countries, including agreements concluded with one or more third countries the signatory to which is also a party to the agreement under Article 2, Item 78) hereof, arising from ratified international agreements and referring to the security of supply;
- 2) rights and obligations of the Republic of Serbia in relation to the third country, arising from agreements concluded with that country, as well as agreements signed by the Republic of Serbia in the process of European integrations;
- 3) other specific facts and circumstances referring to the particular case or third country.

When issuing the decision on certification, the Agency shall take into account the opinion of the Ministry on the impact on the security of supply to the Republic of Serbia or the region.

The Ministry may request that the Agency make a final decision in accordance with the opinion in case that the issuance of certificate endangers the security of supply to the Republic of Serbia or the region, or represents a danger for the safety of the Republic of Serbia.

In case that the final decision is not in line with the opinion of the competent authority, in accordance with the obligations arising from ratified international agreements, the Agency

shall publish an explanation for such a decision in the manner prescribed by Article 241 hereof.

The Agency is entitled to reject a request for certification in case that the issuance of the certificate endangers the security of supply to the Republic of Serbia or the region, or represents a danger for the safety of the Republic of Serbia.

## **Responsibilities and duties of transport system operator**

### ***Article 247***

The natural gas transport system operator shall be responsible for:

- 1) safe and reliable operation of the transport system and quality of natural gas delivery;
- 2) safe operation of the natural gas transport system;
- 3) transport system operation in the manner that will ensure safety of natural gas delivery;
- 4) development that will ensure long-term capability of the transport system to fulfil rational requirements for natural gas transport;
- 5) coordinated operation of the transport system with other transport, i.e. distribution systems and natural gas storage facility;
- 6) system balancing;
- 7) non-discriminatory access to the transport system;
- 8) accuracy and reliability of natural gas measurement at the points of takeover, into and from the transport system;
- 9) arranging and administering the natural gas market.

### ***Article 248***

The natural gas transport system operator shall:

- 1) maintain and develop the transport system;
- 2) pass rules on the transport system operation;
- 3) adopt a transport system development plan every year for a period of at least ten years and harmonise it with the plan of development of connected systems and with requests for the connection of storage facilities, producers and customers;



- 4) adopt the Program for ensuring non-discriminatory behaviour, designate the person responsible for supervision of implementation of this program, and prepare an annual report;
- 5) procure natural gas for the purpose of ensuring safe operation of the system and for the compensation of losses in the transport system, based on the principles of minimum costs, transparency and non-discrimination;
- 6) purchase and sell natural gas for the purpose of system balancing, i.e. balancing of the amount of natural gas taken over, for the needs of users, by the transport system at the point of entry and delivered from the transport system at the output point, based on the principles of minimum costs, transparency and non-discrimination;
- 7) use line-pack for the purpose of system balancing, ensuring system operation safety and compensation of losses in the transport system;
- 8) balance the system based on the principles of minimum costs, transparency and non-discrimination;
- 9) take the prescribed safety measures when using the transport system and other capacities in the function of the transport system;
- 10) decide on the price of access to the transport system pursuant to this Law;
- 11) determine the price of natural gas for the needs of system balancing in accordance with regulations on the transport system operation;
- 12) not discriminate any transport system users or groups of users, and particularly not favour energy entities associated with it;
- 13) provide information to transport system users for the efficient system access based on the principles of transparency and non-discrimination;
- 14) ensure confidentiality of commercially sensitive information obtained during performing the activity and publish information that may ensure advantage in the market in a non-discriminatory manner;
- 15) collect and publish data and information necessary for the fulfilment of prescribed obligations in terms of transparency and supervision of the natural gas market, in accordance with the rules on the natural gas transport system operation;
- 16) submit to the final customer or its supplier, upon a request of the final customer, the data on natural gas consumption in the facilities of that customer, in the form and according to the procedure pursuant to Article 56, Paragraph 1, Item 11) hereof;

- 17) keep records needed for establishing indicators of natural gas delivery and supply quality, and submit a report to the Agency in accordance with the rules under Article 51, Paragraph 1, Item 2) hereof;
- 18) determine technical and technological conditions for connecting facilities, devices and plants into a single system;
- 19) supervise the safety of delivery and supply and submit data for a report on security of supply to the Ministry;
- 20) take measures for an increase in energy efficiency and environmental protection;
- 21) exchange information necessary for the safe and secure system functioning with other system operators;
- 22) cooperate with other system operators and other relevant stakeholders, aiming at establishment of the regional natural gas market and market liberalisation;
- 23) submit to the Agency the data and documents under Article 56, Paragraph 1, Item 8) hereof;
- 24) pass an act on prices of non-standard services to which the Agency shall give its consent and which shall be published on the system operator's website, and
- 25) regulate other matters necessary for the transport system operation and natural gas market functioning.

#### ***Article 249***

The natural gas transport system operator must not purchase or sale natural gas, except in the case of providing necessary natural gas quantities for the first system filling, own natural gas consumption, system balancing and compensation of losses in the transport system.

#### **Transport system development and authority for making investment decisions**

#### ***Article 250***

The transport system operator shall every year submit to the Agency, for its consent, a ten-year transport system development plan in accordance with the Strategy and Program, based on the forecast needs for natural gas and consultations with all stakeholders.

When preparing the ten-year development plan, the transport system operator shall take into account the planned production, consumption and exchange of natural gas in other countries.

The plan under Paragraph 1 hereof shall be harmonised with the development plan of the natural gas production, storage and distribution systems.

The ten-year transport system development plan shall comprise efficient measures for ensuring the system stability and security of supply.

The plan under Paragraph 1 hereof should:

- 1) point at the needs for construction and reconstruction of the most important transport system infrastructure to be constructed or reconstructed in the upcoming ten years;
- 2) contain all the investments for which the decision on realisation has been made and which are on-going, as well as investments to be realised in the upcoming three years;
- 3) determine deadlines for the realization of all investment projects;
- 4) comprise efficient measures for the achievement of system adequacy and security of supply.

#### ***Article 251***

The Agency shall organise consultations about the plan under Article 250, Paragraph 1 hereof with existing and potential system users, in an impartial and transparent manner, and publish the results thereof, and particularly possible needs for investments.

The Agency may require the potential users taking part in the consultations to explain that they are potential users.

The Agency shall check whether the ten-year transport system development plan includes all the needs for investments determined in the process of consultations.

The Agency may require the system operator to amend the ten-year development plan.

Upon giving consent to the plan under Article 250, Paragraph 1 hereof the Agency shall publish on its website the results of consultations and possible amendments to the ten-year development plan.

The Agency shall monitor and assess the realisation of the ten-year transport system development plan.

#### ***Article 252***

In case that the transport system operator fails to implement the investment stipulated by the plan under Article 250 hereof within a three-year period, except for any reasons outside its control, the Agency shall take one of the following measures to ensure the realisation of

the planned investments, if they are still necessary, on the basis of the latest ten-year development plan:

- 1) require the transport system operator to realise the relevant investment;
- 2) organise a tender procedure for selection of the most favourable investor interested in the relevant investment;
- 3) oblige the transport system operator to accept a capital increase for the purpose of financing the necessary investment and to permit an independent investor to participate in that capital.

### **Advanced metering systems**

#### ***Article 253***

The transport system operator shall establish technical requirements for the introduction of various forms of advanced metering systems and analyse technical and economic feasibility of the introduction of advanced metering systems, their effects on the market development and benefits for individual categories of final customers of natural gas.

Based on the analysis under Paragraph 1 hereof, the transport system operator shall prepare the implementation plan of economically justified forms of advanced metering systems and submit it to the Ministry and the Agency for their opinion.

The transport system operator shall include in the system development plan the introduction of advanced metering systems in accordance with the implementation plan, for the period for which the development plan is to be adopted.

By the implementation plan under Paragraph 2 hereof, the transport system operator shall cover all points of takeover from the transport system.

### **Natural Gas Transport Network Code**

#### ***Article 254***

The rules on the natural gas transport system operation shall regulate:

- 1) the method for planning the transport system development;
- 2) technical conditions for connecting to the transport system;
- 3) conditions for reliable and safe transport system operation;

- 4) access to the transport system, the payment security instrument and criteria for determining the amount and the period for which it is required;
- 5) utilisation and maintenance of facilities;
- 6) procedure for measurement by the use of the defined measuring equipment, depending on the metering point position in the system and the type of system user;
- 7) allocation of capacities based on the principle of non-discrimination and transparency;
- 8) overload management based on the principles of non-discrimination and transparency, ensuring cross-border exchange of natural gas as well as primary and secondary trade in capacities;
- 9) exchange of data on envisaged and actual quantities for the purpose of substitution of missing daily measurements, allocation of transported quantities by users, calculation of deviations, and financial settlement;
- 10) deadline for harmonisation of all the acquired data with the measurement data on the actual quantities, for the purpose of transport calculation;
- 11) virtual point in the system where the users may change ownership rights over natural gas and which is considered the input and output point of the transport system for the purpose of balancing;
- 12) method of exchange and balancing data, information and conditions of operation with other system operators;
- 13) management in case of disturbances in the system;
- 14) rules on acting in case of endangered security of natural gas supply;
- 15) conditions for trading connected with the technical and operational provision of transport system services and system balancing;
- 16) provision of balancing services, if it is technically possible, in the most economical, fair, objective and impartial manner that will provide the system users with certain benefits so that they could balance their delivery and takeover of natural gas;
- 17) obligation of publication of all the data necessary for system access;
- 18) obligation of publication of the data on services provided by the system operator, as well as all data referring to the technical, contracted and free capacity for all relevant points of the transport system;
- 19) type and method of the submission of data that market participants are obliged to submit to the system operator;

20) obligations of transport system users;

21) procedures for reporting the intention to use the system, system balancing, calculation of imbalance fee, and operational balancing among transport system operators;

22) procedure for resolving disputed under the agreement on transport, and

23) other matters necessary for the transport system operation and market functioning.

The rules under Paragraph 1 hereof shall be published on the websites of the natural gas transport system operator and the Agency.

The Agency shall publish the decision on giving its consent to the rules under Paragraph 1 hereof in the "Official Gazette of the Republic of Serbia".

### **Natural gas distribution system and natural gas distribution system operation**

#### ***Article 255***

A natural gas distribution system is a distribution network of natural gas comprising a network of pipelines, regulation, metering and regulation, and metering stations at all points of delivery from the distribution system, other energy facilities, electronic communications, information and other infrastructure necessary for distribution of natural gas with maximum operating pressure that is equal to or lower than 16 bar, including line-pack.

#### ***Article 256***

The activity of natural gas distribution and natural gas distribution system operation shall be performed by the natural gas distribution system operator, with rights and obligations stipulated by this Law.

The natural gas distribution system operator shall perform business operations in accordance with the principles of objectivity, transparency and non-discrimination, observing conditions prescribed by the law and regulations passed on the basis hereof.

### **Unbundling distribution system operators**

#### ***Article 257***

A distribution system operator that is a part of a vertically integrated enterprise shall be independent, in terms of the legal form, organisation and decision-making, of other activities not related to the distribution activity.

The independence of the distribution system operator under Paragraph 1 hereof shall not include the obligation of separating the ownership of the distribution system assets from the vertically integrated enterprise.

Independence of the distribution system operator is ensured in the following manner:

- 1) the persons responsible for management of the distribution system operator must not participate in the management bodies of a vertically integrated enterprise that are directly or indirectly responsible for the activity of natural gas production, transport or supply;
- 2) by taking measures ensuring that the professional interests of persons responsible for management of the distribution system operator are taken into account in a manner that ensures their independence in work;
- 3) the distribution system operator shall decide, independently of the vertically integrated enterprise, on funds necessary for the system operation, maintenance and development;
- 4) the distribution system operator shall independently make decisions on current business operations, i.e. decisions on the construction or improvement of the distribution network, if they are within the limits of the approved financial plan;
- 5) the distribution system operator shall dispose of employees, financial, material and technical means necessary for the fulfilment of obligations prescribed by this Law.

Independence of the distribution system operator shall not affect the right of the vertically integrated enterprise to approve the operator's annual financial plan and set limits of its indebtedness.

The vertically integrated enterprise shall not affect the work and operations or decisions referring to the construction or development of the distribution system operator's system.

The distribution system operator shall adopt the Non-discriminatory behaviour Program, which shall comprise measures for the prevention of discriminatory behaviour, the method for supervision of compliance with the program, and obligations of employees aiming at the achievement of set objectives.

The person or body responsible for supervision of the Non-discriminatory behaviour Program, i.e. the person responsible for supervision of compliance of the distribution system operator shall prepare an annual report on measures taken for the compliance program implementation.

The report under Paragraph 7 hereof shall be submitted to the Agency and published on the website of the distribution system operator.

On the basis of the report under Paragraph 7 hereof, the Agency may request an amendment of the Non-discriminatory behaviour Program.

The person responsible for supervision of compliance of the distribution system operator shall be completely independent and shall have access to all necessary information of the distribution system operator or any associated enterprise.

#### ***Article 258***

The Agency shall supervise the activities of the distribution system operator that is part of a vertically integrated enterprise for the purpose of prevention from violating market competition by using the position in the vertically integrated enterprise.

The distribution system operator that is part of a vertically integrated enterprise shall in its communications and by its business name make a difference in terms of its identity in relation to the energy entity dealing with natural gas supply in the same vertically integrated enterprise.

Within a vertically integrated enterprise, cross-subsidies of entities dealing with different energy and non-energy-related activities shall not be allowed, for the purpose of enabling competition and the prevention of discrimination of system users or groups of users.

#### ***Article 259***

The provisions of Articles 257 and 258 hereof shall not apply to the distribution system operator to the system of which fewer than 100,000 final customers are connected.

### **Responsibilities and duties of distribution system operator**

#### ***Article 260***

The natural gas distribution system operator shall be responsible for:

- 1) safe and reliable operation of the distribution system and quality of natural gas delivery;
- 2) safe operation of the natural gas distribution system;
- 3) development ensuring long-term capability of the distribution system to fulfil the needs for natural gas distribution in an economically justified manner;
- 4) construction of connection to the distribution system;



- 5) providing information to energy entities and distribution system users that is necessary for the efficient access to the distributions system, based on principles of transparency and non-discrimination;
- 6) non-discriminatory access to the distribution system;
- 7) distribution system operation in the manner that will ensure safety of natural gas delivery;
- 8) accuracy and reliability of delivered natural gas measurement.

### ***Article 261***

The natural gas distribution system operator shall:

- 1) maintain and develop the distribution system;
- 2) pass the rules on the distribution system operation;
- 3) adopt a distribution system development plan every year for a period of at least five years, harmonised with the development plan of connected systems and requests for connection;
- 4) adopt the program of measures and prepare the annual report under Article 280 hereof;
- 5) submit the data for the report on security of supply to the Ministry;
- 6) issue a decision on the price of access to the distribution system pursuant to this Law;
- 7) publish the prices of connection in accordance with the methodology under Article 50 hereof;
- 8) adopt the plan for reduction of losses in the system if the losses exceed the technically justifiable level;
- 9) adopt a plan for takeover of metering devices, i.e. metering and regulation stations at facilities of existing customers or producers, every year;
- 10) submit to the Ministry and the Agency a six-month report on the planned and undertaken activities on the implementation of the plan under Paragraph 1, Item 9) hereof;
- 11) procure natural gas for the compensation of losses in the distribution network, based on the principles of minimum costs, transparency and non-discrimination;

- 12) not discriminate any distribution system users or groups of users, and particularly not favour energy entities associated with it;
- 13) keep records needed for establishing indicators of natural gas delivery and supply quality, and submit a report to the Agency in accordance with the rules under Article 51, Paragraph 1, Item 2) hereof;
- 14) provide information to distribution system users for the efficient access to the system, based on the principles of transparency and non-discrimination;
- 15) every year, not later than 31 January, establish the list of customers meeting the conditions for the status of a small customer, on the basis of consumption recorded in the previous calendar year, and report this to small customers and public supplier;
- 16) maintain an updated database on final customers and their suppliers for all points of delivery from its system;
- 17) ensure confidentiality of commercially sensitive information obtained during performing the activity and publish information that may ensure advantage in the market in a non-discriminatory manner;
- 18) submit to the final customer or its supplier, upon a request of the final customer, the data on natural gas consumption in the facilities of that customer, in the form and according to the procedure pursuant to Article 56, Paragraph 1, Item 11) hereof;
- 19) not use the information on trade in natural gas obtained from third parties in activities referring to system access;
- 20) verify and submit to the transport system operator the data necessary for administering of the natural gas market, in accordance with the rules on transport system operation;
- 21) take prescribed safety measures while using the distribution system;
- 22) exchange information necessary for the safe and secure system functioning with other system operators;
- 23) submit to the Agency the data and documents under Article 56, Paragraph 1, Item 8) hereof;
- 24) take measures for an increase in energy efficiency and environmental protection;
- 25) pass an act on prices of non-standard services to which the Agency shall give its consent and which shall be published on the system operator's website, and
- 26) deal with other matters necessary for the distribution system operation and market functioning.

### ***Article 262***

The natural gas distribution system operator may neither purchase nor sell natural gas, except for the purpose of ensuring its own natural gas consumption and for losses in the distribution system.

### **Advanced metering systems**

### ***Article 263***

The distribution system operator shall establish technical requirements for the introduction of various forms of advanced metering systems and analyse technical and economic feasibility of the introduction of advanced metering systems, their effects on the market development and benefits for individual categories of final customers of natural gas.

Based on the analysis under Paragraph 1 hereof, the distribution system operator shall prepare the implementation plan of economically justified forms of advanced metering systems and submit it to the Ministry and the Agency for their opinion.

The distribution system operator shall include in the system development plan the introduction of metering systems in accordance with the implementation plan, for the period for which the development plan is to be adopted.

By the implementation plan under paragraph 2 hereof, the distribution system operator shall cover at least 80% of the points of takeover in the category of end natural gas customers for which the economic justifiability of implementation has been determined.

### **Natural Gas Distribution Network Code**

### ***Article 264***

The rules on the natural gas distribution system operation shall regulate:

- 1) the method for planning the distribution system development;
- 2) planning of operation and distribution system operation;
- 3) technical conditions for connecting to the distribution system;
- 4) access to the distribution system, payment security instruments and criteria for determining the amount and period for which they are required;
- 5) procedure for measurement by the use of the defined measuring equipment, depending on the metering point position in the system and the type of system user;

- 6) utilisation and maintenance of facilities;
- 7) procedures in case of disturbances in the distribution system operation;
- 8) type and scope of data to be exchanged with other energy entities and system users, exchange procedures and dynamics;
- 9) obligations of distribution system users;
- 10) other matters necessary for the distribution system operation.

The rules under Paragraph 1 hereof shall be published on the websites of the natural gas distribution system operator and the Agency.

The Agency shall publish the decision on giving its consent to the rules under Paragraph 1 hereof in the "Official Gazette of the Republic of Serbia".

## **Connection to the natural gas transport and distribution system**

### ***Article 265***

A facility of a customer or producer of natural gas or biogas shall be connected to the transport or distribution system on the basis of the approval of the competent system operator, pursuant to this Law and regulations passed in accordance with this Law.

