

June 2017

# EVN JOURNAL

Journal for the partners  
and associates

THE ENERGY YOU NEED!



Dear customers,

You have in your hands the first issue of EVN Journal that we believe will instill new energy into our successful cooperation, but will also present the current developments in the electricity market. EVN Journal will be issued quarterly. It will present news on EVN Supply operations that are of interest to our customers, information on products and services available, together with a review of the latest trends in electricity supply business. We will also provide tips for better energy management in companies and organizations. We truly believe that EVN Journal will be a useful and enjoyable read for you.

This newspaper reflects our orientation towards the customer as a strategic commitment. At the core of this corporate commitment is the desire to provide reliable power supply and high quality of service, which is only possible through competent and dedicated team effort augmented with international experience and thorough knowledge of the industry, able and eager to meet all customer needs.

What makes the team of EVN Macedonia Electricity Supply special is the willingness to address the specific needs of each customer. Customers who we had the pleasure of serving know that if they ever have any issue related to electricity supply, they just need to contact their Account Manager to get a quality response and solution as soon as possible. As a team we know the needs and specifics of the business of our customers and we are ready to offer products and services tailored to each.

As a member of EVN Group we have access to significant international experience. The knowledge acquired on markets where EVN Group is present - electricity supply in particular - is invaluable to our daily routine and serving customers. We regularly put our know-how at the disposal of the customers, but we also make sure it is available to experts and society in general.

We invite you to discover the contents of the first issue of EVN Journal.



Respectfully,

**Markus Brandstaetter**  
Manager at EVN Macedonia  
Electricity Supply DOOEL

**Juliana Zaovska Vidinovski**  
Manager at EVN Macedonia  
Electricity Supply DOOEL

## Contents 06/17



03



04

**03** EVN Macedonia Electricity Supply - Superior customer service

**04** Structure of the electricity market in the Republic of Macedonia

**05** Liberalization of the electricity market - a new phase of development

**06** Energy Management – Need and demand of the modern world



05



06

**07** Interview with **Ing. Günter Bramböck**, Business Unit South East Europe Vice President for Regulatory Affairs, EVN AG

07



**08** Experiences of satisfied customers

**08** New website to promote customer experience



08

# EVN Macedonia Electricity Supply- Superior customer service

EVN Macedonia Electricity Supply was established in 2011 and its contribution to the development of the recently liberalized electricity market makes it one of the most renowned suppliers of electricity in Macedonia. As part of a large group that serves nearly 4.5 million customers, EVN is a company with the biggest experience in the supply of electricity in Southeast Europe. Thanks to its highly motivated team and expertise in the field of energy supply, the company provides reliable and high-quality services to its customers, enabling sustainable contribution to the security of their business and quality of operations.

In order to optimally meet the expectations of customers, EVN Macedonia Electricity Supply has a manager in charge of key accounts for any potential customer according to the region where it is located and the specifics of the business. As an added value for customers, the company is constantly improving its advisory services and tailor-made offers to suit the customers designed according to their individual needs. In addition, the dedicated key account managers are trained to provide support, implement and manage all requirements related to electricity in terms of issues and services provided by other relevant institutions and market bodies.

Key account managers have available the experience and knowledge of support teams at any time, both local and inter-



national, within EVN Group. Namely, by choosing EVN Electricity Supply, customers not only get an electricity supplier, but also a partner that tracks their needs and finds solutions specifically tailored to the needs of the company. Thus, customers can be sure that the recommendation by our key account managers is the result of serious analysis of the consumption profile and the needs.

The cooperation with EVN Macedonia Electricity Supply helps customers optimize power consumption and achieve greater energy efficiency. In addition, EVN Macedonia Electricity Supply strives to provide the optimal combination of stability and flexibility in business and contractual relations in order to meet their requirements and to adapt to changing market conditions.

Companies can always count on EVN Macedonia Electricity Supply as stable and reliable partner that is available to them and their business at any time and because it is superior in meeting every request. The company strives to provide benefits that bring value to customers, a value that supports them in the long-term in the creation of sustainable and successful future that transcends immediate financial profit.



