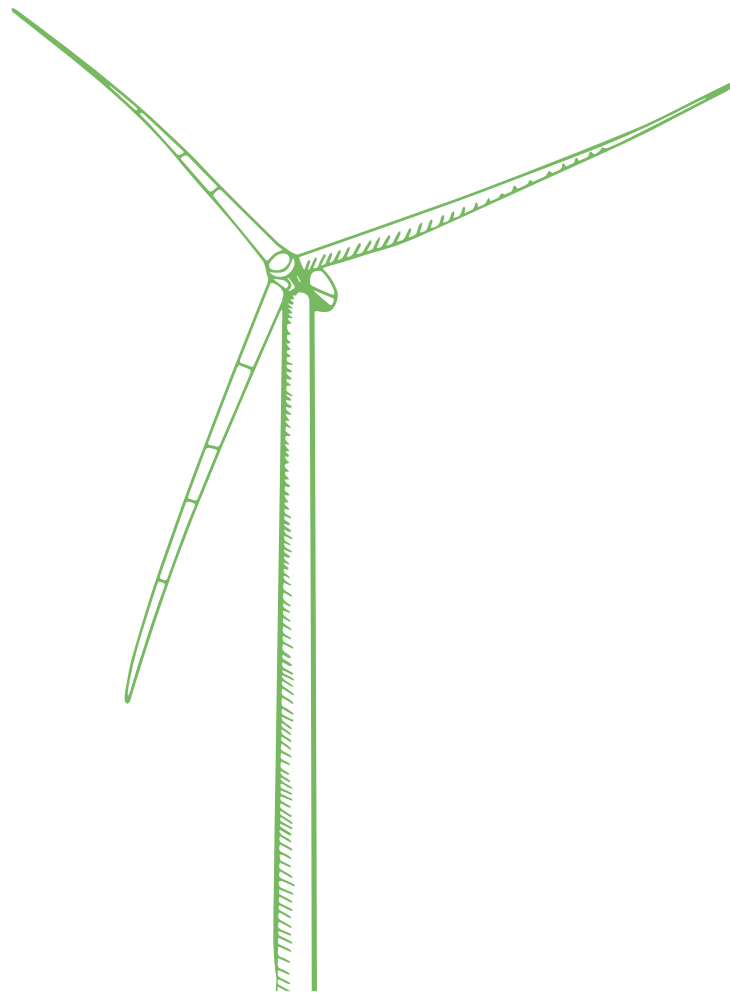







North Macedonia

Annual Implementation Report

1 November 2024

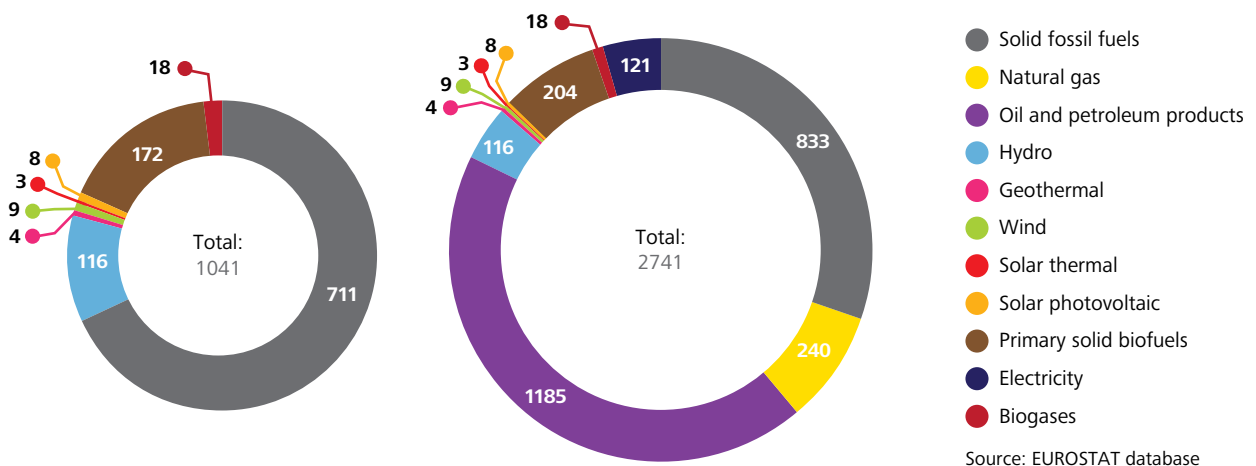


IMPLEMENTATION OVERVIEW

CLUSTER	IMPLEMENTATION STATUS	RECOMMENDATIONS
 Markets and integration	<div style="width: 54%;"><div style="background-color: #0070C0; height: 10px;"></div></div> 54%	Transposition of the EIP should be completed in order to proceed with the implementation of market coupling and joining balancing platforms. In area of gas, the country should accelerate with the implementation of the gas tariff and balancing network codes.
 Decarbonising the energy sector	<div style="width: 49%;"><div style="background-color: #0070C0; height: 10px;"></div></div> 49%	North Macedonia should finalise the transposition of the required elements of the EU ETS Directive, including the Monitoring and Reporting Regulation and Accreditation and Verification Regulation. The country should follow up on climate reporting obligations and adopt a Renewable Energy Law to align its legal framework with REDII. Amendments to the Law on Energy Efficiency should be adopted, the long-term building renovation strategy finalised, and energy performance and labelling regulations fully implemented.
 Ensuring energy security	<div style="width: 21%;"><div style="background-color: #0070C0; height: 10px;"></div></div> 21%	Regulation (EU) 2019/941 should be transposed and a risk-preparedness plan developed. Transposition and implementation of Commission Regulation (EU) 2017/2196 should follow. The country should accelerate with the transposition of the Security of Gas Supply Regulation, including the Storage Regulation. It should speedily develop and submit a risk assessment and adopt preventive and emergency plans.
 Improving the environment	<div style="width: 47%;"><div style="background-color: #0070C0; height: 10px;"></div></div> 47%	North Macedonia should prioritize the complete incorporation of the Environmental Impact Assessment Directive into its national legislation to address the breach established by the Ministerial Council. The Government should expedite the initiation of the Strategic Environmental Assessment for the revision of the NECP. The long-standing breach of the National Emission Reduction Plan ceilings must be addressed, also established by the Ministerial Council.
 Performance of authorities	<div style="width: 74%;"><div style="background-color: #0070C0; height: 10px;"></div></div> 74%	More active enforcement of REMIT and competition rules is recommended to enhance effective functioning of energy markets in North Macedonia. Further strengthening of human resources and internal processes at SSO is essential to ensure more comprehensive and accurate reporting.

