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ENERGY LAW

The meaning of individual terms

Article 2

Individual expressions 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) bioliquid 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 consumption of electricity and thermal energy in the field of electricity and thermal energy generation, and losses in the transmission and distribution of electricity and thermal energy;
- 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 management or natural gas transport and transport system management, electricity distribution and distribution system management, natural gas distribution and natural gas distribution system management, natural gas warehousing and natural gas warehouse 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 end customer that a certain quantity of electricity has been produced from renewable energy sources or from highly efficient combined electricity and thermal energy 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 end customers;
- 16) electricity distribution is the transfer of electricity via a distribution system for the purpose of delivering electricity to end 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 end customers, i.e. another distribution system, and it does not comprise natural gas supply;
- 18) thermal energy distribution is the transfer of thermal energy for distance heating and/or distance 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-generating products are coal, natural gas, oil, oil derivatives, oil shale, renewable and other energy sources;
- 21) energy system is an electricity system, a natural gas, oil or oil derivatives system, and distance 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 thermal energy;
- 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 generating product from the facilities of an energy entity or natural gas/biogas producer to the facilities of another energy entity or end 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 end customer whose facility is connected to the system, a supplier, a public natural gas supplier, a wholesale electricity supplier or another system operator;
- 31) end customer is a legal or natural person or entrepreneur purchasing electricity or natural gas for its own needs;
- 32) end user of thermal energy is a legal or natural person or entrepreneur purchasing thermal energy for its own needs;
- 33) household category customer is an end 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-generating products 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 permissible 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 end 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 end customers whose annual natural gas consumption does not exceed 100,000 m³, 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) The competent body, in accordance with obligations arising from confirmed 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) uninterrupted 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: watercourses, biomass, wind, sun, biogas, landfill gas, gas from sewage water treatment plants, and geothermal energy sources;
- 48) electricity distribution system operator is an energy entity dealing with electricity distribution and electricity distribution system management, 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 management, 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 management, 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 management, 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) pressurised equipment means gas pipelines, oil pipelines, oil derivatives pipelines, steam and hot water boilers, pressurised containers and other pressurised equipment stipulated by special technical regulations;

55) 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;

56a) contract for difference is an agreement between the renewable energy operator and the producer of energy from renewable sources, who was declared the successful bidder in the auctions to profit from the support scheme

56) privileged electricity producer is an energy entity generating electricity from renewable energy sources or highly efficient combined production of electricity and thermal energy, 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 thermal energy;

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 end customer is entitled to determine the quantity on the basis of consumption realised at the point of handover;

60) interrupted 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 end 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 building permit for the construction of an energy facility for electricity production from renewable sources of energy or highly efficient combined production of electricity and thermal energy, 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 end 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) safety of electricity and natural gas supply means providing the needed quantities of electricity and natural gas to end customers, as well as the technical capacity of the transmission, transport and distribution systems to ensure the supply to end 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 end customers;
- 70) natural gas supply is the sale of natural gas to customers for their own needs or for the purpose of resale;
- 71) thermal energy supply is the sale of thermal energy to end customers at the prices determined in accordance with the methodology referred to in Article 362 hereof;
- 72) the own 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 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 transport system to end customers or another transport system, distribution systems or natural gas warehouses, but does not include the supply;

- 78) third countries are countries which are not members of the European Union nor are 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 includes purchase or import for the purpose of further sale 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) contracted congestion is the situation in the transport system when the scale of demand for uninterrupted 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.

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 confirmed 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 confirmed international agreements.

The National Action Plan under Paragraph 2 of this Article 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) of this Article, 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 distance 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 of this Article shall be prepared for the previous two years and shall comprise the information of:

- 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 bioliquids on the 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 hydro power plants and wind power plants, the energy content of fuels used in traffic, the method of calculation of the impact of biofuels, bioliquids 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 confirmed 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 of this Article 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 to the competent authority, in accordance with international agreements, a notice that shall particularly contain the information of the quantities and prices of energy subject to cooperation.

Informing and training

Article 69

The Ministry is obliged to ensure that the information of 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. thermal energy 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 Article 72 and 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 thermal energy if:~~

- ~~1) it simultaneously generates electricity and thermal energy with a high level of primary energy utilisation in a separate production facility with the installed electric power 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. thermal energy 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. thermal energy 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 may not be acquired for a reversible 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 of this Article.

The energy entity and natural person under Paragraph 5 of this Article may 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 of this Article 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 consumer does not acquire the status of a privileged producer within the period under Paragraph 2 of this Article, 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 of this Article shall be submitted not later than 30 days prior to expiry of the period under Paragraph 2 of this Article. 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 of this Article 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 of this Article may be appealed to the Government within 15 days as of the decision receipt date.~~

The status of a privileged producer shall be granted to the successful bidder in the competitive bidding process to profit from the support scheme, as defined in this law, and by signing a contract for difference.

