

LAW ON ENERGY

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Chapter One GENERAL PROVISIONS

Article 1

This Law governs the public relationships related to the activities of generation, import and export, transmission, transit transmission, distribution of electric and heat energy and natural gas, trade with electric and heat energy and natural gas, and use of renewable energy resources, as well as the authorities of state bodies in defining of the energy policy, regulation and control functions.

Article 2

(1) The main objectives of this Law are to create conditions for:

1. High-quality and secure supply of electricity and heat energy and natural gas to the general public;
2. Energy development and the energy security of the country through efficient utilization of energy and energy resources;
3. Creation and development of a competitive and financially stable energy market;
4. Supply of energy at minimal costs;
5. Sustainable development in the utilization of renewable energy sources, including generation of electricity from renewable energy sources in the interests of environmental protection;
6. Promotion of the cogeneration of electricity and heat energy.

(2) The generation, import, export, transmission, transit transmission, distribution and trade with electricity and heat energy and natural gas shall be

carried out under the guaranteed protection of the life and health of citizens, the property, the environment, the interests of consumers and the national interests.

Chapter Two ENERGY POLICY

Section I

State Governance of the Energy Sector

Article 3

- (1) The Council of Ministers defines the state policy in the energy sector.
- (2) The Council of Ministers adopts the Energy Strategy of the Republic of Bulgaria upon a proposal of the Minister of Energy and Energy Resources that shall state basic objectives goals, stages, means and methods for the development of the energy sector.

Article 4

- (1) The energy policy of the country is implemented by the Minister of Energy and Energy Resources.
- (2) The Minister of Energy and Energy Resources:
 1. Develops and submits for adoption by the Council of Ministers the Energy Strategy of the Republic of Bulgaria;
 2. Adopts the short, medium and long-term energy balances forecasts for the country in pursuant to the adopted strategy;
 3. Submits for approval by the to the Council of Ministers a list of energy facilities of strategic national importance;
 4. Defines, with an order, the mandatory indicators on the reliability of electricity supply;
 5. Approves an inventory of the required new electricity generation capacity only in cases, where the security of electricity supply cannot be guaranteed through the currently applicable licensing regime under this Law and promulgates such inventory in the State Gazette;
 6. Submits for approval by the Council of Ministers an inventory of new distinct service territories for the distribution of natural gas and for modification of existing distinct service territories for distribution of natural gas for which no license has been issued, and promulgates this inventory in the State Gazette;
 7. Approves restructuring programs and strategies for the energy sector;
 8. Defines the overall annual quota for the mandatory acquisition of electricity from generators that utilize primary local energy sources (of fuel), of up to 15 percent of the combined primary energy required for the generation of electricity, that is consumed in the country in each calendar year, for reasons of reliability of supply;
 9. Develops and submits for adoption by the Council of Ministers national long and short term programs for the promotion of use of renewable energy resources;
 10. Develops and submits for adoption by the Council of Ministers national indicative targets for promotion of the consumption of electricity generated from renewable energy resources and prepares annual reports for the accomplishment of such targets;

11. Defines mandatory minimum quantities for the generation of electricity from renewable energy sources and for high-efficiency cogeneration;
 12. Develops proposals for the establishment and maintenance of national energy reserves and war-time energy reserves;
 13. Approves the norms for the storage of fuel reserves necessary for secure energy supply;
 14. Submits to the Council of Ministers proposals for state subsidies to certain operators and/or activities in the energy sector;
 15. Exercises control function in the cases defined under this Law;
 16. Issues permits for the prospecting and exploration of energy resources and organizes procedures for the granting of concessions for extraction of energy resources and for construction of hydropower generation facilities;
 17. Publishes an annual bulletin on the status and development of the energy sector;
 18. Formulates and implements the state policy related to activities of transmission of oil and oil products through transmission pipelines within and through the territory of the country;
 19. Issues the secondary normative acts provided for in this Law in the areas of its competence;
 20. Represents the Republic of Bulgaria in international organizations on energy matters;
 21. Exercises other authority conferred pursuant to other normative acts.
- (3) The Energy Strategy adopted by the Council of Ministers under Article 4, para. 2, item 1 shall be promulgated in the State Gazette.

Article 5

- (1) The list of strategic facilities of national importance in the energy sector under Article 4, para. 2, item 3 is prepared on an annual basis by the Ministry of Energy and Energy Resources and is submitted by the Minister of Energy and Energy Resources for approval by the Council of Ministers.
- (2) Persons, performing activities under this Law by means of facilities included in the list under para. 1 enjoy protection which includes:
 1. organization and control of physical protection (security) of facilities, implemented by bodies of the Ministry of Interior;
 2. Information security implemented by way of administrative, organizational and technical measures.
- (3) The protection under para. 2 above shall be at the expense of persons performing the activities under this Law by means of facilities included in the list under para. 1.

Article 6

- (1) Mayors of municipalities require from energy companies, operating on their territories, forecasts of the development of demand of electricity and natural gas, programs and plans for electricity, heat energy and natural gas supply.
- (2) Mayors of municipalities, on the basis of proposals from energy companies, are obliged to provide, in the master and detailed urban development plans, public works required for the implementation of the programs and plans under para. 1 above.
- (3) Mayors of municipalities shall ensure the construction, operation, maintenance and development of the facilities for outdoor lighting on the territory of the municipality of real property constituting public municipal property.

Article 7

(1) In implementing the state policy for the energy sector, the Minister of Energy and Energy Resources may be assisted by industrial branch chambers and organizations of persons working in the energy sector.

(2) Employers in the energy sector may set up and participate in industrial branch chambers and organizations of the people working in the energy sector.

(3) The industrial branch chambers and organizations of the persons working in the energy sector shall be registered under the terms and conditions of the Law on Not for Profit Legal Entities.

(4) The industrial branch chambers and organizations of the persons working in the energy sector:

1. Have the objective of representing and protecting the common interests of their members;
2. May negotiate with trade unions issues of common interest and be parties in signing a collective industrial branch labor agreements;
3. Develop rules for good manufacturing practices, models of systems for risk analysis of energy generation, as well as other professional criteria;
4. Participate in the development of strategies, analyses, programs and opinions on the development of the industrial branch and cooperate in their implementation;
5. Create data bases on professionals within the industrial branch available to assist energy generators as well with state bodies;
6. Develop a Code of Ethics providing for the professional ethics in the industrial branch and preventing unfair competition between energy producers;
7. Notify competent state bodies regarding violations committed in the production of and trade with energy and natural gas;
8. Provide opinions on any amendments to normative acts for the respective industrial branch;
9. Organize and hold professional training;
10. Perform other functions provided by law.

(5) The state bodies and the management bodies of the industrial branch chambers and organizations of the persons working in the energy sector work collaboratively and notify each other of violations found in the production of and/or trade in energy and natural gas.

(6) The state bodies, institutions and departments, the bodies of local self-government and local administration work collaboratively and provide to the industrial branch chambers of organizations of the persons working in the energy sector the information that they require to perform their functions pursuant to this Law.

Section II

Energy Forecasting and Planning

Article 8

(1) The Ministry of Energy and Energy Resources develops the Energy Strategy of the Republic of Bulgaria.

(2) The Ministry of Energy and Energy Resources develops programs and strategies for the restructuring of the energy sector that shall be approved by the Minister of Energy and Energy Resources based upon the Energy Strategy of the Republic of Bulgaria. The privatization of commercial companies in the energy sector is performed according to the programs and strategies for restructuring of

the energy sector, approved by the Minister of Energy and Energy Resources.

(3) The overall forecast energy balances of the country are of a short medium and long-term. These are developed based upon:

1. Forecasts, studies and plans of companies engaged in the activities related to extraction, processing, transformation, transmission and distribution of fuels and energy;
2. Information from the overall indicative energy balances;
3. Information provided by the National Statistical Institute.

(4) The Minister of Energy and Energy Resources determines the need for the construction of new generation capacity and approves the inventory under Article 4, para. 2, item 5 based upon:

1. The general forecast energy balances;
2. The mandatory indicators for the reliability of the electricity supply;
3. The plan for the construction of new generation capacities at lowest cost developed by the energy company licensed for electricity transmission.

(5) The Minister of Energy and Energy Resources implements the national energy policy on the energy development of the country under efficient utilization of energy and energy resources and meeting the needs of the general public for electricity and heat energy and natural gas and solid fuels based upon general forecast energy balances and according to the Energy Strategy, adopted by the Council of Ministers.

(6) The Minister of Energy and Energy Resources publishes the energy policy in the bulletin under Article 4, para. 2, item 17, as well as on the official Internet page of the Ministry of Energy and Energy Resources.

Article 9

(1) Companies performing activities related to extraction, processing and trade with fuels, transformation, transmission, distribution and trade with energy and natural gas:

1. Develop studies and analyses, prepare short, medium and long-term forecasts of extraction, processing and trade with fuels and energy and adopt plans to secure these;
2. Prepare, at least once every two years, and submit to the Minister of Energy and Energy Resources plans for the rehabilitation, for measures to enhance the efficiency of existing generation capacity and networks, and for the construction of new capacities and networks and lowest costs. The plans shall include technological, economic, financial and environmental impact analysis and alternatives for energy savings.

(2) The forecasts under para. 1 herein above, including the preliminary studies and list of needed new generation capacity and networks, and natural gas storage facilities, shall be submitted as follows:

1. To the Minister of Energy and Energy Resources
2. To the State Energy Regulation Commission;
3. To the mayors of the respective municipalities in compliance with the obligations under para. 6;
4. To the transmission companies;
5. To the respective distribution companies.

(3) The content, structure, procedure and terms for providing the information under para. 1 are set in an ordinance of the Minister of Energy and Energy Resources.

Chapter Three

REGULATION OF ACTIVITIES IN THE ENERGY SECTOR

Section I State Energy Regulation Commission

Article 10

- (1) The State Energy Regulation Commission hereinafter referred to as the "Commission" regulates energy sector activities.
- (2) The Commission is an independent specialized state body - a legal person with a office located in Sofia.

Article 11

- (1) The Commission is a collective body, consisting of seven members, including a Chairman and a Deputy Chairman.
- (2) The Chairman, the Deputy Chairman and the members of the Commission are appointed and discharged with a resolution of the Council of Ministers and are appointed with an order of the Prime Minister.
- (3) The term of office of the members of the Commission is 5 years.

Article 12

- (1) Eligible for appointment to the Commission are physically able Bulgarian citizens educated at the university level with an educational qualification "master" degree and at least one of which shall be a legally competent lawyer and one economist:
 1. With professional experience and/or length of service of at least 10 years, of which at least three years in the energy sector;
 2. That has not been imprisoned for a premeditated offence.
- (2) Members of the Commission may not:
 1. Be sole traders, shareholders, partners, managers, procurators or members of management or supervisory bodies, as well as liquidators and consultants of commercial companies engaged in activities subject to licensing under this Law;
 2. Hold other paid office with the exception of academic research or teaching.
- (3) Members of the Commission may be discharged prior to the expiration of their term of appointment only:
 1. Upon resignation;
 2. Upon discovering discrepancies with the requirements to occupy under this Law;
 3. Upon factual impossibility to perform the duties for more than 6 months;
 4. When sentenced to a prison term for a premeditated offense.
- (4) In the cases under para 3, the Council of Ministers select a new Commissioner for the remainder of the original term of appointment.
- (5) The remuneration of the Members of the Commission is set as follows:
 1. For the Chairman – 93% of three average monthly salaries of persons employed under labor or service contracts in the public sector as reported by the National Statistical Institute;
 2. For the Deputy Chairman – 90% of three average monthly salaries of persons employed under labor or service contracts in the public sector as reported by the National Statistical Institute;

3. For other Members of the Commission – 85% of three average monthly salaries of persons employed under labor or service contracts in the public sector as reported by the National Statistical Institute;

Article 13

- (1) The Commission is a permanent body and is in session when at least four of the Members are present.
- (2) The Commission adopts decisions motivated by a written opinion, which are individual or common administrative acts, with a majority of at least 4 votes.
- (3) Commission sessions are open to the public, when reviewing applications or requests on:
 1. The issuance, revision, amendment, withdrawal and termination of licenses;
 2. Approval of prices proposed by the energy companies.
- (4) In certain cases the Commission may decide that the sessions under para. 3 be closed to the public and can be attended only by Members of the Commission and the parties in the proceeding.
- (5) The decisions of the Commission under para. 3 are announced in open sessions.
- (6) The Commission applies the procedural rules under this Law and in cases that are not regulated by them – the provisions of the Law on Administrative Procedure.
- (7) Decisions of the Commission, including silent refusal, are subject to appeal before the Supreme Administrative Court. Appeals do not suspend enforcement of the decisions.
- (8) The common administrative acts of the Commission that set the rules under this Law are promulgated in the State Gazette.

Article 14

- (1) The Commission conducts a procedure for public discussions with interested parties when developing drafts of the common administrative acts under in this Law, as well as when on other matters of public significance for the development of the energy sector.
- (2) Interested parties under para. 1 are the state bodies, the industrial branch organizations, the energy companies, the eligible consumers and the consumer organizations directly related to the developed draft.
- (3) The Commission discusses with the interested parties the basic principles proposed within the draft and sets a period for providing opinions on the proposed draft of not less than 14 days.
- (4) The Commission reviews all of the opinions submitted by interested parties and responds with opinions that are published on its the Internet page.

Article 15

- (1) The Commission publishes its policies and the practice in the implementation of its normative acts and opinions on their amendment in the bulletin published by the Commission or by other appropriate means.
- (2) The bulletin of the Commission is published every 6 months on the Commission Internet website.

Article 16

- (1) The Commission is supported by an administration.
- (2) The activities of the Commission, the structure and organization of its administration, are defined in an Organizational Charter adopted by the Council

of Ministers.

(3) The prohibitions pursuant to Article 12, para. 2, items 1 and 2 shall apply to persons employed within the specialized administration..

Article 17

The Members of the Commission, as well as employees of its administration, are obliged to abide by professional ethics rules adopted by the Commission.

Article 18

(1) The information accumulated, generated and safeguarded by the Commission for the purposes of regulation, which if disclosed may harm the commercial interests of the applicants and licensees, is classified information and shall be an official secret.

(2) Commercial information, subject to publication under this or under another Law, is not an official secret.

(3) Information that is an official secret may not be disclosed except to the judiciary or other public bodies pursuant to established legal procedures.

Article 19

(1) State bodies energy companies and public officials shall assist the Commission in the performance of its functions.

(2) The Commission may collaborate with persons representing and protecting consumers' interests in the performance of its functions.

Article 20

The Chairman of the Commission:

1. Organizes and manages the activities of the Commission and its administration according to this Law and the Commission's decisions;
2. Represents the Commission before third parties;
3. Appoints and dismisses the employees of the administration;
4. Submits to the Council of Ministers an annual report on the activities of the Commission;
5. Organizes the process for the drafting the budget and submits it for review and adoption by the Commission;
6. Is responsible for the implementation, completion and reporting of the budget of the Commission;
7. Submits the annual report and the periodic financial statements for adoption by the Commission.

Section II

Powers of the Commission

Article 21

In the regulation of the activities of generation, transmission and distribution of electricity, transmission and distribution of natural gas, trade with electricity and natural gas, generation and transmission of heat energy, the Commission:

1. Issues, revises, amends, suspends, terminates and withdraws licenses in the cases defined under this Law;
2. Adopts and publishes basic guidelines for its activities;
3. Drafts the secondary normative acts under this Law;
4. Approves the general terms of the contracts under this Law;
5. Exercises control in the cases provided for in this Law;

6. Performs price regulation in the cases provided for in this Law;
7. Sets the rules for trade with electricity and natural gas [Market Rules] and the technical rules for the networks [Grid Code], proposed by energy companies, and controls the compliance with these rules;
8. Adopts and controls the implementation of a methodology for setting of prices for balancing electricity as part of the rules for trade with electricity under item 7;
9. Sets the rules for access to the electricity and natural gas transmission networks, respectively to the electricity and natural gas distribution networks [Rules on Network Access];
10. Decides on the classification of the electricity lines, heat energy pipelines, natural gas pipelines and their ancillary facilities within the transmission or distribution networks proposed by the transmission or distribution companies and issues mandatory directives for their acquisition and/or providing access to them;
11. Carries out the tenders under Article 46;
12. Develops and controls compliance with the rules on supply of electricity, heat energy and natural gas to consumers, including the quality of service standards;
13. Reviews the requests of energy companies for compensation of nonrecoverable [stranded] costs and decides on the amount of the justified nonrecoverable costs, as well as on the manner of their compensation;
14. Issues certificates to producers for the origin of the commodity electricity that is generated from renewable energy resources and by way of cogeneration of electricity and heat energy;
15. Issues Green Certificates to producers of electricity utilizing renewable energy resources and generating electricity and heat energy in combined cycle method;
16. Sets according to a methodology adopted by the Commission the permissible allowances for technological losses of electricity in the process of its generation, transmission and distribution, in the process of generation and transmission of heat energy and in the process of transmission, distribution and storage of natural gas,;
17. Sets the availability and technical parameters for the generation of electricity under which producers may enter in transactions with eligible consumers, electricity traders and other producers pursuant to the conditions of the rules under Article 91, para. 2 or to participate in an organized market;
18. Approves the division, separation, consolidation or merger of energy companies licensed under this Law;
19. Approves the transactions with property utilized in the performing the licensed activities [Capital improvements and lending operations] in the cases provided for in this Law, as well as in other transactions that may affect the security of because of the indebtedness of energy companies;
20. Approves the draft annual budget of the Commission and the financial report of the Commission submitted by the Chairman and the report under Article 20, item 4;
21. Exercises other authorities provided by law.

Article 22

- (1) The Commission reviews complaints by consumers against licensees or by licensees against other licensees, related to performance of the licensed activity.
- (2) Upon receipt of a complaint, the Chairman of the Commission orders an

inquiry pursuant to the procedures of Chapter Eight.

(3) The Commission may facilitate a voluntary settlement to the dispute within two months of receipt of a complaint under para. 1. The Commission may extend this period for an additional two-month period if the subject of dispute requires collection of additional data and information.

(4) In cases where the dispute has been resolved through a written agreement between the parties to the dispute and any of the parties has failed to comply with its obligations under such agreement, the other party may seek resolution of the dispute that was subject of the agreement in a court of law.

(5) The procedure for the filing of complaints, their review by the Commission and for voluntary dispute settlement is regulated in the ordinance under Article 60.

Article 23

(1) In exercising its regulatory authority pursuant to this Law the Commission is guided by the following general principles:

1. Preventing and not allowing limitation or obstruction of competition within the energy market;
2. Balancing the interests of energy companies and consumers;
3. Providing for equal treatment of various categories of energy companies and between groups of consumers;
4. Creating incentives for efficient operation of regulated energy companies;
5. Creating incentives for the development of a competitive market for activities in the energy sector, conditions permitting.

(2) In the implementation of the principle under para. 1, item 1, the Commission may request that the Commission for Protection of Competition for initiation of proceedings under the Law on the Protection of Competition.

Article 24

(1) In implementing its authority under Article 21, item 17, the Commission follows the following principles:

1. Fair allocation of the economic consequences of the phased-in market opening among all parties to transactions with electricity;
2. Providing for equal conditions for participating in transactions at freely negotiated prices, as compared to the transactions to which the public provider or the public suppliers of electricity; are a party/
3. Providing for a balanced adjustment of end-user prices, taking into account the public service obligations of the public provider or the public suppliers.

(2) The conditions for the eligibility to participate in transactions pursuant to Article 100, para. 1 as well as the conditions on network access shall be defined with rules adopted by the Commission.

Article 25

(1) The Commission maintains public registers of:

1. Issued licenses, including a record of all licensees, licenses that are issued and other circumstances;
2. Issued certificates of origin, including a record of the principal of the generation capacity, as well as the quantities of electricity for which the certificate was issued and the period of generation;
3. Issued Green Certificates, including a record of the principal of the generation capacity as well as the quantities of electricity for which the certificate was issued and the period of generation;
4. Transactions with Green Certificates, including a record of the principal of

the Green Certificate, as well as its buyer and the quantity of electricity that was subject to the underlying transaction;

5. Licenses issued by the Commission under this Law.

(2) The circumstances subject to recording under para. 1, items 1 and 5, the procedure for entering a record in the register and obtaining information are defined with the ordinance under Article 60. The circumstances subject to recording under para. 1, items 2, 3 and 4, the procedure for entering a record in the register and obtaining information are defined out in the ordinance under Article 161, para. 4.

(3) Decisions of the Commission for issuing, revising, amending and terminating of licenses, as well as its decisions on the approval of prices are published in the bulletin of the Commission.

Section III

Financing of the Commission. Fees

Article 26

(1) The activities of the Commission and its administration are financed from the income specified under Article 27, para. 1.

(2) The Commission is a first-level spender of budgetary credits.

Article 27

(1) The income to the budget of the Commission is generated from:

1. Fees, collected by the Commission under Article 28 and any interest thereon;
2. Twenty percent of the fines and property sanctions provided for in this Law;
3. Gifts from persons not subject to licensing under this Law or their affiliates within the meaning of the Commercial Code.

(2) No gift may be accepted from persons that are subject to licensing under this Law or from their affiliates within the meaning of the Commercial Code.

(3) The funds under para.1 shall be expended for:

1. Financing the activities of the Commission and its administration, including the performance of studies, analyses and assessments associated with the regulatory activities under this Law;
2. Capital expenditure for the development of material assets;
3. Enhancing the qualification of the persons employed within the administration;
4. Supplementary monetary incentives pursuant to a procedure defined in the Organizational Charter.

(4) The funds under para. 3, item 4 shall be set in the amount of up to 25% of the annual payroll cost and shall be part of the budget of the Commission for that respective year.

(5) If the annual income from fees under this Law exceeds or are not sufficient to cover the necessary costs under the budget of the Commission for the following calendar year, the Chairman of the Commission may propose a reassessment of the size of collected fees.

