

Energy Act

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Chapter One

GENERAL PROVISIONS

Article 1. *(Last Amendment - SG No. 54/2012, in force as of 17.07.2012)* This Act regulates the public relations regarding the activities of generation, import and export, transmission, distribution of electricity, heat and natural gas, oil and oil product transmission by pipelines, trade in electricity, heat and natural gas, as well as the powers of state agencies in formulating energy policy, regulation and control.

Article 2. *Last Amendment - SG No. 54/2012, in force as of 17.07.2012)* (1) The principal purposes of this Act are to create conditions for:

1. high-quality and secure supply of electricity, heat and natural gas to the general public;
2. energy development and energy security of the country through efficient use of energy and energy resources;
3. establishment and development of competitive and financially stable energy market;
4. energy deliveries at minimum costs;
5. *(Repeal, SG No. 49/2007);*
6. promotion of the combined generation of electricity and heat.

7. *(Last amendment – SG No. 54/2012, in force as of 17.07.2012)* development of electricity, natural gas, oil or oil product transmission and distribution infrastructures on the territory of the country, and through it.

(2) *(Last amendment – SG No. 54/2012, in force as of 17.07.2012)* The generation, import, export, transmission, distribution and trade in electricity, heat, natural gas, oil and oil products is carried out while guaranteeing protection of citizens' life and health, property, environment, security of supplies, customers' interests, and national interests.

Chapter Two

ENERGY POLICY

Section I

State Governance of the Energy Sector

Article 3. *(Last Amendment, SG No. 103/2009)* (1) The energy policy of the Republic of Bulgaria is performed by the National Assembly and the Council of Ministers.

(2) Upon proposal of the Council of Ministers, the National Assembly adopts the Bulgarian National Energy Strategy, which specifies the basic targets, stages, means and methods for energetic development.

(3) The Council of Ministers manages the energy policy of the Republic of Bulgaria in compliance with the Energy Strategy adopted by the National Assembly.

Article 4. *(Last Amendment - SG No. 56/24.07.2015, in force as of 24.07.2015)* (1) *(Last Amendment, SG No. 74/2006)* The national energy policy is implemented by the Minister of Energy.

(2) *(Last Amendment, SG No. 74/2006)* The Minister of Energy performs the following functions:

1. *(Last Amendment, SG No. 103/2009)* develops the Energy Strategy of the Republic of Bulgaria and submits it to the Council of Ministers for approval;

2. adopts the short-term, medium-term and long-term overall national forecast energy balances in accordance with the strategy adopted;

3. *(Last Amendment, SG No. 74/2006)* submits a list of energy sites of strategic national importance, including ones extracting local hard fuel, to the Council of Ministers for approval;

4. *(Last amendment – SG No. 54/2012, in force as of 17.07.2012)* specifies by order the mandatory parameters of the level of reliability of electricity supply, as well as measures to meet them;

4a. *(New – SG No. 54/2012, in force as of 17.07.2012)* is a competent authority on the issues of security of natural gas supplies pursuant to **Regulation (EU) No. 994/2010 of the European Parliament and of the Council of 20 October 2010 concerning measures to safeguard security of gas supply and repealing Council Directive 2004/67/EC** (OJ, L 295/1, 12.11.2010), called hereinafter „Regulation No. 994/2010“;

5. *(Last amendment – SG No. 54/2012, in force as of 17.07.2012)* approves the required new electricity generating capacities and promulgates the inventory of required new capacities in *the State Gazette*;

6. submits to the Council of Ministers for approval an inventory of new separate areas for natural gas distribution and for modification of existing separate areas for natural gas distribution for which no license has been issued, and promulgate the inventory in the State Gazette;

7. approves restructuring programs and strategies for the energy sector;

8. determines an overall annual quota for mandatory acquisition of electricity from producers utilizing primary local energy sources (of fuel), of up to 15 per cent of the whole primary energy required for the generation of electricity that is consumed in the country during each calendar year, for reasons of security of supply;

9. *(Repeal, SG No. 49/2007)*;

10. *(Repeal, SG No. 49/2007)*;