The approval for the connection of a facility of a natural gas customer or producer that is already connected to the transport or distribution system shall also be issued in case of merger or separation of installations, i.e. metering points, any changes of the approved capacity or technical conditions for connection of a facility of the customer or producer of natural gas or biogas, as well as reconnection due to disconnection.

Exceptionally from Paragraph 1 hereof, connection to the natural gas distribution system in case of facilities that are not in the function of transport, distribution and production of natural gas, i.e. biogas as well as other facilities for which a building permit is issued by the ministry in charge of construction affairs, or the competent authority of the Autonomous Province, shall be performed within the process of unified procedure prescribed by the law governing construction of facilities.

The application for issuance of conditions for the facilities under Paragraph 3 hereof shall be submitted by the competent authority performing the unified procedure, and the conditions shall contain all the data needed for the preparation of technical documents, the execution of works, capacities and conditions for connection to the distribution system.

The conditions under Paragraph 4 hereof shall be valid for 12 months as of the day of issuance, or until the expiry date of the decision on building permit issued in accordance

with these conditions, if the investor pays at least one fifth of the amount of fee for the costs of connection to the distribution system.

Upon request of the authority under Paragraph 4 hereof the distribution system operator shall issue an approval, which shall be final on the day of its adoption, within 15 days as of the day of receiving the request for connection, if the conditions prescribed by the law have been met and perform the connection to the distribution system.

The approval under Paragraph 6 hereof shall contain the final calculation for connection to the distribution system.

### ***Article 266***

The approval for connection of a facility shall be issued by means of a decision in administrative proceedings, upon a request of the legal or natural person whose facility is to be connected.

The competent system operator shall decide upon the request for connection of a customer's facility within 15 days as of the date of receipt of the written request, i.e. upon the request for connection of a facility of natural gas or biogas producer, within 30 days as of the date of receipt of the written request.

The decision under Paragraph 2 hereof may be appealed to the Agency within 15 days as of the decision delivery date. The Agency's decision upon an appeal is final and administrative proceedings may be initiated against it.

### ***Article 267***

The approval for connection of a facility to the transport or distribution system shall particularly comprise: the point of connection to the system, the method and technical conditions of connection, approved capacity, the point and the method of natural gas measurement, the deadline for connection and costs of connection.

Technical and other conditions for connection to the transport or distribution system shall be determined pursuant to this Law, regulations passed on the basis hereof, technical and other regulations, and rules on operation of the system to which the facility is connected.

### ***Article 268***

The costs of connection shall also include the costs of procurement of metering devices and metering and regulation stations, and shall be borne by the person submitting the request for connection.

The amount of connection costs shall be determined by the transport and distribution system operator, in accordance with the methodology for determining the costs of connection adopted by the Agency.

The methodology under Paragraph 2 hereof shall determine the method and more detailed criteria for the connection costs calculation, depending on the point of connection to the system, approved capacity, the need for the execution of works or the need for the installation of necessary equipment, or other objective criteria.

Prior to the commencement of its application, the distribution system operator shall submit to the Agency the act on the amount of costs for connection to the distribution system.

The Agency shall require an amendment of the act on the amount of connection costs in case that it is not adopted in accordance with the methodology.

### ***Article 269***

The transport or distribution system operator shall connect the facility of a customer to the transport or distribution system within eight days as of the date of fulfilment of the following conditions:

- 1) conditions listed in the approval for connection;
- 2) that a building permit has been acquired for the facility, or that the devices and installation of the customer's facility meet the technical and other prescribed conditions;
- 3) that the customer has submitted a sales agreement to the system operator;
- 4) that the balance responsibility and access to the system have been regulated for the point of takeover.

The transport or distribution system operator shall connect the facility of a natural gas or biogas producer to the transport or distribution system within eight days as of the date of fulfilment of the following conditions:

- 1) conditions listed in the approval for connection;
- 2) that an exploitation permit has been acquired for the facility, or that the devices and installation of the producer's facility meet the technical and other prescribed conditions;
- 3) that the balance responsibility and access to the system have been regulated for the point of takeover.

Upon connecting the facility under Paragraphs 1 and 2 hereof, the connection shall become a part of the system to which it has been connected.

The rule on the conditions of natural gas delivery and supply shall define in more detail the conditions and method of proving the fulfilment of conditions under Paragraphs 1 and 2 hereof.

If the transport or distribution system operator fails to connect the facility of a customer, i.e. producer of natural gas or biogas to the transport or distribution system within the deadline under Paragraphs 1 and 2 hereof, the inspector in charge, upon a request of the customer, i.e. producer of natural gas or biogas, shall inspect, within 15 days as of the request submission date, the fulfilment of conditions for connection under Paragraphs 1 and 2 hereof, and if they find that the conditions have been met, they shall mandate the system operator to connect the facility within two business days.

### ***Article 270***

The connection of energy facilities for natural gas distribution to the transport or other distribution system, connection a natural gas storage facility to the natural gas transport system, as well as mutual connection of transport systems, shall be carried out on the basis of an agreement.

The agreement under Paragraph 1 hereof shall be concluded in written form and, in addition to general elements stipulated by the law regulating contracts and torts, it shall comprise the following elements:

- 1) technical conditions for the system connection and point of connection;
- 2) the method of delivered natural gas measurement;
- 3) actual costs of the system connection;
- 4) deadline for the system connection.

### ***Article 271***

The point of natural gas delivery to a customer, i.e. the point of natural gas takeover from a producer of natural gas or biogas, is the border point between the installations of the customer's facility, i.e. the facility of a natural gas or biogas producer, and the transport and distribution system.

The point of separation of responsibility between an energy entity and a customer, i.e. producer of natural gas or biogas, and the point of natural gas measurement shall be regulated in more detail by the act defining the conditions for natural gas delivery and supply.

### ***Article 272***

In case of need for connection of temporary facilities, construction sites, water and similar facilities, as well as facilities for which the trial operation has been approved in accordance with a separate law, an approval for temporary connection of the facility may be issued.

The issuance of the approval for temporary connection and natural gas delivery shall be carried out under the conditions, in a manner and in accordance with the procedure prescribed for the issuance of approvals for the connection of facilities.

### **Natural gas storage and natural gas storage facility management**

#### ***Article 273***

The activity of natural gas storage and natural gas storage facility management shall be performed by the natural gas storage facility operator.

The natural gas storage facility operator shall perform business operations in accordance with the principles of objectivity, transparency and non-discrimination, observing conditions prescribed by the law and regulations passed on the basis hereof.

#### ***Article 274***

The natural gas storage facility operator shall be an independent legal person and is independent of performing the activities of natural gas production, transport and supply.

Independence of the natural gas storage facility operator is ensured in the following manner:

- 1) the persons responsible for management of the natural gas storage facility must not participate in management bodies of a vertically integrated enterprise that are directly or indirectly responsible for the activity of natural gas production, transport or supply;
- 2) by taking measures ensuring that the professional interests of persons responsible for management of the natural gas storage facility are taken into account in a manner that ensures their independence in work;
- 3) the natural gas storage facility operator shall decide, independently of the vertically integrated enterprise, on funds necessary for the system operation, maintenance and development;
- 4) the natural gas storage facility operator shall independently make decisions on current operations, i.e. decisions on the construction or improvement of the natural gas storage facility within the approved financial plan;



- 5) The natural gas storage facility operator shall dispose of employees, financial, material and technical means necessary for the fulfilment of obligations prescribed by this Law.

Independence of the natural gas storage facility operator shall not affect the right of the parent vertically integrated enterprise to approve the operator's annual financial plan and set limits of its indebtedness.

The vertically integrated enterprise shall not affect the work and operations or decisions referring to the construction or development of the natural gas storage facility operator's system.

### **Responsibilities and duties of natural gas storage facility operator**

#### ***Article 275***

The natural gas storage facility operator shall be responsible for:

- 1) safety and reliability of natural gas injection and extrusion;
- 2) safe operation of the natural gas storage facility;
- 3) non-discriminatory access to the storage facility;
- 4) storage facility management.

#### ***Article 276***

The natural gas storage facility operator shall:

- 1) maintain and develop the storage facility;
- 2) take the prescribed safety measures;
- 3) pass the rules on the storage facility operation;
- 4) adopt a natural gas storage facility development plan every year for a period of at least ten years and harmonise it with the plan of development of connected systems and with requests for the connection of storage facilities and facilities of producers and customers;
- 5) adopt the Non-discriminatory behaviour Program, designate the person responsible for supervision of implementation of this program, and prepare the annual report under Article 280 hereof;
- 6) manage the facility operation;

- 7) submit the data for the report on security of supply to the Ministry;
- 8) publish the data on available capacities;
- 9) purchase natural gas for its own power consumption and the compensation of losses, based on the principles of minimum costs, transparency and non-discrimination;
- 10) decide on the price of access to the storage facility pursuant to this Law;
- 11) not discriminate any storage facility users or groups of users, and particularly not favour energy entities associated with it;
- 12) provide information to storage facility users for the efficient access to the storage facility, based on the principles of transparency and non-discrimination;
- 13) harmonise the operation and exchange data necessary for the safe and reliable storage facility operation with the transport system operator;
- 14) submit to the Agency the data and documents under Article 56, Paragraph 1, Item 8) hereof;
- 15) provide the transport system operator with the data of significance for the natural gas market functioning;
- 16) ensure confidentiality of commercially sensitive information obtained during performing the activity and publish information that may ensure advantage in the market in a non-discriminatory manner;
- 17) take measures for an increase in energy efficiency and environmental protection;
- 18) regulate other matters necessary for the storage facility operation.

### ***Article 277***

The natural gas storage facility operator shall every year submit to the Agency a ten-year natural gas storage facility development plan in accordance with the Strategy and the Program.

The ten-year natural gas storage facility development plan shall comprise efficient measures for ensuring the system stability and security of supply.

The plan under Paragraph 1 hereof should:

- 1) point at the needs for construction and reconstruction of the most important natural gas storage facility infrastructure to be constructed or reconstructed in the upcoming ten years;
- 2) contain all the investments for which the decision on realisation has been made and which are on-going, as well as investments to be realised;
- 3) determine deadlines for the realization of all investment projects.

### **Rules on natural gas storage facility operation**

#### ***Article 278***

The rules on the natural gas storage facility operation shall regulate:

- 1) conditions for safe, reliable and secure storage facility operation;
- 2) utilisation and maintenance of facilities;
- 3) planning the storage facility operation;
- 4) storage facility management and regulation of the flow and pressure on natural gas injection and extrusion, in a manner ensuring safe and reliable operation in both cycles, in case of disturbances and outages;
- 5) types of services provided by the storage facility operator;
- 6) conditions and procedures for access to the storage facility and allocation of capacities, the payment security instrument and criteria for determining the amount and the period for which it is required;
- 7) determining the available capacity of the storage facility for injection, operating capacity of the storage facility and gas extrusion;
- 8) the manner and dynamics of publication of summarised data on injected and extruded natural gas quantities and utilisation of the storage capacity, and
- 9) other matters necessary for the storage facility operation and market functioning.

The rules under Paragraph 1 hereof shall be published on the websites of the natural gas storage facility operator and the Agency.

The Agency shall publish the decision on giving its consent to the rules under Paragraph 1 hereof in the "Official Gazette of the Republic of Serbia".

### ***Article 279***

The natural gas storage facility operator may neither purchase nor sell natural gas, except for the purpose of ensuring its own natural gas consumption and for compensation of losses in the natural gas storage facility.

## **Non-discriminatory behaviour Program**

### ***Article 280***

The owner of a transport system that is part of a vertically integrated enterprise and the system operator doing business within the vertically integrated enterprise shall adopt the Non-discriminatory behaviour Program comprising measures for the prevention of discriminatory behaviour, obligations of employees and code of conduct in ensuring non-discrimination, efficient supervision and regular reporting, and shall designate a person responsible for supervision of the implementation of this program.

The responsible person under Paragraph 1 hereof shall prepare an annual report on the measures taken for implementation of the Program under Paragraph 1 hereof, submit it to the Agency, and publish it on the website of the system operator, i.e. the vertically integrated enterprise.

On the basis of the report under Paragraph 2 hereof, the Agency may request an amendment to the program under Paragraph 1 hereof.

## **Ownership of gas pipeline networks**

### ***Article 281***

Natural gas transport networks may, pursuant to the law, be publicly owned, owned by a transport system operator founded by the Republic of Serbia for performing the activities of transport and transport system operation, or in private ownership.

Natural gas distribution networks may, pursuant to the law, be publicly owned, owned by a distribution system operator that is founded by the Republic of Serbia or is a subsidiary of a legal person founded by the Republic of Serbia, or in private ownership.

The system operator shall acquire ownership of gas pipeline network facilities which it constructs from its own funds, acquire through a legal transaction, establishment or recapitalisation.

In case that the system operator founded by the Republic of Serbia ceases to exist, the gas pipeline network shall become property of the Republic of Serbia.

In case that the system operator - subsidiary of a legal person founded by the Republic of Serbia ceases to exist, the gas pipeline network shall become property of that legal person, and in case that the legal person ceases to exist, the gas pipeline network shall become property of the Republic of Serbia.

The ownership right under Paragraph 1 hereof over the natural gas transport and distribution system shall be determined pursuant to this Law.

Exceptionally from Paragraphs 4 and 5 hereof when the legal successor of the system operator which ceases to operate is another legal entity founded by the Republic of Serbia, which, pursuant to provisions of this Law, may own the gas pipeline networks, such legal entity shall acquire ownership of those networks.

The gas pipeline networks under Paragraphs 1 and 2 hereof must not be alienated from public ownership, or from the ownership of system operator, nor may they be the subject of encumbrance or enforced performance.

#### ***Article 282***

The system operators' acquisition of ownership of gas pipeline networks shall not be subject to provisions of the Law on Public Ownership referring to the acquisition of ownership of the state-owned assets by public enterprises and for-profit corporations.

#### **Access to natural gas transport and distribution systems and natural gas storage system**

#### ***Article 283***

The natural gas transport or distribution system operator, as well as the natural gas storage facility operator, shall provide system users with access to the system at regulated prices, based on the principle of transparency and non-discrimination, in accordance with the provisions of this Law, as well as regulations and rules on system operation passed on the basis hereof.

Access to supply gas pipelines shall be ensured based on the principle of transparency and non-discrimination, and it is not regulated.

If it is necessary for the fulfilment of its obligations, the transport system operator shall be entitled to access the transport system of another operator.

#### ***Article 284***

System access shall be regulated by an agreement on access to be concluded by the natural gas transport, i.e. distribution system, as well as the natural gas storage facility operator, and the system user, in accordance with the rules on system operation.

In addition to the elements prescribed by the law regulating contracts and torts, the agreement on access shall comprise: data on the point of takeover, capacity at the point of takeover, accounting period and the calculation method, in accordance with methodologies under Article 50 hereof, as well as other elements depending on specificities of the point of takeover.

The agreement on access to the natural gas distribution system must not stipulate a capacity that exceeds the approved connection capacity at the point of takeover.

The agreement on access to the transport system and natural gas storage system must not stipulate a capacity that exceeds the capacity for which the right to capacity use has been granted.

The transport, i.e. distribution system operators as well as the natural gas storage facility operator shall keep the registry of agreements on access.

#### ***Article 285***

The natural gas transport, storage or distribution system operator may deny system access in the following cases:

- 1) the lack of capacities;
- 2) if access to the system would prevent the fulfilment of obligations referring to security of supply;
- 3) serious economic and financial difficulties due to "take or pay" obligations pursuant to this Law.

Access to supply gas pipelines may be denied in the following cases:

- 1) the lack of capacities;
- 2) non-compliance of technical characteristics of the system;
- 3) if access to the system would endanger the production of oil and natural gas;
- 4) if access to the system would endanger the rights of other system users.

Data on the load level of the transport or distribution system, or the availability of capacities of the natural gas storage facility shall be public, and the type, scope and manner of data publication shall be in compliance with the rules on system operation.

The transport, i.e. distribution system operator, as well as the natural gas storage facility operator, i.e. natural gas producer, shall issue a decision on the denial of system access not later than within five days as of the date of submission of the request for system access.

The decision under Paragraph 4 hereof shall comprise detailed reasons for the denial of system access.

The decision under Paragraph 4 hereof may be appealed to the Agency within eight days as of the decision delivery date.

The Agency's decision issued upon an appeal is final and administrative proceedings may be initiated against it.

### **Access to natural gas transport system**

#### ***Article 286***

The natural gas transport system shall be accessed on the basis of the right to exploitation of the transport capacities at input and output points of the transport system.

The right to exploitation of the transport capacity is exercised on the basis of a natural gas transport agreement concluded between the transport system operator and market participants, in accordance with the rules on transport system operation.

Pursuant to the agreement under Paragraph 2 hereof, the transport capacity may be allocated as long-term capacity, for a period longer than one year, or as short-term capacity, for a period shorter than one year, and it may also be allocated as uninterrupted and interruptible capacity.

If the transport capacity is defined as interrupted by the agreement under Paragraph 3 hereof, the regulated price for such capacity shall be determined in proportion to the probability of occurrence of the transport interruption.

The transport system operator shall offer all the available transport capacity to market participants, up to a level that will not impair the safe operation of the system.

In case of contractual congestion, the transport system operator shall offer the overall unused capacity as interruptible capacity, at least for one day in advance.

The transport system operator shall publish on its website:

- 1) information of the services it provides to system users and appropriate conditions to be applied;
- 2) data on technical, contracted and available capacities for all input and output points of the transport system, and

- 3) other data and information of significance for transparent and non-discriminatory access to the transport system.

The information and data under Paragraph 7 hereof, as well as the method of their publication and updating shall be regulated in more detail by the rules on the natural gas transport system operation.

### **Access to natural gas storage facility**

#### ***Article 287***

The allocation of rights to the exploitation of capacities of the natural gas storage facility shall be carried out in a non-discriminatory and transparent manner, in accordance with the rules on the storage facility operation.

Provisions of Article 286 hereof regulating the allocation of rights to the use of the transport system capacities shall accordingly apply to the allocation of rights to use of the natural gas storage facility capacities.

The natural gas storage facility operator shall harmonise the rules on the allocation of capacities at the input and output points of the storage facility with the rules on allocation of capacities for natural gas transport to which the storage facility is connected.

### **Exemptions for new infrastructure in the field of natural gas**

#### ***Article 288***

New infrastructural facilities of the gas pipeline system, i.e. interconnectors or natural gas storage facilities may, upon a request, be exempted from the application of Article 224 hereof, as well as the right to access under Article 283, Paragraph 1 hereof, under the following conditions:

- 1) that investments in the new infrastructural facility increase competitiveness in the market and security of supply;
- 2) that the risk of investments in new infrastructural facilities is such that the investments will not occur unless the exemption is approved;
- 3) that the new infrastructural facilities are owned by a natural or legal person that performs business operations within another legal person separated from the system operator within which the new infrastructural facilities will be constructed;
- 4) that users of the new infrastructural facility bear the expenses of the facility use;



- 5) that the exemption does not prevent competition, efficient functioning of the internal natural gas market and efficient operation of the regulated system to which the new infrastructural facilities are connected.