2022 Fuel mix in primary production of energy (in ktoe)

2022 Gross available energy per product (in ktoe)



Overall number of cases: **5**

ECS-7/21 - environment

ECS-22/21 - environment

ECS-11/24 - electricity

ECS-21/24 - gas

ECS-29/24 - renewable energy

Procedures under Article **91** EnCT



North Macedonia

Markets and integration

ELECTRICITY

48%



WHOLESALE MARKET



46%

The wholesale market remains governed by the Third Energy Package after the country missed the deadline for transposing the Electricity Integration Package (EIP), the deadline for which was the end of 2023. An infringement procedure has been initiated for non-transposition of the EIP. The draft Energy Law aimed at transposing the EIP out for public consultation until 13 November 2024.

The wholesale market has been liberalised since 2019. The national electricity market operator, MEMO, is operating the day-ahead market since May 2023 with daily auctions closing at 10:35 and results published at 10:45. The market price ranges from 0,002 EUR/MWh to 813 EUR/MWh. In 2024, 15% of the total final consumption was traded in the day-ahead market. The opening of an intraday market is foreseen to coincide with the coupling of the national market with the single European electricity market.

Regarding balancing, MEPSO operates a competitive platform where it procures both capacity and energy according to the Balancing rules which were last amended in 2021. MEPSO is yet to submit to Energy Regulatory Commission (ERC) the national terms and conditions for balancing, for which the deadline was 15 June 2023. In December 2023, MEPSO held an annual auction for procurement of secondary reserves (aFRR) for each month, while auctions for tertiary reserves (mFRR) are conducted monthly. Additionally, MEPSO organises day-ahead auctions for tertiary balancing energy as needed. Transmission and distribution losses are procured through transparent and market-based tendering procedures.

The REMIT Regulation is transposed and implemented.

RETAIL MARKET



49%

The provisions of Directive (EU) 2019/944 are yet to be transposed and implemented, although some provisions related to energy storage and aggregation have been transposed in the Energy Law amendments from 2022.

All customers have been free to choose their supplier since 2019. In 2023, approximately 40% of consumption was supplied at non-regulated prices.

In the mid of 2024, the Government selected a universal service supplier through a transparent and competitive process for the

second consecutive term. This supplier is obliged to provide electricity to households and small consumers opting for universal service for the next five years and will also serve as the supplier of last resort. As of 1 January 2024, ERC no longer sets the price for universal supply following the amendments to the Energy Law adopted in 2022. The universal supplier applies the tariff system adopted by ERC in order to calculate the price for supply of electricity, while ERC checks the calculation and final price. The four-block tariff system for household customers under universal service, introduced in 2022 to encourage energy savings, remains in effect.

In 2023, aside from the universal supplier, 15 suppliers were active in the retail electricity market. During 2023, the distribution system operator successfully completed 16.583 supplier switching procedures.

Provisions regarding active customers and citizen energy communities are yet to be transposed. Under the current legal framework, virtual producers, namely aggregators, commercially integrate only electricity producers from renewable sources connected to the distribution grid. An aggregator can be either an electricity producer or a supplier. As of 2023, 15 aggregators were registered in the electricity market.

The Government has adopted 2024 programme to support vulnerable customers. Short-term measures include protection from utility disconnections, minimum energy supply, and assistance for purchasing new high efficiency single split air conditioners for heating. Long-term measures focus on incentivising low energy consumption, retrofitting buildings, upgrading household appliances, and installing photovoltaic panels or solar-thermal collectors.

UNBUNDLING

84%

The state-owned transmission system operator (TSO), MEPSO, is unbundled and certified in accordance with the acquis. ERC approved the compliance report published on MEPSO's website. Commission Regulation (EU) 2017/1485 has partially been transposed through the existing Energy Law and the transmission grid code. MEPSO has signed the Synchronous Area Framework Agreement (SAFA) for Regional Group Continental Europe and participates in the load-frequency control block with Serbia and Montenegro. MEPSO regularly publishes TYNDPs upon ERC's approval.

The distribution system operator (DSO), Elektrodistribucija, is legally and functionally unbundled from other branches. The

regulator approved the compliance report for 2022, which was published on the DSO website. Although the full transposition of Directive (EU) 2019/944 is still pending, DSO's tasks under the current legal frame largely comply with its provisions, acting as a neutral market facilitator, although provisions related to flexibility and smart metering needs to be further transposed and implemented.

ACCESS TO THE SYSTEM

86%

Access to networks is implemented in compliance with the relevant acquis. The regulator's latest decisions from December 2023 establish the currently applicable transmission and distribution tariffs for 2024.

The connection codes have been transposed by the dedicated provisions in the Energy Law declaring them directly applicable. Transmission grid code and the distribution grid code, updated in 2024, are implementing the connection codes requirements. Regulation (EU) 543/2013 has been transposed and largely implemented. MEPSO regularly publishes data on market, consumption, generation, transmission, and outages. However, balancing information is still in progress, requiring further efforts for full implementation.

REGIONAL INTEGRATION



11%

Regulation (EU) 2019/943 has not been transposed and implemented. By the end of 2023, MEPSO was obliged to make 70% of cross-zonal transmission capacities available for trade, however, no actions were taken towards implementation of this obligation. Commission Regulation (EU) 2015/1222 has been largely transposed by amendments to the Energy Law of 2022 and a governmental decree. Certain provisions of Commission Regulation (EU) 2016/1719 and Commission Regulation (EU) 2017/2195 are transposed through the Rules for Allocating Cross-Border Transmission Capacities and Rules for Balancing

of the Power System, respectively. However, full transposition and implementation is still to be completed.

