



## REVIEW OF THE LAW ON AMENDMENTS TO THE LAW ON ENERGY

Law on Energy ("Official Gazette of RS", No. 145/14 and 95/2018 - second law - hereinafter: the Law) by which the legal framework of the Republic of Serbia in the field of energy is harmonized with the "Third Energy Package" has not been significantly changed to date. The practical application of this Law has often indicated the need for interventions and adjustments in certain parts of it in order to facilitate its functional application.

Intensive development of the energy activity and expansion of regulations adopted by the European Commission in the past few years have also imposed the need to harmonize the regulatory frameworks in Energy Community Member States, including the Republic of Serbia. The enactment of the Law on Amendments to the Law on Energy ("Official Gazette of the RS", No. 40/2021 - hereinafter: the Amendments to the Law), which entered into force on 30 April 2021, further regulated energy subsectors such as electricity, renewable energy sources, natural gas, oil and oil derivatives and thermal energy.

Amendments to the Law, in addition to previous strategies and plans, most importantly the Energy Development Strategy, determine the obligation to adopt the Integrated National Energy and Climate Plan in accordance with the Decision of the Ministerial Council of the Energy

Community 2018/1/Mc-EnC Recommendation on preparing for the development of National Energy and Climate Plans.

Furthermore, the Amendments to the Law stipulate the obligation of the Energy Agency of the Republic of Serbia (hereinafter: the Agency) to adopt Rules on Prevention of Abuse in the Electricity and Natural Gas Market, which, amongst others, regulate the conditions for registration of participants in the wholesale energy market, conditions for publishing privileged information (information that would form the basis for decision-making by market participants on the conduct of transactions in wholesale energy products could constitute privileged information, until published), prohibition of privileged information trading, prohibition of market manipulation, type, content, form, manner and deadlines of data creation and publication, data protection, professional secrecy and operational responsibility, obligation of persons who professionally regulate transactions, in accordance with the obligations of the Republic of Serbia under ratified international agreements. Agency also has the obligation to conduct procedures and adopt acts in accordance with the Rules on Prevention of Abuse in the Electricity and Natural Gas Market.

The provisions on renewable energy sources have been moved from Chapter V of the Law, entitled: Renewable Energy Sources, to a separate new Law on the Use of Renewable Energy Sources.

In addition, the Amendments to the Law stipulate that the Government of the Republic of Serbia may adopt a special act determining the construction of energy facilities, including line energy facilities (electricity, oil, production and gas pipelines) and facilities in their function, and connections with these energy facilities, as the projects of special importance for the Republic of Serbia.

The chapter related to energy activities, licenses and energy permits also defines new activities such as: electricity storage, wholesale natural gas supply, mixing of bioliquids with fuels of petroleum origin, hydrogen production, oil trade, oil derivatives, biofuels, bioliquids, compressed natural gas, liquefied natural gas and hydrogen.

In the field of electricity and natural gas, a more complete harmonization has been made with the regulations of the "Third Energy Package" of the EU energy legislation and certain provisions of the EU package "Clean Energy for All Europeans". EU regulations that are transposed are: EU Commission Regulation 2016/1388 of 17 August 2016 on the establishment of network codes for customer connection, EU

Commission Regulation 2016/1447 of 26 August 2016 establishing a network code on requirements for grid connection of high voltage direct current systems and direct current-connected power park module, EU Commission Regulation 2016/631 of 14 April 2016 establishing a network code on requirements for grid connection of generators. These network codes prescribe the technical conditions for the connection of production units, customers, as well as the connection to the network of high-voltage direct current systems. Their main purpose is to standardize the technical conditions for connection, in order to remove barriers in that segment and facilitate the implementation of investments in electricity infrastructure and form a single electricity market in Europe. It should be noted that most of the regulations of the Fourth Energy Package of the European Union: "Clean Energy for All Europeans" have not been transposed by the Amendments to the Law, so it is expected that these adjustments will be made soon.

In accordance with the provision of Article 42 of Regulation 944/2019 of the EU, a more flexible approach to connection has been introduced. Amendments to the Law has introduced connection codes, the notion of missing transmission infrastructure, the possibility of connection with operating restrictions or limited approved power, and changes in the structure of contracts governing connection to the transmission system. The legislator has gone a step further when it comes to transposing EU regulations. EU Commission Regulation 2015/1222 of 24 July 2015 on establishing a guideline on capacity allocation and congestion management, although not yet adapted in the Energy Community, has already been partially transposed in the Republic of Serbia. In that sense, the conditions for the appointment of a nominated electricity market operator (NEMO) for the merger of day-ahead and intraday electricity markets are prescribed, with the aim of merging these markets in the Republic of Serbia with the single market of the European Union. Cross-border transmission capacity allocations have been renamed to the capacity allocations between trading zones.

Electricity storage is prescribed as an energy activity, electricity storage is recognized as a market participant, and the aggregator and consumers are recognized as new participants in the electricity market. The service of charging electric vehicles is also prescribed and it is defined that the supplier of charging services of these vehicles is the end customer on the electricity market.

In the field of natural gas, the provisions of the "Third Energy Package" have been transposed, namely EU Commission Regulation 2015/703 on

establishing codes of interoperability and data exchange, EU Commission Regulation 2017/459 on establishing network codes on capacity allocation mechanisms in natural gas transmission systems, EU Commission Regulation 2017/460 on the establishment of network codes on harmonized transmission tariff structures for gas, and EU Commission Regulation 312/2014 on establishing network codes on balancing transport networks. The introduction of a new participant in the natural gas market - an energy entity that performs the energy activity of natural gas trade for wholesale supply, has enabled companies that are not registered in the Republic of Serbia to perform these activities in the market of the Republic of Serbia.

It is important to mention that the energy activity of trade in oil, oil derivatives, biofuels and compressed natural gas, due to the Amendments to the Law, is now called trade in oil, oil derivatives, biofuels, bioliquids, compressed natural gas, liquefied natural gas and hydrogen. Licenses for this energy activity, which are issued before the date of entry into force of the Amendments to the Law, shall be valid until the expiration of the term for which they were issued, provided that the energy entity submits this license to the Agency within 90 (ninety) days from the date of entry into force of the Amendments to the Law. This is done in order to record the changed name of the activity and place a note on the decision by which the license was issued.

Several changes have also been made in the field of thermal energy. Article 2 of the Amendments to the Law defines the concept of thermal energy and thus eliminates the problem of different interpretations of this concept and enables more efficient and precise application in practice of the concepts of heating and cooling. Additionally, these changes enable the distributor to suspend the delivery of thermal energy for a period of at least one year upon request of the end customer. This suspension of delivery does not terminate the contract for the supply of thermal energy, and in the period of suspension of delivery, the end customer has obligations related to the calculation and payment of a fixed part of the heating price. In addition to the above-mentioned, with regard to incentive measures in the field of thermal energy, the Amendments to the Law stipulate that such measures will be regulated by the law governing the field of renewable energy sources. Given that in this field new solutions already exist in practice, it is expected that it will be further developed in the regulatory sense.

What should certainly be pointed out is the expressed readiness to react promptly and to adopt bylaws in order to achieve the effects of the

amended Energy Law in practice, with the intention that the new legal solutions will be implemented quickly.

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