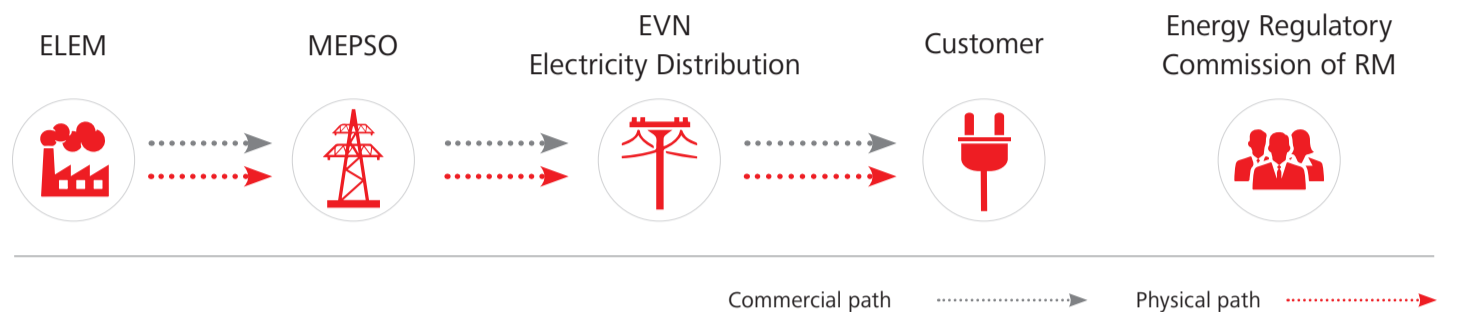
# Structure of the electricity market in the Republic of Macedonia

In 2005 the Republic of Macedonia signed the Athens Memorandum and the following year it was ratified by the Parliament of the Republic of Macedonia. This important document, which was the foundation for creating a common energy market in Southeast Europe, according to European Union standards, marked the start of the full transformation of the Macedonian energy market.

After the preconditions were created and the appropriate legal framework adopted, which was in line with European regulations in the area, in 2007 large consumers that were connected to the transmission grid of Macedonian Transmission System Operator (MEPSO) were the first companies that were entitled to supply electricity from the open market. Under the plan, the liberalization of the whole market was to happen gradually to avoid price shocks, especially for citizens who even today pay subsidized price of electricity, far below the regional and European average. The price difference in favor of citizens under the current tariff model is offset by the companies. This model will be completely replaced with the full liberalization.

With the start of this process, regulated electricity market and liberalized electricity market is in place in Macedonia, where according to the Action plan for generalization at different times the number of

## Regulated market



entities that move from a regulated to a liberalized market increases.

On the regulated market in the Republic of Macedonia, Macedonian Power Plants (ELEM) is responsible for producing electricity and selling it at regulated price and according to regulated contracts and provisions. The Macedonian Transmission System Operator or the Electricity Transmission System Operator (ETSO) and Electricity Market Operator (EMO) is obliged to carry out electricity transmission and manage the power system of the Republic of Macedonia and is responsible for the operation of the system, its maintenance, development and connection to the electricity transmission systems of neighboring countries. At the same time, as EMO, it is obliged to organize and manage the electricity market in the country. After ELEM transmits the electricity

to the electricity distribution system operator, the electricity is taken over by EVN Electricity Distribution, i.e. Electricity distribution system operator (EDSO) and Electricity supplier of last resort (SoLR). EVN Electricity Distribution is responsible for the operation of the system, its maintenance and development, and also has an obligation to meet the electricity demand of customers. All stages of production, transmission, distribution and prices for end users are determined by the Energy Regulatory Commission.

On the open electricity market, producers offer electricity on the open market through a stock exchange or through direct bilateral contracts with suppliers. On the open market, producers that produce green energy or own highly efficient plants have the status of privileged producer, and this energy has a higher price in the market to

stimulate this type of production. MEPSO has an obligation to organize and manage the electricity market, i.e. to regulate the transmission of electricity in its grid. Further down, electricity to end users that are supplied on the open market passes through the distribution grid of EVN Electricity Distribution, after which electricity reaches end users.