Article 28

(1) In exercising its regulatory authorities the Commission collects fees for review of applications, issuance of certificates under this Law, sale of documents for tenders under Chapter Four, Section II and licensing fees.

(2) The amounts of the fees under para.1, the procedure and deadlines for

payment thereof are set in a tariff approved by the Council of Ministers upon a proposal from the Commission.

Article 29

(1) Fees for review of applications are paid upon their filing.

(2) Persons, obtaining licenses, pay licensing fees for each license issued, as well as for modifications to the licenses in the cases, listed in the tariff.

(3) Licensing fees are:

1. Initial – for issuance or modification of licenses, including the expenses for their preparation and expenses for the regulatory activity under the licenses until the end of the current year;

2. Annual - including expenses for the regulatory activity under the licenses for the respective year;

(4) Annual fees for the term of the license as well as for the terms of any extension thereof are paid by the licensee for every year following the year of its issuance.

(5) Licensing fees are determined depending on the type of licensed activity performed and are differentiated on the basis of criteria determined by the tariff under Article 28, para. 2.

Section IV

Price Regulation

Article 30

(1) The following prices are subject to regulation by the Commission:

1. At which producers sell electricity to the public provider and/or public suppliers;

2. At which producers sell heat energy to the heat transmission company;

3. At which the heat transmission company sells heat energy to consumers;

4. At which the public provider sells electricity to public suppliers, to consumers, connected to the transmission network and to the transmission, respectively the distributor company, in order to cover the technological costs of transmission;

5. At which the public provider sells natural gas to public suppliers of natural gas and to consumers connected to the natural gas transmission network;

6. At which public providers sell electricity and natural gas to consumers connected to the respective distribution networks or to public suppliers;

7. For transmission of electricity and natural gas to consumers through the respective transmission and/or distribution networks, except for the prices of transit transmission;

8. For connection to the networks;

9. For storage of natural gas.

(2) Prices of electricity under para. 1, items 1, 4 and 6 are subject to regulation until all consumers attain the status of eligible consumers.

(3) Prices of natural gas under para. 1, items 5 and 6 are subject to regulation until all consumers acquire the status of eligible consumers.

(4) Prices of energy, natural gas and services, provided by the energy companies, are not subject to regulation by the Commission, when the latter establishes the existence of competition creating prerequisites for free negotiation of the prices on market terms for the respective activity of the energy sector.

Article 31

In exercising its price regulation authority, in addition to the principles under Article 23, the Commission is also guided by the following general principles:

1. Prices shall be non-discriminatory, based on objective criteria and determined in a transparent manner;
2. Prices of energy companies shall recover the economically justified operational costs, including costs of:
 - a) Management, operation and maintenance of energy facilities;
 - b) Maintenance of reserve and regulating capacities, required for ensuring reliable supply to consumers;
 - c) Supply and maintenance of fuel reserves;
 - d) Repairs;
 - e) Depreciation;
 - f) Storage and processing of spent nuclear fuel and radioactive waste, decommissioning of nuclear facilities and nuclear safety.
3. Apart from the costs under item 2, prices shall include nonrecoverable costs related to the transition to a competitive energy market as well as costs resulting from meeting obligations towards the public, related to reliability of supply;
4. Prices must ensure an economically justified rate of capital return;
5. Prices for the individual groups of consumers shall conform to the costs of delivery of energy and natural gas to these consumers;
6. Avoidance of cross-subsidizing through the prices:
 - a) Between individual groups of consumers;
 - b) For integrated energy companies – between individual activities, subject to licensing under this Law and/or between activities, subject to licensing under this Law and other activities.

Article 32

(1) The Commission may regulate prices by determining an upper limit for prices or income by setting efficiency indicators for energy companies, indicators of comparability between them, for achievement of basis criteria.

(2) The Commission may determine:

1. Prices components reflecting the cost structure;
2. Time-of-the-day, seasonal and other tariff structures of prices in accordance with costs.

Article 33

(1) The Commission sets preferential prices for sale of electricity generated from renewable energy sources under Article 159, para. 2 and from cogeneration by plants with combined generation of electric and heat energy under Article 162, para. 2.

(2) Preferential prices under para. 1 are not set at less than 80 percent of the average selling price of electricity for the preceding calendar year for consumers, using electricity for household purposes.

(3) On the basis of the proposal of the respective heat transmission company, the Commission determines a preferential price for heat energy for the association under Article 151, para. 1.

Article 34

(1) Energy companies are entitled to lodge requests for recognition and compensation of non-recoverable costs.

(2) Nonrecoverable costs are the costs resulting from investments made and/or

transactions concluded prior to coming into force of this Law by energy companies, which cannot be recovered as a result of the establishment of a competitive electricity market.

(3) Energy companies under para. 1 submit applications to the Commission for recognition of costs as nonrecoverable and establishment of the amount thereof. Applications shall be accompanied by evidence of the grounds for incurring such non-recoverable costs and the amount thereof.

(4) The Commission determines the maximum total amount and term for compensation of recognized non-recoverable costs for each individual company.

(5) The Commission, guided by the principles under Article 23 and taking into account the changes in competitive conditions:

1. Recalculates annually the maximum total amount of the compensation, related to non-recoverable costs;
2. Defines the volume to be reimbursed for the respective period;
3. Allocates them among the respective energy companies.

(6) The mode of compensation of non-recoverable costs will be determined in the Ordinances under Article 36, para. 3.

(7) Compensation of non-recoverable costs is effected by all consumers in a non-discriminatory and transparent manner.

Article 35

(1) Energy companies have the right to request the reimbursement of expenses, resulting from obligations towards the public, imposed on them, including those related to reliability of supply, environment protection and energy efficiency.

(2) The following are treated as expenses under para.1:

1. Resulting from obligations to buy out electricity from producers, winners in tenders under Article 46;
2. Resulting from obligations to generate electricity using local primary energy sources under Article 4, para. 2, item 8;
3. Resulting from obligations to buy out electricity at preferential prices under Article 159 and Article 162;
4. Other additional obligations.

(3) Energy companies under para. 1 submit periodically to the Commission applications for compensation of such costs. The application shall be supported by evidence of the legal grounds and the amount of these costs.

(4) The Commission determines the volume of reimbursement for each individual company and the overall volume to be reimbursed during the respective period.

(5) The manner of compensation for costs, resulting from obligations towards the public, is set in the ordinance under Article 36, para. 3.

(6) Compensation for costs, resulting from public obligations shall be by all consumers in a nondiscriminatory and transparent manner.

Article 36

(1) Prices that are subject of regulation are formed by the energy companies in compliance with the requirements of this Law and the ordinances under para. 3. The instructions, adopted by the Commission, are obligatory for to the energy companies.

(2) The Commission defines a transitional period for the electricity prices to consumers, during which prices are designed to conform to the costs of production, transmission and distribution of electricity.

(3) The methods of price regulation, the rules for price formation or setting and modification, the procedure for providing information, the procedures for the

presentation of proposals on prices and their approval is set in ordinances on electricity, heat energy and natural gas adopted by the Council of Ministers upon proposals of the Commission.

Section V Separate Accounting

Article 37

(1) Energy companies keep separate accounts of:

1. Each activity, subject to licensing under this Law;
2. Activities, subject to licensing under this Law and other activities;
3. Each industrial branch or company;
4. Activities in the cases of regulated and freely negotiated prices.

(2) The rules for keeping separate accounts by energy companies, including assets for the purposes of pricing by groups of consumers, as well as the form and content of the financial statement for regulatory purposes are set with a decision of the Commission under the terms of the ordinances under Article 36, para. 3.

Article 38

(1) Energy companies must submit to the Commission, on an annual basis, the following:

1. Their annual financial statements, including the annexes thereto in accordance with the Accountancy Law, as well their annual audit reports;
2. Reports by types of activity.

(2) Energy companies are obliged, at the request of the Commission for the purposes of price regulation, to submit to it the entire accounting documentation and technical and economic information, including contracts concluded.

Chapter Four LICENSES

Section I Issuance of Licenses

Article 39

(1) Activities, subject to licensing under this Law, are:

1. Generation of electricity and/or heat energy;
2. Transmission of electricity, heat energy and natural gas;
3. Distribution of electricity or natural gas;
4. Storage of natural gas;
5. Trade in electricity;
6. Organizing an electricity market;
7. Public delivery of electricity or natural gas;
8. Public supply of electricity or natural gas;
9. Transit transmission of natural gas.

(2) The license authorizes performance of any of the activities under para. 1, subject to the conditions stated therein and constituting an integral part of the decision for its issuance.

(3) Where a license is issued for performance of any of the activities under para. 1 before building the energy facility required for it, the license contains conditions for building such facility and deadlines for start-up of the licensed activity.

(4) Issuance of a license is not required for:

1. Generation of electricity by persons who own an electricity plant of a total installed electric capacity of up to 5 MW;
2. Generation of heat energy by persons who own a heat energy plant of a total installed heating capacity of up to 5 MW;
3. Generation of heat energy for own use only.

Article 40

(1) A license is issued to a legal person registered under the Commercial Code that:

1. Has the technical and financial capabilities, material and human resources and organizational structure needed to meeting the regulatory requirements for performance of the licensed activity;
2. Has a property right to the energy facilities, by means of which the activity is to be performed, if these are built, except for the licenses under Article 39, para. 1, items 5, 6, 7 and 8;
3. Provides evidence that the energy facilities, by means of which the activity under the license is to be performed, meet the regulatory requirements for safe operation and environment protection.

(2) The terms under para. 1, items 1-3 shall be fulfilled by the time of start-up of the licensed activity, where the license is issued pursuant to Article 39, para. 3.

(3) Licenses are not issued to persons that:

1. Are subject to bankruptcy adjudication proceedings or are declared insolvent;
2. Are in the process of liquidation;
3. Have had a license for the same activity withdrawn or issuance thereof has been denied, and the period under Article 59 para. 3 or under Article 41, para. 4 have not yet expired.

(4) Licenses shall not be issued if there is a risk for the endangering the life and health of citizens, of damages to third parties' property and of the interests of consumers, of disturbing the reliable supply of electricity and heat energy and natural gas.

(5) In cases where one and the same person performs more than one of the activities subject to licensing separate licenses shall be issued for each of the activities. The Commission ensures that there are no conflicts in the regime for the performance of the individual licensed activities.

Article 41

(1) The procedure for issuance of a license is initiated upon a written application supported by all documents, required for issuance of a license.

(2) In the event that the licensed activity is performed at prices, subject to regulation under this Law, an application for their approval is attached to the application under para.

(3) Within three months of submission of the application under para. 1 and para. 2, the Commission issues a license or denies, in a reasoned manner, the issuance of a license and approves or determines the respective prices.

(4) In cases where the Commission denies the application, the applicant may submit a new request for issuance of a license not earlier than 3 months

following the decision for refusal or, respectively, effectiveness of the court ruling, whereby any appeal is rejected for lack of merit.

Article 42

(1) Licenses are issued for a term not exceeding 35 years in accordance with the requirements of the ordinance under Article 60.

(2) The term of validity of a license may be extended for a period not exceeding the term stated in para. 1 above, provided that the licensee meets all requirements of this Law and all obligations and requirements under the license and has submitted a written request for an extension at least one year prior to the expiration of the term of the original license.

(3) In the decision to extend the term under para. 2, the Commission also determines the conditions for performance of the activity for the new license term.

Article 43

(1) Only one license is issued for the territory of this country for:

1. Transmission of electricity or of natural gas;
2. Organizing an electricity market;
3. Public delivery of electricity or natural gas;

(2) Only one license is issued for one differentiated territory for:

1. Distribution of electricity or natural gas;
2. Public supply of electricity or natural gas;
3. Transmission of heat energy.

(3) A differentiated territory for distribution of electricity comprises at least 150`000 consumers connected to the adjoining distribution network and its boundaries include at least one region of the administrative territorial division of this country.

(4) A differentiated territory for distribution of natural gas comprises at least 50`000 consumers, which can be connected to the adjoining distribution network and its boundaries are determined by the inventory under Article 4, para. 2, item 6.

(5) A differentiated territory for transmission of heat energy is determined according to the provisions of the approved town development plans and schemes of the settlement.

(6) Para. 4 does not apply only if:

1. An interest has been stated to supply with gas a territory outside the inventory under Article 4, para. 2, item 6; and
2. No application for the gas supply of the territory under item 1 has been filed with the Commission.

(7) In cases under para. 6, the territory that is subject to investment interest is differentiated as an independent territory for natural gas distribution. The license for this territory is issued to the interested investor without a competition and under the terms of Section I, Chapter Four and the Ordinance under Article 60 after coordinating it with the respective municipality.

(8) If more than one application has been filed for the territory under Article 6, the Commission holds a tender under the terms of Section II, Chapter Four and the Ordinance under Article 60.

Article 44

(1) The person, to whom a license for electricity transmission is issued, may not obtain a license for another activity, subject to licensing under this Law, except

for a license for organizing an electricity market.

(2) The person, to whom a license for natural gas transmission is issued, may not obtain a license for another activity, subject to licensing under this Law, except for a license for storage of natural gas and a license for transit transmission of natural gas. The person, to whom a license for transmission of natural gas was issued, may not engage in natural gas trade.

(3) Persons, to whom licenses for distribution of electricity or of natural gas are issued, may not obtain licenses for other activities, subject to licensing under this Law.

Article 45

A license defines:

1. The name of the licensee;
2. The activity, for which the license is being issued;
3. Facilities, by means of which the licensed activity is to be performed;
4. Territorial scope of the license for the activities, for which it is required;
5. The license term;
6. Types of insurance, risks covered and the amount of insurance cover, which the licensee is obliged to maintain as long as it performs the licensed activity;
7. Requirements for decommissioning of the energy facilities, by means of which the activity is performed;
8. Any other special regulatory requirements, related to performance of the activity under the license.

Section II

Tenders

Article 46

(1) Licensee having the obligation to construct new generation capacity is selected by a tender only in cases where a need for a new electricity generation capacity, is established and made public under the procedure of Article 4, para. 2, item 5.

(2) Holders of licenses for distribution of natural gas for differentiated territories, determined by the inventory under Article 4, para. 2, item 6, are selected by way of tenders.

(3) Winners in tenders under para. 1 or para. 2, are issued licenses under Article 39, para. 3.

(4) Where the winner in a tender is a foreign person, the license is issued to a company, registered under the Commercial Code, where the foreign person holds at least 67% of the capital of the company. Such a person may not transfer its share in the licensee company to a third party before start-up of the licensed activity.

(5) The public provider concludes contracts for buying out electricity with the winner in the tender under para. 1

Article 47

(1) The tender is announced by the Commission in accordance with the inventory under Article 4, para.2, items 5 or 6 and is held under terms and procedures, determined in the ordinance under Article 60.

(2) The tender documentation is prepared in accordance with the ordinance under Art 60 and endorsed by the Commission. The tender documentation

includes a draft license and in the case under Article 46, para. 1, also drafts power purchase contract.

(3) The tender is announced by decision of the Commission, published in the State Gazette not later than 6 months before the deadline for submission of applications for participation in the tender. The decision of the Commission for announcement of the tender may be appealed only with the decision for announcing the winner of the tender.

Article 48

In cases where no application or only one application is received within the deadline for submission of applications for participation in the tender, such deadline may be extended by a period not exceeding 60 days as of the date of publication of the notice of extension in the State Gazette. In such a case the date of holding the tender is also changed.

Article 49

(1) The Commission appoints by resolution a tender committee for holding the tender, chaired by a member of the Commission. It includes also employees from the administration of the Commission and depending of the subject of the tender – representatives of interested municipalities and organizations as well.

(2) The tender committee reviews and evaluates the proposals of the candidates and proposes to the Commission to take a decision for determining the winner of the tender.

(3) Within 14 days o receipt of the proposal of the tender committee, the Commission ranks the candidates and determines, by its reasoned decision, the winner of the tender and notifies the candidates thereof.

(4) The Commission issues the license to the winner of the tender within 14 days of the effective date of the decision under para. 3.

Article 50

(1) The Commission cancels the tender and announces a new one, where:

1. Only one candidate has applied, or;
2. The candidates' proposals do not meet the tender requirements.

(2) In the event that, after a repeated announcement of the tender only one candidate applied, the Commission declares it a winner, provided that it meets the tender requirements.

Section III

Revisions, Amendments, Termination and Withdrawal of Licenses

Article 51

(1) A license may be amended and/or supplemented by decision of the Commission:

1. At the request of the licensee;
2. Upon the Commission's initiative.

(2) The Commission is entitled to initiative for revision and/or amendment of a license issued in the following cases:

1. In order to ensure reliability or uninterrupted and high-quality supply to consumers of heat energy and natural gas;
2. In case of changes in the governing legislation;
3. To ensure national security and public order in coordination with the respective competent state bodies;

4. In case of risk to life and health of citizens, of damage to the environment or of property of third parties, when it is not necessary to withdraw the license and/or upon proposal of specialized state bodies in pursuant to their legal authority;

5. In the event of authorization of corporate transformation of a licensee or a capital improvement transaction, when these actions do not require the termination of the license.

(3) The Commission informs the licensee in writing of the initiation of a procedure under para. 2 for the revision and/or amendment the license. The licensee may submit, within 14 days, a written statement regarding the grounds for the revision and/or amendment the license.

(4) The Commission revises and/or amends the license after expiry of the deadline under para. 3.

(5) The licensee may also request revision and/or amendment of the license with respect to the utilized primary energy sources and/or the technology of energy transformation.

(6) The holder of a license under Article 39, para. 3, issued after a tender, may request revision and/or amendment thereof before engaging in the licensed activity only in case of events beyond its control.

Article 52

(1) The Commission authorizes the transformation of a licensee by consolidation, merger, separation, division, and division to form a sole trader company or change in the legal form in cases where the entity that will perform the licensed activity after the corporate transformation, meets the requirements for issuance of a license for the activity.

(2) In the cases under para. 1 the Commission revises or terminates existing licenses and/or issues new licenses on a case-by-case basis within a month after the application was submitted. The termination, amendment or issuance of a license is effective as of the date of entering the transformation on the company register.

Article 53

(1) Transactions on capital improvement with uncompleted construction projects or with property by means of which the activities under the license are performed, may take place only in their entirety, with the permission of the Commission, including cases of declaring a licensee insolvent.

(2) In the cases under para. 1, when the license is issued for generation of electricity and/or heat energy and the activity takes place using generation capacities (units), which can technologically be operated independently from each other, an individual unit may be subject of a deal. In such a case the original license is modified or supplemented.

(3) When termination or modification of a license under para. 1 or para. 2 could lead to disturbance of the reliability of supply of electricity, or heat energy or of natural gas, the Commission authorizes finalization of the deal of disposal, in case the transferee under such a deal has submitted an application and meets the requirements for issuance of a license for the respective activity. The license issued to the transferee enters into force as of the date of the transfer deal.

(4) When termination or amendment of a license under para. 1 or para. 2 does not affect the reliability of supply, the Commission may authorize finalization of the capital improvement transaction regardless of whether the transferee has submitted an application for issuance of a license.

- (5) The Commission also issues a license in the cases of pledge or mortgage on the property by means of which the licensed activity is being performed.
- (6) No permit is required in cases of replacement or modernization or when such a permit does not lead to change of the terms, under which the licensed activities are performed.
- (7) Any transactions concluded in violation of the preceding paragraphs shall be declared null and void by the Courts upon a request of the Commission, the prosecutor or any interested party.
- (8) The Commission reviews the requests under paragraphs 1-4 within three months of submission of the application, and under para. 5 - within one month.

Article 54

- (1) In the case of privatization of a separated part of an energy company, permission under Article 53 is not required.
- (2) The Commission issues a license to the transferee under the privatization deal under para. 1, if the transferee has requested issuance of a license for the respective activity and meets the respective requirement.

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Article 55

- (1) A license is terminated by decision of the Commission:
1. At the request of the licensee, including the case of transfer of the property by means of which the licensed activity is being performed, under the terms of Article 53;
 2. In case of loss or destruction of the energy facility by means of which the licensee performs its activity;
 3. In case of corporate transformation of the licensee, where the transformation leads to dissolution of the legal entity, which is holder of the license;
 4. Entry into force of a court ruling for declaring the licensee insolvent or of the order for termination of activities, due to declaration of liquidation of the licensee beside the cases under Article 61.
- (2) The Commission may, upon written notification, terminate the license for the entire or part of the territory under it, should the licensee fail to exercise the licensed activity for a period in excess of one year.
- (3) The license is terminated upon expiry of its term, except in the cases under Article 56.
- (4) The decision to terminate the license is a precondition for review by the respective court of a request for entering of liquidators in case of dissolution of the legal person, holder of the license.
- (5) In cases of termination of the license under para. 1, item 1 and para. 2 under terms set out in the Ordinance under Article 60, the Commission has the right to oblige the licensee to transfer to a third party the property by means of which the licensed activity is performed, in its entirety or to institute a right of use thereof, in the event that the transferee under this deal is a licensee or has submitted an application and meets the requirements for issuance of a license for the respective activity. In the event that, within one month of termination of the license, the licensee fails to transfer its property or to institute a real right of use, respectively the provisions of Article 56, para. 4-11 apply.