The provision under Paragraph 1 hereof shall also apply in the case of a considerable increase of the capacity of existing infrastructural facilities and modification of this infrastructure ensuring development of new sources of natural gas supply.

The act on exemption under Paragraphs 1 and 2 hereof shall be passed by the Agency, upon obtaining the opinion of the Ministry, and shall be published in the "Official Gazette of the Republic of Serbia", along with the Ministry's opinion and a detailed explanation.

The act on exemption under Paragraphs 1 and 2 hereof may include the overall new infrastructure or its parts, existing infrastructure with an increased capacity, or modified existing infrastructure.

Within two months as of the date on which the request for exemption is received by the last competent regulator, the competent authority, in accordance with the obligations arising from ratified international agreements, may submit its advisory opinion to those regulators that may use the opinion as a basis for decision making.

When deciding on the request for exemption under Paragraphs 1 and 2 hereof, the Agency shall consider:

- 1) non-discriminatory access to new infrastructure;
- 2) duration of exemption;
- 3) access to new facilities to be constructed or an increase in the capacity of existing ones;
- 4) planned infrastructure exploitation period;
- 5) national specificities that are applicable in the particular case.

Prior to passing the act on exemption, the Agency shall decide on the rules and mechanisms for the management and allocation of capacities.

The rules under Paragraph 7 hereof shall include the obligation to offer the unused capacity in the market, and users of the infrastructure are entitled to trade in their contracted capacities in the market. When assessing the criteria under Paragraph 1, Items 1), 2) and 5) hereof, the results of the capacity allocation shall be taken into account.

The act on exemption may be passed upon an exchange of opinions with other countries that are affected by the construction of infrastructure, or with competent regulatory authorities.

The Agency shall, without delay, submit to the competent authority, in accordance with the obligations arising from ratified international agreements, a copy of the request for exemption, as well as the decision and all relevant information referring to the decision.

The information under Paragraph 10 hereof, which makes it possible for the competent authority to issue a reasoned opinion, may be submitted in an aggregated form and shall particularly include:

- 1) detailed reasons on the basis of which the exemption has been approved or denied, including financial information justifying the need for exemption;
- 2) a conducted analysis of the effects of the approved exemption on the competition and efficient functioning of the internal natural gas market;
- 3) reasons for the period of time and the share in the total capacity for which the exemption is approved, and
- 4) the result of consultations of regulatory authorities.

Within two months as of the day of receipt of information under Paragraphs 10 and 11 hereof, the competent authority, in accordance with the obligations arising from ratified international agreements, may issue a decision requiring the Agency to amend or withdraw the act on exemption.

In case that the competent authority, in accordance with the obligations arising from ratified international agreements, issues the decision under Paragraph 12 hereof, the Agency shall take this decision into account to the greatest possible extent.

When the final decision of the Agency differs from the opinion of the competent authority, in accordance with the obligations arising from ratified international agreements, the Agency shall provide and publish, along with its decision, an explanation on which its decision is based.

The deadline under Paragraph 12 hereof may be extended for two more months if the competent authority, in accordance with the obligations arising from ratified international agreements, requires additional information, and the extension shall commence after the day of receipt of complete information.

The deadline under Paragraph 15 hereof may be extended in mutual agreement of the competent authority, in accordance with the obligations arising from ratified international agreements, and the Agency.

In case that the required information under Paragraph 15 hereof are not submitted within the required deadlines, the information shall be deemed withdrawn.

The opinion of the competent authority, in accordance with the obligations arising from ratified international agreements, on the act of exemption shall expire two years after the

day of its passing, if the construction of infrastructure has not commenced, i.e. five years after the day of its passing, if the infrastructure has not been put into operation, except if the competent authority, in accordance with the obligations arising from ratified international agreements, decides that the delay has occurred due to the circumstances that are out of control of the person to whom the exemption has been approved.

The act on exemption passed by the Agency is final and administrative proceedings may be initiated against it.

## **"Take or pay" obligations**

### ***Article 289***

The natural gas supplier that has or believes it will have financial difficulties due to its "take or pay" obligations based on the concluded agreement on natural gas purchase may submit a request to the Agency for the transport or distribution system operator or the storage facility operator to be temporarily exempted from the application of the right to regulated access.

The act on exemption under Paragraph 1 hereof shall be passed by the Agency, upon obtaining the opinion of the Ministry, and shall be published in the "Official Gazette of the Republic of Serbia", along with the detailed explanation including the opinion of the Ministry.

When deciding on the exemption under Paragraph 1 hereof, the Agency shall take into account the following criteria:

- 1) achievement of competitiveness in the gas market;
- 2) performance of the public supply obligation and ensuring safe supply;
- 3) the position of the applicant in the gas market and the actual state of competition in that market;
- 4) severity of economic and financial difficulties faced by the applicant, transport system operator or customers;
- 5) the date of signing and conditions of one or more of the concerned agreements, including the extent of market changes stipulated by them;
- 6) efforts that have been made to find a solution to such problems;
- 7) possibility to foresee that the applicant's accepting the obligations under the "take or pay" agreement could lead to serious difficulties;

- 8) the level of connection of the system with other systems and the extent of coordination of operation among systems;
- 9) effects that the exemption would have on the natural gas market.

The Agency shall inform the competent authority of its decision on approving the exemption, without delay, and shall submit all the relevant data referring to exemption.

The act on exemption for "take or pay" agreements concluded prior to the deadline defined in accordance with obligations of the Republic of Serbia undertaken pursuant to ratified international agreements shall not affect the possibility of existence of economically sustainable alternative solutions.

It is considered that there are no serious difficulties if the sale of natural gas has not fallen below the minimum amount stipulated by the "take or pay" agreement, if there is a possibility of amending the contract, or if the applicant can find another solution.

Any deviation approved in accordance with the given provisions shall be explained.

The system operator that has not been granted exemption under Paragraph 1 hereof must not deny access to the system due to the "take or pay" obligations.

In the process of deciding on the request for exemption, the Agency shall act in accordance with internationally undertaken obligations and submit documentation to the competent authority, in accordance with the obligations arising from ratified international agreements.

#### ***Article 290***

The Ministry shall prescribe in more detail the conditions under Articles 288 and 289 hereof, the contents of the request for exemption, and the contents of the act on exemption.

The act on exemption under Articles 288 and 289 hereof, passed by the Agency, is final and administrative proceedings may be initiated against it.

#### **Natural gas market**

#### ***Article 291***

The purchase and sale of natural gas shall be carried out in the market, on the basis of the agreement on sale of natural gas between market participants.

The agreement on sale of natural gas shall particularly define the quantities of natural gas, the price and the period of supply.

The amount of natural gas may be:

- 1) determined in advance for each accounting period during the period of supply, or
- 2) determined on the basis of the customer's recorded consumption at the point of takeover during the supply period, in the case of an agreement on full supply.

The transport system operator shall keep records of transactions in the natural gas market, in a manner and according to the procedure stipulated by the rules on the natural gas transport system operation.

### **Natural gas market participants**

#### ***Article 292***

Natural gas market participants may be:

- 1) natural gas producer;
- 2) natural gas supplier;
- 3) public natural gas supplier;
- 4) final customer;
- 5) transport system operator in accordance with Article 249 hereof;
- 6) distribution system operator in accordance with Article 262 hereof;
- 7) natural gas storage facility operator in accordance with Article 279 hereof.

Natural gas market participants shall submit to the transport system operator all the needed data in accordance with the rules on the transport system operation.

### **Balance responsibility**

#### ***Article 293***

Natural gas market participants shall regulate their balance responsibility by concluding an agreement on transport, thus regulating the financial responsibility for the difference between the quantity of natural gas delivered at input points of the transport system and the quantity taken over at output points of the transport, i.e. distribution system, for the accounting period.

The natural gas transport system operator shall be responsible for the establishment and implementation of balance responsibility of market participants and for keeping the registry

of balance responsibility, in accordance with regulations on the transport system operation and rules on a supplier switching.

#### ***Article 294***

The supplier is balance responsible for the points of takeover of the final customer that purchases natural gas pursuant to the agreement on sale with the full supply.

#### ***Article 295***

The data needed for keeping the registry of balance responsibility for the points of takeover in the distribution system shall be provided by the natural gas distribution system operator, which shall submit them to the natural gas transport system operator.

#### ***Article 296***

The natural gas transport system operator shall provide natural gas for balancing and maintenance of safe system operation, from market participants, by the use of natural gas from the storage facility, as well as from the line-pack, in a transparent, non-discriminatory and market oriented manner.

### **Natural gas supply to final customers**

#### ***Article 297***

Final customers of natural gas shall be entitled to freely select their supplier in market, where household shall begin exercising that right as of 1 January 2015.

Natural gas supply to final customers may be carried out by an energy entity holding the license for performing the supply activity (hereinafter: the supplier) or for public supply (hereinafter: public supplier), pursuant to this Law. Natural gas supply to final customers may also be performed, pursuant to this Law, by an energy entity performing the activity of natural gas distribution, if it meets the conditions under Article 259 hereof.

The public supplier shall be designated by the Government, in the manner and in the procedure stipulated by the Law.

Households and small customers whose all facilities are connected to the natural gas distribution system are entitled to public supply unless they select another supplier.

The public supplier shall purchase natural gas in the bilateral or organised market.

Until establishment of the competitive natural gas market in the Republic of Serbia, the Government shall, on the basis of a public tender procedure, designate the supplier to supply public natural gas suppliers, upon their request, under the same conditions and at the same prices.

The decision on announcement of the tender under Paragraph 6 hereof shall particularly comprise the conditions for the selection of the supplier, the conditions and method for forming and changing prices, elements of the agreement to be concluded with the public supplier, as well as the period for which the supplier is appointed.

In case that the supplier under Paragraph 6 hereof is not selected in the public tender procedure, the Government shall designate the supplier to supply public suppliers and determine the supply conditions.

### **Rights and obligations in the field of final customers supply**

#### ***Article 298***

Rights and obligations between the supplier, i.e. public supplier and final customer of natural gas shall be regulated by a supply agreement.

In addition to general elements stipulated by the law regulating contracts and torts, the agreement under Paragraph 1 hereof shall comprise the following elements:

- 1) rights and obligations in terms of the natural gas quantity and capacity;
- 2) rights and obligations of the supplier, i.e. public supplier and final customer in case of the non-performance of obligations and in case of temporary interruption of supply;
- 3) supply dynamics;
- 4) the period for which the agreement is concluded, and right and obligations in case of expiry or termination of the agreement;
- 5) the method of calculation and terms of payment for the natural gas taken over;
- 6) the method of informing the customers about price changes and other conditions of natural gas supply;
- 7) the method for resolving disputes;
- 8) other elements depending on specificities and types of services provided by the supplier.

The conditions for the conclusion and contents of the agreement on supply shall be regulated in more detail by the regulation under Article 314 hereof, and the provisions of the agreement shall include rights and obligations of the customer in a clear, simple and unambiguous manner.

### **Agreement on full supply**

#### ***Article 299***

Only one agreement on full supply may be concluded for one point of takeover and for the same period of supply.

The final customer that has concluded the agreement on full supply under Paragraph 1 hereof must not conclude another agreement on natural gas supply for the same point of takeover and the same period of supply.

Upon the conclusion of the agreement under Paragraph 1 hereof, the supplier, i.e. public supplier shall, prior to the commencement of supply, conclude:

- 1) an agreement regulating its balance responsibility and including the points of takeover of that final customer, and
- 2) an agreement on access to the system with the operator of the system to which the final customer's facility is connected.

### **Protection of final customers**

#### ***Article 300***

Final customers shall enjoy protection of their rights pursuant to this Law, regulations passed on the basis hereof, the law regulating consumer protection and other regulations.

Unfair or deceptive business practices pursuant to regulations on customer protection shall be forbidden, and the proposed conditions for the agreement conclusion shall be transparent and written in clear and understandable language.

#### ***Article 301***

The supplier shall:

- 1) treat final customers in a non-discriminatory manner;



2) publish the general conditions of the offer for the conclusion of an agreement, i.e. inform the customer of the offered conditions in an appropriate manner, where this obligation shall also apply to the conclusion of agreements via a mediator, and shall ensure that the offer particularly includes:

(1) name and address of the supplier;

(2) type and quality of services that may be separately contracted;

(3) the method for obtaining the latest information of the prices;

(4) duration of the agreement, conditions for its extension and termination, and conditions under which the agreement must not be extended, as well as the manner of regulating mutual relations in case of the agreement termination;

(5) penalties, offsets, refunds and other charges in case that the supplier fails to meet the agreed quality level of the supplier's commercial services, as well as measures the supplier may take for the fulfilment of due obligations;

(6) the method and procedure for resolving customers' complaints, i.e. the procedure for resolving disputed, where the supplier is obliged to make that procedure simple, cheap, efficient and transparent;

3) inform the customers on its website or in another appropriate manner:

(1) about the roles of the supplier or operator of the system to which the customer's facility is connected;

(2) about the place and manner of submitting complaints referring to calculation, commercial services of the supplier and system operator, as well as to the quality and reliability of natural gas supply;

(3) have a possibility to directly address the operator of the system to which its facility is connected when it comes to any changes of technical conditions for connection, technical problems related to the system connection, metering devices and accuracy of measurement, gas quality, failure on the grid and interruption of supply;

4) calculate natural gas and services it provides in accordance with the law, regulations and agreement;

5) issue a bill for the delivered natural gas, which shall include the price of natural gas, the accounting period that must not be longer than 31 days, and in the case of an agreement on full supply, it shall also comprise the price of specially contracted services provided, as well as the fees prescribed by the law, taxes and other obligations or information;

6) inform customers, within a reasonable period, about any changes of prices and other terms of supply, while customers from the household category shall be informed pursuant to

the law regulating the consumer protection, except in the case of reduction of prices and providing customers with more favourable terms of supply, where the publication of information in the media shall also be deemed informing;

7) publish the conditions, procedure, legal consequences, i.e. customers' rights in the case of suspension of natural gas supply due to the non-performance of obligations under the agreement on natural gas supply, as well as the reasons, procedure and legal consequences of the customer's facility disconnection from the system;

8) provide a free telephone line for notifications and answering the customers' questions for the purpose of informing about the conditions and method for exercising customers' rights;

9) take measures to provide customers with information referring to their rights;

10) submit to the Agency a report on resolving complaints and appeals of final customers;

11) submit to the Agency the data on the amount of sold natural gas and revenues recorded on that basis, for the purpose of monitoring the market, regardless of the number of customers;

12) make it possible for customers to access the rules on supplier switching in a simple manner;

13) to issue to customers the final invoice upon supplier switching, not later than within six weeks after supplier switching;

14) perform other obligations in accordance with regulations governing contracts and torts, trade and supply of goods and services, and consumer protection.

The agreement on supply must not withhold or impede the customer's right to termination or cancellation of the agreement due to the exercise of the right to a supplier switching, nor may further financial obligations be imposed on that basis.

The supplier shall inform the customer with which it has concluded an agreement on full supply, upon the customer's request, about the data on natural gas consumption, pursuant to this Law, the rules on a supplier switching and the concluded agreement.

In case of a proposal for the conclusion of an agreement on full supply, the supplier shall, prior to the conclusion of the agreement, inform the customer of the possibilities for changing the supplier.

The provisions hereof shall accordingly apply to the public supplier as well.

More detailed conditions and the manner of performing the supplier's and public supplier's obligations under this Article shall be regulated by the regulation on the conditions for natural gas delivery and supply under Article 314 hereof.

## **Last resort supply**

### ***Article 302***

A final customer of natural gas that is not entitled to public supply, pursuant to the provisions of this Law, shall be entitled to last resort supply in the following cases:

- 1) in case of bankruptcy or liquidation of the supplier that had supplied the customer until then;
- 2) in case of termination or revocation of the license held by the supplier that had supplied the customer until then;
- 3) if the customer has not found a new supplier upon termination of the agreement on supply with the previous one, except if the termination of the agreement is a consequence of non-performance of the customer's payment obligations.

In the case under Paragraph 1, Items 1) and 2) hereof, the right to last resort supply shall be exercised without a request of the customer, and in the case under Paragraph 1, Item 3) hereof upon a request of the customer.

The supplier that is incapable of supplying the final customer, in the case under Paragraph 1, Items 1) and 2) hereof, shall inform the last resort supplier, customer and system operator about the date of the termination of supply, in a timely manner.

The last resort supply in the case under Paragraph 1, Items 1) and 2) hereof shall commence upon expiry of the agreement on supply with the previous supplier if the final customer continues to take over natural gas, but fails to conclude an agreement with the new supplier.

The last resort supply must not last longer than 60 days.

The supplier performing last resort supply shall publish the conditions and prices of the last resort supply on its website.

In case that a final customer fails to conclude the supply agreement with the supplier within the deadline under Paragraph 5 hereof, the system operator shall suspend the supply of natural gas to that customer.

### ***Article 303***

On the basis of the conducted public tender procedure, the Government shall designate the supplier to perform the last resort supply (hereinafter: the last resort supplier).

The decision on announcement of the tender under Paragraph 1 hereof shall particularly comprise the conditions for the selection of the last resort supplier, the conditions and

method for forming and changing prices, elements of the agreement to be concluded between the last resort supplier and final customer, as well as the period for which the last resort supplier is appointed.

The price under Paragraph 2 hereof must not be lower than the price at which the transport system operator sells natural gas for system balancing.

The last resort supply shall inform the customer of the conditions of supply and the price of natural gas and publish them on its website or in another suitable manner.

The last resort supplier shall deliver the written agreement on full supply to the final customer within three days as of the supply start date.

If the final customer fails to conclude the agreement under Paragraph 5 hereof, it shall pay for the natural gas taken over.

In case that the last resort supplier is not selected in the manner under Paragraph 1 hereof, the Government shall designate a supplier that will temporarily perform the last resort supply.

### **Suspension of natural gas supply upon a request of supplier or public supplier**

#### ***Article 304***

The supplier, i.e. public supplier may require the natural gas transport or distribution system operator to suspend the natural gas supply to final customer due to the non-performance of obligations under the supply agreement.

The suspension of supply under Paragraph 1 hereof shall not imply termination of the agreement on supply, and during the period of suspension the final customer shall have obligations referring to system access.

Prior to submitting a request to the natural gas transport, i.e. distribution system operator for the suspension of supply due to the non-performance of obligations under the supply agreement by the final customer, the supplier, i.e. public supplier shall warn the final customer, in written form, to settle the outstanding obligations, i.e. reach an agreement on the performance of obligations within a period that must not be shorter than 15 days nor longer than 30 days as of the warning delivery date, as well as warn the customer about the obligation of taking all the necessary measures for the protection of lives and health of people, safety of property and environmental protection.

If the customer fails to settle the obligations within the given period, the supplier, i.e. public supplier shall submit a request for suspension of natural gas supply to the operator of the natural gas transport, i.e. distribution system to which the customer's facility is connected.