EVN Electricity Supply meets the daily electricity demand of its customers daily through high quality service and competitive prices and it is the true partner to companies in the Republic of Macedonia.

The open electricity market is monitored by the Commission for Protection of Competition, whose focus is on providing fair and competitive market relations in the interests of customers.

## Open market

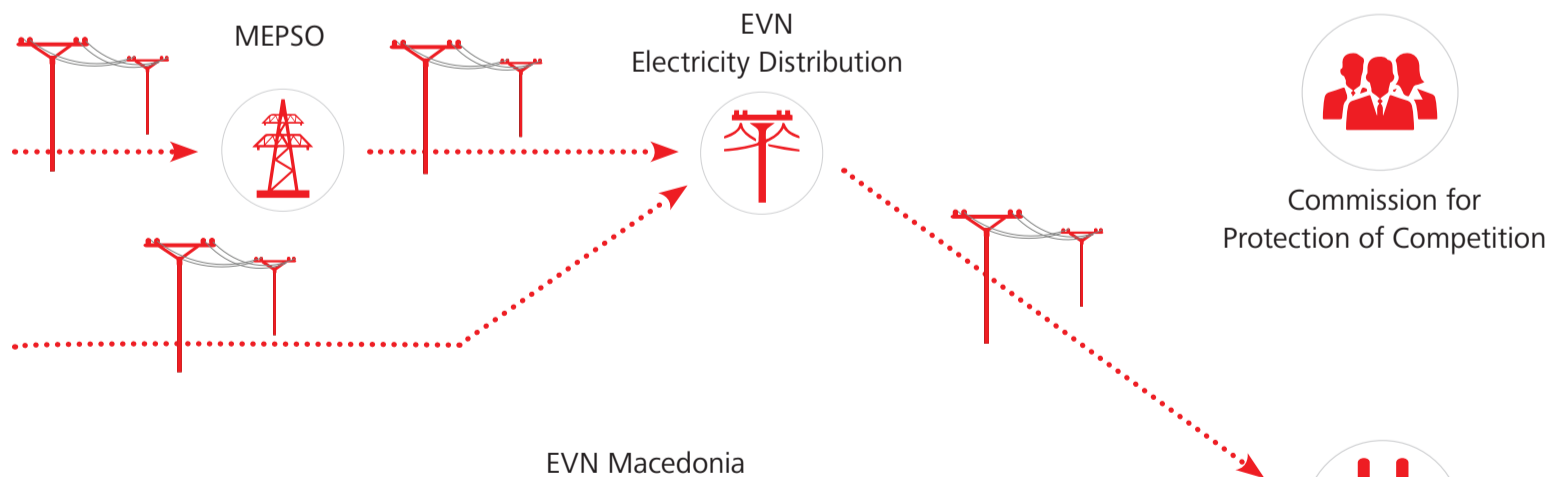
### Physical path



Producers



Distributed Producers



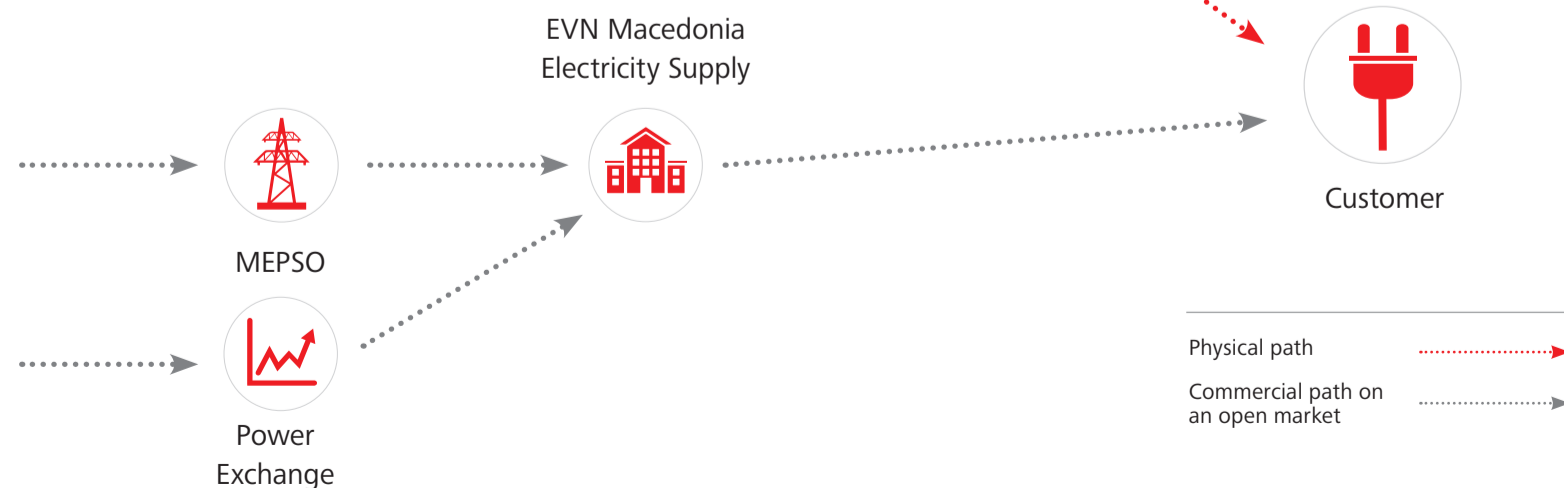
### Commercial path



Producers with feed-in tariffs



Producers



Physical path .....  
Commercial path on an open market .....



# Liberalization of the electricity market - a new phase of development

There is an ongoing implementation of a new phase of the liberalization of the electricity market affecting a new, larger group of companies. EVN Macedonia Electricity Supply as a licensed supplier and a responsible company, a leader in its field, informs all entities that could potentially be affected by the changes in market conditions on time. Also, the team of EVN Electricity