

**REGULATION ON DEFINING/CLASSIFYING ELECTRICITY CLOSED
DISTRIBUTION SYSTEMS**

**CHAPTER I
GENERAL PROVISIONS**

**Article 1
Authority**

This regulation is drafted implementing article 71 Law no. 43/2015 “On Power Sector” as well as in conformity with article 25 of ERE Practice and Procedures Rules.

**Article 2
Purpose of the Regulation**

This Regulation defines the terms and procedures implemented by ERE for the classification of the distribution system as a closed one, the application form, supporting documentation accompanying the application, the way of keeping the closed systems register as well as the terms and procedures for revoking the status as a closed distribution system.

**Article 3
Definitions**

“Energy Regulator Authority” – or “ERE” is the regulator authority of power and natural gas sectors which operates in conformity with Law no. 43/2015 “On Power Sector” and Law no. 102/2015 “On Natural Gas Sector”.

“Board”- is ERE decision-making body.

“Closed distribution system” – shall mean a system distributing electricity within an industrial, commercial or joint services limited geographical area from which is not distributed electricity for household or small non-household customers and if:

- a. For special technical or security reasons the activities or generation processes of this system users are integrated; or;
- b. This system distributes electricity mainly to the owner, closed system operator or associated companies.

“Closed distribution system Operator” – shall mean the operator performing the activity according to the license for closed distribution system and the respective operation rules approved by ERE.

Article 4
Conditions for classifying closed distribution systems

- (1) The closed distribution system shall fulfil these conditions:
- a) Electricity distribution physical assets of the area to be in the ownership of the person applying for the classification as closed distribution system.
 - b) Shall have a connection and metering point defined in the connection agreement with the Electricity Distribution Operator.
 - e) Number of customers connected in the closed distribution system shall not be smaller than XX and not bigger than XX or electricity quantity consumed throughout the year from the customers in the territory covered by the closed distribution system, shall not exceed% of the total annual consumption for all customers in the country
- (2) In case the Closed Distribution System does not require its exclusion according point 2 article 71 of Law no.43/2015"“On Power Sector” from the regulation of the tariffs by ERE, applicable tariffs for the customers connected in the closed system shall be reviewed and approved by ERE, in conformity with article 21 of Law no.43/2015 “On Power Sector”.

CHAPTER II

APPLICATION PROCEDURES

Article 5

Documentation for classifying closed distribution systems

- (1) Application on classifying the closed distribution system shall be submitted at ERE from the interested applicant.
- (2) In its application form, the applicant shall express his interest to be classified as closed distribution system operator.
- (3) Except the application form, it is needed the submission of the additional information to meet the conditions for classification in the distribution system:
- a) Extract from the National Registration Center of commercial companies, where it is certified that it has been registered in electricity distribution activity;
 - b) Geodetic Study together with an extract of the cadastral plan with the following features:
 - Technical project of the installations
 - Drawn and labeled installations, lines, transformers from the connection point in the transmission and distribution system, to the connection point of system users, including the labeling of metering points.
 - Drawn on necessary installation for the operation of closed distribution system and

- Infrastructure drawn of the closed distribution system user from which it may be explicitly determined that it is a geographically limited area;
 - Indicative map of the geological area covered;
- c) Proof of infrastructure ownership according to point 3, letter b);
 - d) Ownership over distribution physical assets;
 - e) Grid construction permission;
 - f) Copies of use permits and other documents for electricity and other facilities for classifying the closed distribution system. For old facilities that do not have the use permit, it is needed an assessment from competent inspectors in the areas like: power sector, electricity efficiency, protection to fire and explosions as well as environmental protection;
 - g) A list of closed distribution system users with their identification number of the connection point;
 - h) Describing the way in which the work or generation, trade or service activity for closed distribution system shall be integrated because of technical or safety reasons and/or evidences that the system distributes electricity primarily to the owner, the system operator or related undertakings;
 - i) Specific description of closed distribution system;
 - j) Economic description of trade system or limited geographical area services to which closed distribution system operator shall perform its activity;
 - k) Certification of responsible persons that represent the applicant, where they declare that they assume the obligation to separate distribution account activity in the closed system from the other activities accounts on power sector;
 - l) Certification from responsible persons that represent the applicant, issued from the competent inspecting authority where it is observed that there is no obstacle in the way of operating the devices and installations composing the closed distribution system;
 - m) Certification that the responsible delegate is not involve in a process initiated from justice bodies (certification from the prosecution and the court)
 - n) Certification of the regulatory payment from the Applicant in the moment of submitting the application, as defined by ERE.

Article 6

Closed distribution system operator

1. The operation of closed distribution system may be from the company or the owner of the closed distribution system or from a third authorized person or contacted from him.
2. The person who takes over the operation of the closed distribution system shall be equipped with the distribution license by ERE. The license conditions of a Closed Distribution System Operator shall be defined in ERE Licensing Regulation and are implementing the technical standards and requirements of the Distribution Code.
3. Closed distribution system operator, is responsible for the imbalances as any other electricity market operator.

Article 8
Amendments of the Regulation

These rules are object of review and amendment with ERE Board decision.

Article 9
Entry into force

This Regulation enters immediately into force after the approval from ERE.