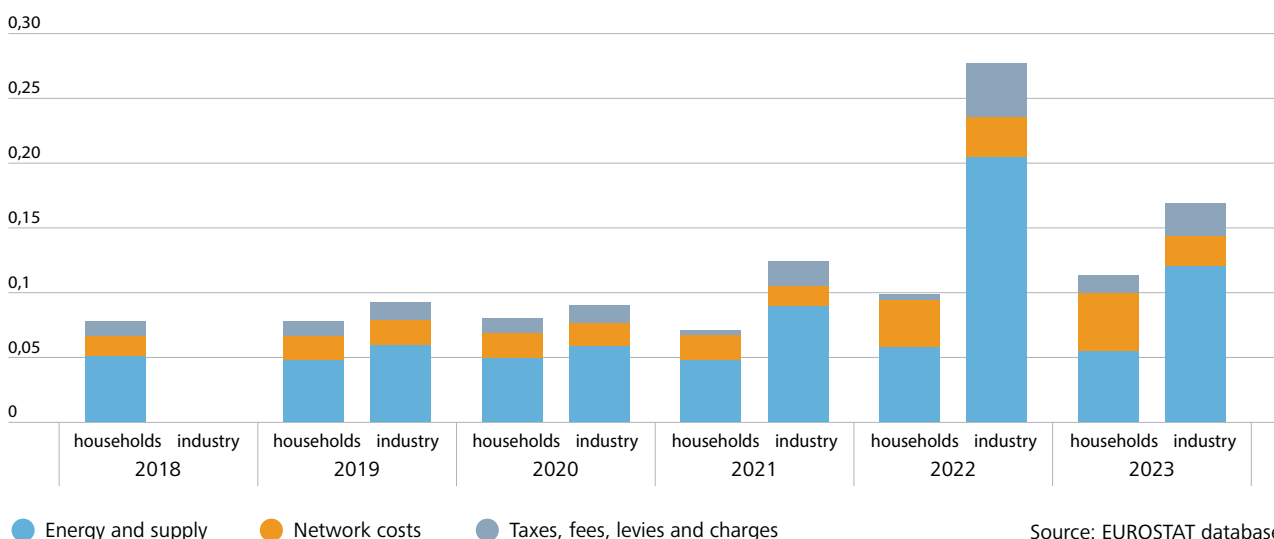
In effect, SEE CAO platform is used for capacity allocation with Greece and Kosovo*. MEPSO allocates yearly and monthly capacities at the interconnection with Serbia, while the TSO of Serbia handles daily and intraday capacities. On the interconnection with Bulgaria, MEPSO manages annual and monthly allocations, and the transmission system operator of Bulgaria is responsible for daily allocations.

Balancing cooperation is limited to the balancing energy exchange with the TSOs of Montenegro and Serbia within a joint control block.

MEMO was designated as a nominated electricity market operator (NEMO) under the legal framework that transposes criteria and procedure defined by Commission Regulation (EU) 2015/1222, however its full compliance with the EIP is still missing. The Energy Community Secretariat was notified of the legal monopoly in June 2023, hence after the deadline of 15 February 2023. Bidding-zone borders are part of the SEE Shadow CCR for which the cooperation agreement between the involved transmission system operators is yet to be signed. The regional cooperation on market coupling has been established within the so-called SEE Market Coupling Initiative between the TSOs and NEMOs of North Macedonia, Greece, Kosovo*, and Albania. In November 2023, all parties signed a memorandum of understanding to advance the project, which also applied for adherence to the Italian Borders Working Table (IBWT) for market coupling.

Regulation (EU) 347/2013 has been partially transposed into national law. A draft methodology for evaluating investments in PECL and PMI projects has been prepared. Regulation (EU) 2022/869, replacing Regulation (EU) 347/2013, is to be transposed by the end of 2024. North Macedonia had no proposals for new projects in the 2024 PECL selection process. The OHL 400 kV Bitola – Elbasan transmission line project is still under construction.

Average annual prices of electricity for end users per component [EUR/kWh]



Source: EUROSTAT database



WHOLESALE MARKET

43%

There are only two active traders in the wholesale market, both selling at market prices. All contracts are concluded bilaterally, monthly and yearly. However, the market remains illiquid without a virtual trading point. REMIT Regulation (EU) 1227/2011 is transposed into national law and the secondary legislation is adopted.

Some basic balancing elements were determined with by-laws adopted in December 2022, but full implementation of the Balancing Network Code is still pending.

RETAIL MARKET

81%

End-user gas prices are deregulated, and all customers are formally eligible. Customer protection measures are defined in line with Annex I of Directive 73/2009/EC.

UNBUNDLING

100%

North Macedonia has complied with the gas acquis unbundling requirements. The merger of two companies involved in operating and developing gas infrastructure (the then transmission gas system operator (GA-MA) and the infrastructure developer (NER)) was finalised by the end of 2022. The new company, NOMAGAS JSC Skopje, is fully state-owned and was certified in line with the Third Energy Package in 2024.

All existing distribution companies have less than 100.000 customers and are exempt from the unbundling provisions. There are no storage and LNG facilities in the country.

ACCESS TO THE SYSTEM

10%

The tariff methodology is in place but non-compliant with the tariff network code. The Energy Law stipulates the direct applicability of mandatory network codes. Transparency is still well below the level required by Annex I of Regulation (EC) 715/2009.