Article 56

- (1) At least one year before the expiration of the term of the license, the licensee is obliged to:

1. submit an application for the extension of its term, or;
 2. inform the Commission that it will not perform the licensed activity after expiration of the term of the license.
- (2) In cases where, after the expiry of the term of the license, the energy facility by means of which the licensed activity was performed, is subject to final decommissioning for technical reasons, the Commission extends the term of the license until the final decommissioning of the energy facility.
- (3) In the case under para. 1, item 2 above, or in the case of the Commission's refusal by to extend the term of the license, if termination of the licensed activity could lead to disturbance of the reliability of supply of electricity or heat energy or natural gas to consumers, or a risk for the national security and public order could arise, the licensee is obliged to transfer to a third party its property or to institute a right of use over the property by means of which the licensed activity has been carried out solely in its entirety, under the terms of Article 53, para. 1 and para. 3.
- (4) In cases where the licensee fails to fulfill its obligations under para. 3 not later than 60 days prior to expiry of the license term or the Commission declines to authorize the deal of disposal, the Commission appoints a special commercial administrator, who:
1. accepts against a checklist the facilities by means of which the licensed activity was performed, where the latter are transferred under his management, as of the first day following expiry of the license term, and;
 2. continues performance of the licensed activity at the expense of the licensee until transfer of ownership over the energy facilities and selection of a new licensee.
- (5) The special commercial administrator is selected by mutual consent of the licensee and the Commission not later than 30 days prior to expiry of the license term. In case no agreement is reached, the Commission appoints the special commercial administrator. The decision of the Commission may be appealed before the Supreme Administrative Court.
- (6) The special commercial administrator has the right to perform only activities and transactions, directly related to the licensed activity and has no right to alienate or burden with encumbrances real estate, as well as to conduct activities, determined by the Commission in the act of appointment.
- (7) The name and address of the special commercial administrator appointed are entered into the commercial register at the request of the Commission Chairperson and are promulgated in the State Gazette.
- (8) After entering the special commercial administrator into the commercial register, the managerial bodies of the licensee may conduct only activities, related to the preparation and conclusion of disposal deals under para.3.
- (9) In cases of appeal against a refusal on the part of the Commission, the licensee continues to perform the activity until the final ruling of the court on the petition.
- (10) Establishment of the circumstances under para.3 takes place in coordination with the respective competent state authorities.
- (11) Persons meeting the following requirements, may be appointed special commercial administrators:
1. of higher education and having professional experience in management of energy companies;
 2. not convicted after reaching voting age of premeditated crimes of general nature, unless vindicated;
 3. having no relations with the licensee, that give grounds for reasonable doubt

in their impartiality.

Article 57

(1) In cases where a licensee requests termination of the license prior to expiry of its term and in cases where termination of the licensed activity could lead to disturbance of the reliability of supply of electricity or heat energy or natural gas to consumers, or a risk for the national security or public order could arise, the same is obliged to continue to perform the licensed activity until issuance of a new license to another person under the procedure of Article 56, para. 3.

(2) If, during the term of notice whereby the licensee has requested termination of the license, no new licensee is selected under the procedure of para. 1, the procedure under Article 56, para.s 4, 5, 6, 7, 9 and 11 respectively, applies.

Article 58

(1) In case of submission of an application with a request for termination of a license, issued after a tender, the Commission evaluates the request, in view of the needs of the overall forecast energy balance of this country and the secure and reliable supply of energy and natural gas to consumers.

(2) The holder of a license selected by tender may submit a request for its termination in the case that it has transferred the uncompleted construction site to a third party, under the terms of Article 53, para. 1.

Article 59

(1) After a written warning with a fixed deadline, the Commission withdraws the license:

1. in case the licensee fails to perform or violates its obligations under Chapter Six and Chapter Seven;
2. in case the licensee fails to perform or violates its obligations under the license issued;
3. in case the licensee fails to perform within the prescribed deadline or violates instructions of the control bodies of the Commission or compulsory administrative measures, imposed by the Commission;
4. in case the licensee has submitted incorrect data, which have served as grounds for issuance of the license.

(2) The license is also withdrawn, when a license for operation of a nuclear facility, issued under the Safe Usage of Nuclear Power Law, is withdrawn from the licensee by an administrative Law, which has entered into effect.

(3) The Commission may withdraw a license for distribution of natural gas, issued the basis of a tender, for the entire or part of the territory under it, in case of the licensee's failure to build, within the deadline specified in the license, the respective gas distribution network indicated in his tender proposal. In such a case a new tender is held under the procedure of this Law for the territory vacated.

(4) The decision for withdrawal of a license specifies a time period, during which the person may not apply for issuance of a new license for the same activity.

This time period shall not be less than 2 years.

(5) Withdrawal of a license does not preclude administrative and penal prosecution for violations committed, if the respective preconditions exist.

(6) By its decision for withdrawal of a license the Commission appoints a special administrator having the powers under Article 56, para. 4, until the final ruling of the Supreme Administrative Court, in the event of appeal.

Article 60

The terms and procedure for issuance, modification, supplementing, termination and withdrawal of licenses, for issuance of permits under this Chapter, for approval of the general terms of contracts under this Law, for supply of electricity, heat energy and natural gas, as well as for voluntary dispute settlement under para. 22, are determined by an Ordinance, adopted by the Council of Ministers, Lawing on proposal from the Commission.

Article 61

Relations in regard to bankruptcy or insolvency of an energy company holding a license for transmission of electricity, heat energy and natural gas, distribution of electricity or natural gas, as well as to persons holding licenses for activities using facilities from the list of strategic capacities of national importance to the energy sector of this country, as approved by the Council of Ministers, for public delivery or public supply of electricity or natural gas, are regulated by a special Law.

Chapter Five REAL RIGHTS

Section I

Building Tenancy. Appropriation

Article 62

(1) Whenever the construction or expansion of site energy facilities or parts thereof is carried out on land in private state ownership or private municipal ownership, the competent state or municipal authorities, acting on proposal by the Minister of Energy and Energy Resources, establish in favor of the energy companies, against payment, building tenancy on the respective terrains without public tender or competition.

(2) If required to carry out the construction or expansion of site energy facilities or parts thereof on land in private ownership, the energy company must acquire in advance and against payment a title or a building tenancy over the land required for construction of the facility.

Article 63

(1) In case of refusal or of impossibility to implement the activities under Article 62, para. 2, for reasons beyond the control of the energy company, the property is appropriated in favor of the state.

(2) Any appropriation under para. 1 takes place in accordance with the terms and procedure under the State Property Law.

(3) The energy company may use the property only for the purposes of appropriation.

Section II

Covenants

Article 64

(1) When expanding existing and building new overhead and subsurface underground electricity lines, heating mains and gas pipelines, covenants emerge in favor of the energy companies. Covenants under this Law are reflected in the cadastre and are entered in under the terms and procedure of the Cadastre and Property Register Law.

(2) Covenants under this Law are:

1. Rights of passage of persons and machinery in favor of the energy company;
2. Rights of building overhead and underground electricity lines, heating mains and gas pipelines in favor of the energy company;
3. Restrictions on the usage of land property, adjacent to the energy facilities.

(3) In the course of exercising covenants:

1. The energy company acquires the right to:
 - a) Build overhead and underground electricity lines, heating mains and gas pipelines in favor of the energy company;
 - b) Their representatives may enter and pass through the service landed properties and perform activities therein through its representatives, related to operation of energy facilities, including right of passage of machinery through the service landed properties in connection with the building and servicing of underground ducts;
2. The following are not allowed when using the service landed properties:
 - a) Development or plantations of perennial plants in the covenant strip, determined by the Ordinance under para. 9;
 - b) Construction of ducts of other technical infrastructure networks except for the cases, when this is allowable under a regulatory Law while observing the respective technical requirements;
3. Changes in the ownership of the property do not terminate the validity of covenants either in regard to the primary, or the service property;
4. Covenants are indivisible rights; they may be exercised entirely in favor of any portion of the dominant property and represent entirely a burden on any part of the service property, even if the two are separated;
5. A covenant may be used only for the needs of the dominant property;
6. The owner of the service property may not move the covenant.

(4) Covenants under para. 2 arise when:

1. A detailed town development plan is in effect, whereby the location of the respective properties is determined, and;
2. One-time compensation is paid to the owner of the property, over which the covenant has emerged.

(5) The holder of the covenant pays the owner of the land a one-off compensation.

(6) Determination of the amount of indemnities under this Chapter takes place in accordance with the procedure under Article 210 and Article 211 of the Territory Development Law.

(7) The energy company exercises easements in accordance with the technical requirements of the Ordinance under para. 9.

(8) In case the covenant zone falls within a property, over which a building right tenancy is instituted in favor of the energy company, the covenant over the property is agreed in the Law of building tenancy institution.

(9) The size, location and special regime of exercising the covenants are individual for the different types of energy facilities and are determined under a procedure and in a manner, envisaged in an Ordinance, issued by the Minister of Energy and Energy Resources, the Minister of Agriculture and Forestry and the

Minister of Regional Development and Public Works.

Article 65

(1) The amount of the compensation under Article 64, para. 5 is determined applying the following criteria:

1. The surface of any land property of another included within the covenant boundaries;
2. The types of use restrictions;
3. The term of the restriction;
4. Fair market value of the property or the portion thereof, falling within the boundaries of covenant.

(2) Regardless of any compensation under para. 1, the energy company is obligated to repair all damages, caused to the property or pay a respective monetary compensation.

Article 66

The types and locations of the energy facilities and of the areas of the service land property, included within the covenant boundaries under this Law, are determined in master and detailed town development plans.

Article 67

(1) Representatives of the energy companies and officials, exercising control under this Law, may enter and pass through another's property and perform activities therein, related to operation of the energy facilities or to control over them.

(2) Energy companies are entitled to make free use of bridges, roads, streets, sidewalks and other property in public ownership for building, connection, passage and maintenance of overhead and underground electricity lines, heating mains, gas pipelines, water pipelines for energy purposes and oil pipelines, while assuring technical safety and taking measures for prevention of damages.

(3) Energy companies make free use of sections of buildings for mounting metering devices and other installations, related to delivery of electricity, and heat energy and natural gas.

(4) Owners of the properties under para. 1-3 are entitled to compensation for damage inflicted.

Article 68

(1) Where owners, users or lessees of the property perform unauthorized building development, enclosure, planting or any other violation of the regime for exercise of covenants, the energy company has the right to approach the competent bodies with a request to remove illegal construction at the expense of the owners, users or lessees, if the same fail to remove it within the deadline, set by the energy company.

(2) In the cases under para. 1 the energy company does not owe compensation for damage inflicted.

Chapter Six OBLIGATIONS TO THE PUBLIC

Article 69

Energy companies are obliged to perform their activities in the interests of public and of individual consumers and in accordance with the requirements of this Law and other normative acts, ensuring the security of supply, the non-interruption and the quality of electricity and heat energy and natural gas, the efficient utilization of fuels and energy, the protection of the environment and the safeguarding of the life, health and property of citizens.

Article 70

(1) The Minister of Energy and Energy Resources may impose additional obligations on energy companies to serve the public.

(2) Additional obligations under para. 1 are imposed, when related to:

1. Non-interruption of supply of electricity and heat energy and natural gas, and:

2. Protection of the environment – in coordination with the Minister of Environment and Water.

(3) Additional obligations under para. 1 are imposed by an order, containing:

1. The person on which it is imposed;

2. The content of the obligation;

3. The deadline and terms under which the obligation must be fulfilled;

4. Other terms.

(4) Any supplementary costs, incurred by the energy companies under para. 3, are treated as expenditure under Article 35.

Article 71

The energy companies for transmission of electricity and heat energy and natural gas or for distribution of electricity and natural gas, which provide a generally available service and which have a dominant position on the market, within the meaning of the Law on the Protection of Competition, are subject to its provisions as long as this does not prevent them, legally or in fact, from performing the obligations that assigned to them.

Chapter Seven SCHEDULED OUTAGE REGIME, TEMPORARY INTERRUPTION OR LIMITATION

Article 72

(1) A scheduled outage regime for the supply of electricity, heat energy or natural gas may be introduced whenever limitation or interruption of the supply is necessary for a duration exceeding 48 hours on the territory of the entire country or part of it, as a result of:

1. Force majored circumstances;

2. In case of or for prevention of breakdowns of facilities for generation and transmission of electricity, heat energy or natural gas and for distribution of electricity and of natural gas;

3. A lasting shortage of power generation facilities or energy carriers;

4. Regulatory measures of State authorities with respect to war-time preparations or in case of hostilities;

5. Terrorist acts.

(2) The body competent to make decisions for introducing a scheduled outage regime on the territory of this country is the Minister of Energy and Energy Resources.

(3) The mayors determine the scheduled outage regime of heat energy and natural gas on the territory of the municipality after coordination with the Minister of Energy and Energy Resources, in accordance with the Ordinance under Article 74, para. 1 above.

(4) The introduction of the scheduled outage regime or of the scheduled outage terms under para. 1-3 above are announced by the Minister of Energy and Energy Resources in the mass media.

Article 73

(1) The operators of the electricity grid, the heat energy transmission system, the gas transmission network or the operator of the respective distribution network may order temporary interruption or limitation of generation or supply of electricity, heat energy or natural gas, without prior notification to producers and consumers:

1. In case of or for prevention of breakdowns;
2. When human health or life are endangered;
3. When the integrity of the electricity grid, the heat energy transmission system or the gas transmission network are endangered;
4. In case of risk of substantial material damage to the system, respectively to the network or to consumers;
5. In case of risk of environment pollution in excess of admissible levels, at the proposal of the competent bodies under Article 11, para. 1 of the Environment Protection Law;
6. In the event of limitation of supplies of natural gas for reasons beyond the control of the transmission company.

(2) The operators under para. 1 are obliged to notify in advance producers and consumers of the time and duration of the interruption or limitation when performing repair works, operating switchovers, commissioning of new plants and other such activities, subject to scheduling.

(3) The duration of the interruption or limitation under para. 1 may not exceed 48 hours.

Article 74

(1) The procedure for introduction of the scheduled outage regime, the temporary interruption or limitation of generation or supply of electricity, heat energy and natural gas are determined in an Ordinance, issued by the Minister of Energy and Energy Resources.

(2) Energy companies are not liable to pay compensation for damages, caused by a scheduled outage regime, temporary interruption or limitation of generation or supply of electricity, heat energy and natural gas except for the cases, when breakdowns or lasting shortages have occurred through their fault.

Chapter Eight **CONTROL IN THE ENERGY SECTOR**

Article 75

(1) The Minister of Energy and Energy Resources exercises advance, current and follow-up control over:

1. The technical condition and the operation of power generation facilities as well as of the power installations and facilities, owned by consumers;
2. Implementation of the procedure and technical terms for heat energy supply, termination of heat energy deliveries and share allocation of heat energy;
3. Compliance with the obligation for raising and maintenance of fuel reserves required for secure and uninterrupted energy supply;
4. Readiness of the energy facilities to operate in crisis situations and in war-time;
5. Compliance with the obligations under this Law to provide information to the Ministry of Energy and Energy Resources.

(2) The Commission exercises control over:

1. Compliance with the terms of the issued licenses
2. Application of the prices under Article 30, para. 1;
3. Fulfillment of the obligation of each electricity producer for generation of electricity from renewable energy sources and from combined generation of heat energy and electricity in accordance with the mandatory quotas set out by the Minister of Energy and Energy Resources under Article 161, para. 2 and Article 163, para. 2.

Article 76

(1) The Commission controls conformity of the licensing activities performed with the terms of issued licenses.

(2) The Commission exercises preventive, current and follow-up control.

(3) The Commission exercises preventive control by the procedures for issuance of licenses under this Law.

(4) The Commission exercises current control for conformity of the licensed activity performed with the terms of license, including:

1. Compliance with the requirements for reliability of supplies of electricity, heat energy and natural gas and for efficient use of energy and energy resources;
2. Compliance with the obligations for providing access to the networks;
3. Application of the prices, endorsed by the Commission;
4. Performance of or readiness to perform additional obligations for termination of the licensed activity after expiry of the license term or its termination, as well as for decommissioning of the energy facilities;
5. Compliance with the obligations to insure the property, used for performance of the licensed activity or to meet the financial security obligations;
6. Compliance with the obligations to provide information to the Commission;
7. Compliance with the obligations to provide information to the respective system operator;
8. Checking the grounds for complaints and signals against energy companies, including violations of contract, non-compliance with obligations for interconnection of producers and consumers to the networks or interruption of energy or natural gas supply;
9. Other terms, indicated in the license.

(5) The Commission exercises follow-up control over the implementation of recommendations and instructions, issued to licensees.

Article 77

(1) In the course of exercising its powers of control, the Minister of Energy and Energy Resources:

1. Carries out inspections through persons authorized by it;
2. Notifies the specialized control bodies with a view to taking measures within the scope of their competencies;
3. Imposes compulsory administrative measures and administrative penalties, envisaged in this Law.

(2) In the course of exercise of its control powers the Commission:

1. Carries out inspections through persons, authorized by it;
2. Notifies the specialized control bodies with a view of taking measures within the scope of their competencies;
3. Suspends the validity of, modifies or withdraws issued licenses;
4. Imposes compulsory administrative measures and administrative penalties, envisaged in this Law.

(3) The Minister of Energy and Energy Resources, respectively the Commission, are entitled to demand from persons inspected information regarding their activities, the documents in regard to implementation of control and, where required – to ask the specialized control bodies for assistance.

Article 78

(1) Persons, conducting inspections and drawing up statements of violations committed, are nominated with an order of the Minister of Energy and Energy Resources or the Chairman of the Commission in accordance with their competencies under this Law.

(2) The persons under para. 1, hereinafter referred to as “control bodies”, are entitled to:

1. Free access to the persons, controlled by them and to facilities for inspections;
2. Request the required data, information, explanations, including to perform or to assign performance of expert assessments, measurements and tests for clarifying the technical status and operational conditions of the facility, including personnel qualifications, by the respective officials, as well as any other information, relevant to ensuring compliance with the license terms;
3. Carry out counter-investigations and demand data and documents from third parties, required for such counter-checks;
4. Make proposals for issuance of mandatory instructions;
5. Submit proposals for imposing compulsory administrative measures and administrative penalties.

(3) The person inspected is obliged to provide all conditions, required for the normal conduct of the inspection and render assistance to the control bodies, by:

1. Providing a location for conduct of the inspection or appearing at the headquarters of the Ministry or respectively the Commission;
2. Appointing its employees as contact persons or for rendering assistance to the officials, conducting the inspection;
3. Providing access to official premises;
4. Providing all accounting, commercial and other documents, required for the establishment of facts and circumstances, related to the scope of the inspection;
5. Submitting written explanations at the request of the control body.

(4) The instructions of the control bodies, issued within their powers under this Law, are mandatory.

Article 79

(1) Control bodies are obliged to abstain from disclosing any official, production and commercial secrets, that may become known to them during or in connection with the performance of the inspection.

(2) Control bodies perform their activity on their own or in case of need jointly with other specialized control bodies.

Article 80

(1) Control bodies draw up records of the results of the inspections, to which the data, documents and explanations collected are attached.

(2) The records are signed by their authors, the persons inspected and in case of refusal – by two witnesses of the act of refusal.

(3) On the basis of the results of the inspection, control bodies may issue mandatory instructions to the persons inspected in the records and/or draw up statements of established administrative violations.

(4) Persons, to whom mandatory instructions are issued, notify the control bodies of fulfillment thereof within the deadline specified therein.

Article 81

State and municipal bodies and their administrations, as well as any persons, obligated under the law, must render assistance to control bodies in the course of exercise of their powers.

Chapter Nine ELECTRICITY INDUSTRY

Section I

Electricity System

Article 82

(1) All electricity sites on the territory of the country shall be connected and shall operate in a single electricity system of common duty and continuous electricity production, transformation, transmission, distribution and consumption.

(2) The electricity system shall cover the electricity plants, the transmission network, the individual distribution networks, and the electrical appliances of consumers.

(3) The parallel operation of Bulgaria's electric-power system with other electricity systems and pools of systems shall be in accordance with the international electricity industry acts signed and in compliance with the technical standards and safe operation requirements.

Article 83

(1) The electricity system structure and operation shall be in accordance with standards laid down in:

1. An ordinance on the structure of electrical equipments and electricity lines, regulating the technical standards for design and construction of electrical equipments and electricity lines;

2. An ordinance on the operation of electricity plants and networks, regulating the terms and procedure of organization and operation of: electricity plants and

networks, power plants for production of electric and/or heat energy, heat transmission networks, hydro-engineering facilities of power plants and mechanical parts thereof (and on the management and operation of electricity plants and networks);

3. An ordinance on the operation of power equipment, regulating the rules of maintaining the operability and safe operation of consumers' electrical equipments and appliances;

4. Rules for operation of the electricity system governing the rights and obligations of the transmission company, the electricity system operator, and the persons connected to the transmission network regarding planning the development of the transmission network, the planning and operation of the electricity system, procedures for mandatory data exchange, procedures for operational notifications and information exchanges, the development and implementation of a protection plan and recovery plan for the electricity system, the terms and procedures for conducting system wide tests and provision of ancillary services;

5. Rules for operation of distribution networks governing the rights and obligations of the distribution company, the distribution system operator and the persons connected to the corresponding network regarding planning the development of the distribution network planning and operation of the distribution network, procedures for mandatory data exchange, procedures for operational notifications and information exchanges, the development and implementation of local protection plan and provision of ancillary services;

6. Rules for electricity metering, setting metering principles, the manner of metering and metering sites, the terms and procedures for their servicing, and the development and maintenance of databases of data collected by the commercial metering devices.

(2) The ordinances pursuant to para. 1, items 1-3 shall be issued by the Minister of Energy and Energy Resources. The rules pursuant to para. 1, items 4-6, shall be adopted by the Commission upon proposal by the energy companies.

(3) The technical rules and standards of design, construction and utilization of installations and facilities for electricity generation transformation, transmission and distribution shall be regulated in an ordinance issued by the Minister of Regional and Urban Development and the Minister of Energy and Energy Resources.

Section II

Production of Electric city

Article 84

Energy companies licensed for generation of electricity under this Law may produce electricity except for the cases under Article 39, para. 4, item 1.

Article 85

(1) Electricity generators must maintain fuel reserves in quantities guaranteeing long-term and reliable production.

(2) The terms and procedures for the stockpiling of and maintenance of fuel reserves and control functions are regulated in an ordinance issued by the Minister of Energy and Energy Resources.

Section III

Transmission of Electricity

Article 86

(1) The transmission of electricity and the operation of the transmission network shall be performed by a transmission company – owner of the transmission network and a licensed for the transmission of electricity.