11. *(Last Amendment - SG No. 35/15.05.2015, in force as of 15.05.2015)* Prepares and submits to the Council of Ministers for approval:

a) comprehensive assessment of the potential for application of high- efficiency cogeneration of heat and electricity and efficient district heating and cooling systems;

b) cost- benefit analysis as a part of the comprehensive assessment under letter "a" which comprises an assessment of programmes under art. 6, para. 1 and projects for ascertaining the most economically efficient and advantageous opportunity for heating or cooling; the analysis may be part of the environmental assessment of the programme and the projects, if such are provided;

c) analysis of the national potential as a part of the comprehensive assessment under letter "a" and assessment of the progress after the increase of the share of the high- efficiency cogeneration in the gross electricity consumption;

d) measures for development an effective heating and cooling infrastructure and/ or aiding the development of the high- efficiency cogeneration of energy and the use of heating and cooling energy, generated on the basis of waste heat and renewable energy source in compliance with the assessment and the analysis under letters "a", "b" and "c".

12. makes proposals for establishment and maintenance of national energy reserves and wartime energy reserves;

13. approves standard levels for the stocks of fuels necessary for secure energy supply;

14. *(In force as of 31.12.2005)* submits to the Council of Ministers a proposal for state aid grants to certain entities and/or activities in the energy sector;

15. exercises control in the cases provided for by this Act;

16. issues permits for search and exploration of energy resources and organize procedures for concession award for extraction of energy resources and construction of hydro power facilities;

17. publishes annual bulletin on the energy sector status and development;

18. formulates and implements state policy related to the activities involved in the transmission of oil and petroleum products by pipelines within and through the national territory;

18a. (*Last amendment – SG No. 54/2012, in force as of 17.07.2012*) represents the state in its relations with other states, as well as with corporations on all issues concerning the implementation of the Energy Charter Treaty and the realization of projects for development of transnational electricity, natural gas, oil or oil product transmission infrastructures and for integration of the national electricity and natural gas market on a regional level;

18b. (*Last amendment – SG No. 54/2012, in force as of 17.07.2012*) provides competent authorities in the European Union with all information required by the law of the European Union;

18c. (*Last amendment – SG No. 54/2012, in force as of 17.07.2012*) according to its authority, sends requests and notices to the competent authorities of the European Union for granting temporary relief from the application of European Union law provisions and transitional periods in the energy field in all cases provided for by the European Union law.

18d. (*New – SG No. 54/2012, in force as of 17.07.2012*) organizes and controls the implementation of the National Investment Plan for the 2013 - 2020 period and, as of 2014, presents to the European Commission annually until the 31st of January general report on its implementation on the basis of the reports of those energy undertakings for which obligations occur according to the said plan;

19. issues the statutory instruments provided for in this Act according to its competence;

20. represents the Republic of Bulgaria in international organizations on energy matters;

21 (*New - SG No. 17/06.03.2015 in force as of 06.03.2015*) issues together with the Minister of Finance and the Minister of Economy an ordinance for the reduction of the burden related to the energy from renewable sources costs in accordance with the Community Guidelines on State Aid for Environmental Protection for the period 2014- 2020 (OJ, 200/ 1 of 28 June 2014);

22. issues an ordinance for public announcement and optimisation of the expenses of the commercial undertakings with 50 per cent or more than 50 per cent state or municipal participation in the capital, along with the principal of the undertakings performing activities under this Act;

23. (*Former p. 22 - SG No. 56/24.07.2015, in force as of 24.07.2015*) exercises other powers as well, assigned to it by other enactments.

(3) (*Last Amendment, SG No. 103/2009*) The Energy Strategy adopted by the National Assembly Article 3 (2) is promulgated in the State Gazette.

Article 5. (*Last Amendment, SG No. 35/2009*) (1) The list of energy sites of strategic national importance, referred to in Article 4 (2), pt. 3, is prepared on an annual basis by the Ministry of Energy and is submitted by the Minister and Energy to the Council of Ministers for approval.

(2) Any persons performing activities under this Act by means of sites included in the list referred to in Paragraph (1) enjoy protection which includes:

1. (*Last Amendment, SG No. 74/2006*) organization and control of physical protection (security) of sites implemented by authorities of the Ministry of Internal Affairs or by persons carrying out activities under the Private Security Business Act;

2. information protection implemented through administrative, organizational and technical means.

(3) The protection referred to in Paragraph (2) is at the expense of persons carrying out activities under this Act by means of the sites included in the list referred to in Paragraph (1).

