

## NORTH MACEDONIA: STRATEGIC INVESTMENTS IN NORTH MACEDONIA – NEW OPPORTUNITIES FOR POTENTIAL INVESTORS IN RENEWABLES

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The adoption of the new Law on Energy of North Macedonia in 2018 established the foundations for stability, competitiveness, and economic functionality of the energy sector. In addition, the Energy Law declared the promotion of renewable energy sources and encouraging energy efficiency a priority. This, in a short time, has contributed to increased investment in the field of renewables.

In fact, since the adoption of the Energy Law, several procedures for construction of photovoltaic power plants have been realized, including: i) the construction of 35 MW photovoltaic power plants on state land; ii) the construction of a 10 MW photovoltaic plant in TPP Oslomej; and iii) the construction of a photovoltaic power plant of 100 MW in the former TEC Oslomej coal mine. With all these investments, as well as the planned 20 MW photovoltaic power plant in REK Bitola, installed capacity of 200 MW is expected, which is a strategic priority of North Macedonia. These investments confirm the country's commitment to invest in renewables and attract additional interested investors in this area.

To additionally improve the conditions for large investments in general, and to attract foreign and domestic capital, the Parliament of the North Macedonia in January this year adopted the Law on Strategic Investments of North Macedonia (SIL). The SIL is designed to encourage, attract, and create conditions for conducting strategic investments, and to offer new opportunities for potential investors.

Pursuant to the SIL, on May 2, 2020 the Government of N. Macedonia announced a public call for submission of requests to determine the status of a strategic investment project (the "Public Call"). As part of the call, the Government stipulated the criteria and areas for obtaining the status of a strategic project in N. Macedonia.

Namely, SIL defines a strategic investment project as an investment of: (i) at least EUR 100 million on the territory of at least two or more municipalities; (ii) at least EUR 50 million in municipalities with a seat in a city, municipalities in the City of Skopje, and the City of Skopje; and (iii) at least EUR 30 million in municipalities with a seat in a village.

As an exception, strategic investment projects (SIP) can also be those that are implemented under inter-state agreements; those implemented and funded in co-operation with the European Union or the Ministerial Council of the Energy Community, or those funded by international financial institutions where the investor is a state administration body.



According to the SIL and the Public Call, execution of a SIP is a matter of public interest. Hence, the SIP: (i) must comply with the environmental standards; (ii) must not be contrary to the Constitution of North Macedonia and ratified international treaties; (iii) must fall within the strategic priorities of the Government of North Macedonia.

Projects in the field of energy with infrastructure are among the priority areas covered by this Public Call. As a result, potential investors in the field of energy get an additional opportunity for investment that would be set as a SIP by the Government of N. Macedonia.

The final deadline for submission of the application for SIP is January 31, 2021, and the Public Call stipulates the documentation and approvals which must accompany it. The Commission for SIP founded by the Government is authorized by law to evaluate and make final decisions on applications. Briefly, once the Government grants a project this status, it must propose a draft law for the implementation of the SIP to the Parliament of North Macedonia. After the Parliament adopts the law, the Government will conclude an agreement with the strategic investor.

The main purpose of the SIL and the Public Call is to encourage, attract, and create conditions for the implementation of strategic investments in North Macedonia, which in general is expected to result in economic growth, employment, and application of new technologies and innovations.

With this opportunity, potential investors in renewables could initiate a large investment cycle in the country. This could have a positive impact not just on the energy sector, but on the country's competitive advantages, economic growth, and on the living conditions of citizens of N. Macedonia in general. ■