(2) Electricity transmission is a universally provided service.

Article 87

(1) The transmission company shall provide:

1. Operation of the overall electricity system and reliable functioning of the transmission network;
2. Transmission and transit of electricity over the transmission network;
3. Maintenance of transmission network installations and facilities according to technical requirements and operational safety requirements;
4. Extension, reconstruction, and modernization of the transmission network according to long-term forecasts and plans for the development of the electricity sector;
5. Development and maintenance of ancillary networks.

(2) In developing the electricity balance for the country the transmission company shall:

1. Prepare short-term and long-term forecasts of on changes of consumption of electricity in the country;
2. Organize assessments on the feasibility of expansion and modernization of the transmission network with respect to the commissioning of new generation capacity, decommissioning of existing generating capacities, connecting new consumers to the transmission network, expected increase of the quantity of transmitted electricity, implementation of new technologies ensuring higher quality and security of provided services and efficiency of the activity; the assessments shall be accompanied by feasibility study reports and environmental impact assessments;
3. Prepare short- mid-, and long-term forecasts and plans for transmission network expansion and modernization and for auxiliary networks development;
4. Prepare shot- and long-term plans for electricity system development with a view to ensuring the electricity balance;
5. Prepare based on the assessments, forecasts and plans, and submit to the Minister of Energy and Energy Resources a national electricity balance and a list of new generation capacity and intersystem electricity lines that are required to meet national demand.

Section IV

Distribution of Electricity

Article 88

(1) The distribution of electricity and operation of distribution networks is performed by the distribution companies -- owners of the distribution networks on a given territory and licensed for the distribution of electricity within that territory.

(2) The transmission of electricity through the distribution networks is a universally provided service.

Article 89

The distribution company provides for the territory serviced by the distribution network:

1. Distribution of the electricity entering the distribution network;
2. Continuous electricity supply and high quality of the delivered electricity;
3. Distribution network operation;
4. Maintenance of the distribution network, installations and facilities and of the auxiliary networks in accordance with technical requirements;
5. Expansion reconstruction and modernization of the distribution network and auxiliary networks;
6. Other services.

Article 90

The distribution company:

1. Performs assessments of the perspectives for economic development and changes the of electricity consumption within the distribution territory;
2. Prepares short- and long-term plans for the development of the distribution network;
3. Submit assessments and plans under items 1 and 2 to the transmission company.

Section V

Trade Relations. Parties to the Electricity Transactions

Article 91

(1) Transactions with electricity may be concluded at prices regulated by the Commission, at at prices negotiated between the parties, and in an organized market.

(2) Transactions with electricity shall be concluded in accordance with the provisions of this Law and the electricity trading rules [Market Rules] adopted by the Commission upon proposal by the energy companies.

(3) The rules pursuant to para. 2 shall regulate the procedure of transaction administration and the organization and operation of the balancing market for electricity.

Article 92

Parties to transactions for the sale of electricity are:

1. The public provider of electricity;
2. The public suppliers of electricity;
3. Electricity producers;
4. The consumers - clients of the public provider of electricity and of the public suppliers of electricity;
5. The transmission company;
6. The distribution companies;
7. The electricity traders;
8. The eligible consumers.

Article 93

(1) The public provider of electricity shall guarantee the delivery of electricity to public suppliers and to consumers connected to the transmission network.

(2) The public provider has the exclusive right to enter into electricity import and export deals.

Article 94

Public electricity providers shall guarantee the delivery of electricity to consumers connected to the distribution networks in the territories for which the providers hold licenses.

Article 95

Eligible consumers shall be electricity consumers satisfying the conditions laid down in the rules under Article 24, para. 2, who shall have the right to choose the person to buy electricity from.

Article 96

Electricity traders shall be persons holding licenses for trade in electricity, who satisfy the requirements for financial provision of the electricity deals they sign as laid down in the rules pursuant to Article 24, para. 2, and who have the right to purchase electricity from producers within the availability determined in accordance with Article 21, item 17, and to supply eligible consumers.

Chapter VI

Transactions at Regulated Prices

Article 97

(1) Transactions with electricity at prices regulated Commission shall be concluded between:

1. Producers and the public provider;
2. Producers and public suppliers;
3. The public provider and the public suppliers;
4. The public provider and the consumers connected to the transmission network;
5. Public suppliers and the consumers connected to the distribution networks;
6. A public supplier and another public supplier;
7. The public provider and the transmission company or the respective distribution companies for the electricity needed to compensate the technological losses of transmission of electricity through the respective networks,

(2) In cases where the quantities of negotiated electricity pursuant to para. 1, items 1 and 2 are insufficient to supply consumers, the public provider and public suppliers may purchase electricity at regulated prices from producers within the quantities set pursuant to Article 21, item 17.

(3) Electricity supply pursuant to para. 1, items 3, 4 and 5 shall be a universally provided service within the meaning of this Law and shall be provided on equal terms.

Article 98

(1) Public suppliers of electricity shall sell electricity to consumers at publicly available general conditions.

(2) The general conditions pursuant to para. 1 shall be developed by the public electricity suppliers and approved by the Commission.

(3) The general conditions shall necessarily contain:

1. Conditions on the quality of supply;
2. The information to be provided by the companies;
3. Contract term;
4. Conditions of termination or interruption of supply;

5. Electricity company liabilities in the event of unregulated termination or poor quality of supply.

(4) Public suppliers shall publish the approved general conditions in at least one central and one local daily newspaper. The general conditions shall take effect 30 days following their first publication; no explicit approval by consumers is required.

(5) Within 30 days after the date on which the general conditions take effect the consumers who do not accept them, may file with the corresponding public supplier an application proposing special conditions. Special conditions that differ from the general conditions accepted by the public supplier must be reflected in additional written agreements.

(6) The procedure set forth in para. 2 through 4 shall also be applied for amendments to the general conditions.

Article 99

(1) For the purpose of balancing electricity production and demand, the electricity system operator shall organize a balancing market for electricity according to the rules under Article 91, para. 2.

(2) The transmission company shall be party to all balancing transactions with electricity. The transmission company shall conclude transactions for balancing electricity with producers, traders, eligible consumers and the public provider.

(3) The transmission company shall not derive profit from the transactions under para. 2.

Section VII

Transactions at Freely Negotiated Prices

Article 100

(1) Electricity producers, traders and eligible consumers may conclude transactions with electricity at freely negotiated prices.

(2) Producers may conclude the transactions under para. 1 for electricity quantities set according to Article 21, item 17.

(3) Where electricity quantities negotiated pursuant to Article 97, para. 1, items 1 and 2, are insufficient to satisfy the needs of the consumers connected to the transmission network or the distribution networks, the public provider and the public suppliers may purchase electricity from electricity traders at a freely negotiated price and following the permission of the Commission.

Article 101

(1) For the same period of time, pursuant the rules under Article 91, para. 2, eligible consumers may conclude transactions at freely negotiated prices and/or Commission-regulated prices in the cases provided for in the same rules.

(2) The electricity system operator shall report consumed electricity in accordance with the terms and procedures pursuant to the rules under Article 91, para. 2.

Article 102

(1) Electricity producers, traders, the public provider, public suppliers and eligible consumers may conclude electricity transactions with persons:

1. Local persons of European Union Member States;
2. Persons registered in a country with which the Republic of Bulgaria has reached agreement pursuant to an international treaty for mutual application of

the laws of the European Communities.

(2) Paragraph 1 shall apply when:

1. Electricity producers, traders, the public provider, public suppliers and eligible consumers are granted the right to free trade with electricity under the laws of the other country, and;
2. Under reciprocity conditions, the laws of the other country provide an opportunity for free trade with electricity to eligible consumers of that country.

Article 103

(1) Transactions in the organized electricity market shall be concluded according to the rules on trade with electricity under Article 91, para. 2.

(2) An electricity market shall be organized by a person licensed under Article 39, para. 1, item 6, who shall:

1. Organize the solicitation of offers for the sale and acquisition of electricity;
2. Match sale and acquisition offers for the corresponding period until the demand is met;
3. Inform the market participants and the electricity system operator about the transactions on the organized market taking into consideration the limitations and changes required by limitations of the transmission capacity or emergency situations in the networks;
4. Set the price of electricity traded for each period.

(3) The following may participate on the organized electricity market:

1. Producers within the availability set pursuant to Article 21, item 17;
2. Eligible consumers;
3. Electricity traders;
4. The public provider for electricity under Article 100, para. 3;
5. Public suppliers for electricity under Article 100, para. 3.

Section VIII

Transactions for Transmission, Ancillary Services and Cold Reserve

Article 104

(1) Electricity producers and importers shall sign with the transmission and/or distributor company contracts for transmission of the electricity, which has entered the corresponding network.

(2) The public electricity provider shall sign with the distributor company contracts for transmission of the electricity quantities sold by it to the public suppliers via the corresponding network.

Article 105

(1) For the purpose of guaranteeing the reliable operation of the electricity system, the transmission company shall conclude ancillary services and cold reserve transactions pursuant to the terms and procedures under Article 83, para. 1, item 4.

(2) The cold reserve under to para. 1 shall be procured through transactions for purchase of availability in quantities set based upon level of reliability of the electricity supply under Article 4, para. 2, item 4.

(3) The terms and procedure for purchase of the cold reserve quantities pursuant to para. 2 shall be regulated in the rules under Article 83, para. 1, item 4.

Article 106

To guarantee the reliable operation of the distribution networks, the distribution

companies shall conclude transactions for ancillary services on terms and by the procedure pursuant to Article 83, para. 1, item 4.

Article 107

The public provider and the public suppliers of electricity, the transmission company and the distribution companies may collect their receivables for electricity delivered or transmitted from defaulting debtors accordance to Article 237, letter "k" of the Code of Civil Procedure on the basis of statements of accounts.

Section IX

Operational Management

Article 108

(1) The centralized operational management, control and coordination of the operation of the power system are performed by the electricity system operator and the operators of distribution networks.

(2) The electricity system operator shall be a specialized unit of the transmission company.

(3) The operators of the respective distribution networks shall perform the operative management and guarantee the reliable operation of the distribution networks.

(4) The operators of the distribution networks shall be specialized units of the distribution companies.

Article 109

(1) The electricity system operator shall:

1. Guarantee reliable, safe and efficient operation of the electricity system;
2. Maintain the electricity production and demand balance;
3. Provide the joint operation of the national electricity system and the electricity systems of other countries in accordance with international treaties;
4. Guarantee equal access to electricity transmission in observance of compliance with quality requirements;
5. Reliable and efficient operation of the auxiliary networks.

(2) The instructions of the electricity system operator related to the performance of its obligations within the meaning of this Law shall be binding on distribution network operators, electricity producers, and the electricity consumers connected to the transmission network.

Article 110

(1) The electricity system operator shall provide, for purposes of metering electricity quantities:

1. Technical and metrological support, development and upgrading of the facilities for commercial metering of the electricity quantity entering and leaving the transmission system;
2. Maintenance of databases with readings of the electricity quantities taken from commercial metering facilities under item 1 and under transactions at freely negotiated prices and at the balancing market.

(2) Owners of facilities for commercial metering of electricity quantities shall make available the readings of these facilities concerning transactions at freely negotiated prices and balancing power transactions.

(3) The parties to electricity transactions have the right to receive information from the database concerning the power quantities traded under the transactions.

Article 111

(1) The electricity system operator shall administer the electricity transactions through the transmission network and the bilateral agreements for purchase of electricity at freely negotiated prices, and shall organize a balancing market pursuant to the rules under Article 91, para. 2. For that purpose it shall:

1. Keep registers of persons who conclude transactions at freely negotiated prices and in the balancing power market;
2. Keep registers of contracts signed between the persons under item 1;
3. Receive, arrange in priority lists by prices and technological criteria, and activate proposals and orders for purchase and/or sale of balancing power;
4. Apply a method for computation and fixing of balancing power prices for each settlement period;
5. Prepare advance and final notices of the amounts for balancing power payable by the actors for each settlement period;
6. Control the financial security of the balancing power transactions and give mandatory instructions to market actors in relation to them;
7. Have the right, in the event of circumstances which endanger the safe operation of the electricity system or parts thereof, to terminate the performance of transactions or change the electricity quantities agreed thereunder, in accordance with terms and procedure set forth in the rules under Article 91, para. 2;
8. Provide information about estimated electricity demand, transmission system limitations, references about previous balancing power prices, and other information as may be required by the actors.

(2) The costs of performance of functions under para. 1 shall be regarded as economically sound costs pursuant to Article 31, item 2.

Article 112

- (1) The electricity system operator shall control the distribution of the electricity system electric load among the electricity plants by merit order dispatching.
- (2) In the process of distributing the electric load, the electricity system operator shall guarantee compliance with the contracts signed, which envisage purchase, in whole or in part, of the electricity produced under this Law.

Article 113

- (1) Distribution network operators shall provide:
 1. Reliable, safe and efficient operation of the corresponding distribution network;
 2. Reliable, safe and efficient operation of the auxiliary networks;
 3. Equal access to electricity transmission in observance of quality requirements;
 4. Equal treatment of producers and consumers connected to the network.
- (2) Instructions of the distribution network operator related to the implementation of its obligations under this Law shall be binding on the operational personnel of energy installations and electricity producers directly connected to the respective distribution network.

Article 114

Electricity system and distribution network operators shall keep confidential the business information obtained in the course of or for performance of their obligations.

Article 115

The terms and procedure to be observed by the electricity system and distribution network operators, as well as the operational personnel on duty at electricity installations, and of the electrical equipments of consumers, are set in an ordinance adopted by the Minister of Energy and Energy Resources.

Section X

Connecting Producers and Consumers to Networks. Access to Networks

Article 116

(1) The transmission company, respectively the distributor company shall connect any electricity producer on the corresponding territory, who:

1. Has signed written agreement with the transmission or distributor company at a connection price set in accordance with the ordinance under Article 36, para. 3;
2. Has fulfilled the conditions for connection to the transmission or distribution network, and;
3. Electrical equipments built within the territory of its real property or the property where he has tenancy, which satisfy the technical standards and safety operation requirements.

(2) The transmission company is obliged, under the conditions pursuant to para. 1, to connect distribution company installations.

(3) The transmission company or the corresponding distribution company perform the extension of the transmission or distribution networks or reconstruction related to connection of electricity plants, up to the interconnection point.

(4) The transmission or distribution company, as the case may be, shall be owner of the extension or reconstruction performed under para. 3.

(5) In case the interconnection point does not coincide with the property boundaries of the producer's electrical equipments, the connecting high or medium voltage electricity lines shall be built by the transmission or distributor company, as the case may be, which shall be their owner.

(6) The electricity produced shall be measured by commercial metering devices owned by the transmission or distributor company, as the case may be, and the requirements that shall be satisfied by, as well as their place shall be regulated in the rules pursuant to Article 83, para. 1, item 6.

(7) The terms and procedure of connection to the corresponding network, termination of connection or electricity supply, property boundaries between electrical equipments, shall be regulated in an ordinance issued by the Minister of Energy and Energy Resources.

Article 117

(1) The transmission or distributor company, as the case may be, shall connect any electricity consumer in the corresponding territory, who:

1. Has electrical equipment constructed within the boundaries of its estate, which satisfy the technical and operational safety requirements;
2. Satisfies the conditions for connection to the transmission or distribution

network, as the case may be, and;

3. Has signed a written agreement with the transmission or distributor company, as the case may be, at a connection price determined in accordance with the ordinance under Article 36, para. 3.

(2) The distributor company may connect an electricity consumer located in the territory of another distributor company with the Commission's permission, wherever that is technically and economically advisable and in the interest of consumers.

(3) The terms and procedure of connection to the transmission or distribution network, as the case may be, and of signing the agreements pursuant to para. 1, shall be regulated in the ordinance pursuant to Article 116, para. 7.

(4) The power company's refusal to connect shall be reasoned.

(5) High and medium voltage electrical equipment used to deliver electricity to a single consumer of electricity for commercial purposes, shall be constructed at its expense and shall be its property.

(6) Low voltage electrical equipment located in consumer property outside the property boundaries of the facilities shall be built at the consumers' expense and shall be owned by the latter.

(7) Consumers shall provide to the transmission or distributor company, as the case may be, access through their own installations and facilities for the purpose of electricity transformation and transmission to other consumers. An access price shall be determined according to a Commission-approved method.

Article 118

(1) The transmission and distribution company shall provide to persons, who satisfy the requirements laid down in the rules under Article 24, para. 2, access to the transmission and distribution networks on equal terms.

(2) The transmission or distributor company, as the case may be, may deny access where such access could result in deteriorated technical conditions and safety of networks or to deteriorate supply of other consumers.

Article 119

(1) Producers may supply electricity to their branches, companies and sites in the territory of the country:

1. Through the transmission and/or distribution networks on the basis of transmission agreements signed with the transmission and/or distribution companies; or

2. Through electricity lines constructed at their expense to their branches and/or sites.

(2) The transmission and/or distribution companies, as the case may be, may refuse to sign contracts for transmission via the corresponding networks in the cases pursuant to para. 1, item 1, where:

1. The network transmission capacity is insufficient; or

2. The reliable operation of the electricity system and/or the reliability of supply is disturbed; or

3. Technical conditions for metering the consumed electricity produced by the company separately from that supplied by other sources are not available.

(3) The distribution of the electricity produced by the company or supplied by other sources shall be regulated by the ordinance pursuant to Article 91, para. 2.

Article 120

(1) The electricity used by consumers shall be metered with commercial

metering devices owned by the transmission and/or distributor company, as the case may be, and located by or on the consumer's property boundary.

(2) The property boundary of electric facilities and the place of commercial metering devices shall be determined in accordance with the requirements set forth in the ordinance pursuant to Article 116, para. 7, and the rules under Article 83, para. 1, item 6.

(3) The transmission or distributor company, as the case may be, shall determine the type, number and mounting place of the metering devices and facilities, and the corresponding control and communication devices.

(4) Where approved tariffs enable the consumers of a given group to choose the mode of metering the electricity quantity, the transmission or distribution company, as the case may be, shall install metering devices corresponding to the consumer's choice stated in writing.

(5) The terms and procedure of replacing metering devices at the consumer's request in the cases under para. 4 shall be regulated in the rules pursuant to Article 83, para. 1, item 6.

Article 121

(1) The transmission, respectively distributor company, as the case may be, shall specify to consumers mandatory technical requirements for installation of consumer's own standby power supply source in accordance with the ordinance under Article 83, para. 1, item 1.

(2) Any consumer, who wants to install its own standby power supply source, shall notify in writing the transmission or distributor company, as the case may be, and provide to the company's representatives access to the standby source for inspection purposes.

(3) The transmission or distributor company, as the case may be, has the right to terminate the power supply of the consumer provided that the latter fails to fulfill its obligations under para.s 1 and 2.

Section XI

Termination of Connection and Electricity Supply

Article 122

(1) The transmission or distribution companies, as the case may be, have the right to terminate the electricity transmission through the corresponding network by written advance notice in the event of planned repair, reconstruction or inspection of the electricity company's facilities, which require switching off for safety purposes.

(2) The transmission or distribution companies, as the case may be, have the right to terminate electricity transmission via the corresponding network without advance notice:

1. To prevent immediate human health or facility security risks ;
2. In the event of electricity network and facility failures for reasons beyond the control of the electricity company;
3. Where electricity is consumed unmetered or is incorrectly metered with commercial metering devices;
4. Where uncoordinated modification of the consumer's connection diagram is established.

(3) The transmission or distribution companies, as the case may be, have the right to terminate the connection:

1. Of persons, who have committed unauthorized connection to the

corresponding network;

2. Of consumers who have allowed a third person connection to their own electrical equipments without the explicit approval of the power company;
3. For failure to fulfill a control authority's order for remedy of a violation;
4. Of consumers who cause disturbances to the electricity system through their own network.

(4) Where the transmission and connection are terminated pursuant to para.s 2 and 3, the public provider or public suppliers, as the case may be, shall not be liable for damages resulting from limitation or termination of the supply.

Article 123

(1) The public provider and public suppliers have the right to terminate the electricity supply to consumers where the latter fail to fulfill their obligations under the power purchase agreement, including failure to fulfill the obligation to duly pay for the electricity consumed, or in the event of exceeding the agreed electricity.

(2) The advance notice terms and the other supply termination conditions shall be regulated in the power purchase agreements, respectively the general conditions of contract.

(3) The transmission or distributor company, as the case may be, shall terminate the electricity transmission to the consumers under para. 1 at the request of the public provider, respectively the public supplier.

(4) Upon fulfillment of its obligation under para. 3, the transmission or distributor company, as the case may be, shall not be liable for damages resulting from electricity transmission termination.

Article 124

The electricity company shall restore the supply and/or connection of consumers upon elimination of the causes for termination.

Chapter Ten HEAT SUPPLY

Section I

General Provisions

Article 125

(1) Heat supply is the process of generation, transmission, supply, distribution and consumption of heat energy with steam and hot water as heat carrier for household and industrial purposes.

(2) Heat supply is carried out by means of facilities and installations for the generation, transmission, supply and distribution connected in a heat supply system.

(3) The order and technical conditions of heat supply, operational management of the heat supply system, connection of producers and consumers to the heat supply network, distribution, interruption of heat supply and termination of heat supply shall be stipulated in an Ordinance of the Minister of Energy and Energy Recourses.

(4) The technical rules and requirements for the design, construction and

operation of facilities and installations for the generation, transmission and distribution of heat energy shall be specified in an Ordinance issued by the Minister of Regional Development and Public Works and the Minister of Energy and Energy Resources.

Section II Generation of Heat Energy

Article 126

(1) Generation of heat energy shall be carried out by energy companies licensed for generation pursuant to the provisions of this Law.

(2) The generation of heat energy may be carried out by physical and legal entities holding no license in cases pursuant to Article 39, Paragraph 4, items 2 and 3.