Supply is open to all questions and additional information related to the liberalization process and the next phases to meet the affected companies in making the best decision for their business. Liberalization, in practical terms, means that the company, which in accordance

with the legislation enters the group of companies to be supplied with electricity on the open market, will be entitled to choose the business entity, licensed electricity supplier, from which it will procure electricity.

Under the legislation, the entities (companies, institutions, organizations) get the right to procure electricity from the open market based on different criteria. Liberalization as a process in Macedonia began in 2007, and in 2014 all companies with minimum 50 employees and a turnover of ten million euros in the past year were supplied on the open electricity

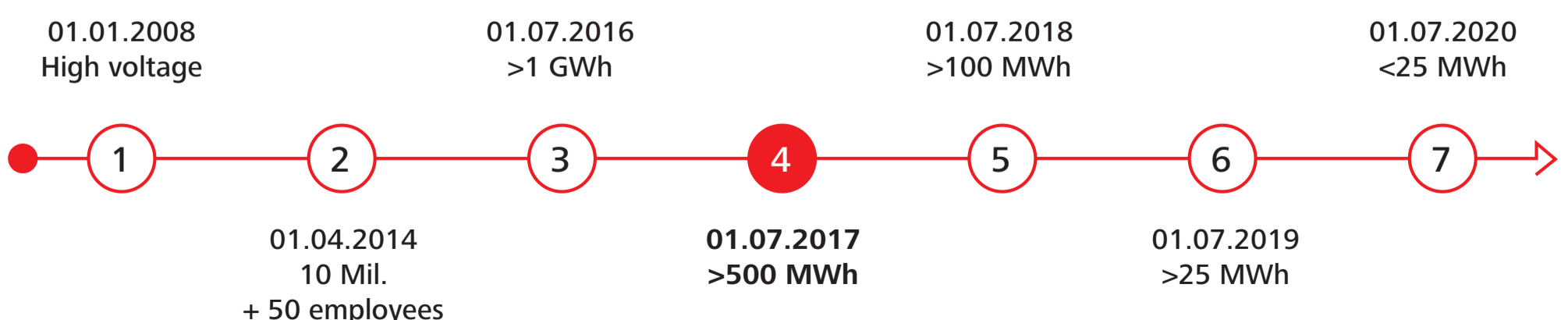
market. Other phases according to the action plan defined in the Energy Law (Article 197) are related to the annual electricity consumption and according to this criterion there are 5 stages of implementation of liberalization.

