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# EVN JOURNAL

Journal for the partners  
and associates

THE ENERGY YOU NEED!



Dear partners and collaborators,

EVN Journal in its new edition strives to be once again your integrated informational toolbox concerning energy issues for your business. In this Journal No. 4 we are taking you on a voyage through all recent developments on the energy market that are affecting the way you do business. We consider it our responsibility to keep you up to date with the broader happenings in your business environment as well as presenting relevant operational measures.

The most important event in the past quarter is the new energy law that basically put into effect many of the long awaited amendments bringing Macedonia's energy market a step closer to the EU. The new energy law will fully open the electricity market, bring numerous benefits for businesses, as well as higher integration of renewables in the personal consumption and the total energy mix. Businesses can fully meet their electricity needs based on informed decisions that enable opportunities for savings and growth.

In this issue we help our readers better understand the manner in which the electricity supply offers are being made and the reasons behind their limited validity. To achieve this goal, we explore in depth the factors influencing the electricity price in the open market.

We use this occasion to inform interested potential customers about new services available, especially due to the new regulation. We also take a moment to talk to a business leader and showcase methods used for creating greater electricity savings by operating on the open market. Finally we shortly give an overview of other news in the past quarter.

We hope that the contents of this edition will be our small contribution to the success of your business!

Respectfully,  
Editorial team of EVN Journal



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# EVN Makedonija Elektrosnabduvanje - Roadshow Group Meetings

More than 1000 companies that in 2017 each had annual consumption greater than 100 MWh became eligible for the open electricity market as of 01.07.2018. In order to make appropriate informed choices concerning their electricity needs, these companies needed access to expert support and advice. EVN Makedonija Elektrosnabduvanje as a market leader and proven partner to the Macedonian economy, recognized the need for more detailed, direct way of informing and educating the potential customers regarding the benefits and challenges that arise from the free market.

In this regard, in April EVN organized 17 regional group meetings with qualified companies throughout the entire territory of Republic of Macedonia. Key and Business Customers Account Managers thoroughly informed the companies about what advantages the liberalized market brings to businesses, electricity costs reduction possibilities and of the next steps necessary for start of supply of electricity on this market. The sessions were relevant and personalized for the target group, and participants were provided with quality information essential for making crucial decisions regarding electricity supply.



The meetings were organized as roundtables, where in addition to the advice from the Key and Business Customers Account Managers, potential customers had the possibility to communicate their expectations and to learn more about potential

benefits based on past experiences. These experiences were shared by representatives from actual companies that already operate on the open market and that have years of successful cooperation with our company.





# The new Energy Law paves the way for new opportunities

The electricity market fully opens and all consumers have the opportunity to choose a supplier of electricity with which they will mutually agree the terms and conditions for the supply, including the price for electricity.

The new Energy Law, which came into force in June this year, should create an efficient, competitive and financially sustainable energy sector, based on the principles of non-discrimination, objectivity and transparency, and to ensure competition in production and energy supply. The law should also enable greater protection of consumers, increase the competences and rights of the Energy and Water Regulatory Commission of the Republic of Macedonia, as well as to appoint an independent electricity transmission system operator, with its ownership separation from the suppliers of other services in the electricity sector, such as supply, production and trade in electricity.

Of great interest to companies is the fact that the new law fully opens the electricity market, both in wholesale and retail, and virtually all consumers, regardless of the category, have the opportunity to choose a

supplier of electricity with which they will mutually agree the conditions to supply, including the price for electricity.

Households and small consumers, whose average number of employees in the last two accounting years is less than 50 and the total annual revenue is less than two million euros, will not be obliged to choose a supplier on the open market. If they do not choose a supplier, they will be supplied through the so-called Universal Electricity Supplier. The universal supplier is obliged to supply these customers even in the case their chosen supplier terminates the electricity supply. Significant for the business sector is that the new law and the so-called big consumers get protection if they do not have a supplier of electricity. Within a maximum of 90 days they will be able to be supplied by the so-called Supplier of Last Resort during which time they need to find a new supplier. The prices, conditions

and manner of operation of the universal supplier and supplier of last resort are regulated by the Energy and Water Regulatory Commission of the Republic of Macedonia.

Under the amendments in the new law, special care is taken to protect the rights and interests of consumers. Electricity suppliers play a significant role in this domain. They take care of timely informing consumers about key issues, such as the rights to change the supplier, the manner of payment of invoices, the method of resolving their complaints, establishing contact centers, and more.