Article 127

(1) Heat energy generation shall be carried out in:

1. Plants for combined production of heat energy and electricity;
2. Heat generation plants;
3. Installations utilizing waste heat energy and renewable sources of energy.

(2) In case of declared heat energy demand, new plants with capacity over 5 MW and plants using natural gas as source of heat shall be constructed for the combined generation of heat and electricity (co-generation).

Article 128

Producers of heat energy in heat power plants and/or heating plants shall be obliged to maintain a reserve of fuel in quantities guaranteeing reliable generation as stipulated under the provisions of the Ordinance issued under Article 85, Paragraph 2.

Section III Transmission of Heat Energy

Article 129

(1) The operation of the heat supply system shall be carried out by any heat supply company licensed under Article 39, Paragraph 1, item 2.

(2) The heat transmission company may in addition carry out activities in the field of heat and electricity generation provided it was granted a license for such generation in compliance with the provisions of this Law.

Article 130

The heat transmission company shall be obliged to:

1. Supply consumers connected to the heat transmission network with heat energy at equal and non-discriminatory terms and conditions;
2. Maintain the facilities and plants of the heat transmission network in accordance with the technical requirements and operational safety requirements;
3. Develop the heat transmission network in accordance with the development plans for the territory specified in the company's license;
4. Purchase the agreed quantities of heat energy from producers situated in the territory specified in the company's license.

Section IV Operational Management

Article 131

- (1) The operational management of the heat transmission system shall be carried out by the network operator of the heat transmission network.
- (2) The operator of heat transmission network shall be a specialized unit of the heat transmission company.
- (3) The Operator's instructions shall be compulsory and binding to both energy producers and consumers.

Article 132

- (1) The operator of the heat transmission network shall be responsible for:
 1. The operation conditions of the heat transmission network in accordance with the requirements as set forth in the Ordinance pursuant to Article 125, Paragraph 3;
 2. Maintenance of the generation / demand balance;
 3. Coordination with the operator of the power transmitting and/or power distribution network in accordance with the contracts entered into, in cases of combined production (cogeneration) of heat and electricity;
 4. Coordination with the operator of the gas transmission and/or gas distribution network in accordance with the contracts entered into, in cases when natural gas is used.
- (2) The heat transmission system operator shall regulate the distribution of the heat load among heat energy generating plants in compliance with criteria as stipulated in Article 125, Paragraph 3.

Section V Connection to the Heat Transmission Network

Article 133

- (1) The heat transmission company shall connect to the heat transmission network producers and consumers situated in the respective territory specified in the license for transmission of heat energy.
- (2) The connection of consumers in apartment buildings through user stations and their independent derivations shall be carried out upon decision of the general meeting of the apartment owners.
- (3) The heat transmission company may refuse to connect a producer to the heat transmission network in the event that such producer has not complied with all requirements pursuant to this Law and Ordinance under Article 125, Paragraph 3.
- (4) The heat transmission company may refuse to connect consumers to the heat transmission network in the cases as below:
 1. Absence of heat transmission network;
 2. Insufficient generation capacities;
 3. Insufficient transmission capacity of the heat transmission network;
 4. Consumers' installations in apartment buildings are not equipped with the devices and appliances pursuant to Article 140, Paragraph 1, items 3 and 4.
- (5) The heat transmission company shall present in writing its reasons for refusing to establish a connection.

Article 134

Producers shall connect to the heat transmission network by heat transmission pipelines that shall be installed by and at the expense of the producer and shall be such producer's property.

Article 135

Consumers shall connect to the heat transmission network by connecting heat pipelines and a user station.

Article 136

(1) In cases of connection of industrial consumers the connection heat pipelines, the related facilities as well as the user station shall be installed by and at the expense of the consumer and shall be its property.

(2) Connection of a new heat energy industrial consumer using an existing connection heat pipeline which is the property of another industrial consumer may be carried out provided that it is technically feasible; the heat transmission company shall buy out the common section of the connecting heat pipeline or the owner shall transfer to the company onerous /corporeal rights over such section.

Article 137

(1) In cases of connection of household heat energy consumers the connection heat pipeline and related facilities as well as the user station shall be installed by the heat-transmission company and shall be such company's property.

(2) In case the construction of installations pursuant to Paragraph 1 is economically inexpedient for the heat transmission company the construction may be carried out by the consumers following agreement with the heat transmission company. The transfer of consumers' title over the facilities shall be settled under the terms of a Connection Agreement pursuant to Article 138, Paragraph 1 by deferred payment for a period not longer than 8 years.

(3) Connection of consumers from one or more buildings to the user station in another building shall only be admissible in cases when:

1. The apartment owners in the building without an user station have entered into an agreement for using the premises of the existing user station, and;
2. The consumers have met the technical requirements stipulated in the Ordinance pursuant to Article 125, Paragraph 3.

(4) The laying of a connection heat pipeline from the existing user station to the consumers' building pursuant to Paragraph 3 shall be carried out by and at the expense of consumers wishing to establish a connection and shall be their property.

Article 138

(1) The connection of producers and consumers to the heat transmission network shall be carried out under the terms and conditions of a written contract with the heat transmission company pursuant to the provisions of the Ordinance under Article 125, Paragraph 3.

(2) Producers and consumers pursuant to Paragraph 1 shall pay to the heat transmission company a connection price which shall be set pursuant to the respective Ordinance under Article 36, Paragraph 3.

(3) Consumers connected to the heat transmission network shall be obliged to provide access of the licensed heat transmission company to consumer-owned facilities for the purposes of heat energy transmission to other consumers in the territory specified in the license. The price for providing access shall be set using

methodology as approved by the Commission.

Section VI Heat Energy Distribution

Article 139

(1) The distribution of heat energy in apartment buildings shall be carried out on the basis of a share distribution system.

(2) The distribution of heat energy in apartment buildings shall be carried out on the basis of a share distribution system if the consumers whose property amounts in total to at least 90 percent of the heated volume in an apartment building have installed devices for share distribution of heat pursuant to Article 140, para. 1, item 3.

Article 140

(1) The share distribution of heat energy among consumers in apartment buildings shall be carried out using:

1. Devices for commercial metering of the heat energy quantity in the user station;
2. A common water meter installed upstream of the heater for household hot water supply;
3. Share distribution devices of heating – individual allocators corresponding to current standards in the country, or individual heat meters;
4. Share distribution devices of household hot water supply – individual water meters for hot water at all derivations of the hot water supply installation in a building to consumer's properties.

(2) Consumers connected to the same user station in an apartment building shall use share distribution devices of the same model supplied by the same vendor or approved by him for use in the building.

(3) Share distribution of heat energy among consumers in apartment buildings shall be carried out by a commercial company or by the heat transmission company as chosen.

(4) The commercial company providing share distribution services shall be appointed by the consumers in the building or by the Association pursuant to Article 151 and shall meet the provisions of the Ordinance pursuant to Article 125, Paragraph 3.

(5) The heat transmission company shall check the readings of the common heat meter in an apartment building only in the presence of the building manager or a person authorized by them if it is technically possible and in accordance with the procedure set out in the Ordinance under Article 125, para. 3.

(6) The commercial company providing share distribution services shall be obligated to present to the building manager or a person authorized by them the total bill for the distribution in the apartment building with a breakdown for the subscribers when presenting the individual bills.

Article 141

(1) Heat energy for hot water supply in apartment buildings shall be calculated as follows:

1. The volume of water for hot water supply consumed in the building according to the readings of the common water-meter;
2. Heat energy consumption for heating one cubic meter of water of the

quantity pursuant to Item 1, calculated under the terms and conditions of Ordinance pursuant to Article 125, Paragraph 3.

(2) Heat energy under Item 1 shall be distributed among consumers on the terms and conditions of the Ordinance pursuant to Article 125, Paragraph 3.

Article 142

(1) Heat energy for heating of apartment buildings shall be the difference between the total quantity of heat energy under Article 139, Paragraph 2 and the quantity of heat energy for hot water supply as calculated pursuant to Article 141, Paragraph 1.

(2) Heat energy for heating of apartment buildings shall be divided into heat energy released by the indoor installation, heat energy for heating of common areas and heat energy for heating of apartments

Article 143

(1) The heat energy, released from the indoor installation in cases of share distribution through individual allocators shall be calculated as a per cent rate not lower than 15 percent and not higher than 30 percent of the heat energy for heating of the apartment building, at a proposal by the commercial company under Article 140, Paragraph 3 or by the heat transmission company following a decision taken at a general meeting of apartment owners. In the absence of such decision the minimum percentage offered shall be accepted.

(2) Heat energy for heating of common areas with installed radiators in apartment buildings, in the presence of share distribution through individual allocators shall be calculated on the basis of:

1. The capacity of heating devices, or;
2. The readings of the individual allocators installed on the heating bodies.

(3) Heat energy pursuant to Paragraphs 1 and 2 shall be distributed among all consumers in proportion to the heated volume of the separate properties as calculated on the basis of the building plans.

Article 144

(1) Heat energy for heating individual properties shall be distributed among individual properties on the basis of share units as measured by individual allocators mounted on the heating bodies in the apartments.

(2) The value of one share unit shall be calculated on the basis of readings from individual allocators taking into consideration evaluation factors in accordance with its standard.

(3) Heat energy for one share unit shall be calculated as the heat energy for heating the apartment building minus the quantity of heat energy pursuant to Article 143, Paragraph 1 and Paragraph 2, Item 1, is divided by the total sum of share units for all heating devices in the building.

(4) Heat energy released by one heating body shall be the product of share units as determined from the readings of the individual allocator mounted on the heating device and the heat energy per one share unit.

Article 145

(1) The heat energy for heating of individual properties in apartment buildings to which share distribution is applied by individual heat meters shall be calculated on the basis of the readings of heat meters in the individual properties.

(2) Heat energy released from the building installation and the heat energy for the heating of common areas with share distribution by individual heat meters

shall be calculated as the difference between heat energy for heating of the apartment building as provided in Article 142, para. 1, and the heat energy for heating of individual properties as calculated pursuant to Paragraph 1.

(3) Heat energy pursuant to Paragraph 2 shall be distributed among all consumers in proportion to the heated volume of individual properties.

Article 146

(1) The commercial company pursuant to Article 140, Paragraph 3, in order to provide the share distribution service shall enter into a contract with the heat transmission company. Such contract shall be in compliance with the methodology for share distribution of heat energy.

(2) The contract as per Paragraph 1 shall be entered into on general terms as approved by the Commission and offered to the commercial company pursuant to Article 140, Paragraph 3 by the heat transmission company. Such terms shall include:

1. The rights and obligations of the parties;
2. The order, method, terms and conditions as well as the required information that the parties shall provide to each other for the purpose of share distribution;
3. Liability of parties in case of default;
4. Conditions of contract termination;
5. Order, method, terms and conditions for providing the entire information necessary for calculating the bills of consumers in the building by the commercial company in charge of share distribution to the heat transmission company.

(3) Within 30 days after the approval of the general terms the commercial company pursuant to Article 140, Paragraph 3, shall confirm in writing that it accepts the general terms and/or propose special conditions that shall be included in the individual agreements.

Article 147

(1) All consumers whose property amounts to at least 90 percent of the heated volume in an apartment building or the Association under Article 151, para. 1 shall enter into a written contract for share distribution services with a commercial company under Article 140, Paragraph 3 through an authorized representative.

(2) The following shall be settled within the meaning of the contract as per Paragraph 1:

1. Rights and responsibilities of the parties;
2. Periodicity of taking the readings of share distribution devices;
3. Methodology for share distribution of heat energy pursuant to Article 146, Paragraph 1;
4. Liability of parties in case of non-performance of obligations as provided in contract;
5. Procedure for consideration of consumer claims;
6. Terms and procedure for contract termination.

(3) In case of contract termination under Paragraph 1, the commercial company pursuant to Article 140, Paragraph 3 shall be obliged to take the readings of share distribution devices and perform equalization of the bills for heat energy actually consumed as of the day of contract termination.

(4) In case of contract termination under Paragraph 1 consumers in apartment buildings or the Association pursuant to Article 151, Paragraph 1, shall be obliged to enter into a new contract for share distribution services with another commercial company of their choice provided the heat transmission company has

prior to that entered into a contract with such commercial company.

(5) In the event that the commercial company pursuant to Article 140, Paragraph 3 fails to comply with its obligations as per Article 3 the heat transmission company shall perform the equalization of bills for heat energy actually consumed as of the date agreed prior to that between apartment building consumers or the Association pursuant to Article 151, Paragraph 1 and the heat transmission company on the financial terms and conditions of the terminated contract.

(6) In case of absence of resources for share distribution of heating on an individual property and/or premises the heat energy for their heating shall be calculated in the following manner: the installed capacity of the heating bodies in such premises shall be multiplied by the maximum specific consumption for the building as calculated under the terms and conditions of an Ordinance pursuant to Article 125, Paragraph 3.

Article 148

(1) Heating installations and hot water supply installations shall be considered to be common areas of the apartment building.

(2) Heating devices, control fittings connected to them, derivations of building heating installations, derivations of hot water supply installations and share distribution devices pursuant to Article 140, Paragraph 1, items 2 and 3 shall be the property of consumers.

Section VII

Commercial relations

Article 149

(1) Sale of heat energy shall be performed based upon written contracts on general terms, entered into by and between:

1. Producer and heat transmission company;
2. Producer and industrial consumer directly connected to producer;
3. Heat transmission company and industrial consumers;
4. Heat transmission company and associations of heat energy consumers in apartment buildings representing consumers from apartment building common areas.

(2) The general terms of contracts under Paragraph 1, items 1, 3 and 4 shall be offered by the heat transmission company and those pursuant to Paragraph 1, item 2 shall be submitted by the producer for approval by the Commission.

Article 150

(1) The sale of heat energy by the heat transmission company to heat energy consumers for household purposes shall be done on publicly announced general terms as proposed by the heat transmission company and approved by the Commission; such terms shall stipulate:

1. The rights and obligations of both heat transmission company and consumers;
2. The procedure for metering, reading, distribution and payment of the quantity of heat energy;
3. Liability in case of non-performance of obligations;
4. Terms and conditions for connection, interruption of heat supply and termination of heat supply;
5. Procedure for providing access to heating devices, devices for commercial

measurement or other controlling devices.

(2) Heat transmission companies shall be obliged to publish the general terms as approved by the Commission in at least one national and one local daily newspaper in the cities where there is heat supply for household purposes. Such general terms shall be made effective within 30 days as of the day of first publication without the need for the consumers' express written approval.

(3) Within 30 days as of the effective date of the general terms consumers who disagree shall have the right to submit a statement to the respective heat transmission company proposing specific terms. Any specific terms and conditions proposed by consumers and accepted by heat transmission companies shall be included in additional written agreements.

Article 151

(1) Heat energy consumers in apartment buildings may establish an association with which the heat transmission company may enter into a contract for the sale of heat energy to consumers in the building.

(2) A Contract as per Paragraph 1 shall stipulate:

1. The rights and obligations of the parties;
2. The procedure for metering, recording and payment for heat energy in accordance with the readings of the heat meter in the user station;
3. Guarantees ensuring fulfillment of the obligations of the parties to the contract;
4. Liability in case of non-performance of obligations;
5. Procedure for consideration of consumer claims;
6. Terms and conditions for contract termination.

(3) The contract under Paragraph 1 shall be entered into at preferential price for the consumer association as stipulated by the Commission on proposal by heat transmission companies.

(4) The contract for sale of heat energy at preferential price shall be terminated upon termination of the association or upon termination of a consumer's membership in the association. As of the moment of contract termination the owners and holders of in rem right of use of the apartment building shall be considered to be heat energy consumers.

Article 152

(1) The Association pursuant to Article 151, Paragraph 1 shall be a voluntary union of all heat energy consumers in the apartment building. The registration of the association shall be carried out pursuant to the provisions in Chapter One of the act of non-profit legal entities. The court shall enter into the register all data pursuant to Article 18, Paragraph 1, items 1-3, 5, 6, 8 and 9 of the act for non-profit legal entities.

(2) The association pursuant to Article 151, Paragraph 1 shall be established for the purpose of enhancing and improving living conditions and environment in apartment buildings, and shall have the right to the following activities:

1. Purchase of heat energy from the heat transmission company which shall be used in the apartment building;
2. Take down the readings of metering devices and heat energy distribution devices;
3. Create new and update existing documentation with data about the heated objects and the consumption of running hot water;
4. Exercise control over the heating devices and water meters, including those to which heat supply and hot water supply has been terminated;

5. Perform repairs and adjustments of the installations in apartment buildings, personally or through third parties, including sanitation of apartment buildings;
6. Take care of the installation and the apartment building property;
7. Other activities connected with the servicing of premises in the apartment building;
8. Perform commercial activities.

(3) The association pursuant to Article 151, para, 1 is a legal entity and does not allocate profits.

(4) The association shall be terminated on the grounds of and pursuant to the Law for non-profit legal entities.

(5) Liquidation is announced upon termination of the association. The liquidation shall be carried out by the Manager or by the person authorized by the General meeting. With a view to insolvency, respectively bankruptcy, the liquidation procedure and the liquidator's authority shall be applied pursuant to the provisions of the Commercial Code.

(6) The promoters shall approve a Statute that shall include:

1. The name;
2. The goals and means for their realization;
3. Registered address;
4. Amount of initial contributions;
5. Field of business activity;
6. Managing body;
7. Authority of the managing bodies of the Association;
8. Rules of membership rise and termination as well as procedure for settling property relations upon termination of membership;
9. The time period for which the association shall be in existence, if applicable;
10. The procedure for fixing the amount and method of making contributions.

(7) Every member shall have the right to participate in the management of the association, to be informed of its activities, to make use of the property and the results of activity following a procedure as stipulated in the Statutes. Every member shall be obliged to make contributions in an amount as provided in the Statutes. Membership shall be terminated on the terms and conditions stipulated in the Statutes.

(8) Contributions of association members not exceeding the amount the association owes under the contract for sale of heat energy pursuant to Article 151, shall not be considered part of the business activities of the association.

(9) The General Meeting and the Manager shall be association bodies.

(10) The General meeting shall include all members of the association who are heat energy consumers.

(11) The General meeting:

1. Amends and supplements the Statutes;
2. Approves other internal Laws;
3. Elects and dismisses the Manager and Liquidator.
4. Admits, dismisses and expels members;
5. Makes decision for termination of the association;
6. Approves basic directions and program for the association's activities;
7. Approves the budget of the association;
8. Makes decisions concerning the amount due and the membership installment amount and/or installment;
9. Approves the report on the association activities;
10. Makes other decisions as provided in the Statutes.

(12) The decisions of the General meeting are subject to control by the court of

law with a view to their conformity with the law and compliance with the Statutes before the district court of the district of the association's registered address.

(13) The General meeting shall be convened by the Manager on his own initiative or upon request of one third of the association members. In case the Manager fails to send written invitation informing on the convening of the General meeting the meeting shall be convened by interested members or a person authorized by them.

(14) The invitation shall include the agenda, date, hour and place of the General meeting, as well as information as to who initiated the meeting.

(15) The invitation shall be placed in the announcements board in the apartment building in which the management of the Association is situated, not less than one week prior to the set date.

(16) The General meeting shall be considered legal if more than half of all members are present, unless otherwise provided in the Statutes. In the absence of quorum the general meeting shall be postponed by one hour at the same place and with the same agenda and may be conducted irrespective of the number of members present unless otherwise provided in the Statutes.

(17) A Member of the general meeting has no right to vote on subjects concerning him personally, his/her husband/wife or lineal relatives –without limitations, or collateral relatives up to the fourth degree, or by affinity – up to the second degree inclusive.

(18) A person may not represent more than three members of the general meeting on the basis of power of attorney unless other norms of representation or meeting of authorized persons are provided in the Statutes. Transfer of power of attorney to a third party is not allowed.

(19) Each member of the general meeting has the right to one vote. Decisions of the general meeting shall be made by majority vote of attending members.

(20) The Manager of the Association is a natural person, member of the Association, who:

1. Represents the Association;
2. Ensures the implementation of decisions taken at the General meeting;
3. Manages the Association property while complying with the provisions of the Statutes;
4. Prepares and presents to the General meeting a draft of the budget;
5. Prepares and presents to the General meeting a report on the activities of the Association;
6. Makes decisions on all issues which within the meaning of the law or in accordance with the Statutes are not of the General meeting's competence;
7. Fulfils other obligations as provided in the Statutes.

Article 153

(1) All owners and principals of property rights of use in the apartment building connected to the user station or its separate derivation shall be considered consumers of heat energy and shall be obliged to install a share distribution device under Article 140, Paragraph 1, item 3, on the heating bodies in their premises and shall pay the price for heat energy under the terms and conditions as set in the Ordinance pursuant to Article 36, Paragraph 3.

(2) In the event that all owners and principals of property rights of use in the apartment building connected to the user station or its separate derivation refuse to be consumers of heat energy for heating and/or hot water supply purposes, they shall declare their will in writing before the heat transmission company and shall require the termination of heat supply and/or hot water supply to from the

user station or its separate derivation.

(3) Persons under Paragraph 2 shall be considered heat energy consumers till the date of heat supply termination.

(4) The heat transmission company shall be obliged to terminate the heat supply under Paragraph 2 within 15 days of submitting the application.

(5) In the event that a share distribution system for heat energy is established, consumers in apartment buildings shall have no right to terminate the heat energy supply to heating devices in their premises by physical disconnection of such devices from the installation in the apartment building.

(6) Consumers in apartment buildings who terminate the heat supply to heating devices in their premises using the control fittings connected to the devices shall remain consumers of heat energy released by the installation in the building and from the heating devices in the common areas of the building.

Article 154

(1) The liabilities of consumers in default of payment and of the association pursuant to Article 151, Paragraph 1, to the heat transmission company may be collected pursuant to Article 237, letter "k" of the Civil Procedure Code on the grounds of excerpt of the accounts of the heat transmission company.