As seen from the chart, so far 3 stages of liberalization have been implemented, and the fourth stage is currently being implemented, whose criterion is consumption exceeding 500 MWh in 2016.

Companies that have met this criterion have already received official notice of acquiring the status of eligible consumer from the

distribution system operator, followed by offer from licensed suppliers - market participants. Based on this, until 30.05.2017 they made the decision to which of the suppliers they will give the trust to supply energy for the smooth operation of the business and signed contract for electricity supply. Those who have not signed a contract will be supplied by the supplier of last resort.

The supply of electricity on the free market for companies that meet the criteria of annual consumption exceeding 500 MWh and that have selected the supplier starts on 01.07.2017.



# Energy Management – Need and demand of the modern world

Successful management today includes energy management

Given that fossil fuels are becoming scarcer and more expensive, countries must continuously cope with the challenge of simultaneously achieving the goals of economic growth and targets for reducing greenhouse gases. This is confirmed in the report of McKinsey in 2009. In such conditions, the goals that the companies expect to achieve through their energy programs are defined internationally as well. To that end, the agreement on tackling climate change COP21 has been ratified at the 21st United Nations Summit on Climate Change and the standard ISO 50001 was established, which prescribes the introduction of energy management systems in companies. This and other standards related to energy performance are of particular interest to companies that aspire to become part of the global supply chain.

Although derived from the global need for energy saving, energy management also provides significant potential to improve the performance of companies in several segments and is applicable and important for companies in the Republic of Macedonia. Energy management is an advanced tool to rationalize the consumption of electricity, both in the segment of work organization and technological processes. EVN Electricity Supply is the first company in Macedonia that offers its clients this tool as an important know-how of the modern marketplace. The application of energy management starts through energy audits, which are carried out by locating and detecting all so-called “weak spots” where there is undue cost on energy which can be significantly



What are the benefits for companies from energy management?

- Improving financial results
- Reducing energy consumption
- Record keeping on the use of energy, offering the possibility of planning energy demand
- The energy management as part of the wider policy of corporate social responsibility improves the image of the company which in the long run affects the creation of competitive advantage

Energy management is a useful and applicable principle, which allows companies cost savings based on electricity and increase of the market competitiveness. In Macedonia, there are already companies that have implemented energy management and the results are really impressive, which will be presented in more detail in the following editions.

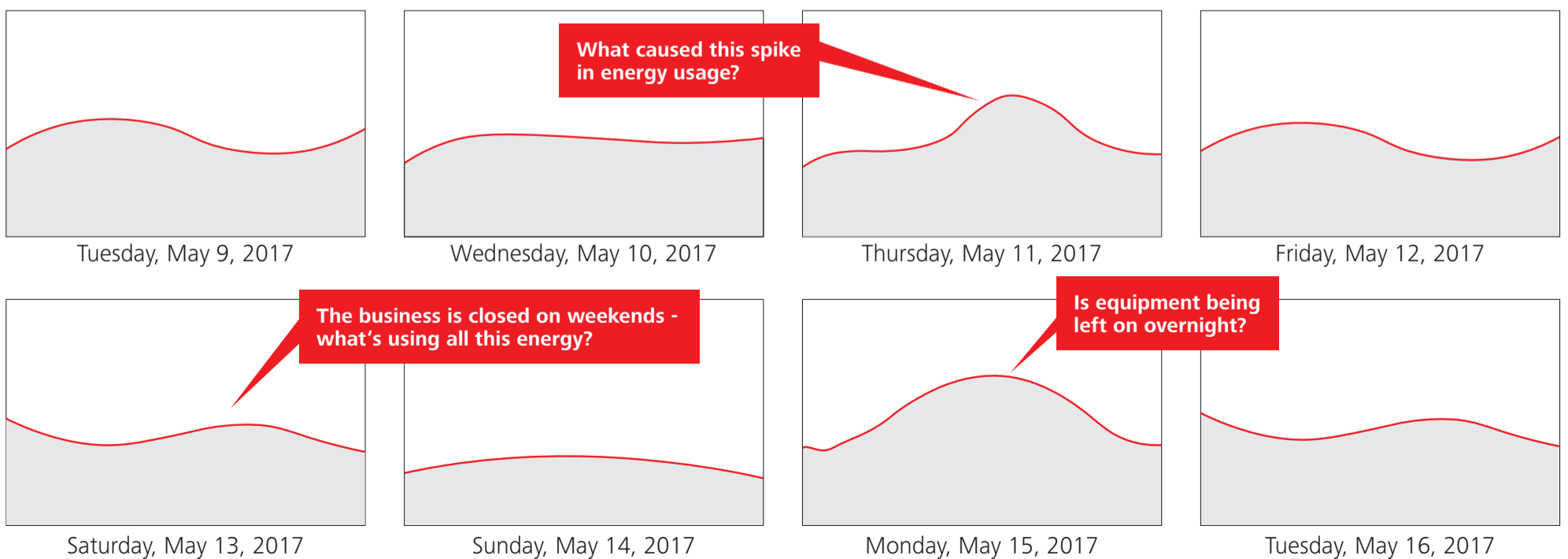
The approach to energy management in a company strongly depends on its size and needs, as well as on the industry it belongs to. However, there are many ways of saving electricity, which can be applied to all companies, regardless of the industry. The implementation of energy management also depends on the organizational culture of the company. The commitment of the heads of the company is of great importance for the creation of a culture that will support the successful implementation of energy management.