REGIONAL INTEGRATION

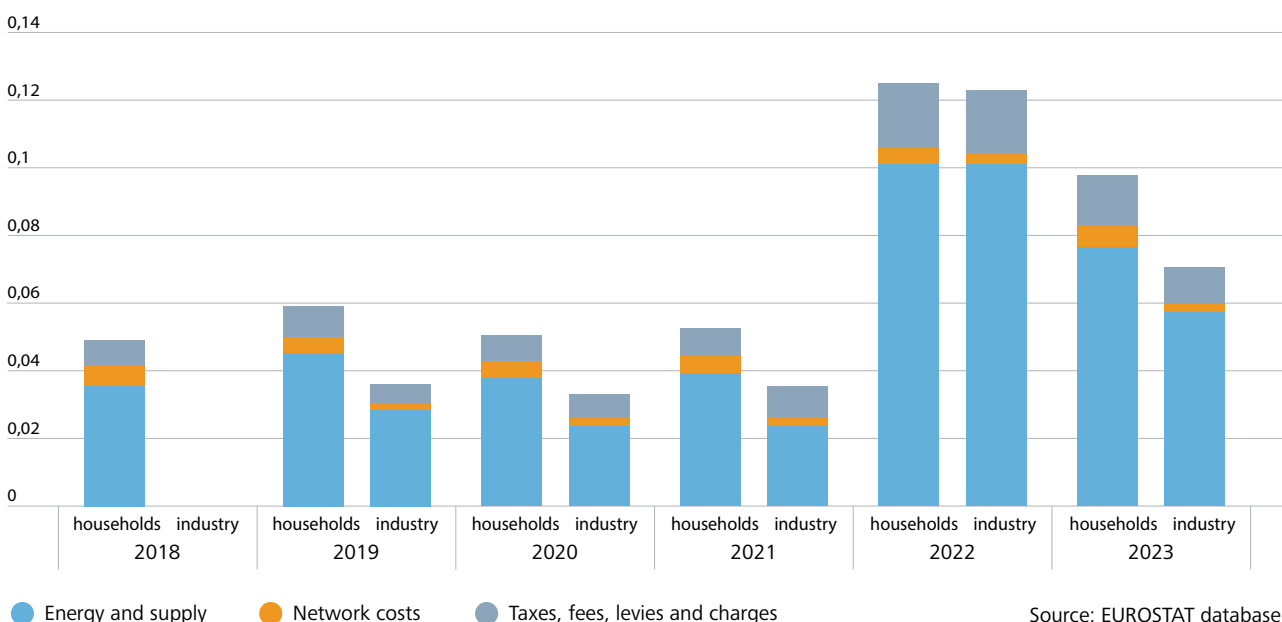
79%

The gas network of North Macedonia is connected only to the Bulgarian gas system. The interconnection agreement in line with the Network Code on Interoperability and Data Exchange between the two adjacent operators fully implemented as of 1 January 2023 was a game changer – finally enabling gas supply to North Macedonia from other sources than under a long-term contract with Gazprom. Additional release of booked and unused capacity at interconnection point Kyustendil-Zidilovo would enhance the liquidity of the gas market and regional integration.

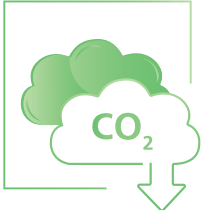
Regulation (EU) 347/2013 has been partially transposed through the amendments to the Energy Law and ERC has prepared a draft “Methodology for the evaluation of investments and risks in PEI and PMI and for the publication of indicators of the corresponding reference values for investment comparison, based on the old TEN-E”. The Ministry plans to adopt the revised Regulation (EU) 2022/869 by end of the year.

The tender for construction of the 123 km long North Macedonia–Greece interconnector, financed by EIB, has been re-launched.

Average annual prices of gas for end users per component [EUR/kWh]



Source: EUROSTAT database



North Macedonia

Decarbonising the energy sector



GOVERNANCE/CLIMATE IMPLEMENTATION

50%

NATIONAL ENERGY AND CLIMATE PLANS

71%

The National Energy and Climate Plan (NECP), which was adopted in May 2022, is being updated to ensure full compliance with the provisions of the Governance Regulation.

GREENHOUSE GAS 2030 TARGET

80%

North Macedonia has not defined the 2030 climate target in its national legislation, but it is included in the NECP. The target is in line with the 2030 targets set by the Energy Community.

NATIONAL SYSTEMS FOR CLIMATE REPORTING

40%

There is a partial legal basis for the national greenhouse gas inventory system. However, North Macedonia still needs to further implement a national system for estimating greenhouse gas emissions. This entails collecting greenhouse gas emissions data for all IPCC categories, establishing and implementing quality control measures as well as uncertainty estimates at the national level.

A national system for policies and measure (PaMs) and projections still needs to be established. North Macedonia has initiated reporting on national systems for policies and measures and projections but has yet to submit a report.

NATIONAL GREENHOUSE GAS EMISSIONS POLICIES AND MEASURES

18%

Reporting obligations have not been transposed into legislation. North Macedonia has nominated lead reporters for the Governance Regulation reporting activities. The reporting obligation was initiated, but not yet submitted on PaMs and adaptation strategies. In the context of Reportnet system,¹ no reporting has been initiated on carbon pricing revenues.

LONG-TERM STRATEGY AND CLIMATE NEUTRALITY

44%

The legal basis for a long-term strategy has not been adopted. Nonetheless, North Macedonia has submitted the long-term strategy to the UNFCCC Secretariat in 2021. However, it does not contain the 2050 climate neutrality objective.

¹ Reportnet 3.0 (<https://reportnet.europa.eu/>) is the next generation platform for reporting environmental data to the European Environment Agency (EEA) and also host several reporting tasks for the European Commission. Reportnet 3.0 is a centralised e-Reporting platform, aiming at simplifying and streamlining the data flow steps across all environmental domains. The system acts as a one-stop-shop for all involved stakeholders. It is managed by the EEA and Contracting Parties report through it.

RENEWABLE ENERGY IMPLEMENTATION

48%



2030 RENEWABLE ENERGY TARGETS



85%

The overall target of achieving a 38% share of renewable energy in the gross final energy consumption, as outlined in the NECP, is in line with the 2030 target set by the Energy Community. The overall 2030 renewable energy target is subdivided into sectorial targets for electricity (66%), transportation (10%), and heating and cooling (45%). In line with Article 26 of the Renewable Energy Directive (REDII), North Macedonia has adjusted its minimum target for renewable energy in transport to 7% by 2030. The 2030 target for renewable energy in heating and cooling of 45% aligns with the requirements of Article 23 of REDII.

QUALITY OF SUPPORT SCHEME

65%

Under the existing legal framework market-based support is granted in the form of a fixed premium. Administratively set feed-in tariffs are still applied for wind projects with an installed capacity of up to 50 MW and hydropower plants with installed capacity of up to 10 MW based on available quotas. This is not in line with Energy Community law.

SELF-CONSUMPTION AND ENERGY COMMUNITIES

50%

North Macedonia has implemented a self-consumption scheme in the form of net metering for households with installed capacity up to 6 kW and business up to 40 kW. The adoption of a renewable energy law is crucial to facilitate the establishment of renewable energy communities in accordance with REDII requirements.

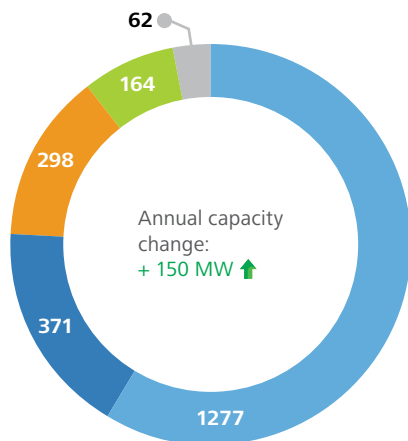
GUARANTEES OF ORIGIN



40%

North Macedonia joined the Energy Community initiative to establish a regional system for guarantees of origin. The national electronic registry was created and can be utilised as soon as the market operator, as the designated issuing body, signs an agreement with the service provider. In October 2024, the regulation was adopted, enabling the establishment of the registry, which paved the way for launching the tender procedure to select the service provider. The existing legal framework governs the issuance of guarantees of origin solely for renewable electricity, without encompassing other energy carriers as specified by REDII.