(4) (*Last amendment, SG No. 35/2009*) Any persons carrying out activities under this act through sites, included in the list under Paragraph (1), perform activities and work during disasters and war as assigned to them by the Minister of Energy.

Article 6. (1) Municipality mayors require from energy companies operating on municipality territory to submit development forecasts on the demand for electricity, heat and natural gas, programs and plans for electricity, heat and natural-gas supply.

(2) Following a proposal by the energy companies, municipality mayors mandatorily include, in the general and detailed structure plans, public works required for implementation of the programs and plans referred to in Paragraph (1).

(3) (*Last Amendment, SG No. 74/2006*) Municipality mayors ensure the construction, operation, maintenance and development of the outdoor lighting networks and facilities within the municipality territory in respect of municipal property.

Article 7. (1) (*Last Amendment, SG No. 74/2006*) During the implementation of the state policy in the energy sector, the Minister of Energy may be assisted by industrial branch chambers and organizations of power engineers and energy resource extraction sector workers.

(2) (*Last Amendment, SG No. 74/2006*) Employers in the energy sector may establish and participate in industrial branch chambers and organizations of power engineers and energy resource extraction sector workers.

(3) (*Last Amendment, SG No. 74/2006*) The industrial branch chambers and organizations of power engineers and energy resource extraction sector workers are registered under the terms and procedures established by the Not-for-Profit Legal Entities Act.

(4) (*Last Amendment, SG No. 74/2006*) The industrial branch chambers and organizations of power engineers and energy resource extraction sector workers:

1. have as an objective to represent and protect the common interests of their members;
2. may negotiate with trade unions on issues of common interest and be parties in signing branch collective agreements;

3. (*Last Amendment, SG No. 74/2006*) draft rules for good manufacturing practices, models of systems for risk analysis of energy generation and/or energy resource extraction, as well as other professional criteria;

4. participate in the drafting of strategies, analyses, programs and opinions on the development of the sector and facilitate their implementation;

5. (*Last Amendment, SG No. 74/2006*) create databases for professionals in the sector available to assist energy producers and energy resource extractors, as well as state agencies;

6. (*Last Amendment, SG No. 74/2006*) draft an Ethics Code regulating professional ethics in the sector and prevention of unfair competition between energy producers and energy resource extractors;

7. (*Last Amendment, SG No. 74/2006*) notify competent authorities of violations related to the production of and trade in energy and/or energy resource and natural gas extraction;

8. give opinions on any amendments to enactments concerning the respective industrial branch;

9. organize and deliver vocational training;

10. perform other functions as well assigned to them by the law.

(5) (*Last Amendment, SG No. 74/2006*) State agencies and the management bodies of industrial branch chambers and energy sector workers organizations collaborate and inform each other of violations detected in the production of and/or trade in energy and/or energy resource and natural gas extraction.

(6) (*Last Amendment, SG No. 74/2006*) State agencies, institutions and central-government departments, local self-government bodies and local administration assist and provide the industrial branch chambers and organizations of energy and energy resource extraction sector workers with information the chambers and organizations need to perform the functions provided for by this Act.

Article 7a. (*New - SG No. 20/2013, in force as of 28.03.2013*) (1) For protection of the consumers' interests a Public Council is founded to the Minister of Energy to serve as a consultative unit for resolution of issues within the special competence of the Minister, defined in this Act.

(2) The Public Council under Par. (1) shall consist of representatives of the Ministry of Energy, consumers' associations, scientific associations, trade unions and legal persons with no business purposes.

(3) The Public Council under Par. (1) shall be established with an order of the Minister of Energy.

(4) The order under Par. (3) shall define the issues to be reviewed by the Public Council, as well as the terms and conditions for carrying out of its activities.

Section II

Energy Forecasting and Planning

Article 8. (*Last Amendment – SG No. 54/2012, in force as of 17.07.2012*) (1)(*Last Amendment, SG No. 103/2009*) The Minister of Energy drafts the Energy Strategy of the Republic of Bulgaria.

(2) (*Last Amendment, SG No. 74/2006*) On the basis of the Energy Strategy of the Republic of Bulgaria, the Ministry of Energy drafts programs and strategies for restructuring of the energy sector that are approved by the Minister of Energy. Commercial corporations in the energy sector are privatized in accordance with the programs and strategies for restructuring of the energy sector, as approved by the Minister of Energy.