In addition, in order to provide competitive offers for consumers, the organized electricity market introduces the so-called Operator of an organized electricity market. The performers of the energy activities, including the electricity transmission system operator and the electricity distribution

system operator, will be able to buy or sell electricity to cover losses, thus optimizing their portfolio and reducing possible imbalances.

Within the global trends of increasing use of renewable energy due to cost-effectiveness, as well as environmental benefits, innovations are introduced in the utilization of renewable energy sources. A positive novelty is the ability for consumers to install renewable energy for their own needs and to transfer the excess to a distribution grid that will contribute to increased long-term savings for the businesses. That is why, among other things, in the forthcoming period an increase in the share of renewable energy sources in the final consumption is expected, for which the introduction of premium tariffs, which as a mechanism enables the integration of renewable energy sources on the entire electricity market, is an important factor.

## VALIDITY OF THE ELECTRICITY SUPPLY OFFER

# Customer protection and maintenance of financial stability - the main pillar of EVN Makedonija Elektrosnabduvanje

One measure to minimize the financial exposure to the volatile wholesale electricity prices is the properly designed validity of the electricity supply offer given to the consumer and active communication with the customer regarding the possible acceptance of the offer

In the functioning of the open electricity market the key role of the retailer is purchasing electricity on the wholesale electricity market and reselling it on the retail market to the end users and it is safe to state that the electricity suppliers maintain the link between wholesale and retail market.

The electricity suppliers operating in a competitive electricity market with sufficient number of market participants, are expected to deliver electricity from the wholesale to the retail market at competitive margins while minimizing the exposure to the wholesale market volatility for both parties.

One measure to minimize the financial exposure to the volatile wholesale electricity prices is the properly designed validity of the electricity supply offer given to the consumer and active communication with the consumer regarding the possible acceptance of the offer.

More precisely, when the supplier offers to the consumer an offer for electricity supply at fixed price with validity of one week, the supplier leaves itself exposed to the wholesale price movements by the time the consumer accepts or rejects the offer, or at most if the client is unresponsive,



by the end of the validity of the offer. Considering the fact that the wholesale electricity prices can significantly increase or decrease throughout the period of one week, these price shifts can easily affect the supplier margin, to

the point at which they can completely nullify the supplier's profit or decrease the savings of the customer.

In practice, being unaware of the wholesale market conditions and movements, the consumers ask for electricity offers with longer validity periods, ranging from 7 to 90 days, while on the other hand, they find offers with short validity period unattractive due to the short period given for decision making. Giving offers with longer validity period, means that the supplier must incorporate the risk of unfavorable wholesale price movements, which increases the final price offered to the consumers. As a general compromise, the majority of the suppliers design offers with different validity periods, while the consumers evaluate the offers and make decisions whether to accept or reject the offer without penalty, within the validity period.

Highly volatile wholesale-market conditions stimulate the electricity suppliers to monitor the volatile market closely and consider with great precaution the risks they are exposed to by participating in such market, especially those related to the wholesale price volatility. EVN Makedonija Elektrosnabduvanje recognizes the importance of improving and safeguarding the link between the wholesale and retail electricity markets. To this extent, it is our imperative as a supplier, that we protect our customers against the wholesale price volatility through stable, intuitive and easily understandable retail rates/products with carefully designed validity periods which guard us both, the consumer and supplier, from the financial risk exposure on the electricity market. We encourage the consumers to take time to evaluate our offers and contract terms within the validity period and decide for the offer which supports their business. The protection of our customers, while maintaining financial sustainability is and will be the main pillar of the functioning of EVN Makedonija Elektrosnabduvanje as supplier.



NEW SERVICE OF EVN

# Photovoltaic Systems - renewable energy solution for your business

EVN, as the leader on the market of electricity services, monitors and actively implements the global trends related to the renewable energy and also invests in the development of the technology in this area. So far, the company has invested more than EUR 330.00 million in improving the overall energy infrastructure, including revitalization of the production of electricity from renewable sources. The further development of renewable energy production is a long-term investment in the environment protection and in energy mix diversification.



Installing solar panels will help you significantly reduce your energy consumption obtained from the distribution grid, thus helping you drastically reduce your expenses for electricity. With regular maintenance, which is easy and simple, the lifespan of solar panels may extend even up to 25 years. There are many other reasons why you should make a decision to install a photovoltaic system. By exploiting the sun as a free and abundant source of energy, your facilities become more independent and their value significantly increases. Solar energy allows you to produce your own "green" electricity, which is readily available for use. In this manner, you will be able to reduce the exploitation of non-renewable sources of energy and help protect the environment by reducing CO2 emissions. That also enforces the socially responsible image of your company.