Total Capacities of Renewable Energy 2023 (MW)



- Large hydropower
- Solar
- Small hydropower <10 MW
- Other RES
- Wind

Total capacities of renewable energy (MW): **2172**

Source: Energy Regulatory Commission

SUSTAINABILITY CRITERIA FOR BIOFUELS, BIOLIQUIDS AND BIOMASS FUELS

0%

The REDII provisions on the sustainability and greenhouse gas emissions saving criteria for biofuels, bioliquids, and biomass fuels have not yet been transposed into North Macedonia's legislation. To meet the national renewable energy targets by 2030, it is essential to incorporate these provisions into the relevant legislation and ensure their effective implementation.

RENEWABLE ENERGY IN HEATING AND COOLING

33%

Subsidy programmes available to households to replace inefficient fossil fuel and biomass appliances with efficient heat pumps have been implemented. This underpins the NECP estimation of 24% of heat demand to be supplied by heat pumps in 2030. Adoption of a renewable energy law is essential to create a legal framework to promote the use of renewable energy and waste heat in district heating. This should be complemented by the concrete measures outlined in the update of the NECP to integrate renewable energy or waste heat into the Skopje district heating system.

ENERGY EFFICIENCY IMPLEMENTATION

66%

A

B

C

2030 ENERGY EFFICIENCY TARGETS AND POLICY MEASURES



69%

The 2030 energy efficiency targets in the adopted NECP are aligned with the 2030 targets set by the Energy Community.

The 2020 Law on Energy Efficiency transposed the 2012 Energy Efficiency Directive and set the specific targets required under Articles 5 and 7. However, the proposed amendments to the Law, intended to align it with the Clean Energy Package requirements and the 2018 Energy Efficiency Directive, are still awaiting approval.

ENERGY EFFICIENCY IN BUILDINGS



51%

The Law on Energy Efficiency transposed the 2010 Energy Performance of Buildings Directive, but it is not fully aligned with the 2018 amendments, i.e. Directive (EU) 2018/844. The adoption of drafted rulebooks on energy audits of buildings and on energy performance of buildings is still pending. The long-term buildings renovation strategy is still not finalised.

ENERGY EFFICIENCY SCHEME AND FINANCING

61%

North Macedonia should adopt the amendments of the Law on Energy Efficiency and update the specific targets required in Article 7, introduced previously in 2020. It is in the process of setting up a National Energy Efficiency Fund. In October 2023 the amendments of the Law on the Development Bank of RS Macedonia were adopted establishing the legal framework for the Fund to be established in the Development Bank. The legal and regulatory framework for its operationalisation remains to be adopted.

ENERGY EFFICIENT PRODUCTS – LABELLING

76%

Rulebooks implementing Directive 2010/30/EU were adopted. Rulebooks implementing the Framework Labelling Regulation (EU) 2017/1369 and implementing acts on labelling are under preparation.

EFFICIENCY IN HEATING AND COOLING

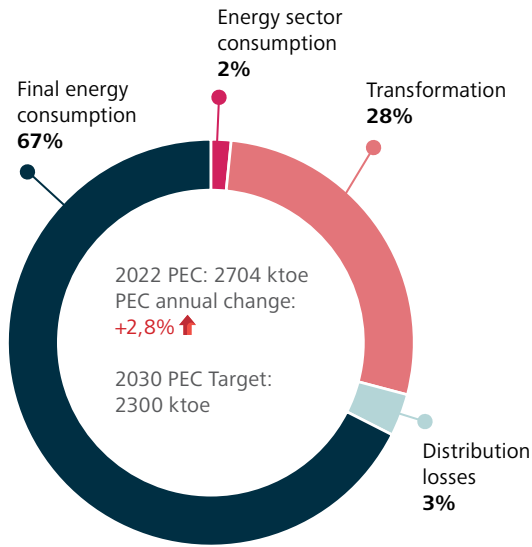


74%

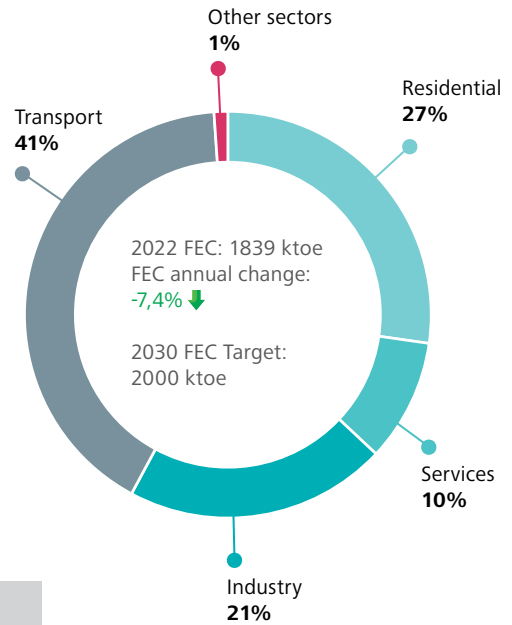
In December 2022, North Macedonia introduced provisions for inspecting heating and air conditioning systems in the Law on Energy Efficiency. While the transposition of district heat metering and billing provisions are in place, the full implementation of consumption-based billing in the Skopje district heating system is missing. North Macedonia has seen slight progress in implementing heating related energy efficiency measures. Studies evaluating the cost-effectiveness of implementing consumption-based billing were conducted, concluding that it is not cost-efficient under current conditions. However, the same study provided room for its implementation in newly constructed buildings in order to promote energy efficiency. In 2023, the Government introduced subsidies aimed at improving energy efficiency, promoting renewable energy usage and facilitating the transition to natural gas. These subsidies will benefit approximately 2.500 households.

2022 Energy Efficiency Indicators and Trends

Primary Energy Consumption (PEC)



Final Energy Consumption (FEC)



Energy intensity,
2022 value and trends:
0,302 ktoe/mil EUR, 0,3% ↑

Source: EUROSTAT 2024 data, NECP and 2022 Ministerial Council Decision

EMISSION TRADING SCHEME (MONITORING, REPORTING, VERIFICATION AND ACCREDITATION)

0%



FOUNDATIONS, INSTITUTIONS, PERMITS



0%

North Macedonia still needs to transpose the required elements of the EU ETS Directive into national law. In March 2024, the Ministry of the Environment and Physical Planning launched a long-term project to prepare and adopt national legislation implementing monitoring and reporting obligations for greenhouse gas emissions at installation level.