(2) The heat transmission company shall be authorized, upon notice, to terminate the heat energy supply in the event that the outstanding payment is delayed by more than two months after the fixed date of payment by isolation of radiators or hot water pipelines from the installation in the building using technical instruments as provided for in the Ordinance pursuant Article 125, Paragraph 3.

Article 155

(1) Heat energy consumers in apartment buildings shall pay for the consumed energy as follows:

1. In eleven equal monthly installments and a twelfth equalizing installment
2. In monthly installments calculated on the basis of prognosticated consumption for the building and one equalizing installment;
3. On the basis of actual monthly consumption.

(2) The rules for calculating the prognosticated consumption and equalization of the bills for heat energy actually consumed by each individual consumer shall be provided for in the ordinance pursuant to Article 125, Paragraph 3.

Article 156

(1) Heat energy shall be measured with commercial metering devices that shall be property of the heat transmission company and installed at the property boundary.

(2) The property boundary:

1. Between producer and heat transmission company shall be the last stop valve of the producer;
2. Between heat transmission company or producer and industrial consumers shall be the last stop valve upstream of the connection pipelines of consumers;
3. Between heat transmission company and heat energy consumers in separate buildings or apartment buildings shall be the last stopping fitting upstream of the distribution network of the building installation.

(3) In the event that the heat energy is metered with commercial metering devices, installed at a place different from the property boundary, the manner of

heat energy metering shall be settled according to the ordinance pursuant to Article 125, Paragraph 3.

Chapter Eleven

PROMOTION OF POWER GENERATION FROM RENEWABLE ENERGY RESOURCES AND COMBINED GENERATION

Section I

Electricity generation using renewable energy resources

Article 157

The National indicative targets for promoting consumption of electricity generated from renewable energy sources are set as a percentage of the gross annual electricity demand in the country for the following ten years by the Council of Ministers of the Republic of Bulgaria at the proposal of the Minister of Energy and Energy Resources.

Article 158

For the purpose of achieving the national indicative targets the electricity generation from renewable energy sources shall be promoted while:

1. Taking into account the principles of electricity market;
2. Taking into account the characteristics of the different renewable energy sources and electricity generation technologies;
3. Ensuring an effect at least equivalent to preferential treatment of electricity producers with a view to their income per unit of generated electricity in case of changes in the development mechanism.

Article 159

(1) The public provider and/or public providers who are granted an electricity supply license shall buy out the entire volume of electricity generated in a plant using renewable energy sources and registered with a certificate of origin with the exception of the volumes for which the producer has entered into contracts pursuant to Chapter Nine, Section VII or with which he participates in the balancing market.

(2) The public provider and/or public suppliers shall be obliged to buy out the electricity generated in plants using renewable energy sources, including hydroelectric plants, with total installed capacity up to 10 MW at preferential prices pursuant to the ordinance under Article 36, Paragraph 3.

Article 160

(1) The transmission company and the distribution companies shall be obliged to connect by priority all power plants generating electricity from renewable energy sources, including hydroelectric plants, with total installed capacity up to 10 MW to the transmission network and the distribution network respectively.

(2) The costs of connecting the power plant to the respective network up to the property boundary of the electrical equipments shall be covered by the producer.

(3) The expansion and reconstruction of the transmission and/or distribution networks involved in connecting the power plant pursuant to Paragraph 1, shall be the responsibility of the transmission and respective distributor company.

(4) For the purpose of carrying out expansion and reconstruction of the networks under Paragraph 3, the transmission and/or respective distributor company shall have the right to apply for external financial support.

Article 161

(1) The mandatory buying out of electricity pursuant to Article 159 shall be applied until the time of setting up a system for issuing and trade in green certificates.

(2) The Minister of Energy and Energy Resources specifies the minimal mandatory quotas for electricity generation from renewable sources as a per cent of the total annual generation by each producer for a ten-year period as of the date of introduction of the system for issuing and trade in green certificates.

(3) Each producer shall be considered to have fulfilled his obligation under Paragraph 2 upon submission, to the Commission, of green certificate(s) indicating the volume of electricity from renewable energy sources comprising its obligation; such certificate(s) shall be:

1. Issued by the producer and/or;
2. Purchased from another electricity producer, as the sale/purchase transaction shall be considered effective on condition that it was entered into the register pursuant to Article 25, Paragraph 1, item 4.

(4) The form, contents, terms and conditions for issuing of certificates of origin and trade in green certificates shall be settled in an ordinance issued by the Minister of Energy and Energy Resources.

Section II

Electricity generation in generation plants with combined power and heat generation

Article 162

(1) The public provider and/or public suppliers shall be obliged to buy out the entire volume of electricity from highly efficient power plants for combined heat/power generation registered with a certificate of origin with the exception of volumes used by the producer to meet its own needs or covered by contracts pursuant to Chapter Nine, Section VII or those with which he participates in the balancing market.

(2) Electricity pursuant to Paragraph 1 shall be bought out as follows:

1. At preferential prices as provided for in the Ordinance pursuant to Article 36, Paragraph 3, for volumes generated by each plant of the producer up to 50 MWh per hour;
2. At negotiated prices and/or at balancing market prices for volumes generated by each plant of the producer over 50 MWh per hour.

(3) The method for metering the electricity generated by combined heat/power generation according to the type of the technological cycle, the requirements for technological devices for measurement and registering of the electricity from combined generation shall be defined in an Ordinance approved by the Minister of Energy and Energy Resources.

Article 163

(1) Mandatory buying-out of electricity at preferential prices pursuant to Article 162, para. 1 shall be applied until the establishment of a system for issuing of and trade in green certificates.

(2) The Minister of Energy and Energy Resources specifies the minimum volumes

of electricity from highly efficient combined generation for each producer as a percent of the total annual output by each producer for a period of ten years as of the date of introduction of the system for issuing of and trade in green certificates.

(3) Each producer shall be considered to have fulfilled his obligation under Paragraph 2 at his presenting to the Commission of green certificate(s) indicating the volume of electricity from highly efficient combined generation comprising his obligation; such certificate(s) shall be:

1. Issued by the producer and/or;
2. Purchased from another electricity producer, the sale/purchase transaction considered effective on condition that it is entered into the register pursuant to Article 25, para. 1, item 4.

(4) The terms and conditions for issuing of certificates of origin and trade in green certificates shall be settled in an ordinance pursuant to Article 161, Paragraph 4.

Chapter Twelve GAS SUPPLY

Section I General provisions

Article 164

Gas supply is a combination of activities such as transmission, transit, storage, distribution and supply of natural gas for purposes of meeting consumer's needs.

Article 165

The plants and facilities for transmission, storage and distribution of natural gas on the territory of the country is and interconnected function within a united gas transmission system in a common operation mode.

Section II

Transmission, transit, storage and distribution of natural gas

Article 166

The transmission of natural gas and the exploitation of the gas transmission network shall be carried out by a transmission company granted a license pursuant to Article 39, para. 1, item 2.

Article 167

- (1) The transit of natural gas through the territory of the country to other countries shall be carried out by a transmission company.
- (2) Transit of natural gas may be also carried out by a person licensed under Article 39, Paragraph 1, item 9.

Article 168

The storage of natural gas and operation of storage facilities shall be carried out by a person granted a license under Article 39, Paragraph 1, item 4.

Article 169

The distribution of natural gas and the operation of distribution networks shall be carried out by distribution companies granted a license under Article 39, Para.1, item 3.

Article 170

The transmission company shall provide:

1. Integrated management and reliable functioning of the gas transmission network;
2. Transmission of natural gas through the gas transmission network and metering;
3. Maintenance of facilities and installations of the gas transmission network in accordance with the technical requirements and operational safety requirements ;
4. Expansion of the gas-transmission network in accordance with long-term forecasts and plans for development of gas supply and outside the framework of such plans, when economically justified;
5. Maintenance and expansion of the auxiliary networks.

Article 171

The distributor company shall provide:

1. Management and reliable functioning of the gas distribution network;
2. Distribution of natural gas through the gas distribution network and measurement;
3. Maintenance of facilities and installations of the gas distribution network in accordance with the technical requirements;
4. Development of the gas-distribution network in accordance with for natural gas demand forecasts adopted by the Commission, and outside the framework of such forecasts when economically justified;
5. Maintenance and expansion of the auxiliary installations and gas distribution networks.

Article 172

(1) The transmission and distribution companies shall be obliged to provide access on equal and fair terms to their transmission and/or distribution networks for persons meeting the conditions set in rules adopted by the Commission.

(2) The transmission and the respective distributor company may refuse access due to lack of capacity or in the event that providing access would cause a breach of technical requirements and network safety or would prevent the companies from meeting their public service obligations or that providing access may result in substantial economic and financial losses to the transmission company and the respective distributor company as a result of supply contracts containing "take or pay" provisions.

Section III

Transactions with Natural Gas

Article 173

(1) Transactions in natural gas shall be carried out on the basis of written contracts and in compliance with the provisions of this Law and rules for trade in natural gas adopted by the Commission.

(2) The rules under para. 1 shall set out the methods for administering transactions in natural gas.

Article 174

Transactions in natural gas are supply, transmission over transmission and distribution networks and storage of natural gas.

Article 175

The following may be parties to transactions in natural gas:

1. Public provider of natural gas;
2. Public suppliers of natural gas;
3. Gas extraction companies;
4. Gas storage operators;
5. Transmission company;
6. Distribution company;
7. Traders with natural gas;
8. Eligible consumers;
9. Consumers who are not eligible consumers.

Article 176

(1) Gas extraction companies may carry out transactions for supply of natural gas with the public provider of natural gas, public supplier of natural gas, storage operators, traders in natural gas and eligible consumers.

(2) Gas extraction companies may carry out transactions for transmission of natural gas with the transmission and distributor company.

(3) Gas extraction companies may carry out transactions for storage of natural gas with natural gas storage operators.

(4) Gas extraction companies and natural gas consumers pursuant to Article 175, Paragraphs 8 and 9 inside and outside the country may establish direct gas pipelines between each other and use them to carry out transactions for supply of gas.

Article 177

(1) The public provider of natural gas is a legal entity registered under the Commercial Code and may carry out transactions for supply of natural gas with gas extraction companies, traders in natural gas, public suppliers of natural gas, eligible consumers or consumers directly connected to the gas transmission system.

(2) The public provider of natural gas may carry out transactions for gas transmission with the transmission and distribution companies.

(3) The public provider of natural gas may carry out transactions for storage of natural gas with gas storage operators.

(4) Gas supply pursuant to Paragraph 1 is a universal service within the meaning of this act.

Article 178

(1) The public suppliers of natural gas are legal entities registered under the Commercial Code which carry out transactions for the supply of natural gas with end consumers, connected to the gas distribution network on a territory as specified in their license.

(2) Gas supply pursuant to Paragraph 1 is a universal service within the meaning of this Law.

Article 179

(1) A trader in natural gas may be any Bulgarian or foreign legal entity registered as a trader under the Commercial Code or its respective national legislation.

(2) Traders in natural gas may carry out transactions with gas extraction companies inside or outside the country, eligible consumers and other traders in natural gas, the public provider or gas storage operators.

Article 180

(1) Eligible consumers of natural gas are consumers meeting certain conditions as provided for in the rules pursuant to Article 173, para. 1 and having the right to choose entities from which to buy natural gas in and/or out of the country.

(2) Eligible consumers shall notify the transmission company and/or distributor company in advance about any natural gas contracts concluded following the procedure and in a form set in the rules pursuant to Article 173, Paragraph 1.

(3) The transmission and/or distributor company shall meter the consumption of natural gas following the procedure and method provided for in the rules pursuant to Article 173, para. 1.

Article 181

Natural gas contracts shall be concluded at:

1. Prices regulated by the Commission for universal services of transmission, distribution and supply of natural gas;
2. Prices as negotiated between parties in an organized market administered and managed by the transmission system operator in compliance with the rules pursuant to Article 173, Paragraph 1.

Article 182

(1) Gas extraction companies, traders in natural gas and eligible consumers carry out transactions between each other at prices as freely negotiated.

(2) Parties pursuant to Paragraph 1 and the transmission company may also carry out transactions with natural gas for market balancing following the procedure and method of price formation of natural gas intended for balancing, as provided for in the Ordinance pursuant to Article 173, Paragraph 1.

Article 183

(1) Public suppliers of natural gas shall sell natural gas to household consumers on publicly announced general terms, and to industrial consumers on the basis of written contracts.

(2) The general terms pursuant to Paragraph 1 are drafted by public suppliers of natural gas and approved by the Commission.

(3) The general terms shall include:

1. Quality of supply;
2. Information provided by the companies;
3. Term of the contract;
4. Conditions for discontinuance and termination of supply;
5. Liability of the energy company in case of unexpected failure and low quality supply.

(4) Public suppliers of natural gas shall publish the approved general terms in at least one national and one local daily newspaper. The general terms shall become effective within 30 days of the initial publication without the need for

consumers' explicit written approval.

(5) Within 30 days of the general terms coming into effect any consumers who are in disagreement with them shall be entitled to submit to the public supplier of natural gas a statement proposing different terms and conditions. Such different terms and conditions as approved by the public supplier of natural gas shall be specified in additional written agreements.

(6) The procedure as provided for under Paragraphs 2 to 4 shall be also applied in case of changes in the general terms and conditions.

Article 184

The public provider and public suppliers of natural gas may collect their receivables from defaulting debtors on the grounds of statements of account pursuant to Article 237, letter "k" of the Civil Procedure Code.

Section IV

Operational Management

Article 185

(1) Centralized operational management, coordination and control over the operation of the gas transmission network shall be carried out by the transmission network operator.

(2) Operational management of each distribution network shall be carried out by the distribution network operator.

(3) The instructions of the gas transmission network operator shall be obligatory for the gas distribution operators, consumers, gas extraction companies and operators of gas storage facilities connected to the transmission network.

(4) The gas transmission network operator shall be a specialized unit in the structure of the transmission company.

(5) The gas distribution networks operators shall be specialized units in the structure of distribution companies.

Article 186

(1) The transmission network operator shall ensure:

1. Reliable, safe and efficient functioning of the gas transmission network;
2. Balance between import, extraction and demand of natural gas;
3. Transmission of natural gas through the gas transmission network while adhering to the quality requirements;
4. Equal and fair terms for consumers during transmission of natural gas;
5. Reliable and efficient functioning of auxiliary networks;
6. Operational management of the functioning of storage facilities during natural gas supercharging and extraction;
7. Optimal functioning of the transmission network during natural gas transit operations.

(2) The transit network operator shall ensure:

1. Reliable, safe and efficient functioning of the gas transit network;
2. Transit of natural gas through the transit network;
3. Reliable and efficient functioning of auxiliary networks and facilities;
4. Operational management of the functioning of storage facilities during natural gas supercharging and extraction.

Article 187

(1) For the purposes of measurement of natural gas the transmission network

operator shall ensure:

1. Technical and metrological servicing, upgrading and modernization of the commercial metering devices of volumes of natural gas entering and leaving the transmission system;
2. Maintenance of database with records of the commercial metering devices of gas pursuant to item 1 and transactions at freely negotiated prices and in the balancing market.
(2) Owners of commercial metering devices of natural gas shall submit to the transmission network operator readings from measurements with such devices concerning transactions at freely negotiated prices and transactions in balancing gas.
(3) Parties to natural gas transactions shall be entitled to obtain information from the database on the natural gas quantities subject of the transactions.
(4) The terms and conditions of attending to commercial metering devices, data base maintenance and access shall be stipulated in the rules pursuant to Article 173, Paragraph 1.

Article 188

The operator of the gas transmission network shall administer natural gas transactions at freely negotiated prices and shall manage balancing of the natural gas market in compliance with the provisions of the rules pursuant to Article 173, Paragraph 1, by:

1. Keeping records of entities carrying out transactions at freely negotiated prices and for the balancing of natural gas market;
2. Keeping records of transactions carried out by entities under item 1;
3. Receiving and listing in priority lists according to price and technological criteria; dispatching proposals and purchase/sale applications intended for balancing of the natural gas market;
4. Applying methodology for calculation and setting prices of balancing natural gas for each settlement period;
5. Preparing draft and final notices to participants for due payments in transactions for gas market balancing for each settlement period;
6. Controlling the financial security for gas market balancing transactions and issuing mandatory instructions to the market participants;
7. Suspending the execution of transactions should circumstances threatening the safety operation of the gas transmission system of parts of it arise; or adjusting the contracted volumes of natural gas following a procedure and method as provided for in the rules pursuant to Article 173, Paragraph 1;
8. Providing prognostic information on natural gas demand, restrictions in the gas transmission system, information on gas prices at market balancing for past periods and any other information useful to participants.

Article 189

- (1) The transmission company shall be party to all transactions for balancing the natural gas market.
- (2) The transmission company shall make no profit from transactions pursuant to Paragraph 1.
- (3) The costs of performing the functions under Article 188 shall be recognized as economically justified costs pursuant to Article 31, item 2.

Article 190

Operators of distribution networks shall ensure:

1. Reliable, safe and efficient functioning of the distribution network;
2. Distribution of natural gas to consumers while adhering to safety instructions and quality requirements;
3. Reliable and efficient functioning of the auxiliary networks;
4. Equal and fair terms for all consumers in the course of natural gas distribution.

Article 191

Transmission and distribution networks operators shall be obliged to observe the confidentiality of the commercial information obtained in the process of, or in connection with, the fulfillment of their obligations.

Article 192

The terms and conditions for activities of transmission and distribution networks operators shall be stipulated in an Ordinance issued by the Minister of Energy and Energy Resources.

Section V

Metering of Natural Gas

Article 193

Natural gas transmission is carried out through the gas transmission network using high-pressure gas pipelines to the outlets of gas metering stations or gas regulation stations.

Article 194

Natural gas distribution is carried out through the gas distribution network from the outlets of gas measurement stations or outlets of gas regulation stations of the transmission network to the consumer gas-metering device.

Article 195

(1) Metering of natural gas for consumers connected to the transmission network is carried out by commercial metering devices which are the property of the transmission company.

(2) Metering of natural gas for consumers connected to the distribution network is carried out by commercial metering devices which are the property of the distributor company.

(3) Metering of natural gas for storage is carried out by commercial metering devices which are the property of the company granted a license for storage of natural gas.

(4) Natural gas consumers or owners on whose property the commercial metering devices are installed shall provide access to such devices to authorized representatives of the public supplier for the installation and inspection, reading and maintenance of the metering devices following a procedure and method, as provided for in the General terms under Article 183.

(5) Operators of the transmission network, distribution network and/or storage facilities decide on the location and type of commercial metering devices.

Section VI

Connection to the gas transmission network

Article 196

(1) Connection to the transmission and distribution networks shall be established under the terms and procedure as provided for in the Ordinance on connection issued by the Minister of Energy and Energy Resources.

(2) Connection to the gas transmission and/or gas distribution network of extraction companies, natural gas storage companies, distribution companies and end consumers shall be carried out at prices set in compliance with the respective Ordinance under Article 36, Paragraph 3 and on the grounds of a written contract concluded between the transmission company, the respective distribution companies and persons to be connected.

Article 197

(1) The transmission company shall be obliged to connect to its network at an interconnection point of its choice, the distribution companies, extraction companies, companies for gas storage.

(2) Eligible consumers of natural gas may also be connected to the transmission network through direct connection gas pipelines.

(3) The transmission company may refuse to provide connection to the network in cases of:

1. Lack of capacity of the network or;
2. Lack of connection with the network and;
3. Development of the network is not economically justified.

(4) In case of refusal pursuant to Paragraph 3, extraction companies, natural gas storage companies and eligible consumers of natural gas may build, at their own expense the respective connection to the transmission network.

(5) The owner of the connection gas pipeline shall be obliged to ensure its servicing, maintenance and repairs.

(6) The transmission company may, upon the owner's request and against payment, service, maintain and repair the connection gas pipelines.

(7) Consumers directly connected to the gas transmission network shall be obliged to provide access to their own facilities to the relevant gas distributor company holder of a license for the purpose of natural gas supply to other consumers in the territory specified in the license. The price for providing access shall be set using methodology as approved by the Commission.

Article 198

Distribution companies shall be obliged to build at their own expense the distribution networks up to the point of connection set by the transmission company.

Article 199

(1) The distributor company shall connect and ensure the supply of natural gas to consumers on equal and fair terms and in compliance with the technical requirements for reliable and safe operation.

(2) Following approval by the Commission the distributor company may connect a natural gas consumer stationed in the territory of another distributor company in the event that it is technically and economically expedient and to the benefit of consumers.

(3) Derivations and installations for connecting consumers to the respective distribution network shall be built by the distributor company.

Article 200

(1) The layout and safe operation of the transmission and distribution gas pipelines, of facilities, plants and devices for natural gas shall be regulated by an Ordinance approved by the Council of Ministers upon proposal by the Minister of Energy and Energy Resources and the Chairperson of the State Agency for Metrology and Technical Supervision.

(2) The technical rules and standards for design, building and operation of facilities and installations for transmission, storage, distribution and supply of natural gas shall be stipulated in an Ordinance approved by the Minister of Regional Development and Public Works and the Minister of Energy and Energy Resources.

(3) The layout and safe operation of oil pipelines and oil product pipelines in the territory of the Republic of Bulgaria shall be regulated in an ordinance adopted by the Council of Ministers upon proposal by the Minister of Energy and energy Resources and the Chairperson of the State Agency for Metrology and Technical Supervision.

Chapter Thirteen

COMPULSORY ADMINISTRATIVE MEASURES

Article 201

(1) The Commission or the Minister of Energy and Energy Resources shall impose measures pursuant to Paragraph 2 if they find that the legal entities subject of this Law, their employees or persons who, under contract, perform managing functions and carry out transactions at their expense, have committed or are committing acts which:

1. Violate any of the provisions of this Law, pertaining secondary normative acts adopted by the Commission and Minister of Energy and Energy Resources,
2. Endanger the safety of the energy system, public interests or interests of heat energy, electricity and natural gas consumers or other energy companies;
3. Violate license terms;
4. Obstruct exercising of control functions by the Commission or Minister of Energy and Energy Resources.