(3) There are short-term, medium-term and long-term overall national forecast energy balances. These balances are prepared on the basis of:

1. (*Last Amendment, SG No. 74/2006*) forecasts, studies and plans of enterprises engaged in activities such as extraction, processing, conversion, transmission and distribution of energy resources and energy;

2. information from the overall indicative energy balances;

3. information provided by the National Statistics Institute.

(4) (*Last amendment – SG No. 54/2012, in force as of 17.07.2012*) The Minister of Energy shall determine the need of new electricity generating capacities under Art. 4, Par. 2, Item 5 for the purpose of ensuring electricity supply, execution of the obligations for renewable energy sources share in the gross end consumption of energy, as well as for the purpose of environmental protection and innovative technologies encouragement where such purposes cannot be achieved through market mechanisms on the basis of:

1. the overall forecast energy balances;

2. the mandatory parameters of the level of reliability of electricity supply;

3. the 10-year plan for development of electricity transmission network;

4. the reports under Art. 13 of the Renewable Energy Sources Act concerning the implementation of the National Action Plan for Renewable Energy Sources.

(5) (*Last Amendment, SG No. 103/2009*) The Minister of Energy implements an energy policy targeting national energy development with efficient utilization of energy and energy resources and meeting the demand of the public for electricity, heat and natural gas, oil products, and solid fuels on the basis of the overall forecast energy balances and the Energy Strategy as adopted by the National Assembly.

(6) (*Last Amendment, SG No. 74/2006*) The Minister of Energy monitors the security of supply and publish all measures planned and taken, the results from the monitoring, as well as

the energy policy guidelines in the bulletin under Article 4 (2), pt. 17, as well as on Ministry of Energy website.

Article 9. (*Last Amendment - SG No. 17/06.03.2015 in force as of 06.03.2015*) (1) (*Last Amendment, SG No. 74/2006*) Companies engaged in activities involving energy resource extraction, fuel processing and trade, conversion, transmission, distribution and trade in energy and natural gas:

1. (*Last Amendment, SG No. 74/2006*) conduct studies and analyses, draft short-term, medium term and long-term forecasts of the energy resource extraction, fuel and energy processing and trade, and adopt relevant plans ensuring such activities;

2. (*Last Amendment – SG No. 54/2012, in force as of 17.07.2012*) prepare, at least once every two years, and submit to the Minister of Energy plans for rehabilitation, for measures to improve the efficiency of existing generating capacities and networks, and for the construction of new capacities and networks at minimum costs and information for the investment projects pursuant to **Commission Regulation (EU, Euratom) No 833/2010 of 21 September 2010 implementing Council Regulation (EU, Euratom) No 617/2010 concerning the notification to the Commission of investment projects in energy infrastructure within the European Union** (OJ, L 248/36, 22.09.2010). The said plans shall be accompanied by a feasibility technical-economic study, a financial analysis and an environmental impact analysis, as well as alternatives for energy saving.

(2) (*Last Amendment, SG No. 74/2006*) The forecasts under Paragraph (1), including the respective reporting information, preliminary assessments and a list of required new generating facilities, networks and natural gas storage facilities, are submitted as follows:

1. (*Last Amendment, SG No. 74/2006*) to the Minister of Energy;

2. (*Last Amendment - SG No. 17/06.03.2015 in force as of 06.03.2015*) to the Energy and Water Regulatory Commission;

3. to the municipality mayors for fulfillment of the obligations under Paragraph (6);

4. (*Last Amendment – SG No. 54/2012, in force as of 17.07.2012*) to the operators of transmission networks;

5. (*Last Amendment – SG No. 54/2012, in force as of 17.07.2012*) to the operators of distribution networks;

(3) (*Last Amendment, SG No. 74/2006*) The content, structure, terms and procedure for submission of information under Paragraph (1) and (2) are established in a regulation by the Minister of Energy.

(4) (*Last Amendment - SG No. 17/06.03.2015 in force as of 06.03.2015*) The content, structure, and procedure for submission of information under Article 4 (2), pt. 18b and pt. 18d, as well as under Article 21 (1), pt. 7, pt. 24, pt. 26 and pt. 27, are defined by a Council of Ministers regulation following a proposal by the Minister of Energy and the Energy and Water Regulatory Commission.