The sun is a clean, readily available and renewable source of energy. Having in consideration that employing modern technologies for production of solar energy brings multiple benefits for both the customers and the country, EVN has been investing into creating this type of production facilities in Macedonia.

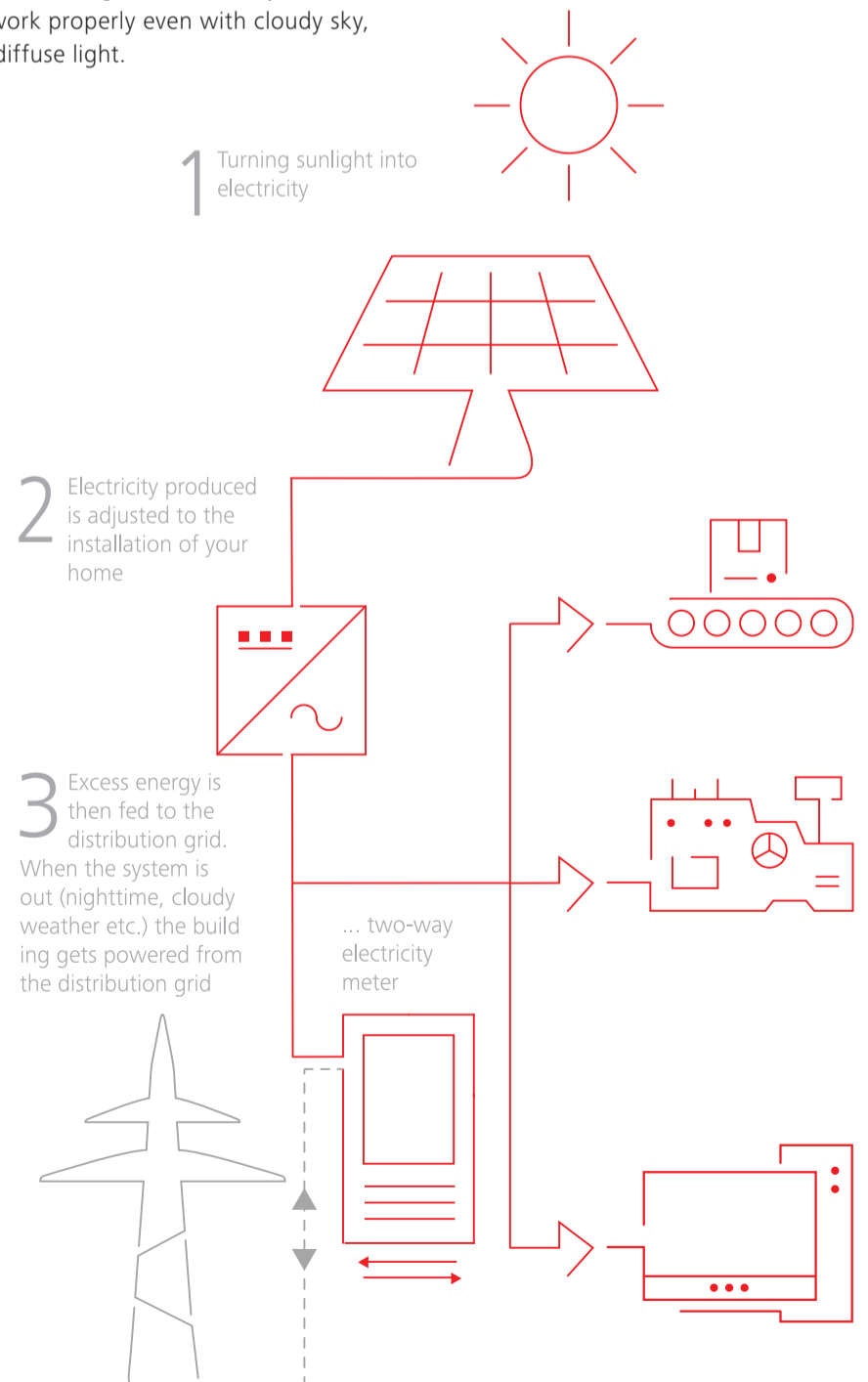
Immediately after the entry into force of the recent amendments to the Energy Law, which gave the opportunity for greater commercial use of the photovoltaic systems, EVN offered this type of service to all interested customers - businesses and households.

EVN team of experts developed solutions that are focused on the customers and tailored according to their needs, thus making the solar renewable energy in Macedonia accessible for use by any interested customer.