(2) In cases as provided for in Paragraph 1, in order to prevent or discontinue the violations under Paragraph 1 as well as to eliminate the harmful consequences of such acts, the Commission or the Minister of Energy and Energy Resources or persons authorized by them and in conformity with their competence shall impose the following compulsory administrative measures:

1. Issue mandatory instructions in writing for:
 - a. Discontinuance of certain actions or mandatory initiation of other actions within a set period of time;
 - b. Expertise, inspections, testing of facilities and installations, parts thereof, systems or components;
 - c. Change of operating conditions at energy plants, parts thereof, systems or components;
 - d. Modification of designs and structures significant to the safety of persons and networks;
 - e. Attestation of the staff including testing of skills, organization of training courses.
2. Obligate the licensee to convene a general meeting and/or set the date for a

meeting of the managing and supervising bodies with preset agenda for taking decisions on measures to be imposed;

3. Issue written instructions for suspension or restriction of the licensed activity;

4. Appoint an exclusive manager in cases provided for in this Law.

(3) The Law by which a compulsory administrative measure is imposed shall also include an appropriate term for its execution. Compulsory administrative measures shall be imposed until elimination of the causes for imposing such measures.

Article 202

(1) The legal proceedings for imposing compulsory administrative measures shall be initiated by the Commission or Minister of Energy and Energy Resources on the grounds of a written statement drafted by persons entitled to control functions pursuant to this Law.

(2) Concerned persons shall be notified about the initiation of legal proceedings for imposing compulsory administrative measures.

(3) Notices and advices of proceedings under Paragraph 1 may be sent by registered mail with advice of delivery, telegram, telex or facsimile. Notices and advices sent by registered mail with advice of delivery or telegram shall be certified by notice of delivery, by telephone – in writing by the official who made the call; and by telex or facsimile – by written confirmation of sent message.

(4) In the event that the notices and advices of proceedings for imposition of compulsory administrative measures are not accepted at the address, telephone, telex and fax as provided by the persons concerned, the notifications and statements shall be considered delivered upon putting them up at a specially assigned location in the building of the Commission or Ministry of Energy and Energy Resources. The abovementioned circumstance shall be certified by a protocol drafted by officials appointed by an Order of the Chairperson of the Commission or the Minister of Energy and Energy Resources.

(5) Compulsory administrative measures shall be imposed with a reasoned written decision or order communicated to the person concerned within 7 days of its enactment.

Article 203

(1) The decision pursuant to Article 202, Paragraph 5 shall be subject to appeal before the Supreme Administrative Court via the Commission or Minister of Energy and Energy Resources within 14 days of its official announcement.

(2) The decision or order for imposing compulsory administrative measure is subject to immediate enforcement.

(3) The procedure of appeal against the decision to impose a compulsory administrative measure shall not cease its execution.

Article 204

As far as no specific regulations are provided for in this Chapter, the provisions of the Law on Administrative Procedure shall apply.

Chapter Fourteen ADMINISTRATIVE PENAL PROVISIONS

Article 205

(1) A fine from 50,000 to 100,000 Leva shall be imposed on any person who commits or fails to prevent the commitment of acts pursuant to this act without a license, if not liable to a more severe sanction.

(2) Penalty payment of 100,000 to 150,000 Leva shall be imposed in the event that violations under Paragraph 1 are committed by a legal entity or proprietorship.

(3) In case of repeated violation the fine and the penalty payment, respectively, shall be three times the amount of the fine and penalty payment, respectively, under Paragraph 1 and 2.

Article 206

(1) A penalty payment of 7,000 to 20,000 Leva shall be imposed on any energy company which violates the terms and conditions of the granted license.

(2) In case of repeated violation under Paragraph 1 the penalty payment shall be three times the maximum amount of sanction under Paragraph 1.

Article 207

(1) A penalty payment of 7,000 to 20,000 Leva shall be imposed on any energy company, which unlawfully refuses:

1. To provide connection to the respective energy networks;
2. To conclude contracts for sale of electricity, heat energy or natural gas;
3. Access to electricity and natural gas transmission or distribution networks.

(2) In case of repeated violation the penalty payment shall be three times the maximum amount of sanction under Paragraph 1.

Article 208

(1) A penalty payment of 5,000 to 15,000 Leva shall be imposed on any energy company which fails to submit the required information in the cases provided for in this Law.

(2) In case of repeated violation the sanction shall be three times the maximum amount of sanction under Paragraph 1.

Article 209

(1) If a consumer does not provide access to their equipment and facilities under the terms of Article 117, para. 7 and Article 197, para. 7, they shall be liable to a fine from 1,000 to 5,000 Leva or penalty payment of 7,000 to 20,000 leva.

(2) In case of repeated violation the penalty payment or fine shall be three times the amount of the sanction or fine, respectively, under Paragraph 2.

Article 210

(1) A penalty payment of 7,000 to 20,000 Leva shall be imposed in cases where entities under Article 30, Paragraph 1 sell electricity, heat energy or natural gas at prices subject to regulation without their having been approved or determined by the Commission or at prices higher from those approved or set by the Commission pursuant to Article 30.

(2) In case of repeated violation the penalty payment shall be three times the maximum amount of the sanction under Paragraph 1.

Article 211

(1) A penalty payment from 10,000 to 25,000 Leva shall be imposed on any energy company, which fails to observe the technical norms or requirements for the operation of energy facilities or the norms for accumulation or storage of fuel reserves for the power and/or heat energy generation plants.

(2) In case of repeated violation the penalty payment shall be three times the maximum amount of the sanction under Paragraph 1.

Article 212

(1) A fine for any natural persons, respectively a penalty payment for any sole traders and legal entities, from 30 to 90 Leva per each MWh of outstanding obligation shall be imposed on any energy company which fails to observe the terms and conditions for fulfilling its obligation for generation of electricity from renewable energy sources and generation of electricity by combined heat/power generation in compliance with the mandatory quotas as fixed by the Minister of Energy and Energy Resources pursuant to Article 161, para. 2 and Article 163, para. 2. The amount of the sanction shall be set out annually with an order by the Minister of Energy and Energy Resources.

(2) In case of repeated violation the fine, respectively the penalty payment, shall be three times the maximum amount of the sanction under Paragraph 1.

Article 213

(1) A penalty payment from 10,000 to 25,000 Leva shall be imposed on entities who fail to observe the terms and technical conditions for heat supply, interruption of heat supply and the rules for share distribution of heat energy pursuant to Article 125, Paragraph 3 and/or fail to fulfill their obligation under Article 147, Paragraph 3.

(2) In case of repeated violation the penalty payment shall be three times the maximum amount of the sanction under Paragraph 1.

Article 214

(1) A fine from 100 to 500 Leva, if not liable to a more severe sanction, shall be imposed on anyone who:

1. Willfully dismantles or damages a device for commercial metering of electricity or heat energy or natural gas, a sign, a lead seal or any other controlling device, as well as share distribution devices;
2. Connects to electrical, heat transmission or natural gas transmission pipelines or power distribution and gas distribution networks which are property of the energy company, without complying with the conditions thereof;
3. Uses electricity or heat energy or natural gas when their volume is not measured and registered by a device for commercial metering or changes the readings of the commercial metering devices or impedes their proper functioning;

(2) A fine from 1,000 to 5,000 Leva, if not liable to a more severe sanction shall be imposed on anyone who:

1. Disrupts the normal electricity, heat or natural gas supply;
2. Causes imposition of supply restrictions.

(3) A fine from 100 to 500 Leva shall be imposed on any consumer of heat energy who does not install devices for reading of heat energy share distribution under Article 140, Paragraph 1, Item 3 on premises located in apartment buildings.

(4) Anyone who dismantles, damages or impedes the normal functioning of devices for reading of heat energy share distribution pursuant to Article 140,

Paragraph 1, Item 3, shall be fined from 100 to 500 Leva.

(5) In case of repeated violation under Paragraphs 1-4 the fine shall be two times the maximum amount of the fine under Paragraphs 1-4.

Article 215

(1) A fine from 100 to 200 Leva shall be imposed on anyone who obstructs or fails to prevent such obstruction to officials and control bodies in fulfilling their obligations under this Law, if such obstruction is not classified as a criminal act.

(2) A fine from 500 to 1,000 Leva shall be imposed on anyone who fails to fulfill or tolerates non-fulfillment of the prescriptions of officials and controlling organs, if not liable to a more severe sanction.

(3) A fine from 3,000 to 10,000 leva or a penalty payment from 20,000 to 60,000 leva shall be imposed on anyone who fails to comply with a decision of the Commission that has entered into force.

Article 216

A fine from 500 to 1,000 Leva shall be imposed on an official who fails to meet his obligations under this Law or tolerates non-fulfillment of the obligations of another official under this Law, if not liable to a more severe sanction.

Article 217

In case of repeated violation under Article 215 and 216 the sanction is three times larger than the maximum amount of the fine or the penalty payment.

Article 218

(1) A penalty payment of 5,000 to 10,000 Leva shall be imposed when the violations under Article 214 are committed by a legal entity or proprietorship.

(2) In case of repeated violation the sanction shall be five times the amount of the maximum sanction under Paragraph 1.

Article 219

(1) A fine from 500 to 5,000 Leva shall be imposed on any energy company officer who fails to prevent the violations under Articles 206, 207, 210, 211 and 212.

(2) In case of repeated violation the fine shall be three times the maximum amount of the sanction under Paragraph 1.

Article 220

(1) A fine from 500 to 5,000 Leva shall be imposed on any person who fails to implement or tolerates non-implementation of the operator's instruction under Article 109, Paragraph 2, Article 113, Paragraph 2, Article 131, Paragraph 3 and Article 185, Paragraph 3.

(2) A penalty payment from 10,000 to 20,000 Leva shall be imposed when a violation under Paragraph 1 is committed by a legal entity or proprietorship.

(3) In case of repeated violation the fine, respectively the penalty payment, shall be three times the maximum amount of the fine under para. 1 or para. 2.

Article 221

(1) A penalty payment from 20,000 to 50,000 Leva shall be imposed on any energy company whose operator fails to observe the provisions of Article 73, Paragraph 2.

(2) In case of repeated violation the penalty payment shall be three times the

maximum amount of the sanction under Paragraph 1.

Article 222

(1) A fine from 500 to 5,000 Leva shall be imposed on any consumer of electric and heat energy and natural gas who fails to observe his obligation under Article 117, Paragraph 7, Article 138, Paragraph 3 and Article 197, Paragraph 7.

(2) A penalty payment from 30,000 to 50,000 Leva shall be imposed in the event that violations under Paragraph 1 were committed by a legal entity or proprietorship.

(3) In case of a repeated violation under Paragraphs 1 and 2 the fine or penalty payment, respectively, shall be three times the maximum amount of sanction under Paragraph 1 and 2.

Article 223

A fine from 500 to 1,000 Leva, if not liable to a more severe sanction, or a penalty payment from 5,000 to 10,000 Leva shall be imposed on anyone infringing the imperative orders of enactments for the application of this Law.

Article 224

Any persons under Article 79, para. 1 who make public, give, publish, use or disseminate in any other way information and circumstances which are an official secret shall be fined from 2,000 to 5,000 leva.

Article 225

(1) Violations under this Law shall be established by statements against officials as provided for in Article 77, Paragraph 1, item 1 and Paragraph 2, item 1.

(2) Penal provisions under Articles 205, 206, 207, 208, 209, 210, 212, 215, 216, 217, 218, 219, 222, 223 and 224 shall be issued by the Chairperson of the Commission or a person authorized by the Commission.

(3) Penal provisions under Articles 211, 213, 214, 215, 216, 217, 218, 219, 220, 221, 223 and 224 shall be issued by the Minister of Energy and Energy Resources or by a person authorized by him.

(4) The establishment of violations, issuance, appeal and execution of penal provisions shall be carried out under the terms and conditions as provided in the Administrative Violations and Sanctions Law.

(5) Pending the issuance of the penal provision the person who has suffered damages due to an administrative violation may submit a request to the administrative punitive body for damage compensation that shall not exceed 20,000 Leva.

ADDITIONAL PROVISION

§1. Within the meaning of this Law:

1. "User station" is equipment, which supplies, meters, transforms and regulates the parameters of heat energy from the heat transmission network to the users.

2. "Balancing energy" is the energy which the operator of the electricity system uses to compensate for the difference between the quantities of used/generated energy and the quantities in accordance with transactions at freely negotiated prices.

3. "Biomass" are products consisting of parts of or the whole vegetal matter from agriculture and forestry that may be used as fuel, or the following by-products used as fuel:
 - a. Vegetal byproducts from agriculture and forestry;
 - b. Vegetal byproducts from food processing industry in the event that the generated heat is utilized;
 - c. Vegetal byproducts from the production of pulp from wood and production of paper from pulp, if they are incinerated together at the production site and the generated heat is utilized;
 - d. Cork byproducts;
 - e. Wood byproducts with the exception of those containing hologenic organic compounds or heavy metals;
 - f. Residues from purifying stations.
4. "Universal Service" is the transmission and supply of energy and natural gas of certain quality, at a regulated price and other agreed conditions, which cannot be refused for reasons not provided for by the Law.
5. "Highly Efficient Power Stations for Combined Power/Heat Generation":
 - a. Constructed after this Law becomes effective, where the production of heat and electricity saves not less than 10% of the fuel necessary for the separate generation of the same quantity of heat and electricity;
 - b. Constructed before this Law becomes effective, where the production of heat and electricity saves not less than 5% of the fuel necessary for the separate generation of the same quantity of heat and electricity;
 - c. Using renewable energy sources and/or with unit electricity of up to 1 MW is the generation of heat and electricity where it saves up to 5% of the fuel necessary for the generation of the same quantity of heat and electricity.
6. "Renewable Energy Sources" are the solar, wind, hydro- and geothermal energy which are renewed without obvious depletion in the course of their use as well as waste heat, energy from vegetal or animal biomass including biogas and energy from industrial and household waste.
7. "Gas Metering Station" is a facility equipped with commercial natural gas metering devices.
8. "Gas Transmission Network" is a system of high pressure gas pipelines and related plants with integrated operation conditions for the transmission of natural gas to the outlet of a gas metering station or gas regulation station, to which consumers and/or distribution companies are connected
9. "Gas Distribution Network" is a local or regional system of high-, medium- and low-pressure gas pipelines and related facilities for the transmission of natural gas to the respective consumers in the territory specified in the license.
10. "Gas Regulation Station" is a facility for regulation of gas pressure, equipped with commercial metering devices
11. "Gas Transmission System" is a system of connected networks for transmission, transit ("wheeling") and distribution of natural gas, as well as facilities to and from gas storages and extraction companies on the territory of the country.
12. "Direct gas pipeline" is a gas pipeline connecting directly a gas extraction company to an industrial consumer.
13. "Supply contract with a "cash and carry" provision" is a contract providing for the compulsory payment of stipulated volumes of natural gas at a fixed price irrespective of whether the natural gas was delivered.
14. "Ancillary services" are all services necessary for the operation of the electricity system including participation in the voltage regulation and supply of

reactive power, participation in primary and secondary frequency and exchange power regulation, spinning reserve, start-up capacity after major break-down without using off-site sources and continuous load following.

15. "Access" is the right to use the transmission network and/or distribution networks for paid transmission of electricity or natural gas at prices, on terms and conditions as specified in an Ordinance.

16. "Natural gas supply" is the sale of natural gas to consumers.

17. "Long-term prognosticated energy balances" are the prognosticated energy balances comprising a period of 10-15 years.

18. "Electricity generated from renewable energy sources" is the electricity generated by facilities using only renewable energy sources as well as the portion of electricity generated from renewable energy sources in hybrid systems using also conventional energy sources and including the renewable electricity for filling of storage systems and excluding electricity generated as a result of storage systems.

19. "Electricity network" is the aggregate of machines, facilities and devices intended for the transmission, transformation and distribution of electricity.

20. "Electricity Transmission Network" is the aggregate of power lines and electrical high- voltage networks used for transmission of electricity or for power transit ("wheeling") to third parties.

21. "Electricity lines" is a facility for connecting Power Facilities and intended for the transmission of electricity.

22. "Electricity Distribution Network" is the aggregate of power lines and high, medium and low voltage electrical networks that serves for the distribution of electricity.

23. "Energy Enterprise" is a plant or an aggregate of plants in which or by means of which the following operations are performed: electricity and/or heat energy generation with certain power, natural gas extraction and storage, transmission and transformation of the parameters or type of electricity and heat energy and natural gas, including its auxiliary networks and facilities, distribution of electricity, heat energy or natural gas, as well as its auxiliary networks and facilities, except for consumers' indoor installations.

24. "Energy Company" is a legal entity which performs one or more of the following activities: generation, transformation, transmission, storage, distribution and supply of electricity, heat energy or natural gas on the grounds of a license granted within the meaning of this Law or an entity which engages in the generation of electric and/or heat energy without needing a license for these activities under this Law.

25. "Green certificate" is a document with a limited term of validity certifying the production of a certain volume of electricity from renewable energy sources or by a combined generation method, indicating the date and place of generation, the generation facility and its owner; transferable separately from the physical electricity whose generation it certifies.

26. "Economically inexpedient" for the energy company is the construction of connecting facilities investment in which cannot be compensated by the funds raised from depreciation deductions and the profit from sales of energy and natural gas through those facilities for a period of eight years, plus the price that the consumer shall pay for building the connection.

27. "Individual allocator of heat energy for heating" is a technical device whose reading is used to distribute the heat energy used by any heating bodies in a building. Its reading is in relative units corrected with evaluation factors depending on the type of the device and the type of the heating body. The

individual allocators are used only to determine the share of heat energy used by each heating body as a share in the total heat energy used in the building.

28. "Combined heat/power generation" is the generation of heat and electric energy in a single process depending on the needs for heat energy.

29. "Short-term prognosticated energy balances" are the prognosticated energy balances comprising a period of one year.

30. "Cross subsidizing for integrated energy companies - between the individual activities subject to licensing under this Law and/or between activities subject to licensing under this Law and other activities" is the inclusion in the prices for a given licensed activity of the costs of another licensed activity and/or inclusion in the prices of the licensed activity of costs of a non-licensed activity.

31. "Cross subsidizing between different groups of consumers" is inclusion in the prices to one consumer group of higher costs than required for its individual supply or of lower costs than the additional costs incurred through its joint supply with other groups.

32. "Material resources" is the availability of basic and auxiliary facilities that ensure the normal work of an energy enterprise.

33. "Point of connection to the electric network" is any of the points in the structure of the electricity network - property of the transmission company - to which connecting facilities for one or more consumers and producers are connected.

34. "Total heated volume of a building" is the sum of the volume of users' property and the volume of the premises from the common areas of an apartment building as they are in the building design.

35. "Organized Electricity Market" is a combination of forms of trade in electricity in which the method, place and time of concluding transactions are publicly announced and trade rules are fixed in advance within the meaning of an Ordinance.

36. "Organizational structure" is the organization of the managerial and executive personnel that reflects the number, functional connections, coordination between different positions and divisions depending on the needs for the licensed activity.

37. "Heating bodies" are tubular heating bodies and radiator heating devices, flat heating bodies and convectors which are structural elements used for release of heat on the premises through radiation and convection of the heat carrier connected to them.

38. "Heated volume of premises" includes the volume of all premises owned or used by the consumer and the respective adjoining parts of common areas in the building intended to be heated by design.

39. "Heated volume of common areas" is the sum total of volumes of premises in common areas in apartment buildings fitted with heating devices by design.

40. "Balancing energy market" is organized trade in electricity and natural gas for the purpose of maintaining balance between generation and demand in the electricity system respectively between import and demand of natural gas.

41. "Site energy facilities" are buildings and energy facilities permanently affixed to them or to a land estate without their connecting lines, intended for the purposes of generation, transmission and distribution of electric or heat energy and natural gas.

42. "Household Consumer of energy or natural gas" is a physical entity, owner or holder of in rem right of use of the property who consumes electricity or heat energy with hot water or steam as heat carrier, air-conditioning and hot water or natural gas, for his/her household purposes.

43. "Industrial Consumer of energy or natural gas" is a natural person or legal entity that consumes electricity or heat energy with hot water or steam as heat carrier, air-conditioning and hot water supply, or natural gas for industrial purposes, as well as entities financially supported by state or municipal budgets.
44. "Transmission of electricity, heat energy or natural gas" is the transmission of electricity heat energy or natural gas through the transmission network.
45. "Connection gas pipeline" is the aggregate of gas pipelines and related facilities connecting the transmission network with a non-household consumer of natural gas.
46. "Producer" is a person holding a license for and engaged in the production of electricity.
47. "Direct power line" is an electricity line that directly connects a producer with his subdivision or branch or with a consumer.
48. "Availability" is the capability of a producer to provide available capacity over a given period of time and supply electricity. It is measured in W/h and derivative units.
49. "Distribution" is the transmission of electricity or natural gas through distribution networks.
50. "Distribution of heat energy" is the transmission of heat energy through installations for hot water supply, heating, air-conditioning etc. of consumers.
51. "Certificate of origin of electricity from combined heat/power generation" is an official non-transferable document verifying a producer, the quantity of generated electricity from combined generation, indicating the generation period, the electricity plant, its power and other data and indicators set out in the Ordinance under Article 161, para. 4.
52. "Certificate of origin of electricity from renewable energy sources" is an official non-transferable document verifying a producer, the quantity of generated electricity from renewable energy sources, indicating the generation period, the electricity plant, its power and other data and indicators set out in the Ordinance under Article 161, para. 4.
53. "Settlement" is a system applied by the electric system operator for individual calculation of aberrations of electricity actually consumed and generated from the contracted amounts for a given period using a methodology as settled in Trade rules stipulated by Ordinance.
54. "Official secret" is the information available to the Minister of Energy and Energy Resources, the Chairperson and members of the Commission as well as to officials at respective administrative offices in connection with their professional functions with the exception of information which is publicly announced following a procedure and method as provided in this Law. The list of concrete facts, reports and subjects constituting the official secret for the field of energy shall be defined by an Ordinance of the Minister of Energy and Energy Resources.
55. "Auxiliary networks" are the management, control, safety, communication and information networks required for the efficient functioning of the transmission and distribution networks.
56. "Medium term prognosticated energy balances" are prognosticated energy balances comprising a period of 3 to 5 years.
57. "Metering devices for share consumption of heat energy" are devices that have been installed after the commercial metering devices.
58. "Commercial metering devices" are technical devices of measurement which have metrological characteristics and are intended for metering, independently or connected to one or more technical devices and which are used

in the sale of electricity, heat energy and natural gas.