On the basis of the supplier's, i.e. public supplier's request, the transport, i.e. distribution system operator shall suspend natural gas supply to the customer that has failed to perform its obligation even after receiving an admonition pursuant to the provisions hereof, within a period that must not be longer than eight days as of the request receipt date.

More detailed conditions and procedure for suspension of supply, and rights and obligations of the system operator, supplier, i.e. public supplier and final customers, shall be regulated by the regulation on conditions of natural gas delivery and supply under Article 314 hereof.

### **Rules on supplier switching**

#### ***Article 305***

The conditions and procedure for changing the natural gas supplier shall be determined by the rules passed by the Agency, which shall particularly comprise:

- 1) the procedure for a supplier switching;
- 2) conditions to be met by the supplier referring to balance responsibility;
- 3) obligations of the supplier whose agreement is in the process of termination;
- 4) obligations of the natural gas transport, i.e. distribution system operator;
- 5) rights of the new supplier in terms of access to the transport, i.e. distribution system for the needs of supply to a new customer.

Prior to a supplier switching, the customer and supplier that had supplied the customer until supplier switching shall settle their mutual financial obligations.

The change of natural gas supplier shall be free of charge for the customer.

The deadline for the change of natural gas supplier shall be three weeks.

### **Rights and obligations of customers and unauthorised natural gas use**

#### ***Article 306***

In case of occurrence of any technical or other disturbances in energy supply the cause of which is not on the customer's facility, the customer is entitled to require elimination of such disturbances within a reasonable period.

The reasonable period within which the system operator is obliged to eliminate the disturbances in energy supply to customers shall be deemed a period of 24 hours, and not longer than two days as of the date of receipt of notification about the disturbance.

Disturbances in energy supply pursuant to Paragraph 1 hereof shall not be deemed interruptions in energy supply due to the application of measures under Article 315, Items 4) and 5) hereof.

#### ***Article 307***

The customer shall use natural gas under the conditions, in the manner and for the purposes defined by the approval for connection and the agreement on supply, pursuant to the law and other regulations passed on the basis hereof.

#### ***Article 308***

The customer shall provide the authorised persons of the system operator with access to metering devices and installations, as well as to the connection point for the purpose of reading, verification of correctness, repair of failures, replacement, maintenance and control of correctness of metering and other devices with metering and distribution boxes, arrangement of the metering point and suspension of energy supply.

If the customer, in the case under Paragraph 1 hereof, deprives the authorised persons of the system operator of the access, the system operator shall be entitled to displace the metering point, and the customer shall endure the displacement in accordance with the technical conditions stipulated by the rules on operation of the system to which the facility is connected.

The system operator shall be entitled to suspend natural gas supply if in the case under Paragraph 2 hereof the metering point displacement is not possible in accordance with the regulations and technical conditions stipulated by the rules on system operation.

#### ***Article 309***

In case of technical or other disturbances in natural gas supply the cause of which is on the customer's facility, or in case that the customer fails to perform the contracted obligations, the system operator shall suspend natural gas supply to the customer, under the conditions and in the manner prescribed by this Law, the act on the conditions of natural gas delivery and supply, and other regulations passed on the basis hereof.

Prior to suspension of natural gas supply, the customer shall receive a written admonition defining the deadline for elimination of observed irregularities and deficiencies.

The deadline under Paragraph 2 hereof must not be shorter than three days as of the admonition delivery date.

The system operator shall continue the natural gas supply not later than within 24 hours upon the elimination of reasons for suspension.

The system operator shall also suspend the natural gas supply upon a request of the customer, provided that the suspension is requested for a period of at least one year.

### ***Article 310***

If the suspension of natural gas supply, in cases and under the conditions referred to in Article 304 hereof, has lasted longer than a year, the system operator shall disconnect the facility from the system. The system operator shall also disconnect the customer's facility from the system in case that the facility, i.e. its installations do not meet the conditions prescribed by regulations and represent an imminent threat to life, health of people, environment and property, as well as upon a request of the customer.

Prior to disconnection, the customer shall receive a written notice of disconnection, at least 24 hours in advance, unless the threat to life and health of people, environment and property has already occurred, or the postponement of disconnection might result in fire, explosion and pollution, or other harmful consequences.

### ***Article 311***

In case of suspension of supply or disconnection of the customer's facility, pursuant to Articles 304, 308 and 309 hereof, the customer shall be entitled to lodge a complaint.

The system operator shall decide upon the complaint within three days as of the complaint receipt date.

In case that the complaint is justified, the system operator shall continue the natural gas supply, without delay, and not later than within 24 hours as of the moment of deciding that the complaint is justified.

### ***Article 312***

Connection of facilities to the system without the approval for connection, arbitrary connection of facilities, devices or installations to the transport or distribution system, as well as their putting into operation, shall be forbidden.

The use of natural gas without or regardless of metering devices, or contrary to the conditions prescribed by the approval for connection in terms of the reliable and accurate measurement of the natural gas taken over, or by the agreement on supply in terms of the intended purpose of natural gas consumption, shall be forbidden.

### ***Article 313***

When the system operator determines that a legal or natural person uses natural gas in an unauthorised manner, i.e. acts contrary to the bans under Article 312 hereof, it shall, without delay, disconnect such a facility from the transport or distribution system and take measures pursuant to the law.

### **Conditions of natural gas delivery and supply, security of supply and measures in case of disturbances in energy system operation or disturbances in the market**

### ***Article 314***

The Government shall prescribe in more detail the conditions of natural gas delivery and supply to customers, as well as measures to be taken in case of endangered security of natural gas supply to customers due to disturbances in the transport or distribution system operation or disturbances in the market.

### ***Article 315***

The conditions of natural gas delivery and supply shall regulate in more detail:

- 1) the conditions and manner of giving approvals for connection to the system and system connection;
- 2) metering point and point of separation of responsibility for the delivered natural gas;
- 3) conditions and method of connection of temporary facilities, construction sites and facilities in trial operation, and other facilities, pursuant to the law regulating construction of facilities;
- 4) measures to be taken in case of short-term disturbances due to outages and other contingencies due to which the safety of operation of the transport or distribution system is endangered, as well as due to unforeseen and necessary works on the maintenance of energy facilities or necessary works on the system expansion, in accordance with the plans under Paragraphs 2 and 3 hereof;
- 5) measures to be taken in case of occurrence of general shortage, conditions and method for taking measures and the order of natural gas supply restrictions, as well as savings and rational consumption measures in the case of general shortage of natural gas, in accordance with the plans under Paragraphs 2 and 3 hereof;
- 6) conditions and manner of suspension of natural gas supply;
- 7) conditions and manner of rational consumption and savings of natural gas;



- 8) conditions of supply to the facilities of customers whose natural gas supply must not be suspended due to the non-performance of obligations referring to the delivered natural gas or in other cases;
- 9) the method of regulation of mutual relations among the supplier, system operator and final customer whose natural gas supply must not be suspended;
- 10) conditions and manner of measurement of the delivered natural gas;
- 11) the scope of quality, chemical composition and other properties of natural gas taken into the system and delivered from the system;
- 12) the method of calculation of natural gas taken over in an unauthorised manner;
- 13) the manner of informing final customers;
- 14) conditions and method of supply to natural gas customers;
- 15) the accounting period and mandatory contents of natural gas bills;
- 16) the contents of the plan and deadlines for the takeover of metering devices;
- 17) other matters in accordance with the law.

The Government shall adopt the Preventive Action Plan for ensuring the security of natural gas supply, which shall comprise the assessment of risks in terms of the achievement of security of supply, as well as measures for mitigation of discovered risks referring to the needed transport capacity that would satisfy the overall demand for natural gas and ensure supply to certain groups of end natural gas customers.

The Government shall adopt the Contingency Plan for ensuring the security of natural gas supply, which shall define measures, energy entities to be responsible for ensuring safety of the transport system operation and security of supply to certain groups of final customer, quantities and capacities of natural gas, in case of general shortage of natural gas.

#### ***Article 316***

The measures under Article 315, Items 4) and 5) of this Law shall be taken on the basis of plans of natural gas supply restrictions adopted by the system operator.

#### ***Article 317***

The decision on the implementation of measures under Article 315, Item 4) hereof shall be issued by the system operator.

### ***Article 318***

The decision on the application of measures under Article 315, Item 5) hereof shall be issued by the Government, at the proposal of the Ministry, upon prior notification by the system operator about the occurrence of circumstances for the application of these measures.

The decision under Paragraph 1 hereof and the plan of electricity, i.e. natural gas supply restrictions, defining the implementation of measures under Article 315, Item 5) hereof, shall be published in the media not later than 24 hours prior to the commencement of application of measures to which the decision refers.

### ***Article 319***

In case of endangered security of supply to customers or operation of the transport or distribution system due to insufficient supply in the energy market or the occurrence of other extraordinary circumstances, the Government shall prescribe the measures for restriction of natural gas supply, or special conditions for import or export of natural gas, the manner and conditions for the formation and control of prices, the obligation of supply exclusively to particular users, or special conditions for performing energy-related activities with the minimum disturbance of the energy market in the region.

In the case under Paragraph 1 hereof, the Government shall determine the method for ensuring, i.e. the sources of funds for the compensation for possible damages incurred by energy entities implementing such measures, as well as the conditions and method for the allocation of funds based on the compensation for damages.

The measures under Paragraph 1 hereof may last as long as the circumstances for which they have been prescribed are present, i.e. as long as the consequences of such circumstances are present.

The Ministry shall inform the competent authorities, in accordance with the obligations arising from ratified international agreements, about the measures taken under paragraph 1 hereof.

## **Quality of natural gas delivery and supply**

### ***Article 320***

Energy entities performing energy-related activities related to natural gas delivery and supply shall ensure the quality of delivery and supply stipulated by this Law, regulations referring to the general terms of natural gas delivery and supply, and other regulations passed on the basis hereof.

The Agency shall pass the rules under Article 51, Paragraph 1, Item 2) hereof, which shall prescribe in more detail the indicators of technical and commercial quality of natural gas supply, the method of recording data and calculating the indicators, the manner and deadlines for the submission of data and reports to the Agency, the method for determining the required values of particular indicators, as well as the method for the assessment of results obtained by monitoring of the achieved values of quality indicators in relation to the required ones.

Indicators of the technical quality of delivery that shall be particularly monitored are the following: the continuity of natural gas delivery, natural gas quality, the time needed for the fulfilment of prescribed system operator's obligations affecting the connection, repair of failures, suspension, disconnection, and other indicators.

The Agency shall use the recorded values of natural gas delivery technical quality indicators when approving development plans and investment funds, and when regulating prices of access to transmission and distribution systems, in the manner prescribed by methodologies for determining regulated prices of access, which define the method for determining and maximum amount of incentives, i.e. reduction of the approved maximum revenue, depending on the direction and degree of deviation from the required values of supply technical quality indicators.

Indicators of the commercial quality of delivery and supply that shall be particularly monitored are the following: ensuring efficient communication with customers, i.e. system users, informing of planned outages, precise and clear notification of customers of the terms of natural gas delivery and supply, the number of submitted and number of justified submissions of customers, compliance with prescribed deadlines for taking action on submissions of customers, and other indicators.

The rules under Paragraph 2 hereof shall also define the method for determining the amount of fee to customers on the basis of any deviations from the prescribed quality.

## **Protection of gas pipeline facilities**

### ***Article 321***

An energy entity using and maintaining energy facilities shall be entitled to pass across real estate of another owner for the purpose of execution of works on the maintenance and inspection of correctness of facilities, devices, plants or equipment, as well as for the purpose of execution of other works and the use of the real estate at which the given works are executed, only during the execution of such works.

The owner of the real estate shall ensure access to energy facilities under Paragraph 1 hereof, and shall endure and not interfere with the execution of works under Paragraph 1 hereof.

The energy entity under Paragraph 1 hereof shall compensate for damages incurred by the owner of the real estate during the execution of works, the amount of which shall be determined in mutual agreement.

In case that the owner of the real estate and the energy entity fail to reach an agreement pursuant to Article 3 hereof, the decision shall be made by the competent court.

### ***Article 322***

The competent authority shall order displacement of an energy facility only in case of construction of a transport, energy and utility infrastructure facilities, facilities intended for the defence of the country, water management facilities and facilities for the protection from natural disasters, and other facilities considered facilities of general interest pursuant to the law on expropriation, which, due to natural or other characteristics, cannot be constructed at other sites, as well as in the case of construction of facilities and execution of works on the exploitation of mineral wealth.

In case of Paragraph 1 hereof, the costs of displacement of an energy facility, including the costs of construction, i.e. installation of the energy facility at another site, shall be borne by the investor of the facility due to the construction of which the energy facility is displaced.

Mutual rights and obligations between the investor of the facility due to the construction of which the energy facility is displaced and the energy entity that is the owner, i.e. user of the displaced energy facility, shall be defined by the Agreement.

### ***Article 323***

An energy entity performing the activity of natural gas transport or distribution shall implement protection measures pursuant to the law regulating pipeline transport of gaseous and liquid hydrocarbons and distribution of gaseous hydrocarbons.

The construction of facilities that are not in the function of performing energy-related activities, as well as execution of other works below, above or next to energy facilities, contrary to the law, technical and other regulations, shall be forbidden.

Planting trees and other plants on the land above, below or at an improper distance from an energy facility shall be forbidden.

The transport, i.e. distribution system operator in charge of the energy facility shall regularly remove trees or branches and other plants endangering the energy facility operation, at its own expense.

Owners and holders of other rights on the real estate located below, above or next to the energy facility must not execute any works or perform other activities that prevent or

endanger the energy facility operation, without prior consent of the energy entity that is the owner or user of the energy facility.

The consent under Paragraph 5 hereof shall be given by the energy entity upon a request of the owner or holder of other rights on the real estate located below, above or next to the energy facility, within 15 days as of the request submission date, and shall comprise technical conditions in accordance with the law, technical and other regulations.

## **IX OIL AND OIL DERIVATIVES**

### **Performing activities**

#### ***Article 324***

Energy entities performing energy-related activities of oil production; biofuels production, oils transport via oil pipelines; oil derivatives transport via oil derivatives pipelines; transport of oil, oil derivatives and biofuels by other transport modes; storage of oil, oil derivatives and biofuels; blending of biofuels, trade in oil, oil derivatives, biofuels and compressed natural gas; trade in motor and other fuels at supply stations for vehicles, wholesale trade in fuels for the supply of vessels, retail trade in fuels for the supply of vessels and biofuels production, shall use and maintain energy facilities in compliance with technical and other regulations referring to the activity they perform, as well as the conditions for protection from fire and explosions and environmental protection, prescribed by the law and other regulations.

Entities using oil collection and delivery and storage systems in exploitation fields shall apply the provisions of the law regulating mining activities, when it comes to the facilities under this Paragraph.

### **Transport of oil and oil derivatives**

#### ***Article 325***

An energy entity performing the activity of oil transport via oil pipelines shall manage the system for oil transport by oil pipelines and shall be responsible for the operation, maintenance and development of this transport system in a particular area, its connection to other systems and for ensuring long-term capability of the system to meet the needs for transport via oil pipelines in an economically justifiable manner.

An energy entity performing the activity of oil derivatives transport via oil derivatives pipelines shall manage the system for oil derivatives transport by oil derivatives pipelines and shall be responsible for the operation, maintenance and development of this transport system in a particular area, its connection to other systems and for ensuring long-term

capability of the system to meet the needs for transport via oil derivatives pipelines in an economically justifiable manner.

Energy entities performing the activity of oil transport via oil pipelines or the activity of oil derivatives transport via oil derivatives pipelines shall include in their development plan, covering a five-year period, the dynamics of construction of new and reconstruction of existing transport capacities, sources of funds and other conditions for the transport system development, as well as programs and measures for the reduction of losses in the transport system, and shall be responsible for the development plan implementation.

### ***Article 326***

The system for oil transport by oil pipelines is a network for oil transport comprising oil pipelines for the transport of crude oil with functionally connected energy facilities, from dispatch stations, collection and dispatch stations or terminals to oil refineries, as well as an interconnector with the following components: pumping and cleaner stations, technological reservoirs, terminals, cathodic protection systems, fittings, metering and regulation equipment, block stations, remote surveillance and control system, telecommunications network for the needs of remote surveillance, and other appropriate plants and devices, as well as the first oil pipeline filling.

The system for oil derivatives transport via oil derivatives pipelines is a network for oil derivatives transport comprising oil derivatives pipelines for the transport of oil derivatives with functionally connected energy entities to and from refineries, to a customer or storage facility, as well as an oil derivatives connector with the following components: pumping and compressor stations, technological reservoirs, terminals, fittings, metering and regulation equipment, block stations, cathodic protection systems, telecommunications network for the needs of remote surveillance, and other appropriate plants and devices, as well as the first filling of the oil derivatives pipeline.

### ***Article 327***

An energy entity performing the activity of oil transport via oil pipelines or oil derivatives transport via oil derivatives pipelines shall pass the rules on operation of the system for oil transport via oil pipelines, i.e. the rules on operation of the system for oil derivatives transport via oil derivatives pipelines, which shall particularly comprise: technical conditions for safe system operation; procedures in case of outages and crisis situations, i.e. interruption of transport, rules on access to the oil, i.e. oil derivatives transport system; conditions referring to the quality of oil, i.e. oil derivatives delivered for transport, the rules on measurement with the defined necessary metering equipment, and other transport conditions.

The rules under Paragraph 1 hereof shall be approved by the Agency.

The rules under Paragraph 1 hereof shall be published in the "Official Gazette of the Republic of Serbia".

### **Ownership of oil transport via oil pipelines network and oil derivatives transport via oil derivatives pipelines network**

#### ***Article 328***

The oil transport via oil pipelines network and oil derivatives transport via oil derivatives pipelines network, pursuant to the Law, shall be publicly owned or owned by an energy entity performing the activity of oil transport via oil pipelines, i.e. an energy entity performing the activity of oil derivatives transport via oil derivatives pipelines, founded by the Republic of Serbia for performing the activity of oil transport via oil pipelines, i.e. oil derivatives transport via oil derivatives pipelines.

An energy entity performing the activity of oil transport via oil pipelines, i.e. energy entity performing the activity of oil derivatives transport via oil derivatives pipelines shall acquire ownership of facilities of the system for oil transport via oil pipelines, i.e. the system for oil derivatives transport via oil derivatives pipelines which they construct with their own funds, acquire through a legal transaction, by establishment or recapitalisation.

In case that the energy entity performing the activity of oil transport via oil pipelines, i.e. energy entity performing the activity of oil derivatives transport via oil derivatives pipelines founded by the Republic of Serbia ceases to exist, the system for oil transport via oil pipelines, i.e. the system for oil derivatives transport via oil derivatives pipelines shall become property of the Republic of Serbia.

Exceptionally from Paragraph 3 hereof, when the legal successor of the energy entity performing the activity of oil transport via oil pipelines, i.e. energy entity performing the activity of oil derivatives transport via oil derivatives pipelines which ceases to operate is another legal entity founded by the Republic of Serbia, which, pursuant to provisions of this Law, may own the oil transport networks and oil derivatives transport network, such legal entity shall acquire ownership of those networks.