VERIFICATION AND ACCREDITATION



0%

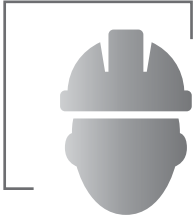
The Accreditation and Verification Regulation has not at present been transposed and implemented in North Macedonia. There are long-term plans to implement the necessary legislation.

MONITORING AND REPORTING



0%

The Monitoring and Reporting Regulation is currently not transposed and implemented in North Macedonia. There are long-term plans to implement the necessary legislation.



North Macedonia

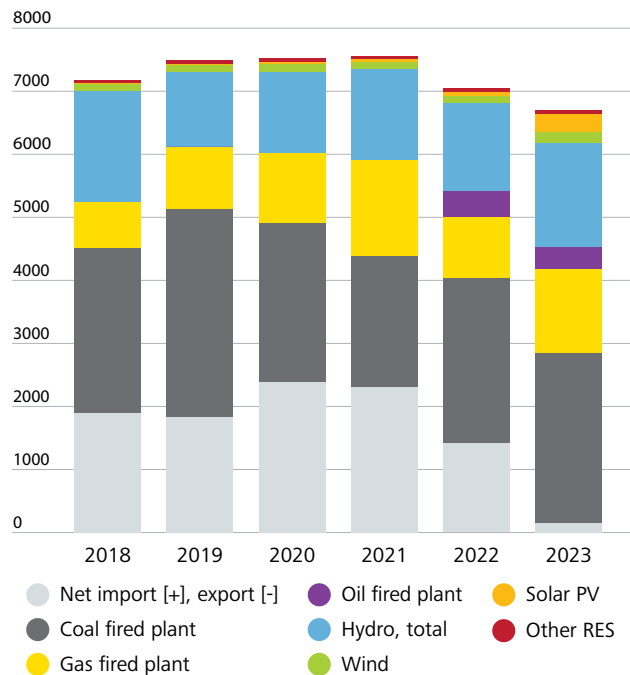
Ensuring energy security

ELECTRICITY SECURITY OF SUPPLY 29%

The transposition of Regulation (EU) 2019/941 has not yet been completed, despite the deadline having passed on 31 December 2023. Preparation of a risk-preparedness plan has not been initiated although the deadline of 5 January 2025 is approaching. Transposition is envisaged by the new draft Energy Law that is out to public consultation. North Macedonia delivered the last Security of Supply Statements to the Secretariat in 2019, with updates in 2020, without reporting on the electricity sector. According to Article 29 of the Treaty, the statement must be updated every two years. Regulation (EU) 2017/2196 has not been fully transposed, but the transmission grid code tasks the transmission system operator to prepare defence and restoration plans in consultation with distribution system operator, system users, and neighbouring transmission system operators.

The draft National Cybercrime Strategy and Action Plan was made available to the public in September 2024. Cybersecurity rules, adopted by the National Energy Regulatory Agency, have been in place since June 2023. A draft law on the security of network and information systems and digital transformation was submitted to the Parliament in early 2024 but is yet to be adopted.

Fuel mix and primary supply of electricity (in GWh)



Source: ERC Annual Report for 2023, compiled by the Energy Community Secretariat

GAS SECURITY OF SUPPLY 0%

The existing national emergency rules are rudimentary, having not been changed for a decade. Gas security of supply provisions are not compliant with Regulation (EU) 2017/1938 or Regulation (EU) 2022/1032. Transposition is envisaged by the new draft Energy Law that is out to public consultation.

Consequently, the preventive and emergency plans were not submitted to the Secretariat in 2024. A dispute settlement case has been launched against North Macedonia for not having transposed the gas security of supply acquis.

OIL SECURITY OF SUPPLY 48%

Primary and secondary legislation in North Macedonia is transposed and compliant with Directive 2009/119/EC. As of June 2024, the average occupancy level of the compulsory oil reserves, calculated according to the new methodology outlined in the Commission Implementing Directive (EU) 2018/1581, corresponds to 50,65 days of average daily net imports. However, North Macedonia still needs to fully meet the emergency oil stock obligation of maintaining reserves for 90 days of average net imports, as outlined in the 2023–2025 action plan for the establishment of mandatory reserves.

Reporting requirements have only partially been fulfilled. The annual report was not submitted by the 31 January deadline as specified in Directive 2009/119/EC. The same applies to the summary copy of the stock register, which should reflect the quantities and nature of emergency stocks on the last day of the preceding calendar year and due by 15 March. The monthly oil statistics questionnaire (MOS Oil) and crude oil import and supply (COIR) questionnaire have been submitted.

No progress was made during the reporting period.



North Macedonia

Improving the environment

ENVIRONMENTAL ASSESSMENTS



33%

North Macedonia's failure to enact new legislation on environmental impact assessment (EIA) perpetuates the breach established by the Ministerial Council, putting the quality of the EIA process for strategic energy projects at risk, including the gas interconnector project with Greece. Amendments necessary for transposing Directive 2014/52/EU into the Law on Environmental Protection are still pending and secondary legislation for screening small hydropower projects under 2 MW has not improved, lacking integration of key criteria regarding project location and environmental impact. Furthermore, the Nature Protection Law and EIA processes are not coordinated, leading to concerns about insufficient public participation in the decision-making for the gas interconnector project. During the reporting period, 97 EIA screenings were carried out for solar power projects, yet none were ultimately subjected to a full EIA.

Legislation needed to ensure synchronised development between the draft plan or programme and the Strategic Environmental Assessment (SEA) report is still pending, allowing plans to be adopted or endorsed before the SEA process is completed. The 10 MW threshold for urban plans concerning solar and photovoltaic power plants is inadequate to fully consider the criteria outlined in Annex II to the SEA Directive. Furthermore, the national legislation lacks provisions to prevent the circumvention of SEA obligations through splitting. The revision of the National Energy and Climate Plan (NECP) lacks clear steps regarding its integration with the anticipated SEA process.

LARGE COMBUSTION PLANTS



40%

North Macedonia complied with its emissions reporting obligations for the reporting year 2023 in March 2024. Emissions of all three pollutants decreased compared to 2022, however sulphur dioxide and dust emissions still exceed several times the NERP ceilings. The Ministerial Council adopted a decision in a dispute settlement case in December 2023, compliance with this decision however remains to be ensured. The Law on Industrial Emissions was prepared and submitted to the Government for approval.