59. "Experience in the Energy sector" is the professional and/or working experience acquired while working in an executive or expert position in state administration of state bodies for management of the energy sector, in commercial companies with field of activity subject to licensing under this Law or subject to concession under the Subsurface Resources Law, as well as in science research institutions or commercial companies serving such activities.

60. "Degree of reliability of the Electric Power System" is a rate of probability as fixed in per cents by the Minister of Energy and Energy Recourses to achieve a balance between demand and generation of electricity in case of power deficiency in the system

61. "Cold Reserve" is a reserve bought out by the transmission system operator in the form of availability of generating units that are not expected to operate during a certain period of time and which are used by the operator in case of deficiency for replacement of generation capacities that are in emergency outage due to an accident.

62. "Natural gas storage" is an activity of supercharging (injection) of natural gas in natural gas storage facilities and its extraction back to the gas transmission network not including the supply of natural gas.

63. "Technical capacity" is the overall technical and operational condition of the energy enterprise in compliance with normative requirements for continuous, reliable, ecological and safe operation of facilities whereby the licensed activity is carried out.

64. "Technological costs" are the costs of electric and heat energy and natural gas as a result of the technological process of their generation, transmission, distribution and storage.

65. "Heat transmission network" is the system of heat pipelines and technological facilities situated on the property boundary of the heat transmission company with the source of heat and/or consumers that are used for transmission of heat energy from the source of heat to the consumers.

66. "Transit" is the transit of energy or natural gas across the borders of a given country provided that such energy or natural gas have not been generated and will not be used on the territory of the country.

67. "Financial capability" is the overall financial and economic situation of the applicant with a view to performance of its activities under the license.

68. "Storage facility" is a facility used for the storage of natural gas and is owned and/or operated by a natural gas company holding a license for storage.

69. "Human resources" are considered available to an applicant who employs the minimum managerial and executive staff with the necessary education and professional qualification enabling him to carry out the licensed activity

70. "Plant" is the aggregate of facilities, installations and auxiliary units connected technologically for the generation of electricity, heat and/or combined heat/electricity generation.

TRANSITIONAL AND FINAL PROVISIONS

§2.

This Law repeals the Energy and Energy Efficiency Law of 1999 (promulgated in the State Gazette No. 64 of 1999, amended in No. 1 of 2000 amended and supplemented in No. 108 of 2001, amended in No. 63 of 2002), except for Chapter Thirteen thereof.

§3.

(1) Commercial metering devices, which are owned by consumers at the time this Law comes into effect shall be acquired by energy companies at their market value within a three-year period of the date this Law comes into effect.

(2) The obligation of energy companies to acquire the commercial metering devices under Paragraph 1 is waived in the event that they install their own devices to replace the existing ones, within the provided terms for buying out of devices.

§4.

(1) The energy enterprises and facilities that are components of the respective transmission or distribution network and, at the time this Law becomes effective, should be owned by the energy companies but are actually property of third parties, shall be bought out by the transmission or the respective distributor company depending on the appurtenance of the enterprise to the networks within eight years of the date this Law becomes effective.

(2) The transmission, respectively the distributor, company shall not be obliged to buy out the installed facilities and/or power lines owned by consumers connected to the transmission and respective distribution network without explicit agreement for connecting new consumers.

(3) The enterprises under Paragraph 1 shall be bought out at their market value. In the event that the parties fail to reach an agreement on their value, they shall assign the valuation of the enterprises to an independent licensed valuator. The value of the enterprise fixed by the valuator shall be the price of the buy-out transaction. Where no agreement is reached for nomination of a valuator within 60 days of receipt of notification by the other party the energy company and/or the owner of the enterprises shall have the right to submit a request to Chairperson of the Commission to nominate an independent valuator. The valuator thus nominated is mandatory to the parties. The parties equally share the expenses for the valuation.

(4) Energy companies and the owners under Paragraph 1 have no right to refuse, without good reason, to buy out or respectively sell the energy enterprises

(5) The obligation of the energy companies to buy out the energy enterprises under Paragraph 1 shall be waived in the event that they install, within the provided buy-out terms, their own facilities to replace the existing ones.

(6) In case of ungrounded refusal on the part of the owners to sell energy enterprises and facilities that are an element of the transmission and/or distribution networks, such enterprises and facilities together with their adjoining land, shall be expropriated pursuant to Article 61.

(7) Energy enterprises under Paragraph 1 which are private public or municipal property as of the date this Law comes into effect and have been constructed using state or municipal funding, shall be transferred in good consideration to the energy enterprises within 8 years of the date this Law becomes effective.

(8) Energy companies shall transfer without compensation to the respective municipalities, within a period of two years after the enforcement of this Law, the outdoor lighting facilities of streets, squares, parks, gardens and other real public property, which have been part of company assets prior to that.

(9) In case of real property restitution of ex-state property on which energy enterprises are located, included in the fixed assets of the energy company, the owners of the restituted real properties have no right to demand their removal, deprive other consumers of electricity supply and obstruct the activities of the energy companies.

(10) The owners of real properties with energy enterprises located within the property' boundaries have the right to carry out construction or other activities therein, complying with the legal requirements for safety operation of the energy enterprises and following consent of the energy company.

(11) During privatization of sites within whose borders energy enterprises are located, the latter shall not be included in the object of the transaction if they supply energy to more than one consumer. Such sites shall be transferred to the respective energy company according to the provisions of the preceding paragraphs.

§5.

The members of the State Energy Regulation Commission, including the Chairperson and Deputy-chairperson, shall finish their terms in office for which they were appointed under the repealed Energy and Energy Efficiency Law.

§6.

The provision of Article 4, Paragraph 2, item 11 shall be enacted at the introduction of a system of issuing and trade in green certificates

§7.

The provisions of Article 4, Paragraph 2, item 14 shall be in force until 31st December 2005.

§8.

Irrecoverable costs of energy companies under Article 34 may be compensated no later than 31st December 2012.

§9.

(1) The provisions of Article 102, Paragraph 1, item 1 shall be in effect as of the date of enactment of the official document within the meaning of which the Republic of Bulgaria shall be recognized as a full member of the European Union.
(2) The enactment of Article 102, Paragraph 1, item 1 and/or 2 shall restrict the exclusive right of the public provider for import and export of electricity pursuant to Article 93, Paragraph 2.

§10.

The provision of Article 102, para. 1 shall apply as of the effective date of this Law for electricity generators:

1. With a license under Article 39, para. 3 for building a new energy enterprise for the generation of electricity;
2. With an expansion permit under Article 35, para. 1, item 1 of the repealed Energy and Energy Efficiency Law only for the expansion of power.

§11.

The provision of Article 102, para. 2 shall not apply to public suppliers of electricity until the Republic of Bulgaria becomes a full member of the European Union.

§12.

(1) Licenses and permits issued under the repealed Energy and Energy Efficiency Law shall remain in effect as long as they do not contradict to this Law.
Requirements for differentiated territory under Article 43, Paragraph 3-5 shall

not be applicable.

(2) Holders of permits for the construction of energy enterprises pursuant to Article 37, Paragraph 1 of the repealed Energy and Energy Efficiency Law shall be obliged to submit an application to the Commission within six months of the enactment of the Ordinance under Article 60 for issuance of license under Article 39, Paragraph 3.

(3) Granted licenses that contradict this Law or are incomplete shall be issued again to the same licensee for the remainder of the term of validity for acting licenses or shall be amended upon decision by the Commission. Licensees whose licenses are subject to re-issuing or amendment shall be obliged to submit an application to the Commission within six months of the enactment of the Ordinance under Article 60. No fees shall be due for the proceedings of re-issuing or amending of such licenses.

(4) For the purpose of re-issuing or amending of licenses under Paragraph 3, the presenting of evidence that has already been presented upon issuance of the original license shall not be required with the exception of cases when new circumstances are present.

(5) Pending the issuance of a new license under Paragraph 2 licensees shall have the right to carry out the activities they are licensed for.

§13.

Proceedings for issuance of permits and licenses initiated, but not completed, under the repealed Energy and Energy Efficiency Law, shall be finished in accordance with this Law.

§14.

The inventory for the construction of new gas transmission networks as made pursuant to Article 4, item 7 of the repealed Energy and Energy Efficiency Law shall remain in effect even after the enactment of this Law while initiated, but not completed, tender procedures for selection of an investor for construction of new gas transmission networks shall be concluded under the terms and conditions of the repealed law.

§15.

(1) Activities connected with the transmission of electricity and organizing of electricity market shall be judicially and administratively separate from other activities of the National Electric Company EAD until 31.12.2005 but no later than the effective date of the document with which the Republic of Bulgaria becomes a full member of the European Union.

(2) A License for the activities of public provider of electricity shall be granted to the National Electric Company EAD within six months of entry into force of this Law. Until the date of enactment of the respective license National Electric Company EAD shall perform the functions of public provider of electricity as provided for in this Law.

(3) A License for transmission of electricity shall be granted to the National Electric Company EAD within six months of entry into force of this Law. Until the date of enactment of the respective license National Electric Company EAD shall carry out the activities connected with transmission of electricity as provided for in this Law.

(4) Following the transformation under Paragraph 1, a license for transmission of electricity shall be granted to the legal entity, which is the owner of the transmission network. The Commission shall grant such license officially at

presenting proof for the transfer of ownership over the network.

(5) The prohibition under Article 44, Paragraph 1 shall be enacted after the date of transformation under Paragraph 1.

§16.

(1) Contracts for long term buy-out of availability and electricity at fixed parameters and guarantees pertaining thereof that were concluded by National Electric Company EAD at the time of enactment of this Law shall continue in effect for the time period specified in the contracts.

(2) The public provider shall be party to contracts under Paragraph 1 after the transformation of National Electric Company EAD by separation of the legal entity performing activities of electricity transmission and organization of electricity market.

§17.

(1) activities connected with the distribution of electricity and operational management of distribution networks shall be judicially and operationally separate from electric energy supply and other activities of the electricity distribution companies up to 31.12.2006 but no later than the effective date of the document with which the Republic of Bulgaria becomes a full member of the European Union.

(2) Licenses for the activity of electricity public supplier shall be granted to electricity distribution companies within six months of entry into force of this Law. Up to the date of enforcement of the respective license electricity distribution companies shall perform the functions of electricity public supplier for the respective territories as stipulated in this Law.

(3) Licenses for electricity distribution in the respective territory shall be granted to existing electricity distribution companies within six months of entry into force of this Law. Until the date of enforcement of the respective license, the electricity distribution companies shall perform the functions of electricity power distribution for the respective territories as stipulated in this Law.

(4) After the transformation under Paragraph 1 licenses for electricity distribution for the respective territories shall be granted to legal entities that are owners of the distribution networks. The Commission shall officially grant such license when presented with proof for transfer of ownership over networks.

§18.

(1) Until the transformation of the National Electric Company EAD pursuant to §15, respectively of the electricity distribution companies pursuant to §17, the provisions of Article 104, para. 1 shall only apply to the quantities of electricity traded at freely negotiated prices.

(2) The provisions of Article 104, para. 2 shall apply to transformations under §15 of the public provider and the public suppliers and distribution companies transformed under §17.

§19.

(1) In cases when the consumer fails to install a hot water meter on his /her private real property the heat energy for water heating shall be calculated in accordance with the rates for water consumption as stipulated in the Ordinance under Article 125, Paragraph 3

(2) In cases when the real property is used or consigned to third parties for business purposes the owner or holder of in rem right of use shall be obliged to

inform the heat transmission company within 30 days of commencement of business activities or consignment of real property. In case of failure to comply the owner or holder of in rem right of use shall pay for the heat energy at prices for commercial consumers plus 20% as penalty for the delay. This provision shall be in force when heat energy prices for household and industrial consumers are different.

(3) In the event that the heat transmission company finds it technically impossible to apply the share distribution system for heat energy in apartment buildings as well as in the cases under Article 147, para. 1, the distribution shall be carried out by the heat transmission company following a procedure and method as stipulated in the Ordinance pursuant to Article 125, Paragraph 3. In this case sanctions under Article 214, Paragraph 4 shall not be applicable.

§20.

Until 1st January 2010, the volume of electricity required to ensure the operational reliability of the basic facilities at combined heat/electricity generation hydro-electric plants existing at the time this Law is enacted, exceeding the volume of electricity from combined generation, shall be mandatory acquired by the public provider and/or public suppliers at negotiated prices.

§21.

Until January 1, 2010, the public provider and/or public suppliers shall be obligated to buy all the electricity registered with a certificate of origin from combined generation generated by the combined electricity/heat hydro-electric plants existing at the time of the entry into force of this Law without achieving high efficiency indicators at preferential prices pursuant to the Ordinance under Article 36, para. 2 with the exception of the quantities the generator uses for their purposes or for which it has concluded contracts under Chapter Nine, Section VII or with which it participates in the balancing market. The provisions of Article 163 shall apply to plants which have achieved high efficiency indicators.

§22.

(1) Activities connected with public supply of natural gas shall be judicially and administratively separate from other activities of Bulgargas EAD from the moment when one of the following conditions is present but no earlier than the entry into force of the document with which the Republic of Bulgaria becomes a full member of the European Union:

1. The country is directly connected to the gas transmission network of another country member of the European Union;
2. The market share of the basic gas supplier and legal entities connected to him within the meaning of the Commercial Code is less than 75%.

(2) A license for the activity of natural gas public provider shall be granted to Bulgargas EAD pending the transformation under para. 1. Up to the date of enforcement of the respective license Bulgargas EAD shall perform the functions of natural gas public provider as stipulated in this Law.

(3) A license for natural gas transmission and transit shall be granted to Bulgargas EAD pending completion of the transformation under Paragraph 1. Up to the date of enforcement of the respective license Bulgargas EAD shall perform the activities of natural gas transmission as stipulated in this Law.

(4) License for natural gas storage shall be granted to Bulgargas EAD pending completion of the transformation under Paragraph 1. Up to the date of

enforcement of the respective license Bulgargas EAD shall perform the activities of natural gas storage as stipulated in this Law.

(5) After the transformation under Paragraph 1, a license for the transmission, transit and storage of natural gas shall be issued to the legal entity owner of the transmission network, and the separated company shall be holder of a license for public supply of natural gas. The commission shall issue such license upon submittal of documentation verifying the transformation carried out under Paragraph 1.

(6) The prohibition under Article 44, Paragraph 2 shall be applied after the date of transformation pursuant to Paragraph 1.

(7) Within the meaning of Article 175, Items 8 and 9 existing consumers of the transmission company as of the date this Law becomes effective shall be considered directly connected consumers.

§23.

(1) Activities connected with natural gas distribution shall be judicially and administratively separate from natural gas supply to end consumers and other activities of the natural gas distribution companies at the time when at least 100,000 natural gas end-consumers shall be connected to the respective distribution network.

(2) Licenses for the activity of "natural gas public supplier" shall be granted to natural gas distribution companies pending the completion of the transformation under para. 1. Up to the date of enforcement of the respective license natural gas distribution companies shall perform the functions of natural gas public supplier stipulated in this Law for the respective territories.

(3) Licenses for natural gas distribution in the respective territories shall be granted to existing natural gas distribution companies pending the completion of the transformation under Paragraph 1. Up to the date of enforcement of the respective license natural gas distribution companies shall perform the activities of natural gas transmission stipulated in this Law in the respective territories.

(4) After the transformation under Paragraph 1, licenses for natural gas distribution for the respective territories shall be granted to legal entities that are owners of distribution networks. The Commission shall renew such licenses upon presentation of evidence of the transfer of ownership over the networks.

§24.

The Council of Ministers, at the proposal of the Minister of Energy and Energy Resources shall set upper limits of the selling price of heat energy for household purposes supplied by heat transmission companies subsidized by the state budget, to customers using heat energy for household purposes and to Associations under Article 151. Such prices shall be applied in cases when the price approved by the Commission is higher than that set by the Council of Ministers

§25.

Persons entitled to compensation pursuant to the Compensation of Owners of Nationalized Properties Law, the Ownership and Use of Farm Land Law and Article 18 of the repealed Transformation and Privatization of State-Owned and Municipal Enterprises Law for restoration of ownership over real property that is property of energy companies, shall only be compensated through compensatory bills.

§26.

(1) All covenants arising from provisions of the repealed Energy and Energy Efficiency Law in favor of energy enterprises on energy facilities existing at the time this Law is enforced shall continue in effect.

(2) The size, location and special regime for exercising any covenants under para. 1 are determined under the terms and procedure set out in the Ordinance under Article 64, para. 9

(3) Covenants under Paragraph 1 shall be entered upon request by the respective energy enterprise that is the owner of the energy site in the register office and real property register according to the location of the real property.

§27.

The Territorial Development Law (promulgated, State Gazette, No 1 of 2001, amended, No 41 and 111 of 2001, No. 43 of 2002, No 20 and 65 of 2003) shall be amended as follows:

1. In Article 73, para. 1, the words "the exploiting company or shared between it and" shall be deleted.

2. In Article 182, para. 2, after the number 4 at the end of the first sentence, the phrase "or a covenant has been constituted under Article 64 and §26 of the Transitional and Final Provisions of the Energy Law" shall be added;

3. In §5, item 31, the phrase "electricity supply" shall be followed by the phrase "heat supply".

§28.

Article 15 of the Protection of Competition Law (promulgated, State Gazette, No 52 of 1998; Judgment № 22 of the Constitutional Court of the Republic of Bulgaria of 1998 - No 112 of 1998; amended, No 81 of 1999, amended and supplemented, No 28 of 2002 and No 9 of 2003) shall be amended as follows:

(2) Unification of the General terms and conditions is only admissible following permission by the Commission except for cases when such unification is approved by competent authorities exercising regulation and control. The permission is issued within two months of submitting a request by the companies under Paragraph 1".

§29.

The Law on Restriction of Administrative Regulation and Administrative Control on Industrial activities (promulgated State Gazette, issue 55 of 2003, amended issue 59 of 2003) shall be amended as follows:

1. In Article 13:

a) The existing text shall become para. 1

b) A para. 2 shall be created:

"(2) Para. 1 shall only apply when no special Law provides for another procedure on the basis of exclusive rights."

2. Item 28 of the Attachment to Article 9, para. 1, item 2 shall be amended as follows:

"28. Activities in the energy sector regulated in a special Law."

§30.

The following changes are introduced in the Mandatory Reserves of Oil and Oil Products Law (promulgated State Gazette, issue 9 of 2003):

1. Article 3, Paragraph 2 is amended as follows

"(2) The oil product reserves that are created and maintained by energy

companies pursuant to Article 85, Paragraph 1 and Article 128 of the Energy Law, shall be included in the total amount of reserves pursuant to this Law.”

2. Article 4, Paragraph 4 is amended as follows:

“(4) Obligated persons pursuant to Article 85, Paragraph 1 and Article 128 of the Energy Law shall prepare and submit to the State Agency State Reserve and War-Time Reserves not later than 25th February every year, information on their oil product reserves for the current calendar year.”

3. Article 24, Paragraph 3 is amended as follows

“(3) Obligated persons pursuant to Article 85, Paragraph 1 and Article 128 of the Energy Law shall notify the Chairperson of the Agency upon each case of use of the oil product reserve and the time limits for restoring such reserves. The notice shall be submitted in writing or by e-mail, at the latest, on the working day following the day on which the reserve was used.”

§31. In Article 47 of the Waters Law (promulgated, State Gazette, issue 67 of 1999, amended issue 81 of 2000, issue 34, 41 and 108 of 2001, issue 47, 74 and 91 of 2002, issue 42, 69 and 84 of 2003), a new para. 5 shall be created:

“(5) A concession compensation is paid for extraction of geothermal energy from mineral waters that are sole state property when they are only used as a heat transmitter and are returned to the respective site which is determined in accordance with a methodology adopted by the Environment and Waters Minister and the Minister of Energy and Energy Resources”

§32.

The Forests Law (promulgated, State Gazette, issue 125 of 1997, amended issue 79 and 133 of 1998, issue 26 of 1999, issue 29 and 78 of 2000, issue 77, 79 and 99 of 2002, issue 16 of 2003) shall be amended as follows:

1. In Article 16, para. 5, item 1, the phrase “air electricity transmission lines” shall be deleted.

2. Article 16b shall be created:

“Article 16b

(1) The provisions of Chapter Five of the Energy Law shall apply to covenants around air and subterranean electricity transmission lines, heat transmission lines and gas transmission lines.

(2) Any covenants around energy enterprises situated in forests or forestlands shall be coordinated by the energy companies with the National Forestry Board.

(3) The amount of compensation for covenants situated in forests or forest lands under para. 2 shall be made in accordance with the ordinance under Article 19.”

§33.

In Article 32 of the Technical Requirements for Products Law (promulgated, State Gazette, issue 86 of 1999, amended issue 63 and 93 of 2002, issue 18 of 2003), the phrase “acetylene equipment” shall be followed by “oil transmission lines and oil product transmission lines.”

§34.

(1) By-laws for application of this Law shall be adopted within six months of its enforcement.

(2) Pending the adoption of by-laws as provided for in this Law, the by-laws of the repealed Energy and Energy Efficiency Law shall be in effect as far as they do not contradict this Law.

§35.

The provision of §33 shall become effective 6 months after the promulgation of the Law in the State Gazette.