### Characteristics and benefits of solar energy exploitation

Solar energy can be exploited through photovoltaic systems or devices, widely known as photovoltaic solar panels. These panels are the main component of the infrastructure for solar energy production which can be connected to customer's domestic electrical installation and to the power distribution grid. Energy production depends on the positioning of panels and of particular weather conditions. To get a maximal effect it is required to have proper positioning of the panels as well as

favorable weather conditions - clear sky and direct sunlight. However, systems can also work properly even with cloudy sky, with diffuse light.



## How to use the new service?

EVN offers knowledge-based professional service to respond to your specific needs by creating a tailor-made solution which is sure to produce the best results.

### Step 1: File an application

You can file an application in the Info Center in the City Trade Center (GTC) in Skopje, by calling 089 089 089 or by sending an e-mail to: [gosolar@evn.mk](mailto:gosolar@evn.mk). In your applications, you are required to indicate basic information on the building/location (exact location of the building), available rooftop surface/location, customer's identification number corresponding to the ownership of the facility/land.

### Step 2: Coming up with a solution

Our expert team will support you by:

- > establishing the most appropriate location and position of solar panels
- > helping you select the most appropriate model of panels
- > making an approximate calculation regarding the expected production of electricity

### Step 3: Agreement and installation

By entering a service agreement with EVN, you will get:

- > Installation of a turnkey photovoltaic system

MR. AJDOVAN ADEMOSKI, PRESIDENT OF THE ECONOMIC CHAMBER OF MACEDONIA - TURKEY (MATTO)

## In EVN Makedonija Elektrosnabduvanje we see a reliable partner and support in our day-to-day operations

→ **EVN Journal:** As the owner of several companies already supplied with electricity on the open market and as the President of the Economic Chamber of Macedonia - Turkey (MATTO), in your opinion, what are the benefits from this market?

**Mr. Ajdovan Ademoski:** Electricity supply on the open market is an opportunity for every company to choose a supplier that will meet its demand and requirements as well as certain specifics that are characteristic for each company separately. The open market enables cooperation with a stable and reliable electricity supplier of its own choice, and providing a favorable price in accordance with the consumption. This is very important for us as a company, which, although not in the industrial sector, still has significant costs for electricity.

→ **EVN Journal:** What does the cooperation with a reliable electricity supplier such as EVN Makedonija Elektrosnabduvanje mean for you?

**Mr. Ajdovan Ademoski:** For our business, in addition to reducing and planning the costs, the quality of the service, but above all the reliability of the supply, is indispensable. For us, the cooperation with EVN Makedonija Elektrosnabduvanje means precisely that - reliable partner and support in everyday operations.

→ **EVN Journal:** One of the most popular business news in this period is the announced opening of the hotel from the famous world chain Hilton. As an investor and franchisee of this hotel, can you explain in more detail what will this hotel offer?

**Mr. Ajdovan Ademoski:** The hotel offers services for temporary accommodation and



For our business, in addition to reducing and planning the costs, the quality of service is indispensable, but above all the reliability in the supply of electricity

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catering services with an operational capacity of 170 rooms as well as two restaurants and five conference halls, high category and

adequate quality service. The hotel will offer services to clients from all sectors, that is, from regular tourists to organizing and cov-

ering political events, presidential meetings, congress and conference events and the like. The facility also includes a spa center that will provide enjoyment and quality time for the visitors. The facility can also cater for all kinds of family celebrations and events. The target group is not only foreigners, but also domestic visitors, i.e. users of our services.