SULPHUR IN FUELS

92%

The Sulphur in Fuels Directive is transposed into national legislation and is being implemented via the annual fuel quality monitoring programme. The provisions on marine fuels do not apply.

NATURE PROTECTION

60%

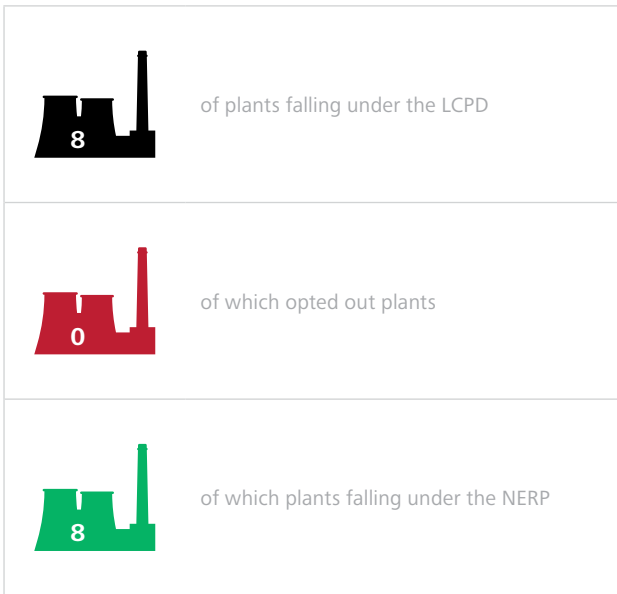
A draft law has been prepared but has not yet undergone consultation. The law will establish an appropriate assessment mechanism requiring any planning document or project that may significantly impact a proposed or designated European Area or European Bird Area –regardless of its direct relevance to management– to undergo an assessment concerning the area's conservation objectives, as stipulated by the EU Habitats and Birds Directives. The process of identifying Natura 2000 areas at the national level in North Macedonia remains ongoing and has not yet been completed. The development of management plans for all Ramsar wetlands of international importance, including Lake Ohrid, is still underway and has not yet been completed. Additionally, a national red list for birds has yet to be drawn up.

ENVIRONMENTAL LIABILITY

20%

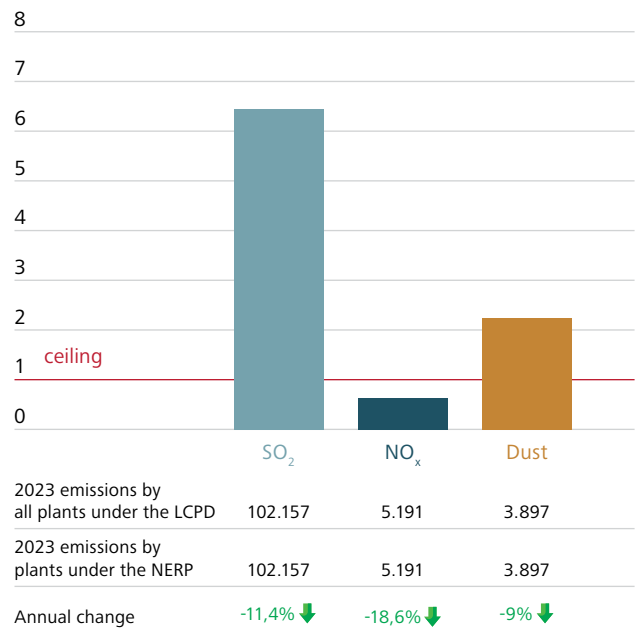
North Macedonia has transposed certain provisions of the Environmental Liability Directive via the Law on Environment. Secondary legislation remains to be adopted and the financial mechanisms to ensure implementation of the Directive's provisions are yet to be set up, in which there was no development in the last reporting period.

Installations under the Large Combustion Plants Directive



Source: compiled by the Energy Community Secretariat

2023 emissions versus NERP ceilings





North Macedonia

Performance of authorities



REGULATORY AUTHORITY



81%

The legal framework that governs the independent functioning of the ERC is largely aligned with Energy Community legislation. However, the management does not have full autonomy on internal organisation, including staff appointment, since Parliament approves the statute. At the same time, ERC is not equipped with necessary competences to implement the EIP due to the lack of transposition at national level.

In cooperation with neighbouring NRAs, ERC is closely engaged in the market integration project for Greece–Albania–Kosovo*–North Macedonia. As of January 2024, ERC no longer sets the prices for electricity supply to household and small consumers.

Within the reporting period, ERC approved the new tariff systems and adopted relevant tariff decisions on tariffs for electricity and gas transmission and distribution networks, and other regulatory acts such as licenses and approvals of development plans. In July 2024, ERC adopted the decision on certifying and appointing the gas TSO in accordance with recommendation of the Energy Community Secretariat.

Secondary legislation implementing REMIT is in place, as well as the relevant register of market participants, however no investigation has been undertaken so far.



COMPETITION AUTHORITY



20%

In the reporting period, the Commission for Protection of Competition (CPC) did not investigate any anti-competitive conduct in the energy sector. Effective enforcement of competition law,

in particular with regard to anticompetitive agreements and the abuse of dominance, is required for North Macedonia to comply with its obligations under the Treaty.



STATE AID AUTHORITY



60%

In the reporting period, the CPC rendered a decision on the support granted by the Ministry of Finance to the NER JSC Skopje and a decision on the financing of the regional gasification project concluded between EBRD and NOMAGAS JSC Skopje.

In both cases, the support was considered compatible as it promotes a project of significant economic interest of North Macedonia.



STATISTICAL AUTHORITY

84%

The State Statistical Office (SSO) manages national energy statistics. It successfully submitted five annual questionnaires and the SHARES questionnaire for 2022 to EUROSTAT in a timely manner. However, the data for the annual biomass questionnaire was not provided. SSO also supplied disaggregated data on residential energy consumption, which initially contained minor discrepancies that were adequately resolved. In contrast, disaggregated data for energy consumption in the industry, transport, and services sectors was not submitted.

SSO also prepared and transmitted all five mini questionnaires with preliminary data for 2023 on time. The office has implemented a strong system for generating high-quality reports supported by the necessary quality documentation as required by the acquis. Monthly energy statistics covering solid fuels, electricity, natural gas, oil, petroleum products, and oil stocks are regularly compiled and released in line with Annex C of Regulation (EC) 1099/2008. These statistics are published by EUROSTAT in compliance with EU requirements, except for the

crude oil import questionnaire. Additionally, electricity and natural gas price data for industrial end-users and households, including a detailed breakdown of price components, are compiled and submitted to EUROSTAT in a timely manner and accordingly published. The SSO also prepared and submitted the quality report for electricity and natural gas price statistics in line with the acquis.