The oil transport networks and oil derivatives transport network under Paragraph 1 hereof must not be alienated from public ownership or from the energy entity performing the activity of oil transport via oil pipelines, i.e. the energy entity performing the activity of oil derivatives transport via oil derivatives pipelines nor may they be the subject of encumbrance or enforced performance.

#### ***Article 329***

The acquisition of ownership of the energy entity performing the activity of oil transport via oil pipelines, i.e. energy entity performing the activity of oil derivatives transport via oil derivatives pipelines over the system for oil transport via oil pipelines, i.e. the system for oil

derivatives transport via oil derivatives pipelines, shall not be regulated by the provisions of the Law on Public Ownership referring to the acquisition of ownership of the state-owned assets by public enterprises and for-profit corporations.

**Access to the system for oil transport via oil pipelines and system for oil derivatives transport via oil derivatives pipelines**

***Article 330***

An energy entity performing the activity of oil transport via oil pipelines or oil derivatives transport via oil derivatives pipelines shall make it possible for users of the system for oil transport via oil pipelines or the system for oil derivatives transport via oil derivatives pipelines to access the system for oil transport via oil pipelines or the system for oil derivatives transport via oil derivatives pipelines at regulated prices, based on the principles of transparency and non-discrimination, pursuant to the provisions of this Law as well as the regulations and rules on the system operation passed on the basis hereof.

***Article 331***

Access to the system for oil transport via oil pipelines or the system for oil derivatives transport via oil derivatives pipelines shall be regulated by an agreement on access concluded by the energy entity performing the activity of oil transport via oil pipelines or oil derivatives transport via oil derivatives pipelines and the system user, in accordance with the rules on the system operation.

In addition to the elements prescribed by the law regulating contracts and torts, the agreement on access shall comprise: data on the point of receipt and point of delivery, transport dynamics, quality of oil or oil derivatives, penalties for impermissible deviation in the quality and quantities of undelivered oil or oil derivatives, i.e. deviations from the agreed transport dynamics, as well as other elements depending on specificities of the point of receipt and point of delivery, and other elements stipulated by the rules on operation under Article 327 hereof.

An energy entity performing the activity of oil transport via oil pipelines or oil derivatives transport via oil derivatives pipelines shall keep the registry of agreements on access.



### ***Article 332***

An energy entity performing the activity of oil transport via oil pipelines or oil derivatives transport via oil derivatives pipelines may deny access to the system if there are no technical capacities due to:

- 1) the lack of capacities;
- 2) disturbances in the operation or overloaded system;
- 3) endangered safety of the system operation;
- 4) improper quality of oil or oil derivatives;
- 5) other conditions stipulated by the rules on operation of systems for oil transport via oil pipelines, i.e. rules on operation of systems for oil derivatives transport via oil derivatives pipelines.

The energy entity performing the activity of oil transport via oil pipelines or oil derivatives transport via oil derivatives pipelines shall issue a decision on the denial of access to the system for oil transport via oil pipelines or the system for oil derivatives transport via oil derivatives pipelines, not later than within five days as of the date of submission of the request for system access.

The decision under Paragraph 2 hereof shall comprise detailed reasons for the denial of system access.

The decision under Paragraph 2 hereof may be appealed to the Agency within eight days as of the decision delivery date.

The Agency's decision issued upon an appeal is final and administrative proceedings may be initiated against it.

### ***Article 333***

The energy entity performing the activity of oil transport via oil pipelines or oil derivatives transport via oil derivatives pipeline shall ensure oil transit via oil pipelines or oil derivatives transit via oil derivatives pipelines based on the principle of regulated access, non-discriminations and transparency, in compliance with the concluded intergovernmental conventions or treaties.

The energy entity performing the activity of oil transport via oil pipelines or oil derivatives transport via oil derivatives pipelines may deny access to the system upon a request for oil transit by oil pipelines or oil derivatives transit by oil derivatives pipelines if there are technical and technological limitations, if the capacities of oil or oil derivatives pipeline are

full, or due to the undertaken contractual obligations and consumption of oil or oil derivatives by customers in the territory of the Republic of Serbia.

In case of rejection of the request for oil transit via oil pipelines, the procedure under Article 332 hereof shall apply.

#### ***Article 334***

The energy entity performing the activity of oil transport via oil pipelines or oil derivatives via oil derivatives pipelines shall ensure confidentiality of commercial and business information of energy entities and customers, as well as other data it disposes of during performing the activity.

#### ***Article 335***

Energy entities performing the activity of production and trade in oil, oil derivatives, biofuels and compressed natural gas, and trade in motor and other fuels at supply stations for vehicles, shall submit the following to the Ministry:

- 1) data on the procurement and sale of oil, oil derivatives, biofuels and compressed natural gas referring to the quantity, origin, price and quality;
- 2) data on prices of oil derivatives and biofuels, with and without excises and taxes;
- 3) other data.

The Ministry shall prescribe in more detail the deadlines, contents and method for the submission of data under Paragraph 1 hereof.

#### ***Article 336***

Energy entities performing the activity of oil derivatives production, biofuels production, and biofuel blending with oil derivatives and the storage of oil, oil derivatives and biofuels, shall submit the following to the Ministry:

- 1) five-year development and investment plans;
- 2) data on the planned or commenced investments and overhauls;
- 3) data on the plant in case of outage.

The Ministry shall prescribe in more detail the deadlines, contents and method for the submission of data under Paragraph 1 hereof.

## **Quality of oil derivatives and biofuels**

### ***Article 337***

Oil derivatives and biofuels placed on the market shall meet the conditions stipulated by regulations on the quality of liquid petroleum fuels and biofuels, regulations on environmental protection, technical and other regulations referring to trade in oil derivatives and biofuels.

Oil derivatives and base oils placed on the market shall be labelled (marked).

The Government shall prescribe in more detail the conditions, method and procedure for marking of oil derivatives and base oils under Paragraph 2 hereof.

In case of endangered security of supply to customers due to insufficient supply in the market of energy and energy sources or the occurrence of other extraordinary circumstances, the Government may pass an act approving a change of limit values of certain quality characteristics of oil derivatives that may be placed on the market of the Republic of Serbia, for a period of up to six months.

The measures under Paragraph 4 hereof may last as long as the circumstances for which they have been prescribed are present, i.e. as long as the consequences of such circumstances are present.

### ***Article 338***

The Ministry responsible for energy affairs shall monitor the quality of oil derivatives and biofuels.

The Government shall prescribe in more detail the method and procedure of monitoring the quality of oil derivatives and biofuels.

### ***Article 339***

The Ministry shall prescribe the manner of establishing information flows and reporting on processes of receipt, delivery, sale and inventory of goods at facilities where the trade in oil, oil derivatives, biofuels and compressed natural gas is performed, as well as the storage and supply for own needs.

## **Placing biofuels on the market**

### ***Article 340***

Upon a proposal of the Ministry, the Government shall prescribe in more detail the share of biofuels in the market, reporting entities of the system for placing biofuels on the market and their obligations, incentives, measures and manner of placing biofuels on the market, reporting in the system for placing biofuels on the market, registry of reporting entities of the system for placing biofuels on the market and their reports, as well as other elements of the system for placing biofuels on the market.

Upon a proposal of the Ministry, the Ministry responsible for agricultural affairs and the Ministry responsible for environmental affairs, the Government shall determine the biofuel sustainability criteria, the method and procedure of verification of the fulfilment of biofuel sustainability criteria, reporting on the fulfilment of biofuel sustainability criteria, and other elements related to biofuel sustainability. Only biofuels with a certificate of the fulfilment of sustainability criteria may be calculated for the achievement of objectives set by the National Action Plan for renewable energy.

### ***Article 341***

Upon a proposal of the Ministry, the Government shall prescribe in more detail the payers of biofuel fee.

The funds which are used as an incentive for the system for placing biofuels on the market shall be provided from the budget of the Republic of Serbia, in an amount to be determined for each year by the Budget Law of the Republic of Serbia within the Ministry's compartments in accordance with the defined limits in the fiscal strategy for the current year, with projections for the following two years.

The funds under Paragraph 2 hereof shall be used for stimulating a graduate increase of the biofuel share in the transport sector, in accordance with regulations passed on the basis hereof.

The amount of biofuel fee, the method of calculation and payment of this fee, shall be prescribed by the Government upon the proposal of the Ministry, on the basis of the needed amount of funds stipulated by regulations as the mandatory share of biofuels in the market.

Payers of the biofuel fee under Paragraph 1 hereof are energy entities performing the energy-related activity of oil derivatives production and trade in oil, oil derivatives, biofuels and compressed natural gas, and having the license for performing these energy-related activities.

The funds collected on the basis of fee under Paragraph 1 hereof shall represent budget revenues of the Republic of Serbia.

## **Protection of energy facilities in the field of oil, oil derivatives and biofuels**

### ***Article 342***

An energy entity using and maintaining energy facilities shall be entitled to pass across real estate of another owner for the purpose of execution of works on the maintenance and inspection of correctness of facilities, devices, plants or equipment, as well as for the purpose of execution of other works and the use of the real estate at which the given works are executed, only during the execution of such works.

The owner of the real estate shall ensure access to energy facilities under Paragraph 1 hereof, and shall endure and not interfere with the execution of works under Paragraph 1 hereof.

The energy entity under Paragraph 1 hereof shall compensate for damages incurred by the owner of the real estate during the execution of works, the amount of which shall be determined in mutual agreement.

In case that the owner of the real estate and the energy entity fail to reach an agreement pursuant to Article 3 hereof, the decision shall be made by the competent court.

### ***Article 343***

The competent authority shall order displacement of an energy facility only in case of construction of a transport, energy and utility infrastructure facilities, facilities intended for the defence of the country, water management facilities and facilities for the protection from natural disasters, and other facilities considered facilities of general interest pursuant to the law on expropriation, which, due to natural or other characteristics, cannot be constructed at other sites, as well as in the case of construction of facilities and execution of works on the exploitation of mineral wealth.

In case of Paragraph 1 hereof, the costs of displacement of an energy facility, including the costs of construction, i.e. installation of the energy facility at another site, shall be borne by the investor of the facility due to the construction of which the energy facility is displaced.

### ***Article 344***

The construction of facilities that are not in the function of performing energy-related activities, as well as execution of other works below, above or next to energy facilities, contrary to the law, technical and other regulations, shall be forbidden.

Planting trees and other plants on the land above, below or at an improper distance from an energy facility shall be forbidden.

The system operator, i.e. energy entity performing oil transport via oil pipelines or oil derivatives transport via oil derivatives pipelines, in charge of the energy facility, shall regularly remove trees or branches and other plants endangering the energy facility operation, at its own expense.

Owners and holders of other rights on the real estate located below, above or next to the energy facility must not execute any works or perform other activities that prevent or endanger the energy facility operation, without prior consent of the energy entity that is the owner or user of the energy facility.

The consent under Paragraph 4 hereof shall be given by the energy entity upon a request of the owner or holder of other rights on the real estate located below, above or next to the energy facility, within 15 days as of the request submission date, and shall comprise technical conditions in accordance with the law, technical and other regulations.

## **X RESERVES OF ENERGY SOURCES**

### ***Article 345***

Energy entities performing the activity of oil derivatives production and trade in oil, oil derivatives, biofuels and compressed natural gas, except for those dealing only with trade in compressed natural gas, shall ensure operating reserves of oil derivatives that equal at least the fifteen-day average sale of those oil derivatives in the previous year.

Energy entities performing the activity of electricity production and/or combined production of electricity and/or heat shall ensure operating reserves of oil derivatives and/or coal in a quantity that will ensure at least fifteen days of their average production of electricity and/or heat in January, February and March of the previous five years.

Energy entities performing the activity of heat production from oil derivatives and/or coal for the supply of heat to tariff customers shall ensure operating reserves of oil derivatives and/or coal in a quantity that will ensure at least fifteen days of their average production of electricity and/or heat in January, February and March of the previous five years.

Energy entities performing the activity of heat production from natural gas for the supply of heat to tariff customers shall ensure a possibility of natural gas substitution with another energy-generating product in a quantity that will ensure at least fifteen days of their average production of heat in January, February and March of the previous five years.

Operating reserves of oil derivatives can be created and maintained in the form of crude oil and oil derivatives, provided that at least one third of mandatory reserves are maintained in the form of finished products.

The Government shall prescribe in more detail the conditions and method of gradual provision, utilisation and recovery of operating reserves of oil derivatives and coal.

Operating reserves of oil derivatives and coal shall be used in case of short-term disturbances in the market, due to outages and other contingencies endangering the safety of operation of certain parts of the energy system or the energy system as a whole.

#### ***Article 346***

Mandatory natural gas reserves shall be created in case of endangered security of supply of energy and energy sources to the Republic of Serbia due to disturbances in the supply of energy and energy sources.

Mandatory natural gas reserves shall be publicly owned and managed by the Ministry responsible for energy affairs.

Mandatory natural gas reserves can be created and maintained in the form of natural gas and contracted rights to the purchase of certain quantities of natural gas.

#### ***Article 347***

Upon a proposal of the Ministry, the Government shall adopt a long-term program of creation and maintenance of mandatory reserves of natural gas, in accordance with the act under Article 315, Paragraph 2 hereof.

The Ministry shall supervise the implementation of the long-term programme under Paragraph 1 hereof and, as needed, propose its harmonisation with the actual needs, at least once in three years.

Upon a proposal of the Ministry, the Government shall prescribe in more detail the conditions for payers of the fee for creation of mandatory natural gas reserves, the plan and criteria for investment and investment construction, criteria for acquisition and lease of storage facilities and accompanying infrastructure, as well as the plan and criteria for procurement aiming at the creation of mandatory natural gas reserves.

#### ***Article 348***

Upon a proposal of the Ministry responsible for energy affairs, the Government shall adopt a medium-term programme of creation and maintenance of mandatory natural gas reserves.

Based on the medium-term programme, the Ministry shall adopt an annual programme of mandatory natural gas reserves for a period of one calendar year.

The medium-term programme under Paragraph 1 hereof shall comprise:

- 1) the quantity of natural gas to be kept as the mandatory gas reserve;

- 2) the needed storage space capacity;
- 3) investment needs for the construction of storage capacities and accompanying infrastructure for mandatory natural gas reserves and the reconstruction of existing storage capacities;
- 4) amount of funds needed for the programme implementation;
- 5) schedule of activities;
- 6) key efficiency indicators;
- 7) other matters necessary for establishment of the system of mandatory reserves.

The annual programme of mandatory natural gas reserves shall be adopted not later than within five days as of the date of coming into force of the law regulating the annual budget of the Republic of Serbia.

#### ***Article 349***

For the purpose of performing executive and technical activities relating to mandatory natural gas reserves and mandatory reserves of oil and oil derivatives pursuant to the law regulating commodity reserves, the Administration for reserves of energy sources (hereinafter: Administration) shall be established, as an administration authority within the Ministry and its competence shall be determined.

The head office of the Administration shall be in Belgrade.

The Administration shall have the status of a legal person.

The Administration shall perform the following activities:

- 1) establish, maintain and, in case of disturbances in the supply, place mandatory natural gas reserves and mandatory oil reserves and oil derivatives reserves on the market pursuant to the law regulating commodity reserves;
- 2) conclude an agreement on purchase and sale of natural gas, as well as on natural gas borrowing, for the purpose of creation, maintenance and placing the mandatory reserves on the market in case of any disturbances in the supply;
- 3) prepare the programs under Articles 347 and 348 hereof;
- 4) keep the registry of mandatory reserves;



- 5) inform the Government about the implementation of the annual programme of mandatory natural gas reserves;
- 6) inform the Government about the quantity, structure, arrangement and availability of mandatory natural gas reserves and
- 7) other activities in accordance with a separate law.

The Administration shall be managed by a director, appointed by the Government for a period of five years, upon a proposal of the Minister, pursuant to the law regulating the status of civil servants and employees.

#### ***Article 350***

The funds for the operation of the Administration, as well as the funds for the implementation of the medium-term programme, i.e. the funds for creation, storage and other expenses related to mandatory natural gas reserves, as well as investments in storage facilities and accompanying infrastructure, shall be provided from the budget of the Republic of Serbia, in an amount determined for each year by the Budget Law of the Republic of Serbia, within the Ministry's compartments.

The funds for the implementation of the medium-term programme shall be provided from the budget of the Republic of Serbia in accordance with the defined limits in the fiscal strategy for the current year, with projections for the following two years.

#### ***Article 351***

A fee for creation of mandatory natural gas reserves shall be paid for the purpose of creation, storage, investments in storage facilities and accompanying infrastructure, as well as for other expenses related to mandatory natural gas reserves.

Payers of the fee for creation of mandatory natural gas reserves are energy entities performing the energy-related activity of natural gas supply and the energy entity supplying natural gas to public natural gas suppliers.

The amount of fee for the creation of mandatory reserves, the method of calculation and payment of this fee shall be prescribed by the Government upon a proposal of the Ministry on the basis of the amount of funds needed for implementation of the annual programme of mandatory natural gas reserves and planned natural gas consumption for the year for which the fee is determined, in accordance with the Energy Balance of the Republic of Serbia.

The funds collected on the basis of fee under Paragraph 1 hereof shall represent budget revenues of the Republic of Serbia.

### ***Article 352***

The quantity and arrangement of mandatory natural gas reserves shall be recorded in the registry of mandatory natural gas reserves.

The registry under Paragraph 1 hereof shall be kept and continuously updated by the Administration.

The Ministry shall prescribe in more detail the contents and method of keeping the registry under Paragraph 1 hereof.

### ***Article 353***

The decision on placing mandatory natural gas reserves on the market shall be issued by the Government, in accordance with the act under Article 315, Paragraph 3 hereof.

## **XI. HEAT**

### **Heat production**

#### ***Article 354***

An energy entity producing heat (hereinafter: a heat producer) shall maintain the production capacities in proper condition, ensure their constant operational and functional readiness and safe use, in accordance with technical and other regulations referring to the conditions of use of such types of facilities and installations, their safety and conditions for environmental protection stipulated by the law and other regulations.

In performing the activity of production, the heat producer shall use its own production capacities or the production capacities of other energy entities.

In case that the heat producer uses the production capacities of other energy entities, their mutual relations shall be regulated by an agreement.

#### ***Article 355***

A heat producer that is obliged to produce heat for final customers of heat in accordance with the articles of association or the act on entrustment of performing the activity of heat production shall deliver the produced heat to an energy entity performing the activity of heat supply to final customer in accordance with the needs of final customers.

The heat producer under Paragraph 1 hereof and the energy entity performing the activity of heat supply to final customers, if they are not the same legal entity, shall conclude a written agreement on sale of heat for the needs of final customers of heat, for a period of one year.

## **Heat distribution**

### ***Article 356***

An energy entity performing the activity of heat distribution (hereinafter: a heat distributor) shall distribute heat under the conditions defined by this law and regulations passed by the local self-government unit.

The heat distributor shall distribute heat to all heat customers in the area in which it performs this activity, based on the principles of transparency and non-discrimination.