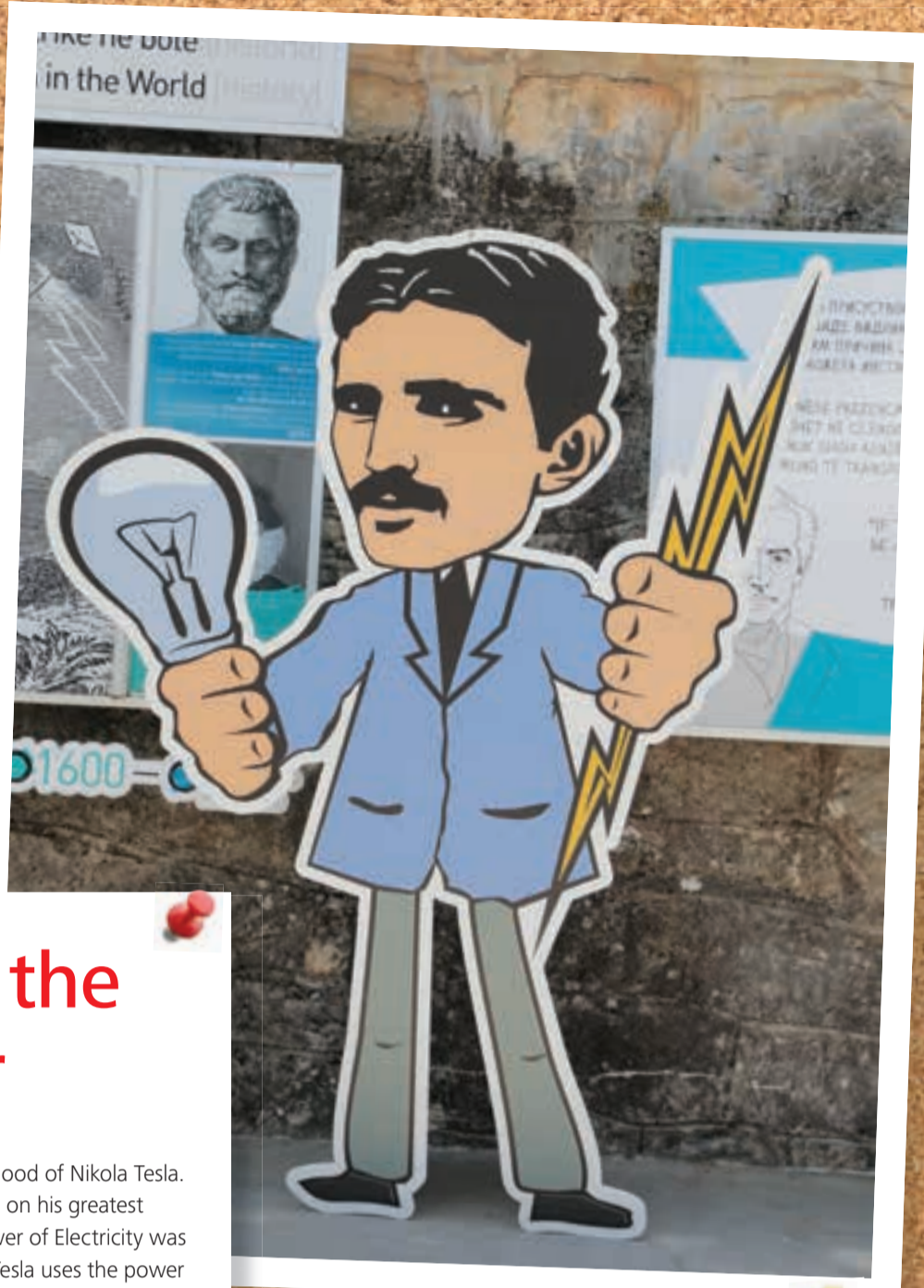
→ **EVN Journal:** What measures are being taken to achieve energy efficiency at the Hilton Hotel?

**Mr. Ajdovan Ademoski:** Hilton hotel achieves energy efficiency by careful selection of building materials, which due to their properties will provide energy efficiency in the long run. We are talking about materials from world famous manufacturers that have certificates for energy efficiency.

→ **EVN Journal:** What are your plans for investments in Macedonia in the near future?

**Mr. Ajdovan Ademoski:** Taking into account the current investment, as well as the costs that we are exposed to in the next period, our company will focus on establishing and managing the new facility, and in our near future, our plan is to include the Stone Bridge Hotel, which is also owned by our holding, under the Hilton Worldwide franchise.





## Tesla Day - New content at the Matka Exhibition Center

Tesla Day, marking 162 years since the birth of the great world scientist, innovator and futurist Nikola Tesla, was held in the Matka Exhibition Center for electricity for the first time. More than 150 children had the unique opportunity to be part of this educational event organized by EVN Macedonia for free.

where the main inspiration was the childhood of Nikola Tesla. The workshop for young painters focused on his greatest inventions, and a lecture on the topic Power of Electricity was held. The screening of the documentary Tesla uses the power of Niagara Falls caused special attention of the audience.

Within Tesla Day, several workshops were held inspired by the life and work of this scientist. In the first part of the event, the Children and Youth Theater in Skopje performed the play Giga Mega Fairy Tale. Furthermore, the children had the opportunity to participate in the creative writing workshop,

In the second part of the event, the participants had the opportunity to conduct experiments based on Tesla's most important inventions: radio transmission, wireless transmission and high frequency AC, while the youngest produced models from lego bricks, inspired by the works of the great scientist.