Contract for difference has a maximum duration of 15 years, but not longer than until the plant has been fully depreciated according to normal accounting rules.

The beneficiaries of the support scheme, under a contract for difference and the maximal level of the support, will be determined in a tendering process, open to all producers of electricity from renewable sources, on the basis of clear, transparent and non-discriminatory criteria, unless when:

- a. only one or a very limited number of projects or sites are eligible ;
- b. a tendering process could lead to higher support levels; or
- c. a competitive process would result in low project realisation rates.

The tendering process can be limited to a specific technologies, in cases when a process open to all producers would lead to a suboptimal result, which cannot be addressed in the process design, taking into consideration particularly:

- a. The longer-term potential of a new and innovative technology
- b. The need to achieve diversification
- c. Network constraints and grid stability
- d. System (integration) costs
- a-e. The need to avoid distortions on the raw material markets from biomass support.

The tendering terms and procedures, as well as cases of restriction of this process according to paragraph 4 of this article, are proposed by the Minister and approved by a decision of the Government.

The ministry in consultation with the Agency and the Energy Community Secretariat, prepares every proposal regarding support measures.

Conditions and procedures for granting the support measures, which include aid from the State Budget, are approved by the Government, with the proposal of the minister. These measures need to be notified to the Commission for State Aid Control before their adoption for their compliance with the legislation on State Aid.

The renewable energy operator will prepare an application form for support according to the contract for difference. The application form includes among others the applicant's name and the type of company, a description of the project, including its location, start and completion date of the project, the amount of support needed to carry it out and the respective costs. In the application form, beneficiaries must have the opportunity to describe the chance of development of the project without the support scheme.

The obligations under paragraph 1 of this article regarding a competitive bidding process do not apply to installations with installed capacity of less than 1 MW or demonstration projects, except for electricity from wind energy where an installed electricity capacity of up to 6 MW or 6 generation units.

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 of this Article 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~~, competitive tendering process, contract for difference, 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 thermal energy, 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.

Renewable Energy Operator

Article 75a

The renewable energy operator is responsible for invoicing and collecting from any supplier of electricity of payments for the renewable energy obligation for all categories of privileged producers, applied to all final clients, in accordance with the respective energy quantity measured and delivered to these clients. The Government defines the operator who will perform the functions of the Renewable Energy Operator, in accordance with the competencies set out in this law.

The renewable energy operator is responsible for signing and managing contracts for difference with the privileged producers, including forecasting payments under the support scheme for priority producers.

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.~~

Incentive measures for privileged electricity producers are given in the form of a premium, calculated as the difference between the price with which the renewable energy producer

was declared successful in the competitive process for granting the aid (the strike price) and the market price for electricity (the reference price).

The strike price is the final price that the priority producer of electricity will benefit, as a result of being selected as beneficiary of a support scheme in a competitive process – it determines the maximum level of the reward that can be granted to each project of renewable energy. The Reference Price is the hourly day-ahead market price, which is based in the organised electricity market. It is the price of the traded product at the organised electricity market.

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 contract for difference 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 of this Article, 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 of this Article.~~

~~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-generating products;~~
- ~~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 76a

Privileged producers of electricity are responsible for balancing. Producers become a responsible party for balancing, by signing a contract with the transmission system operator or by signing a contract for the transfer of the balancing responsibility to another responsible balancing party, thus becoming a member of a balancing group, in accordance with the respective Market Rules.

Privileged producers with installed capacity of less than 500 kW or demonstration projects, except for electricity from wind energy where an installed electricity capacity of 3 MW or 3 generation units applies, are not responsible for balancing.

~~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 of this Article.~~

~~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 76a, Paragraph 21, 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 end customers of electricity shall pay a fee for supporting privileged electricity producers, except in cases stipulated by this Law.

The fee under Paragraph 1 of this Article is not paid for electricity consumed at reversible 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 of this Article, 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 thermal energy, 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 of this Article, 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 may not be issued for electricity generated at a reversible 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 of this Article 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 may 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 confirmed 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, may not be presented or sold to end 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 thermal energy, in addition to information under Paragraph 1 of this Article, 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 thermal energy produced in the plant for combined production of electricity and thermal energy 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 of this Article 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 end customers in the Republic of Serbia.

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

The supplier shall calculate and present to end 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 of this Article and the used guarantees of origin.

The Agency shall supervise the transmission system operator, distribution system operator, the 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 end 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.

XIV. TRANSITIONAL AND FINAL PROVISIONS

A privileged producer, a temporary privileged producer and a producer from renewable sources, which acquired their status before the entry into force of these amendments, has the right to choose to benefit from new support scheme under the contract for difference, in accordance with the new competitive bidding process.