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Professor Rubin Taleski is expert in power system planning, energy efficiency and electricity markets. He has been involved as a project coordinator, lead expert or team member in various projects commissioned by the power industry, government institutions or World Bank.

Professor Rubin Taleski has published more than 50 scientific papers (most notable papers and projects related to power systems planning and electricity markets) alongside two textbooks.

**Employment:**

Faculty of EE & IT, University Sv Kiril I Metodij, Skopje, Republic of Macedonia - Professor (2007 – present),

Faculty of EE & IT, University Sv Kiril I Metodij, Skopje, Republic of Macedonia – Associate professor (2002 – 2007),

Faculty of EE & IT, University Sv Kiril I Metodij, Skopje, Republic of Macedonia – Assistant professor (1997 – 2002),

Faculty of EE & IT, University Sv Kiril I Metodij, Skopje, Republic of Macedonia – Teaching assistant (1987 - 1997),

EMO, Energy Institute, Skopje, Republic of Macedonia – Engineer (1982 - 1987),

**Other:**

- IEEE, Senior Member 2008, Member 1990 (Republic of Macedonia Section, Treasurer 2002 – 2006)

- CIGRE, 1995

- MAKO CIGRE, 1995 (Vice chairman 2004 –)
- Institute for Standardization of the Republic of Macedonia

Member of the Council (2008)

TC 31 Electrical lighting, Chairman (2007)

TC 32 Electric power and installations, Member (2008)

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## **DEVELOPMENT OF THE ELECTRICITY MARKET IN MACEDONIA AND FUTURE CHALLENGES**

### ***Abstract***

The power sector in the Republic of Macedonia started the restructuring process in 2000 by corporatization of the state owned vertically integrated utility “Elektrostopanstvo na Makedonija” (ESM). However, major changes happened after 2003. First, an independent Energy Regulatory Commission (ERC) was established and later ESM was unbundled into three companies: MEPSO (TSO), “ELEM” (Generation) and ESM-Distribution (DSO). The market model that was adopted, in essence, was a combination of the Single Buyer and wholesale competition models. The idea was to establish a transitional legal framework that would later be further developed to allow competition on retail level in accordance with EU directives and the SEE Energy Treaty. The wholesale competition was meant for the large industrial customers that had right to choose if they would buy electricity in the (regional) market or stay on the tariff system. However, since there is no competition on generation level in the country, and regional market prices were higher than the regulated prices, the wholesale component didn't really worked.

In 2007 and 2008 the Energy law was changed to enforce the wholesale competition. With these changes MEPSO was replaced by ELEM to serve as Single buyer for captive (distribution) customers. Although the Government of Macedonia (GoM) claimed that these changes further enhance the market model, in reality they provide very little (if any) improvements in the sector since 2005. As a result, there were no possibilities to open the market for all non-residential customers as of January 1, 2008.

There are several reasons that led to stagnation in the liberalization process. Failure to develop a number of secondary legislation documents and very low electricity prices for captive customers were probably the most relevant issues.

In order to proceed with the liberalization process relevant institutions need to develop market code, establish sustainable balancing market, and upgrade the tariff system and unbundle the tariffs. These issues are crucial for the next step – opening of the market for non-residential customers.

Low electricity tariffs have been major hurdle in the process. However, given the standard of households it is very prudent to have appropriate approach in order to provide the necessary environment for liberalization of the rest of the market. The GoM needs to develop appropriate social mechanisms for protection of families with low income in order to eliminate the cross subsidies that exist in the current tariff system. Also, addressing the demand side in the sector, the GoM has to be more aggressive in promoting and supporting EE measures and technologies, as well as expansion of the gas distribution network to reduce the demand for electricity needed for space heating.

## RAZVOJ TRŽIŠTA ELEKTRIČNE ENERGIJE U MAKEDONIJI I BUDUĆI IZAZOVI

### Sažetak

Elektroenergetski sektor u Republici Makedoniji krenuo je u proces restrukturiranja 2000. godine osnivanjem okomito integriranog poduzeća “Elektrostopanstvo na Makedonija” (ESM) u državnom vlasništvu. Međutim, značajnije promjene nastupile su nakon 2003. godine. Prvo je osnovan nezavisni regulator - Regulatorna komisija za energiju - a kasnije je ESM razdvojen na tri poduzeća: MEPSO (operator sustava prijenosa), “ELEM” (proizvodnja električne energije) i ESM-Distribucija (operator distribucijskog sustava). Usvojeni tržišni model bio je mješavina modela jedinog kupca i konkurencije u veleprodaji električne energije. Namjera je bila da se donese prijelazni zakonski okvir koji bi se kasnije nadogradio čime bi se stvorili uvjeti za konkurenciju na razini maloprodaje u skladu s direktivama Europske unije i Ugovorom o osnivanju Energetske zajednice Jugoistočne Europe. Konkurencija u veleprodaji osmišljena je za velike industrijske potrošače koji imaju pravo izbora hoće li električnu energiju kupovati na (regionalnom) tržištu ili će ostati u okviru tarifnog sustava. Međutim, budući da konkurencija u zemlji ne postoji na općoj razini, cijene na regionalnom tržištu bile su veće od reguliranih, tako da ovaj sustav u veleprodaji električne energije zapravo i nije zaživio.

U 2007. i 2008. godini donijete su izmjene Zakona o energiji radi jačanja konkurencije. S ovim izmjenama MEPSO je zamijenjen ELEM-om koji bi trebao funkcionirati kao jedini kupac za potrošače na distribuciji. Iako je Vlada Republike Makedonije tvrdila da ove izmjene jačaju tržišni model, u stvarnosti one su donijele malo ili nimalo poboljšanja stanja u samom sektoru. Posljedica toga je bio odsustvo mogućnosti otvaranja tržišta za potrošače izvan sektora kućanstava nakon 1. siječnja 2008. godine.

Nekoliko čimbenika dovelo je do stagnacije u procesu liberalizacije. Među njima su vjerojatno najznačajniji izostanak niza podzakonskih akata i vrlo niske cijene električne energije za potrošače na distribuciji.

Kako bi se proces liberalizacije nastavio, odgovarajuće institucije trebaju definirati tržišni kodeks, ustanoviti održivo uravnoteženo tržište, unaprijediti tarifni sustav i razdvojiti tarife. Ova su pitanja ključna za sljedeću fazu – otvaranje tržišta za potrošače izvan sektora kućanstava.

Niske tarife za električnu energiju značajna su prepreka ovom procesu. Međutim, s obzirom na standard kućanstava poželjno je usvojiti odgovarajući pristup koji će stvoriti potrebne uvjete za liberalizaciju ostalog dijela tržišta. Vlada treba razviti odgovarajuće socijalne mehanizme za zaštitu obitelji s niskom razinom prihoda kako bi se ukinule skrivene subvencije koje postoje u sadašnjem tarifnom sustavu. Također, u kontekstu upravljanja potrošnjom u ovom sektoru Vlada mora imati aktivniji pristup u promicanju i podršci mjera energetske učinkovitosti i tehnologija, kao i razvoju plinske distribucijske mreže kako bi se smanjila potražnja za električnom energijom za grijanje prostora.