We share with you a few tips on saving electricity, which will help lower the cost of electricity in your business - <https://www.snabduvanje.mk/Energy-efficiency/Energy-efficiency-in-business.aspx>

reduced by applying certain organizational tools and changing technological processes.

Besides the strategic and organizational approach, the practical implementation of energy management in the company is essential. Overall, in the implementation of energy management the starting point is examining the current situation in the supply and use of energy. The more and the more

detailed data available - the better. Then, through an appropriate analysis of the data the opportunities for savings are determined, and usually the routine energy losses are the most obvious. The process does not end with the acquisition of necessary activities for using the identified opportunities for savings. Continuity in the process of energy management is provided by monitoring the results of the efforts undertaken.



ING. GÜNTER BRAMBÖCK, BUSINESS UNIT SOUTH EAST EUROPE VICE PRESIDENT FOR REGULATORY AFFAIRS, EVN AG

# The trust in the genuine partnership remains a key factor in the liberalized market too



National markets often are not only too small but also cannot get competitive because of predominantly state-owned, market-dominant generators. Therefore the market requests a multinational integration, harmonization and organization.

→ The EVN Group took part, from the very beginning, in the creation of a unified European gas and electricity market which aims to create equal conditions for all EU member countries, bigger choice and a more competitive service for the customers and for all energy companies. How would you describe the experiences from the free market from today's perspective?

The objective of EU energy policy in the past 25 years was the establishment of a competitive common European market for electricity and natural gas. With the implementation of the EU energy law the big differences in the structure of this industry in the member states became obvious. In some Member States the preconditions to establish competition were favorable whereas in other countries the strong integration along the whole supply chain made it necessary to define and find the new roles and responsibilities in the complex process. Liquid market places emerged relatively quickly for some basic energy products in bigger national markets pushing the development. In more fragmented regions the political, legal and structural status avoided the integration of the market. The electricity market requests a much bigger size than national to get competitive in the most important energy products. This is necessary because electricity cannot be stored and specific products are needed to ensure the flexibility for matching the changing demand and generation from renewable sources. National markets often are not only too small but also cannot get competitive because of predominantly state-owned, market-dominant generators. Therefore the market requests a multinational integration, harmonization and organization. In this respect there are still a lot of tasks to be fulfilled in the upcoming years.

→ What are the new trends on the energy market and what can the companies and the customers expect from it? In the past weeks a first set of common market rules for the European Energy Market has been endorsed. This is a first and very important achievement in harmonizing standards to achieve a better market integration. The next step will be the coordination of energy policy in the different states across the intended internal market. Especially the integration of renewable energy sources will be a big challenge as the most available technologies wind and solar request much more flexibility not only

in the existing generation facilities but also on customer's side. Balancing will demand corresponding and costly investments. For the south and even more for the southeast of Europe the already existing social impact will become another balancing act. Citizens strive for less environmental impact of power generation but this is no free ride. On the other hand it may become a big chance to provide more employment and increasing standard of living.