An energy entity performing the energy-related activity of heat supply shall keep a separate account for the distribution activity if the distribution system is used by more than one energy entity.

### ***Article 357***

The heat distributor shall be responsible for the maintenance, operation and development of the distribution system in the area in which it performs this activity, in accordance with the needs of customers to which it delivers heat.

The heat distributor shall define in its development plan the method and dynamics of construction of the new and reconstruction of existing distribution system and other distribution capacities for a five-year period.

The heat distributor shall be responsible for implementation of the development plan under Paragraph 2 hereof, on which it shall submit an annual report to the local self-government unit.

### ***Article 358***

The heat distributor shall pass the rules on the distribution system operation, with the consent of the local self-government unit.

The rules on the distribution system operation shall particularly stipulate the following: technical and other conditions for the connection of heat customers and producers to the distribution system, points of separation of heat producers, distribution system and final customers, technical and other conditions for safe operation of the distribution system and ensuring reliable and continuous delivery of heat to customers, procedures in crisis situations, and rules on measurement by the use of the needed metering equipment.

The rules under Paragraph 1 hereof shall be published in journals of the local self-government unit, as well as on the website of the heat distributor.

## **Heat supply**

### ***Article 359***

An energy entity performing the activity of heat supply (hereinafter: a heat supplier) shall supply heat to final customers under the conditions defined by this law and regulations passed by the local self-government unit.

The heat supplier shall be responsible for ensuring sufficient quantities of heat needed for the supply to final customers.

The heat supplier shall: collect data on the quantity of heat delivered to final customers, other data needed for calculation of the delivered heat, submit a bill and charge heat to final customers.

### ***Article 360***

The heat supplier and final customer shall conclude a written agreement on heat supply.

The contents of the agreement under Paragraph 1 hereof shall be prescribed by the local self-government unit.

### ***Article 361***

The local self-government unit shall issue the licenses for performing energy-related activities: generation, distribution and supply of heat, keep the registry of issued licenses and records of producers of heat with the power of 0.1 MW to 1 MW, pass the rule determining conditions of heat delivery and supply to customers in its area, rights and obligations of heat producers, distributors, suppliers and final customers, pass the rule determining the manner of allocation of costs of the joint metering point in the thermal delivery station and conditions and manner of maintenance of the part of the system from the end point of the distribution system to the final customer including their heating equipment, rights and obligations of heat final customers, particularly in case of termination of the agreement, as well as the conditions for submitting and resolving a request of the final customer for suspension of heat supply, give its consent to prices of heat and prescribe other conditions for ensuring reliable and safe heat supply to customers, pursuant to the law.

The local self-government unit may establish an energy entity for performing the activity of heat production, distribution and supply to customers, where the act on association shall determine the conditions and manner of performing each of these activities.

### **Prices of heat and services**

#### ***Article 362***

The Government shall adopt the methodology of forming the prices of heat supply to final customers.

The methodology under Paragraph 1 hereof shall particularly regulate:

- 1) elements for the calculation and method of determining the maximum revenue amount for performed activities of heat generation, distribution and supply;
- 2) elements for the calculation and method of calculation of price of access to the heat distribution system;
- 3) categories of heat customers depending on the intended use of space;
- 4) procedure for the submission of requests for a change of heat prices, and
- 5) other matters in accordance with the law.

#### ***Article 363***

The energy entity performing the energy-related activity of heat supply shall determine the price of supply to final customers.

The price under Paragraph 1 hereof shall be determined based on the methodology under Article 362 hereof.

The energy entity performing the activity of heat distribution shall determine the price of access to the heat distribution system if the system is used by more than one energy entities.

The consent to prices under Paragraphs 1 and 3 hereof shall be given by the local self-government unit.

## **Vulnerable heat customer**

### ***Article 364***

An electricity customer supplied with heat may acquire the status of a vulnerable customer under the conditions and in the manner prescribed by the act under Article 10 hereof, or in accordance with a separate law or an act of the local self-government unit.

## **Privileged heat producers**

### ***Article 365***

Privileged heat producers are the producers using renewable energy sources in the process of heat production and fulfilling the conditions in terms of energy efficiency.

The local self-government unit shall prescribe incentive measures and conditions for acquiring the status of a privileged heat producer and the criteria for the fulfilment of those conditions, and shall determine the manner and procedure for acquiring such status.

### ***Article 366***

The local self-government unit shall keep the registry of privileged heat producers, which shall particularly comprise data on heat production plants, their location, installed power of the heating plant, the time envisaged for use, conditions of construction and use for that plant, the type of primary source used, and entities performing the energy-related activity of heat production in those facilities.

Upon a request of the Ministry, and at least once a year, the local self-government unit shall inform the Ministry about the data contained in the registry under Paragraph 1 hereof, in the form the contents of which shall be prescribed by the Minister.

The competent authority of the local self-government unit, from the territory of the Autonomous Province, shall submit to the competent provincial authority for energy-related affairs the data from the registry under Paragraph 1 hereof until the end of June of the current year about the state on the 31 December of the previous year.

## **XII. SUPERVISION**

### ***Article 367***

The supervision of the implementation of provisions of this Law and regulations passed on the basis hereof shall be performed by the Ministry.

Energy entities, Autonomous Province, local self-government units and natural persons under Article 70, Paragraph 5 hereof, shall, upon a request of the Ministry, submit all data necessary for performing activities within the competences of the Ministry.

The inspection shall be carried out by the Ministry, through an electricity inspector, inspector of pressure equipment and energy inspector (hereinafter: inspectors) within the competences prescribed by the law.

The Autonomous Province shall be assigned the performance of inspection under Paragraph 3 hereof in the territory of the Autonomous Province.

The ministry responsible for trade affairs shall supervise the implementation of the provisions of this Law and regulations passed on the basis of this Law, relating to marking, monitoring and quality of oil derivatives through market inspectors pursuant to the law regulating trade and the law regulating consumer protection.

In performing inspection, the ministry under Paragraph 5 hereof shall check whether an energy entity obtained the license for performing the energy-related activity under Article 16, Paragraph 1, Items 19), 20), 22) and 23) hereof.

The ministry responsible for fire and explosion protection, as well as the ministry responsible for environmental protection shall also supervise the implementation of the provisions of this Law and the regulations passed on the basis of this Law, pursuant to a separate law.

## **Inspection**

### ***Article 368***

The inspector shall be independent in his/her work, within the competences prescribed by the law and other regulations, and shall be personally responsible for his/her work.

No-one shall, using their official position or in another manner, prevent or disturb the inspector in the performance of inspection and taking measures and actions that he/she is authorised for.

### ***Article 369***

The inspector shall have an identity card to prove his/her identity, and the authorisation prescribed by the law.

The Ministry shall prescribe in more detail the form and contents of the identity card.

## **Types of supervision**

### ***Article 370***

Inspection may be regular, extraordinary and follow-up inspection.

Regular inspection shall be carried out in accordance with the annual programme of inspector's activities.

Extraordinary inspection shall be carried out when the need for such inspection is indicated by changed circumstances in relation to the annual programme of activities or acting on the basis of incentives of authorities or legal or natural persons.

Follow-up inspection is carried out for the purpose of determining the execution of measures imposed on the energy entity or another legal person or entrepreneur or natural person under Article 70, Paragraph 5 hereof, whose facility is subject to the inspection, and the responsible person of the energy entity or another legal person or entrepreneur within regular or extraordinary inspection.

## **Initiation of an inspection procedure**

### ***Article 371***

The inspector shall initiate the inspection procedure *ex officio*, by order of competent authorities and upon a request of authorities or legal or natural persons.

The inspector shall include in the procedure the petitions of citizens, entrepreneurs, public enterprises, institutions, agencies, associations and other legal persons referring to violation of regulations under the competence of inspection, carry out the inspection and inform the petitioner about the determined facts and taken measures, in written form, not later than within 60 days as of the petition receipt date.

## **Electricity inspector**

### ***Article 372***

The electricity inspector shall perform the inspection of facilities for electricity production, transmission and distribution and other facilities with the voltage exceeding 1 kV, in accordance with authorities prescribed by this Law.

### ***Article 373***

The electricity inspector's activities may also be performed by a person that has acquired university education in second degree studies (master studies, specialist academic studies,



specialist professional studies), i.e. basic studies lasting at least four years, i.e. a person that meets other conditions prescribed by the law regulating rights and obligations of public officers, another regulation or act on internal organisation and classification of jobs at the Ministry, and has passed the professional exam in the particular field.

### **Rights and obligations of electricity inspector**

#### ***Article 374***

In performing inspection, the electricity inspector is entitled and obliged to check:

- 1) whether energy entities performing the activities of electricity production, transmission and distribution perform the activities pursuant to the law;
- 2) whether energy entities performing the activities of electricity production, transmission and distribution have the license for performing such activities;
- 3) whether the persons dealing with power facilities, devices and installation and persons working on the maintenance of power facilities meet the prescribed conditions for performing such activities;
- 4) whether the approval of the competent authority has been acquired in accordance with the regulation governing construction of facilities;
- 5) whether technical documentation for the installation of devices and installations has been prepared;
- 6) the fulfilment of conditions for connecting to the transmission or distribution system, upon a request of the customer, i.e. producer;
- 7) whether the devices and installations are regularly maintained during the use of power facilities, and whether the control of devices and installations is carried out in accordance with technical and other regulations;
- 8) whether the energy entity performs the protection measures for power facilities, devices and installations, pursuant to this Law;
- 9) the voltage quality, as well as the number and duration of electricity delivery interruptions.

The electricity inspector shall check the voltage quality under Item 9) hereof on the basis of data at the disposal of the energy entity, and if the accuracy of data cannot be determined with certainty, the quality shall be checked on the basis of findings of an independent body, which shall be designated by the Ministry in accordance with a separate law.

The electricity inspector shall also perform other activities stipulated by the law or a regulation passed on the basis hereof.

### **Inspector of pressure equipment**

#### ***Article 375***

The inspector of pressure equipment shall perform the inspection of energy facilities for: oil and oil derivatives transport, natural gas transport and distribution, oil derivatives production, as well as other energy facilities having pressure equipment, in accordance with authorities stipulated by this Law.

The inspector of pressure equipment shall also supervise other facilities having pressure equipment.

#### ***Article 376***

The activities of the inspector of pressure equipment may also be performed by a person that has acquired university education in second degree studies (master studies, specialist academic studies, specialist professional studies), i.e. basic studies lasting at least four years, i.e. a person that meets other conditions prescribed by the law regulating rights and obligations of public officers, another regulation or act on internal organisation and classification of jobs at the Ministry, and has passed the professional exam in the particular field.

### **Rights and obligations of inspector for pressure equipment**

#### ***Article 377***

The inspector of pressure equipment is entitled and obliged to check:

- 1) whether the energy license has been acquired pursuant to this Law;
- 2) whether the approval of the competent authority has been acquired in accordance with the regulations governing construction of facilities;
- 3) whether technical documentation for the installation of pressure equipment has been prepared;
- 4) whether the installation, i.e. putting into operation of the pressure equipment is carried out in accordance with the law, technical and other regulations;
- 5) whether energy entities using pressure equipment while performing energy-related activities meet the prescribed conditions for performing such activities;

- 6) whether the inspection and testing of pressure equipment during its life-cycle is carried out in accordance with the law, technical and other regulations;
- 7) whether the persons operating the pressure equipment and persons working on the maintenance of pressure equipment meet the conditions for performing such activities stipulated by the law, technical and other conditions;

The inspector of pressure equipment shall also perform other activities stipulated by the law or a regulation passed on the basis hereof.

### **Energy inspector**

#### ***Article 378***

The energy inspector shall perform inspection of performing energy-related activities pursuant to this Law, of facilities that are not supervised by the electricity inspector and inspector of pressure equipment, as well as inspection of the implementation of regulations on creation of mandatory and operating reserves, quality of energy and energy sources, and regulations in the field of heat.

#### ***Article 379***

The energy inspector's activities may also be performed by a person that has acquired university education in second degree studies (master studies, specialist academic studies, specialist professional studies), i.e. basic studies lasting at least four years, i.e. a person that meets other conditions prescribed by the law regulating rights and obligations of public officers, another regulation or act on internal organisation and classification of jobs at the Ministry.

### **Rights and obligations of energy inspector**

#### ***Article 380***

The energy inspector is entitled and obliged to check:

- 1) whether the license for performing the energy-related activity has been acquired, except for the energy-related activities under Article 16, Paragraph 1 Items 19), 20), 22) and 23) hereof;
- 2) whether the persons obliged to place biofuels on the market act in accordance with regulations;

- 3) whether energy entities, i.e. natural persons under Article 70, Paragraph 5 hereof produce electricity from renewable sources, i.e. by highly efficient combined production of electricity and heat, pursuant to the law, regulations and decision of the competent authority;
- 4) whether energy entities performing the activities of heat production, distribution and supply perform the activities in accordance with regulations;
- 5) whether energy entities, i.e. natural persons under Article 70, Paragraph 5 hereof that have acquired the right to incentive measures perform the activity in accordance with the law, regulations and decision of the competent authority;
- 6) whether mandatory reserves are kept in accordance with regulations;
- 7) whether operating reserves are kept in accordance with regulations;
- 8) whether the energy license and other acts have been acquired pursuant to this Law;
- 9) whether the approval of the competent authority has been acquired in accordance with the regulations governing construction of facilities;
- 10) whether energy entities while performing energy-related activities meet the prescribed conditions for performing such activities;
- 11) whether the facilities are regularly maintained during their use, and whether regular control of the facilities is carried out in accordance with technical and other regulations;
- 12) the quality of delivered natural gas based on the report of the body designated by the Ministry pursuant to the law regulating public procurement.

### **Notice of inspection**

#### ***Article 381***

The inspector shall inform the responsible person of the energy entity or another legal person or entrepreneur, whose facility is inspected (hereinafter: the responsible person) about the inspection, not later than three days prior to the commencement of inspection.

The inspection may also be carried out without the notice under Paragraph 1 hereof, when there are reasons for urgent acting, i.e. if such acting is intended for the protection of safety or health of people and property.

## **Obligations of energy entities or other legal persons or entrepreneurs in the inspection process**

### ***Article 382***

The responsible person shall make it possible for the inspector to perform inspection in an undisturbed manner, ensure access to the facility and adequate space for the inspector's work, appoint one or more officers to take part in the inspection activities on determining facts, provide acts, records, documents, reports and other documentation necessary for performing the inspection, and if it is impossible to provide the documentation, submit a written explanation.

Upon a request of the inspector, the persons under Paragraph 1 hereof shall provide a verbal or written statement on the presented facts and evidence, i.e. the facts and evidence determined during the inspection process.

## **Report on the conducted inspection**

### ***Article 383***

The inspector shall prepare a report on the conducted inspections, which shall comprise:

- 1) factual findings, a proposal of measures for the elimination of discovered violations, irregularities and deficiencies in operations;
- 2) the obligation to inform the inspector of the taken measures and deadline for the report submission.

The report shall be prepared on the spot during the inspection, and the responsible person attending the inspection process shall be entitled to object to the report on the conducted inspection.

## **Objections to the report**

### ***Article 384***

Objections to the report, i.e. a "no objection" statement of the responsible person, shall be included in the report.

The inspector shall consider the objections to the report on the conducted inspection and shall, as needed, amend the inspection activities referred to in the objections, i.e. change or give up the proposed measure.

The inspector shall not decide on each individual objection to the report, but shall evaluate all and each of them in the explanation of the decision issued in the inspection process.

## **Decision**

### ***Article 385***

If the energy entity or another legal person or entrepreneur or natural person under Article 70, Paragraph 5 hereof, i.e. the responsible person has failed to eliminate the violations, irregularities and deficiencies stated in the report within the given deadline, the inspector shall issue a decision ordering measures and determining the deadline for their elimination.

The decision under Paragraph 1 hereof, depending on the subject of inspection and the nature of discovered violations, irregularities and deficiencies in operations, may:

- 1) order the elimination of the discovered irregularities and deficiencies within the given deadline;
- 2) suspend the installation of devices, plants and installations or pressure equipment if the discovered irregularities or deficiencies have not been eliminated within the given deadline;
- 3) suspend the use or exploitation of energy facilities, devices, plants, installations or pressure equipment in case that the discovered irregularities and deficiencies are not eliminated until expiry of the deadline stipulated by the decision for elimination of observed irregularities and deficiencies, and if a request for extension of the deadline for eliminations of the observed irregularities and deficiencies is not submitted;
- 4) forbid the use of the energy entity, i.e. devices, plants or installations or pressure equipment if:
  - (1) the operation of the energy facility, devices, plants or installations or pressure equipment threatens the life and health of people and property;
  - (2) the observed irregularities and deficiencies are not eliminated even upon expiry of the deadline stipulated by the decision on the suspension of use or exploitation of the facility;
  - (3) the energy entity is deprived of the license or consent to storage and supply for own needs due to its failure to meet the prescribed conditions, or the energy entity does not have the license for performing the energy-related activity, except in the case under Article 26 hereof.

An energy entity or another legal person or entrepreneur or natural person under Article 70, Paragraph 5 hereof, i.e. the responsible person ordered, by the decision of the inspector, to eliminate deficiencies and irregularities, shall eliminate the deficiencies and irregularities

within the given deadline and inform the inspector in written form about the elimination of the deficiencies and irregularities within the deadline stipulated by the decision.

#### ***Article 386***

In the case under Article 385, Paragraph 2, Item 4) hereof, the inspector shall inform the competent authority that has determined the right of the energy entity, i.e. natural person under Article 70, Paragraph 5 hereof to incentive measures for the production of biofuels, energy from renewable sources, i.e. from highly efficient combined production of electricity and heat, as well as other rights.

#### ***Article 387***

The decision of the inspector may be appealed to the Ministry within 15 days as of the decision receipt date.

The appeal against the decision under Paragraph 1 hereof shall not have suspensory effect.

#### ***Article 388***

The inspector must not take part in the preparation and conduct of technical inspection of technical documentation for the facility subject to inspection, the execution of works on the facilities subject to inspection, or perform professional supervision of the execution of works on the facilities subject to inspection.

The inspector must not be a member of the Commission for Technical Inspection of the facilities subject to inspection.