Overall, SSO demonstrates a strong capability in managing national energy statistics and providing timely submissions of annual, bi-annual, monthly, and preliminary data to EUROSTAT. However, areas for improvement include the need to provide missing data, particularly for the newly mandatory annual biomass questionnaire and disaggregated energy consumption in the industry, transport, and services sectors. Strengthening human resources is essential to address such gaps and ensure more comprehensive and accurate reporting. Additionally, enhancing internal systems for quality reporting will help the SSO maintain its positive trajectory in energy data management.



Methodology

Background

For its assessment underpinning the findings of this report, the Secretariat used specific indicators for the assessment of implementation, and a methodology to calculate the summary indicators and the overall implementation score.

The implementation indicator tables are based on a methodology quantifying the Contracting Parties' success in transposing and implementing the acquis and having in place effective institutions. It is based on standardised assumptions and evaluations, cases under the Energy Community's dispute settlement mechanism, country missions, review of legislation, market analysis, expert interviews and desk research. The quantification of all figures used to measure implementation was performed by experts of the Energy Community Secretariat.

The final dataset entailed more than 2.000 individual values that were used to produce 41 key implementation indicators across the areas of work assessed by this Implementation report. To underscore the Energy Community's dedication to advancing towards a cleaner and more integrated energy market, the Report for the first time groups the 41 indicators in five clusters:

1. Markets and integration,
2. Ensuring energy security,
3. Decarbonising the energy sector,
4. Improving the environment, and
5. Performance of authorities.

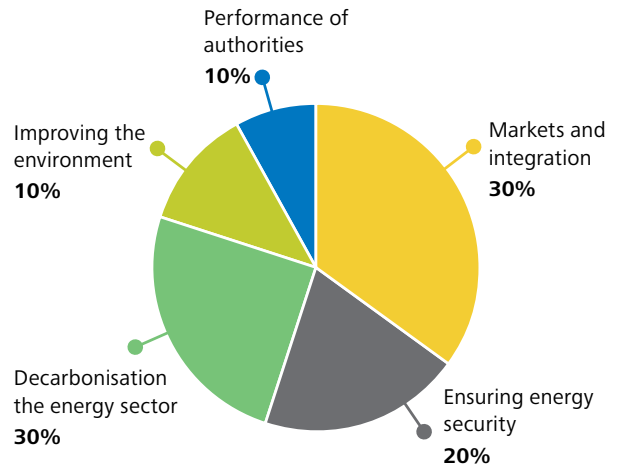
Implementation assessment

The implementation assessment is based on a system of performance indicators aggregated at several levels.

1. A total of 41 implementation indicators aggregated per each Contracting Party across the areas of work: electricity, gas, oil, governance and climate, renewable energy, energy efficiency, emission trading scheme, environment, climate, including national regulatory, competition, State aid and statistics authorities. Aggregation is based on the weighting explained in the table below, and results presented for each Contracting Party (chapters 5-13);

2. Five cluster implementation indicators aggregating the values at cluster level: Markets and integration (10 indicators), Decarbonising the energy sector (19 indicators), Ensuring energy security (3 indicators), Improving the environment (5 indicators), Performance of authorities (4 indicators).

Weighting per cluster



3. Summary indicators – the overall implementation score for each Contracting Party and overall (average) implementation score for the Energy Community calculated based on the weighting explained in the table below, and presented on page 9.

All of the values are normalised to percentages between 0% and 100%, where 100% implies full implementation.

For the Contracting Parties where certain indicators are not applicable (for example due to the lack of a gas market in Kosovo* and Montenegro), these indicators were not taken into account in the overall score, but the remaining indicators were increased in weight, where justifiable.

In 2024, the weighting per cluster was slightly adjusted to reflect the expanded scope of decarbonisation activities. This adjustment includes the addition of a new indicator, the 'emission trading scheme.' The weighting for the cluster related to the performance of the authorities was also slightly increased compared to 2023 assessment.

Implementation indicator structure and weighting

Indicator name	Indicator weight
Overall Implementation Indicator	1,00
1 Markets and integration	0,30
1.1 Electricity	0,50
Wholesale market	0,20
Retail market	0,20
Unbundling	0,10
Access to the system	0,20
Regional integration	0,30
1.2 Gas	0,50
Wholesale market	0,20
Retail market	0,20
Unbundling	0,25
Access to the system	0,25
Regional integration	0,10
2 Ensuring energy security	0,20
Electricity	0,04
Gas	0,04
Oil	0,02
3 Decarbonising the energy sector	0,30
3.1 Governance and climate	0,30
National Energy and Climate Plans (NECPs)	0,20
Greenhouse gas 2030 target	0,20
National systems for climate reporting	0,20
National greenhouse gas emissions policies and measures and adaptation planning and strategies	0,20
Long-term strategy and climate neutrality	0,20
3.2 Renewable Energy	0,30
2030 renewable energy targets	0,20
Quality of support schemes	0,20
Self-consumption and energy communities	0,15
Guarantees of origin	0,15
Sustainability criteria for biofuels, bioliquids and biomass fuels	0,15
Renewable energy in the heating and cooling sector	0,15
3.3 Energy Efficiency	0,30
2030 energy efficiency targets and policy measures	0,20
Energy efficiency in buildings	0,20
Energy efficiency scheme and financing	0,20
Energy efficient products - labelling	0,20
Efficiency in heating and cooling	0,20
3.4 Emission Trading Scheme (Monitoring, Reporting, Verification and Accreditation)	0,10
Foundations, institutions, permits	0,33
Monitoring and reporting	0,33
Verification and accreditation	0,33
4 Improving the environment	0,10
Environmental impact assessment (EIA) and strategic environmental assessment (SEA)	0,30
Sulphur in fuels	0,15
Large combustions plants and industrial emissions*	0,30
Nature protection	0,15
Environmental liability	0,10
5 Performance of authorities	0,10
Regulatory authority	0,60
Competition authority	0,10
State aid authority	0,10
Statistical authority	0,20

* in the case of Albania, the "Large combustions plants and industrial emissions" indicator is omitted from the final result as the Contracting Party does not have any plants in operation