→ Macedonia is in the final phase of the liberalization process and over 70% from the energy that the industry uses is procured on the free market. What are the benefits for the companies from the liberalization process?

As it was also common in Western Europe, the business sector more or less was or sometimes still is forced to cross-subsidize households by price regulation. At least for the energy itself this will change in a competitive environment. For those with constant consumption the price will be more favorable. For business customers with high peak demand connected with low overall consumption electricity might even get more expensive. Therefore I would recommend a load management wherever electricity is used to get something heated up, e.g. in restaurants. The customers being able to mirror the cost structures of electricity generation will benefit the most from the liberalized market.

→ EVN Elektrosnabduvanje which is a part of the EVN Group, is one of the biggest suppliers on the open market. Taking into consideration that EVN Elektros-

nabduvanje is a part of a group with big experience on the open markets, what significance does that have for the companies and for the development of the market in general? Are the companies on the open market getting added value?

With the opening of the market we already saw the prices for business going down. However, the price will increasingly reflect the load shape as mentioned before. The next step will be to add expertise in accompanying the business towards future security of supply and cost optimization. In general, more electric power is necessary to achieve higher efficiency in internal processes. In any case confidence in a fair partnership will remain crucial for a fruitful cooperation.

→ In what direction will the open market in Macedonia develop and when can we expect its integration in the regional and European open market?

The priority should be put in the consequent improvement of energy efficiency by all power consumers. The critical issue might become high peak demand. Switching space heating from electricity to natural gas or district heating may reduce maximum demand in cold spell and import needs when electric power is scarce also in the regional market. The further market integration is mainly, but not only depending on a sound market organization. Legal adaption, tax issues, social protection, harmonization of policies, etc. have to be tackled in all countries. But this is not only a challenge for Macedonia and its neighborhood but also a tough task for many other regions in Europe.



# Experiences of satisfied customers



Since the beginning of the liberalization of the electricity market, more than 200 customers had the opportunity to see for themselves the stability and reliability of EVN Macedonia Electricity Supply as a partner and the quality of our services. In order to confirm the correctness of

the choice, but also aimed at facilitating the decision of the companies that in the forthcoming period should choose a supplier that will meet their electricity demand, in this edition of EVN Journal we give you the experience of some of our customers.

„When choosing the electricity supplier, for us it was important to have a reliable partner that will provide excellent service, with experienced professional team which we can rely on. To this end, EVN Electricity Supply has met and exceeded our expectations, leading us through the changes of market liberalization and helping us to make decisions that have created value for our company. We highly recommend them to any company that aims to build a truly efficient and stable partner relationship with the supplier.“

IGM Trade

„Market liberalization brought some benefits, but also some challenges. Thanks to the team of EVN Electricity Supply we were always timely informed and prepared so that we can quickly and effectively adapt and provide a better position for the company. Knowing the market conditions, the responsiveness and thoroughness in the realization of our needs, they represent great added value to our team. We highly rank them as our suppliers and we recommend EVN Electricity Supply to anyone who wants stable and efficient cooperation. EVN Electricity Supply not only ensures reliable and uninterrupted supply of key energy source for our workflow, but also their team has the ability to look at things from the customer's perspective, saving us time and money.“

Sparkasse Bank Makedonija AD Skopje

„The moment when we contracted EVN Electricity Supply the energy management in our company significantly improved. We consider the key account manager as part of our team. They fully met our expectations and they are a stable and reliable partner that gives us support in key moments. Thanks to the support we received in terms of the management of activities related to electricity, we were able to focus a lot more on the strategic development of our business. From the cooperation with EVN Electricity Supply so far, we can conclude that we get superior service at a competitive price with a staff that is entrepreneurial and can deal with our business needs.“