### **XIII. PENALTY PROVISIONS**

#### **Economic offences**

#### ***Article 389***

An energy entity or another legal person shall be fined with RSD 1,500,000 to 3,000,000 for an economic offence if:

- 1) fails to perform the duties pursuant to this Law (Article 94, Paragraph 3, Items 1), 2), 3), 6), 7), 8), 9), and 10), Article 109, Paragraph 1, Items 3), 4), 5), 6), 7), 8), 9), 10), 12), 13), 16), 17), 18), 19), 21), 23), 24), 25), 26), 27), 28), 34), 35), 36), 39), and 45), Article 136, Paragraph 1, Items 1), 2), 3), 4), 6), 8), 9), 10), 11), 14), 15), 16), 18), 19), 21), 22), 23), 24), 25), 26), 27), 28), 29), 30), 31), and 39), Article 153, Paragraph 1, Items 1), 2), 3), 4),

5), 6), 7), 8), 9), 10), 11), 12), 13), and 14), Article 182, Paragraph 1, Items 1), 2) and 3), Article 192, Paragraph 6, Article 195, Paragraph 1, Items 1), 4), 15) and 16), Article 248, Paragraph 1, Items 1), 2), 3), 5), 6), 7), 8), 9), 10), 11), 12), 13), 14), 16), 17), 18), and 19), Article 261, Paragraph 1, Items 1), 2), 5), 6), 7), 8), 9), 10), 11), 12), 13), 14), 17), 18), 19), 20), and 21), Article 276, Paragraph 1, Items 1), 2), 3), 4), 6), 7), 8), 9), 10), 11), 12), 13), 15), and 16), Article 301, Paragraph 1, Items 1), 4) and 12), Articles 354, 357, 358 and 359 hereof;

- 2) does not supply the heat pursuant to Article 355, Paragraph 1 hereof;
- 3) does not distribute the heat pursuant to Article 356, Paragraph 2 hereof;
- 4) upon a request of the Ministry, it fails to submit the data for preparation of the Programme and Energy Balance (Articles 5 and 13 hereof);
- 5) it fails to keep separate accounts for each energy-related activity pursuant to this Law, fails to prepare the annual balance sheet and income statement, and fails to ensure the audit (Article 18 hereof);
- 6) it starts performing the energy-related activity without prior acquisition of the license pursuant to this Law (Article 17 hereof) and fails to submit a request for the issuance, i.e. change of the license (Article 23 hereof);
- 7) it fails to allow the use of an energy facility with all the needed documents pursuant to this Law (Article 26, Paragraph 4 hereof);
- 8) it stores oil, oil derivatives and biofuels for its own needs with the total capacity exceeding five tons, and supplies its own vehicles at its own supply stations without prior acquisition of the consent pursuant to this Law (Article 28 hereof);
- 9) a privileged producer fails to perform the obligations pursuant to this Law (Article 76, Paragraph 6 hereof);
- 10) a guaranteed supplier fails to perform the obligations under Article 78 hereof;
- 11) it fails to inform the Ministry about any changes pursuant to this Law (Article 81, Paragraph 1 hereof);
- 12) it fails to calculate and publicly announce the shares of all types of energy sources in the electricity sold to final customers in the Republic of Serbia, pursuant to this Law (Article 87, Paragraphs 1 and 3 hereof);
- 13) it acts contrary to Article 118, Paragraph 2 and Article 141, Paragraph 2 hereof;
- 14) if the system operator fails to perform the obligation under Article 192, Paragraph 8 hereof;



- 15) it fails to submit to the Ministry the data pursuant to Articles 335 and 336 hereof;
- 16) it places on the market oil derivatives, biofuels or base oils contrary to Article 337 hereof;
- 17) it fails to ensure confidentiality of commercial, business and other information it has acquired during performing the activities within its competences, pursuant to this Law (Article 334 hereof);
- 18) it fails to ensure access to the system pursuant to this Law (Article 330 hereof);
- 19) it fails to ensure the quality of delivery and supply pursuant to this Law (Articles 215 and 320 hereof);
- 20) it fails to implement the protection of energy facilities pursuant to this Law (Articles 218, 323 and 344 hereof);
- 21) it fails to ensure the inspection pursuant to this Law (Article 382 hereof);
- 22) it fails to implement the decision of the inspector and to inform the inspector about the elimination of deficiencies and irregularities within the deadline stipulated by the decision, pursuant to this Law (Article 385 hereof);
- 23) it fails to pay the fee in accordance with the provisions of Article 341 hereof;
- 24) it fails to provide operating reserves in accordance with the provisions of Article 345 hereof.

The responsible person of an energy entity, i.e. another legal person shall be fined for an economic offence with RSD 100,000 to 200,000.

In addition to the fine for an economic offence under Paragraph 1, Item 16) hereof a measure of temporary prohibition of performing activities in the duration of six months may be imposed on the energy entity, i.e. another legal person.

## **Violations**

### ***Article 390***

An energy entity or another legal person shall be fined with RSD 500,000 to 2,000,000 for a violation if:

- 1) fails to perform the duties pursuant to this Law (Article 94, Paragraph 3, Items 4), 5), 11), 12), and 13), Article 109, Paragraph 1, Items 14), 22), 29), 43), 44), and 46), Article 136, Paragraph 1, Items 5), 12), 13), 36), 38), and 40), Article 153, Paragraph 1, Item 15), Article 192, Paragraph 2, Article 195, Paragraph 1, Items 2) , 3), 5), 6), 7), 8), 9), 10), and

14), Article 248, Paragraph 1, Items 15), 20), and 24), Article 261, Paragraph 1, Items 3), 15), 16) and 24), Article 276, Paragraph 1, Item 17), Article 301, Paragraph 1, Items 2), 3), 5), 6), 7), 8), 9) and 13) and Article 302, Paragraphs 3 and 7 hereof);

- 2) it fails to inform, to submit or to act in accordance with the request of the Agency pursuant to this Law (Article 23, Paragraph 3, Article 57, Paragraph 2, Article 94, Paragraph 3, Item 12), Article 109. Paragraph 1, Items 33), 40), 41), and 42), Article 113, Paragraph 4, Article 115, Paragraph 2, Article 132 Paragraphs 7 and 10, Article 136, Paragraph 1, Items 20), 32), 33) and 34), Article 144, Paragraph 5, Article 154, Paragraph 5, Article 184, Paragraph 1, Article 195, Paragraph 1, Items 12) and 13), Article 238, Article 242 Paragraph 1, Article 244 Paragraph 1, Article 245, Paragraph 3, Article 248, Paragraph 1, Items 17), 23), and 24), Article 250, Paragraph 1, Article 253, Paragraph 2, Article 257 Paragraphs 8 and 9, Article 261, Paragraph 1, Items 10), 13) and 23), Article 263, Paragraph 2, Article 268, Paragraphs 4 and 5, Article 276, Paragraph 1, Item 14), Article 277, Paragraph 1, Article 280, Paragraph 2, and Article 301, Paragraph 1, Items 10) and 11) hereof);
- 3) it fails to keep the registry of guarantees of origin in the electronic for, and to publish the data from the registry on its website, pursuant to this Law (Article 86, Paragraph 1 hereof);
- 4) it fails to adopt the Compliance Program for ensuring non-discriminatory behaviour, pursuant to this Law (Articles 132 and 280 hereof);
- 5) it fails to decide upon the request of a customer for the facility connection, pursuant to this Law (Article 120, Paragraph 4, Article 142, Paragraph 2 and Article 266, Paragraph 2 hereof);
- 6) the owner of the real estate fails to ensure access to energy facilities pursuant to this Law (Article 216, Paragraph 2, Article 321, Paragraph 2 and Article 342, Paragraph 2 hereof);
- 7) it fails to offer ancillary services pursuant to Article 94, Paragraph 3, Item 4) hereof;
- 8) it fails to remove trees and other objects pursuant to this Law (Articles 218, 323 and 344 hereof);
- 9) it fails to conclude the agreements pursuant to this Law (Article 160, Paragraph 1, Article 171, Paragraphs 2 and 4, Articles 284, 293, 331 and 360 hereof);
- 10) it fails to connect a customer's facility to the transmission, transport or distribution system pursuant to this Law (Articles 123, 145 and 269 hereof);
- 11) it fails to take measures for the protection of power facilities pursuant to this Law (Articles 218, 323 and 344 hereof);

- 12) it fails to perform regular and extraordinary controls of the metering point pursuant to this Law (Article 199 hereof);
- 13) it does not use electricity and natural gas pursuant to this Law (Articles 210 and 307 hereof);
- 14) the supplier fails to settle financial obligations pursuant to this Law (Article 197, Paragraph 1 and Article 305, Paragraph 2 hereof);
- 15) it fails to grant access to metering devices, installations and the point of connection to authorised persons pursuant to this Law (Article 204, Paragraph 1, Item 2) and Article 308, Paragraphs 1 and 2 hereof);
- 16) it does not comply with binding decision of the Agency and fails to fulfil the obligations pursuant to this Law (Articles 57, Paragraph 5 hereof).

The responsible person of an energy entity, i.e. another legal person shall be fined for the violation under Paragraph 1 hereof with RSD 50,000 to 100,000.

#### ***Article 391***

An entrepreneur shall be fined with RSD 10,000 to 500,000 for a violation if:

- 1) upon a request of the Ministry, it fails to submit the data for preparation of the Programme and Energy Balance (Article 13, Paragraphs 3 and 4 hereof);
- 2) it fails to allow the use of an energy facility with all the needed documents pursuant to this Law (Article 26, Paragraph 4 hereof);
- 3) a privileged producer fails to perform the obligations pursuant to this Law (Article 76, Paragraph 6 hereof);
- 4) it fails to inform the Ministry about any changes pursuant to this Law (Article 81, Paragraph 1 hereof);
- 5) it fails to submit the data pursuant to Article 169, Paragraph 3 and Article 292, Paragraph 2 hereof;
- 6) it fails to perform the obligation under Article 192, Paragraph 8 hereof;
- 7) it fails to maintain the inner electrical installations pursuant to this Law (Article 209 hereof);
- 8) the supplier fails to settle financial obligations under Article 197, Paragraph 1 and Article 305, Paragraph 2 hereof;

- 9) it does not use electricity and natural gas pursuant to this Law (Articles 210 and 307 hereof);
- 10) the owner of the real estate fails to ensure access to energy facilities pursuant to this Law (Article 216, Paragraph 2, Article 321, Paragraph 2 and Article 342, Paragraph 2 hereof);
- 11) it fails to grant access to metering devices, installations and the point of connection to authorised persons pursuant to this Law (Article 204, Paragraph 1, Item 2) and Article 308, Paragraphs 1 and 2 hereof);
- 12) it fails to take measures for the protection of energy facilities pursuant to this Law (Article 218, Paragraphs 1 and 7, Articles 323 and 344 hereof);
- 13) it fails to ensure the inspection pursuant to this Law (Article 382 hereof);
- 14) it fails to implement the decision of the inspector and to inform the inspector about the elimination of deficiencies and irregularities within the deadline stipulated by the decision, pursuant to this Law (Article 385 hereof).

A natural person shall be fined with RSD 5,000 to 50,000 for a violation if:

- 1) upon a request of the Ministry, it fails to submit the data for preparation of the Programme and Energy Balance (Article 13, Paragraphs 3 and 4 hereof);
- 2) it fails to allow the use of an energy facility with all the needed documents pursuant to this Law (Article 26, Paragraph 4 hereof);
- 3) a privileged producer fails to perform the obligations pursuant to this Law (Article 76, Paragraph 6 hereof);
- 4) it fails to inform the Ministry about any changes pursuant to this Law (Article 81, Paragraph 1 hereof);
- 5) it fails to perform the obligation under Article 192, Paragraph 8 hereof;
- 6) it fails to maintain the inner electrical installations pursuant to this Law (Article 209 hereof);
- 7) the buyer fails to settle financial obligations pursuant to this Law (Article 197, Paragraph 1 and Article 305, Paragraph 2 hereof);
- 8) it does not use electricity and natural gas pursuant to this Law (Articles 210 and 307 hereof);
- 9) it fails to take measures for the protection of energy facilities pursuant to this Law (Articles 218, 323 and 344 hereof);

- 10) the owner of the real estate fails to ensure access to energy facilities pursuant to this Law (Article 216, Paragraph 2, Article 321, Paragraph 2 and Article 342, Paragraph 2 hereof);
- 11) it fails to grant access to metering devices, installations and the point of connection to authorised persons pursuant to this Law (Article 204, Paragraph 1, Item 2) and Article 308, Paragraphs 1 and 2 hereof);
- 12) it does not use electricity and natural gas pursuant to this Law (Articles 210 and 307 hereof);
- 13) it fails to inform, to submit and to act in accordance with the request of the Agency pursuant to this Law (Article 132, Paragraph 7 and Article 280, Paragraph 2 hereof);
- 14) it fails to ensure the inspection pursuant to this Law (Article 382 hereof);
- 15) it fails to implement the decision of the inspector and to inform the inspector about the elimination of deficiencies and irregularities within the deadline stipulated by the decision, pursuant to this Law (Article 385 hereof).

The responsible person under Articles 132 and 280 hereof shall be fined for a violation with RSD 10,000 to 50,000.

#### **XIV. TRANSITIONAL AND FINAL PROVISIONS**

##### ***Article 392***

The procedures commenced until the date of coming into force of this Law shall be continued in accordance with regulations pursuant to which they were commenced.

##### ***Article 393***

Regulations for the enforcement of this Law shall be passed within a period of one year as of the date of coming into force of this Law, except for the regulations under Articles 27 and 34 hereof which shall be passed within a six-month period as of the day of coming into force of this Law and the regulations under Article 219 hereof which shall be passed within a five-year period as of the day of coming into force of this Law.

Until the adoption of regulations under Paragraph 1 hereof, the regulations passed pursuant to the Energy Law ("Official Gazette of RS", No. 57/11, 80/11-correction, 93/12 and 124/12) shall apply, if they are not contrary to the provisions of this Law.

#### ***Article 394***

The Agency shall pass the act under Article 51, Paragraph 2, and Item 2) hereof within four months as of the date of coming into force of this Law.

The Agency shall harmonise the rules under Article 51, Paragraph 1, and Item 1) hereof within six months as of the date of coming into force of this Law.

The Agency shall adopt the Methodology under Article 50, Paragraph 1, and Item 3) hereof within six months as of the date of coming into force of this Law.

#### ***Article 395***

The Agency shall pass the rules under Article 51, Paragraph 1, Item 2) hereof within six months as of the date of coming into force of this Law, determine the required indicator values and the method for evaluating the achieved quality, not later than until 1 January 2017 for electricity, i.e. until 1 January 2020 for natural gas, and decide on the method for determining the compensation to customers under Article 52, Item 2) hereof not later than until 1 January 2018 for electricity, i.e. until 1 January 2021 for natural gas.

#### ***Article 396***

Establishment, i.e. acquisition of the ownership rights of the electricity transmission and distribution system operator to networks under Article 409, Paragraphs 1 and 3 hereof, natural gas transport and distribution system operator under Article 417, Paragraphs 1 and 2 hereof and the energy entity performing the activity of oil transport via oil pipelines, i.e. of energy entity performing the activity of oil derivatives transport via oil derivatives pipelines to facilities under Article 424, Paragraphs 1 and 2 hereof, shall not be deemed the supply of goods.

#### **Electricity**

#### ***Article 397***

An energy entity that on the date of coming into force of this Law holds the license for performing the activity of public electricity supply shall continue to supply households and small customers at regulated prices, as well as to conclude agreements on electricity purchase and fulfil the obligations in relation to privileged electricity producers and temporary privileged electricity producers, with rights and obligations of a guaranteed supplier, until the appointment of the guaranteed supplier under Article 190 hereof.

Until 1 May 2017, the Agency shall publish the first report on the need for further regulation of prices under Article 88, Paragraph 3, Item 1) hereof.

The Ministry shall conduct a public tender procedure pursuant to Article 191 hereof, not later than within six months as of becoming aware of the fact that the need for the regulation of prices under Article 88, Paragraph 3, Item 1) hereof has ceased.

The Agency shall abolish the decisions on the regulation of prices of guaranteed supply not later than within six months as of the selection of supplier in the tender procedure for the selection of the guaranteed supplier.

The license issued for performing the activity of public supply shall terminate on the day of the commencement of work of the guaranteed supplier appointed pursuant to Article 190 hereof.

The guaranteed supplier shall take over all rights and obligations of the public supplier in relation to privileged electricity producers and temporary privileged electricity producers, and shall take over, not later than within 30 days as of the date of commencement of operation, the agreements on electricity purchase with privileged producers and temporary privileged electricity producers, concluded until the day of the commencement of work of the guaranteed supplier, under conditions and in the manner stipulated under Paragraph 3 hereof.

#### ***Article 398***

Until 1 May 2017, the Agency shall publish the first report on the need for a last resort supplier under Article 194 hereof.

#### ***Article 399***

The price of lease of the reserve power under Article 88, Paragraph 3, and Item 2) hereof, as at the day of coming into force of this Law, are regulated.

Until 1 May 2017, the Agency shall publish the first report on the need for further regulation of prices under Article 88, Paragraph 3, Item 2) hereof.

#### ***Article 400***

Until 1 May 2016, the distribution system operator shall establish an updated database of all household category customers, small customers and their metering points.

On the basis of the database under Paragraph 1 hereof, not later than until 1 January 2017 the guaranteed electricity supplier shall establish an updated database of all household category customers and small customers it supplies, and shall conclude the agreement on electricity supply, in written form.

### ***Article 401***

Energy entities performing an energy-related activity as at the day of coming into force of this Law shall continue operating and shall harmonise their work and operations with the provisions of this Law.

The licenses for performing energy-related activities issued until the date of coming into force of this Law shall apply until expiry of the period for which they are issued, except for licenses for performing electricity supply activities.

An energy entity holding the license for performing the energy-related activity of electricity supply as at the date of coming into force of this Law shall acquire the license for electricity supply or the license for wholesale electricity supply within six months as of the date of passing the act under Article 27 hereof.

The license for performing the energy-related activity of electricity supply, issued to the energy entity until the date of coming into force of this Law ceases to be valid, upon acquiring one of the licenses under Paragraph 3 hereof.

In case the energy entity fails to acquire any of the licenses under Paragraph 3 hereof, the existing license for electricity supply shall cease to be valid upon expiry of a six-month period as of the date of passing the act under Article 27 hereof.

### ***Article 402***

As of the day of coming into force of this Law, households and small electricity customers shall be entitled to guaranteed supply as a public service.

The supplier that supplied the final customer until the day of coming into force of this Law shall continue supplying it.

The customer that had the status of a small customer until the day of coming into force of this Law, and in 2014 had electricity consumption exceeding 30,000 kWh, shall be deprived of the right to guaranteed supply on 1 July 2015.

### ***Article 403***

A legal person or entrepreneur performing the energy-related activity of electricity distribution and closed distribution system operation shall acquire the license for performing the energy-related activity under Article 16, Paragraph 1, Item 5) hereof, within three years as of the day of coming into force of this Law.



#### ***Article 404***

The electricity distribution system operator shall adopt and submit to the Agency for consent the transfer plan under Article 136, Paragraph 1, Item 11) hereof within three months as of the day of coming into force of this Law.

The distribution system operator shall, within three months as of the day of acquiring the Agency's consent under Paragraph 1 hereof, take over all metering devices, metering and distribution boxes, connecting lines, installations and equipment in the metering and distribution cubicle that meet the requirements stipulated by technical regulations and rules on the distribution system operation.

The distribution system operator shall submit the first report under Article 136, Paragraph 1, Item 11) hereof to the Ministry and the Agency within nine months as of the day of coming into force of this Law.

The distribution system operator shall take over all metering devices, metering and distribution boxes, connecting lines, installations and equipment in the metering and distribution cubicle not later than until 31 December 2020, according to the following dynamics: 10% in the first and second year of the Law implementation, and 20% in the remaining years of the Law implementation.

The distribution system operator shall regulate the conditions for taking over the metering devices, metering and distribution boxes, connecting lines, installations and equipment in the metering and distribution cubicle by an agreement.

#### ***Article 405***

The system operators shall harmonise the rules under Articles 109 and 136 with the provisions hereof, and shall submit them to the Agency for consent, not later than within a year as of the day of coming into force of this Law.

The transmission system operator shall adopt the procedure under Article 117 hereof and submit it to the Agency for consent, not later than within six months as of the day of coming into force of this Law.

The electricity transmission system operator and distribution system operator shall adopt the plans under Article 109, Paragraph 1, Items 18) and 19) and Article 136, Paragraph 1, Items 9) and 10) hereof, and shall submit them to the Agency for consent, not later than within six months as of the day of coming into force of this Law.

The electricity distribution system operator shall adopt the programme and designate the responsible person under Article 132 hereof within four months as of the day of coming into force of this Law.

The electricity distribution system operator and electricity supplier shall, within two months as of the day of coming into force of this Law, adopt the procedure and establish the organisational unit or body, or designate the responsible person for deciding on complaints and appeals of final customers under Article 136, Paragraph 1, Item 39) and Article 195, Paragraph 1, Item 4) hereof.

#### ***Article 406***

The electricity transmission, i.e. distribution system operator shall, within two years as of the day of coming into force of this Law, adopt the plan of advanced network implementation under Articles 115 and 138 of this Law.

#### ***Article 407***

An energy entity holding the license for performing the activity of electricity transmission and transmission system operation as at the date of coming into force of this Law shall continue performing the activity until the completion of the certification procedure under Article 100 hereof, which shall be performed within two years as of the day of coming into force of this Law.

#### ***Article 408***

The energy-related activities under Article 16, Paragraph 3 hereof shall be performed as activities of general interest until the harmonisation of the law governing the position of public enterprises and performing activities of general interest, in accordance of obligations of the Republic of Serbia undertaken pursuant to ratified international agreements.

#### ***Article 409***

On the day of coming into force of this Law, the following ownership shall be established:

- 1) Ownership of Public Enterprise "Elektromreža Srbije" of the electricity transmission network Under Article 97, Paragraph 2 hereof, owned by the Republic of Serbia as at the date of coming into force of this Law and used by this public enterprise;
- 2) Ownership of subsidiary enterprises of Public Enterprise "Electricity Industry of Serbia", distribution system operators: Electricity Distribution Company - Belgrade, Electricity Distribution Company "Elektrovojvodina" Novi Sad, Electricity Distribution Company "Centar" Kragujevac, Electricity Distribution Company "Jugoistok" Niš and Electricity Distribution Company "Elektrosrbija" Kraljevo, of the electricity distribution network

under Article 128, Paragraph 2 hereof, owned by the Republic of Serbia as at the date of coming into force of this Law, and used by these public enterprises.

The electricity transmission, i.e. distribution system operator and system users shall conclude, within two years as of the day of coming into force of this Law, an agreement on the transfer of ownership rights on facilities of the transmission, i.e. distribution electricity network owned by the system user.

The electricity transmission, i.e. distribution system operator shall acquire ownership of facilities of the electricity network that it had constructed from its own funds or acquired through a legal transaction until the day of coming into force of this Law.

In case that the transmission, i.e. distribution system operator and Public Enterprise "Electricity Industry of Serbia" do not use a facility of the electricity network in a functional manner, they shall be deprived of the right to exploitation of that facility and the facility shall become publicly owned by the Republic of Serbia.

On the day of coming into force of this Law, the ownership of the electricity transmission, i.e. electricity distribution system operator shall be established on the electricity network facility for which the right to exploitation ceases to be valid under Paragraph 4 hereof and which is actually used, i.e. owned by the said operator under provisions of Article 97, Paragraph 2 and Article 128, Paragraph 2 hereof.

The network under Paragraph 1 hereof shall not include the land (except for land under an electricity network facility and land intended for regular use of that facility), business and other buildings, roads and other construction facilities, apartments and other real estate located within or in the vicinity of electricity networks, which do not represent a functional whole with the network, and the regime of which is regulated by separate regulations.

#### ***Article 410***

The authority responsible for keeping public records on real estate and rights to such real estate shall register, upon a request of the operator under Article 409, Paragraph 1 hereof, the ownership rights to real estate - facilities of the electricity network under Article 409, Paragraph 1 hereof.

In case that the operator is registered as the holder of exploitation rights to the electricity network facility under Article 409, Paragraph 1 hereof, the system operator shall submit a request for registering ownership rights within a year as of the day of coming into force of this Law. The request shall be accompanied with the certificate of the operator's founder issued on the basis of the statement of the operator's authorised person given under criminal and material responsibility, which shall prove that the system operator uses the electricity network facility in a functional manner.

The authority under Paragraph 1 hereof shall remove the right to exploitation of the system operator whose right to exploitation has ceased pursuant to Article 409, Paragraphs 4 and 5

hereof, and shall register the ownership right of the system operator that uses that facility in a functional or actual manner, based on the certificate.

In case that the exploitation right to a facility of the electricity network is not registered, the competent authority shall register the ownership rights of the operator that uses the facility in a functional manner, based on the certificate under Paragraph 2 hereof.

The certificate under Paragraph 2 hereof for the transmission system operator shall be issued by the Ministry responsible for energy affairs, on behalf of the Government.

In case that the Republic of Serbia is not registered as the owner of the electricity network facility under Paragraph 1 hereof, but is instead registered as its holder, the system operator shall, pursuant to the Law, acquire the status of the holder, with the certificate and it shall have the right to be registered as the owner of the facility when the legal requirements are met.

#### ***Article 411***

The system operator that has acquired ownership of an electricity network facility that is not registered in public records on real estate and rights to such real estate under Article 409, Paragraph 1 hereof, shall submit to the competent authority a request for registering the ownership right within two years as of the day of coming into force of this Law.

In case that a legalisation procedure was initiated for the electricity network facility before the day of coming into force of this Law, the operator under Article 409, Paragraph 1 hereof shall take over the rights and obligations of the applicant.

In case that the request for legalisation of the electricity network facility had not been submitted until the day of coming into force of this Law, the system operator under Article 409, Paragraph 1 hereof shall submit such request within a year as of the day of coming into force of this Law.

#### ***Article 412***

The registration of lines that are part of the electricity network under Article 409, Paragraph 1 hereof shall be carried out in compliance with the provisions of Article 410 hereof and regulations governing the utilities cadastre.

### **Natural gas**

#### ***Article 413***

The distribution system operator shall establish the updated database under Article 261, Paragraph 1, Item 16) hereof, not later than until 1 May 2016.

On the basis of the database under Paragraph 1 hereof, not later than until 1 January 2017 the energy entity performing the activity of public natural gas supply shall establish an updated database of all household category customers and small customers it supplies, and shall conclude the agreement on natural gas supply, in written form.

#### ***Article 414***

The natural gas distribution system operator shall adopt and submit to the Agency for consent the transfer plan under Article 261, Paragraph 1, and Item 9) hereof within three months as of the day of coming into force of this Law.

The distribution system operator shall, within three months as of the day of acquiring the Agency's consent under Paragraph 1 hereof, take over all metering devices, i.e. metering and regulation stations that meet the requirements stipulated by technical regulations and rules on the distribution system operation.

The distribution system operator shall submit the first report under Article 261, Paragraph 1, Item 10) hereof to the Ministry and the Agency within nine months as of the day of coming into force of this Law.

The distribution system operator shall take over all metering devices, i.e. metering and regulation stations not later than until 31 December 2020, according to the following dynamics: 10% in the first and second year of the Law implementation, and 20% in the remaining years of the Law implementation.

The distribution system operator shall regulate the conditions for takeover of metering devices, i.e. metering and regulation stations with the customer, i.e. producer by an agreement.

#### ***Article 415***

The system operators shall harmonise the rules on operation under Articles 254, 264 and 278 hereof with the provisions hereof, and shall submit them to the Agency for consent, not later than within a year as of the day of coming into force of this Law.

The natural gas transport system operator shall adopt the plan under Article 248, Paragraph 1, Item 3) hereof, and shall submit it to the Agency for consent, not later than within six months as of the day of coming into force of this Law.

The natural gas transport system operator shall adopt the programme and designate the responsible person under Article 238, Paragraph 1 hereof within six months as of the day of coming into force of this Law.

The system operator shall, within two years as of the day of coming into force of this Law, adopt the plan for implementation of advanced metering system under Articles 253 and 263 of this Law.

#### ***Article 416***

The provisions under Article 235 hereof shall not apply to an energy entity established due to the harmonisation of organisation of existing energy entities with the provisions of this Law.

The provisions of Article 226 hereof may be applied if the transport system was part of a vertically integrated enterprise on 6 October 2011.

#### ***Article 417***

On the day of coming into force of this Law, ownership of Public Enterprise "Srbijagas" shall be established on the natural gas transport network under Article 221 hereof and natural gas distribution network under Article 255 hereof, owned by the Republic of Serbia as at the date of coming into force of this Law, and used by this public enterprise.

The natural gas transport, i.e. distribution system operator shall acquire ownership of natural gas transport, i.e. distribution network that it had constructed from its own funds or acquired through a legal transaction until the day of coming into force of this Law.

The natural gas transport, i.e. distribution network under Paragraph 1 hereof shall not include the land (except for land under a facility of the natural gas transport system, i.e. natural gas distribution system, and land intended for regular use of that facility), business and other buildings, roads and other construction facilities, apartments and other real estate located within or in the vicinity of such systems, which do not represent a functional whole with the systems, and the regime of which is regulated by separate regulations.

#### ***Article 418***

The authority responsible for keeping public records on real estate and rights to such real estate shall register, upon a request of the natural gas transport, i.e. distribution system operator under Article 417, Paragraph 1 hereof, the ownership rights to real estate - facilities of the natural gas transport system, i.e. natural gas distribution system under Article 417, Paragraph 1 hereof.

In case that the natural gas transport, i.e. distribution system operator is registered as the holder of exploitation rights to the natural gas transport, i.e. distribution system facility, the said operator shall submit a request for registering ownership rights within a year as of the day of coming into force of this Law. The request shall be accompanied with the certificate

of the founder of natural gas transport, i.e. distribution system operator, issued on the basis of the statement of the natural gas transport, i.e. distribution system operator's authorised person given under criminal and material responsibility, which shall prove that the energy entity uses the facility of the system in a functional manner.

In case that the exploitation right to a facility of the system is not registered, the competent authority shall register the ownership rights of the natural gas transport , i.e. distribution system operator that uses the facility in a functional manner, based on the certificate under Paragraph 2 hereof.

The certificate under Paragraph 2 hereof for the energy entity shall be issued by the Ministry, on behalf of the Government.

In case that the Republic of Serbia is not registered as the owner of the system facility under Paragraph 1 hereof, but is instead registered as its holder, the natural gas transport, i.e. distribution system operator shall, pursuant to the Law, acquire the status of the holder, with the certificate and it shall have the right to be registered as the owner of the facility when the legal requirements are met.

#### ***Article 419***

The natural gas transport, i.e. distribution system operator that has acquired ownership of a facility of the system that is not registered in public records on real estate, and rights to it under Article 417, Paragraph 1 hereof, shall submit to the competent authority a request for registering the ownership right within two years as of the day of coming into force of this Law.

In case that a legalisation procedure was initiated for the facility of the system before the day of coming into force of this Law, the natural gas transport , i.e. distribution system operator under Article 417, Paragraph 1 hereof shall take over the rights and obligations of the applicant.

In case that the request for legalisation of the facility of the system had not been submitted until the day of coming into force of this Law, the natural gas transport , i.e. distribution system operator under Article 417, Paragraph 1 hereof shall submit such request within a year as of the day of coming into force of this Law.

#### ***Article 420***

The registration of lines that are part of the network under Article 417, Paragraph 1 hereof shall be carried out in compliance with the provisions of Articles 418 and 419 hereof and regulations governing the utilities cadastre.

### ***Article 421***

An energy entity holding the license for performing the activity of natural gas transport and transport system operation as at the date of coming into force of this Law shall continue performing the activity until the completion of the certification procedure under Article 239, or Article 245 hereof, which shall be performed within two years as of the day of coming into force of this Law.

## **Oil and oil derivatives**

### ***Article 422***

An energy entity performing the activity of oil transport via oil pipelines and oil derivatives transport via oil derivatives pipelines shall harmonise and submit to the Agency for consent the rules on operation under Article 327 hereof with the provisions hereof, not later than within a year as of the day of coming into force of this Law.

### ***Article 423***

The Agency shall issue the license for supply stations for vehicles constructed until 2009, without the fulfilment of conditions under Article 22, Paragraph 1, Item 2) hereof, if a request for legalisation of those facilities has been submitted.

Energy entities shall acquire licenses for performing energy-related activities under Article 16, Paragraph 1, Items 20), 21), 23), 27) and 29) hereof within a year as of the day of coming into force of the act under Article 27 hereof.

### ***Article 424***

On the day of coming into force of this Law, ownership of Public Enterprise "Transnafta" shall be established on the oil transport network and oil derivatives transport network under Article 326 hereof, owned by the Republic of Serbia as at the date of coming into force of this Law, and used by this public enterprise.

An energy entity performing the activity of oil transport via oil pipelines, i.e. energy entity performing the activity of oil derivatives transport via oil derivatives pipelines shall acquire ownership of facilities of the system for oil transport via oil pipelines, i.e. the system for oil derivatives transport via oil derivatives pipelines that it had constructed from its own funds or acquired through a legal transaction until the day of coming into force of this Law.

The system for oil transport via oil pipelines, i.e. system for oil derivatives transport via oil derivatives pipelines shall not include the land (except for land under a facility of the system for oil transport via oil pipelines, i.e. system for oil derivatives transport via oil derivatives pipelines, and land intended for regular use of that facility), business and other buildings,



roads and other construction facilities, apartments and other real estate located within or in the vicinity of such systems, which do not represent a functional whole with the systems, and the regime of which is regulated by separate regulations.

#### ***Article 425***

The authority responsible for keeping public records on real estate and rights to such real estate shall register, upon a request of an energy entity performing the activity oil transport via oil pipelines, i.e. energy entity performing oil derivatives transport via oil derivatives, the ownership rights to real estate - facilities of the system for oil transport via oil pipelines, i.e. system for oil derivatives transport via oil derivatives pipelines under Article 328, Paragraph 1 hereof.

In case that the energy entity performing the activity of oil transport via oil pipelines, i.e. energy entity performing oil derivatives transport via oil derivatives pipelines is registered as the holder of exploitation rights to a facility of the system for oil transport via oil pipelines, i.e. system for oil derivatives transport via oil derivatives pipelines under Paragraph 1 hereof, they shall submit a request for registering ownership rights within a year as of the day of coming into force of this Law. The request shall be accompanied with the certificate of the founder of the energy entity performing the activity of oil derivatives transport via oil derivatives pipelines on the basis of the statement of the energy entity's authorised person given under criminal and material responsibility, which shall prove that the energy entity uses the facility of the system in a functional manner.

In case that the exploitation right to a facility of the system is not registered, the competent authority shall register the ownership rights of the energy entity that uses the facility in a functional manner, based on the certificate under Paragraph 2 hereof.

The certificate under Paragraph 2 hereof for the energy entity shall be issued by the Ministry, on behalf of the Government.

In case that the Republic of Serbia is not registered as the owner of the system facility under Paragraph 1 hereof, but is instead registered as its holder, the energy entity shall, pursuant to the Law, acquire the status of the holder, with the certificate and it shall have the right to be registered as the owner of the facility when the legal requirements are met.

#### ***Article 426***

The energy entity that has acquired ownership of a facility of the system that is not registered in public records on real estate, and rights to it under Article 425, Paragraph 1 hereof, shall submit to the competent authority a request for registering the ownership right within two years as of the day of coming into force of this Law.

In case that a legalisation procedure was initiated for the facility of the system before the day of coming into force of this Law, the energy entity under Article 425, Paragraph 1 hereof shall take over the rights and obligations of the applicant.

In case that the request for legalisation of the facility of the system had not been submitted until the day of coming into force of this Law, the energy entity under Article 425, Paragraph 1 hereof shall submit such request within a year as of the day of coming into force of this Law.

#### ***Article 427***

The registration of lines that are part of the network under Article 425, Paragraph 1 hereof shall be carried out in compliance with the provisions of Articles 425 and 426 hereof and regulations governing the utilities cadastre.

### **Reserves of energy sources**

#### ***Article 428***

Until the creation of reserves under Article 346 hereof, energy entities performing the energy-related activity of natural gas supply shall ensure mandatory reserves of natural gas equalling at least the thirty-day average needs of those customers in the current year, in accordance with the Government's act prescribing in more detail the conditions and method of ensuring and utilisation of mandatory natural gas reserves.

The reserves under Article 345, Paragraphs 1 and 2 hereof shall be created until 1 January 2028.

The mandatory reserves under Article 346 hereof shall be created not later than until 1 January 2028.

### **Heat**

#### ***Article 429***

The heat supplier and final customer shall conclude the agreement on supply of heat under Article 360, Paragraph 1 hereof within two years as of the day of coming into force of this Law.

### **Article 430**

Energy entities performing an energy-related activity as at the day of coming into force of this Law shall continue operating and shall harmonise their work and operations with the provisions of this Law.

The licenses for performing energy-related activities issued until the date of coming into force of this Law shall apply until expiry of the period for which they are issued.

For performing activities under Article 17, Paragraph 1, Items 20), 21), 23) and 28) hereof, the license shall be acquired within six months as of the day of passing the act under Article 27, Paragraph 7 hereof.

### **Article 431**

The energy inspector's activities under Articles 378-381 hereof shall be performed by the inspector of pressure equipment and electricity inspector until the conditions for work of the energy inspector are met, and not longer than for a period of one year as of the day of coming into force of this Law.

### **Article 432**

On the day of coming into force of this Law, the Energy Agency of the Republic of Serbia shall continue operating in accordance with the provisions of this Law.

The President and members of the Agency Council shall continue performing the duties for which they are appointed, until expiry of their term of office.

### **Article 433**

On the day of coming into force of this Law, the Law on Energy ("Official Gazette of RS", No. 57/11, 80/11-correction, 93/12 and 124/12) shall cease to apply, except for Article 13, Paragraph 1, Item 6), and Paragraph 2 in the part relating to Item 6) and Article 14, Paragraph 2.

On the day of coming into force of this Law, the provisions of Article 19, Paragraph 1 of the Law on Commodity Reserves ("Official Gazette of the RS", No. 104/13) in the following part: "which is the Central Storage Body in accordance with the EC Directive 119/2009, within which a special unity shall be organized within the Oil and Gas Sector".

#### ***Article 434***

This Law shall come into force on the day after its publication in the "Official Gazette of the Republic of Serbia", except for the provisions of Article 98, Paragraph 1, Items 1) to 3), Article 99 and Article 225, Paragraph 1, Items 1) to 3) and Article 225, Paragraph 4 hereof which shall apply as of 1 June 2016.