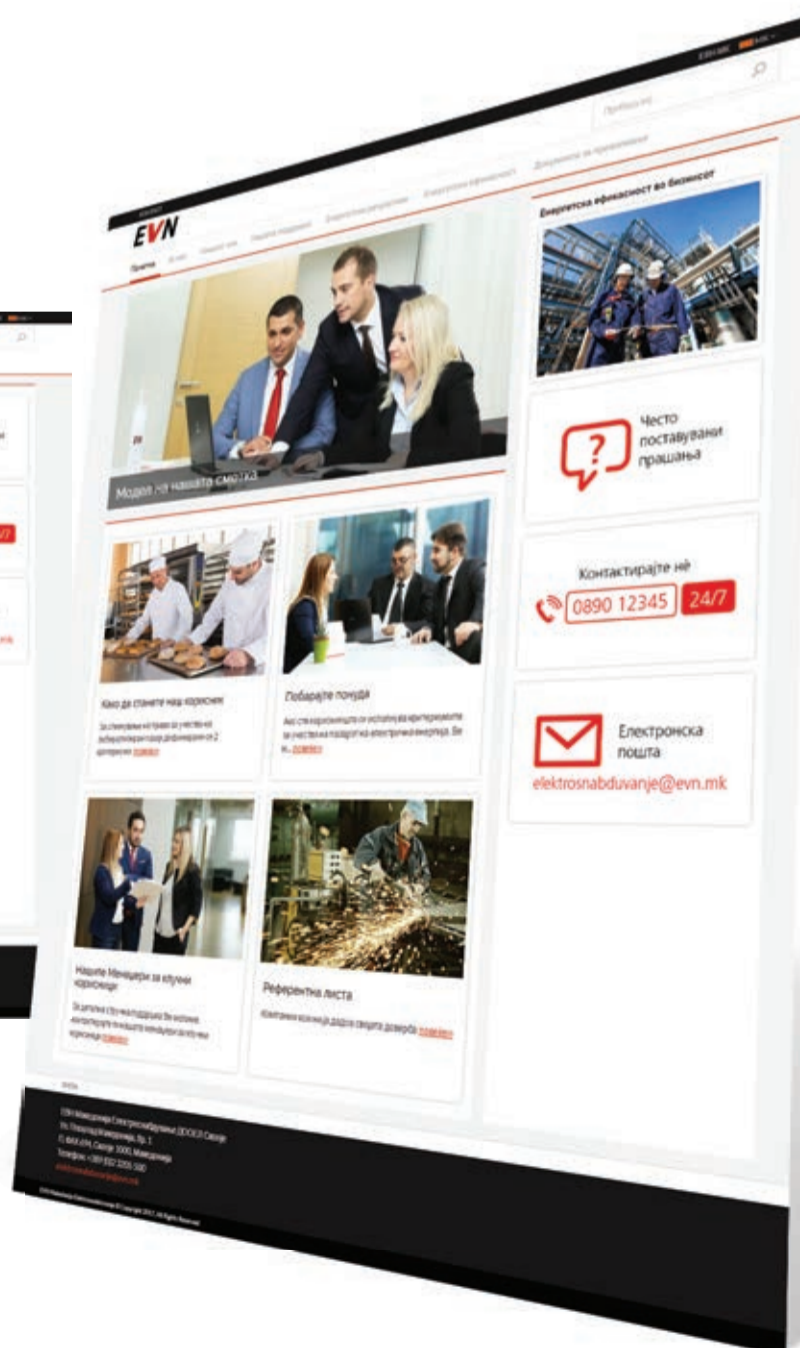
KAM DOO Skopje



## New website to promote customer experience

EVN Electricity Supply is pleased to announce the launch of the new version of our website [www.snabduvanje.mk](http://www.snabduvanje.mk), which is designed in a way that, except for an overview of the services of EVN Electricity Supply and contact with the company, can serve current and potential users as the main web resource and portal for general information related to electricity.

On the new website companies can directly contact key account managers and request specific services, advices or offers. Also, they can easily find the information most relevant to them, such as: explanation of our bill, energy regulation, download documents and the like. In addition, the website sends a clear message about the value we offer to customers as our long-term partners.



[www.snabduvanje.mk](http://www.snabduvanje.mk)