Chapter Three

ENERGY SECTOR ACTIVITIES REGULATION

Section I

Energy and Water Regulatory Commission

(Title amended - SG No. 17/06.03.2015 in force as of 06.03.2015)

Article 10. (Last Amendment - SG No. 17/06.03.2015 in force as of 06.03.2015) (1) (Last Amendment - SG No. 17/06.03.2015 in force as of 06.03.2015) The Energy and Water Regulatory Commission, hereinafter referred to as the "Commission", regulates energy-sector and water-supply and sewerage activities.

(2) The Commission is an independent specialized state agency, a legal person with a head office in Sofia.

(3) (New - SG No. 17/06.03.2015 in force as of 06.03.2015) Upon exercising its powers, the Commission is independent of the executive power and its activities are performed on the basis of independence, impartiality, professionalism, integrity, consistency, publicity and transparency. The Commission reports its activities before the National Assembly.

Article 11. (Last Amendment - SG No. 17/06.03.2015 in force as of 06.03.2015) (1) (Last Amendment - SG No. 17/06.03.2015 in force as of 06.03.2015) The Commission is a collective body comprising 9 members including a Chairperson.

(2) (Last Amendment - SG No. 17/06.03.2015 in force as of 06.03.2015) The Chairperson and the rest of the members of the Commission are appointed and dismissed by the National Assembly.

(3) The term of office of Commission members is five years.

(4) (Repeal - SG No. 17/06.03.2015 in force as of 06.03.2015)

(5) (Last Amendment - SG No. 17/06.03.2015 in force as of 06.03.2015) The selection of new members of the Commission is made not earlier than three months and not later than one month prior the expiration of the mandate of the operating members. The members of the Commission continue to exercise their functions after the expiration of their mandate until the entry into office of the new members.

Article 12. (Last Amendment - SG No. 17/06.03.2015 in force as of 06.03.2015) (1) (Last Amendment - SG No. 17/06.03.2015 in force as of 06.03.2015) Eligibility for membership of the Commission is limited to capable Bulgarian citizens who have graduated from a higher educational institution with Master's degree, and at least one of which is a qualified lawyer and one economist:

1. (Last Amendment – SG No. 54/2010, in force as of 16.07.2010) As members of the Commission may be appointed physically able Bulgarian citizens who:

1. have obtained a Master's Degree Diploma;
2. have good professional reputation and professional experience of at least 10 years of which at least 7 years:
 - a) experience in the energy sector- with reference to four of the members of the Commission;
 - b) experience in the sphere of water supply and sewerage- with reference to two of the members of the Commission;
 - c) legal experience- with reference to one of the members of the Commission;
 - d) experience in the economic sector- with reference to one of the members of the Commission;
 - e) experience in the energy sector or in the sphere of water supply and sewerage- with reference to the Chairperson of the Commission;
3. have not been imprisoned for a premeditated criminal offence.

(2) (*Last Amendment - SG No. 17/06.03.2015 in force as of 06.03.2015*) The members of the Commission may not be related parties within the meaning of the Conflict of Interest Prevention and Ascertainment Act.

(3) (*Last Amendment - SG No. 17/06.03.2015 in force as of 06.03.2015*) The members of the Commission may not occupy another paid office or perform another paid activity unless in the sphere of international projects and programmes related to the activities of the Commission, scientific, teaching or another activity which is regulated in the Copyright and Neighbouring Rights Act.

(4) (*Repeal - SG No. 17/06.03.2015 in force as of 06.03.2015*)

(5) The remuneration of Commission members is specified as follows:

1. (*Last Amendment – SG No. 54/2012, in force as of 17.07.2012*) - for the Chairperson: 93 per cent of three average monthly wages of persons hired under employment or civil-service contract in the production and distribution of electricity, heat and gas sector as reported by the National Statistics Institute;

2. (*Repeal, SG No. 54/2010 in force as of 16.07.2010*);

3. (*Last Amendment – SG No. 54/2012, in force as of 17.07.2012*) for the rest of the Commission members: 85 per cent of three average monthly wages of persons hired under employment or civil-service contract in the production and distribution of electricity, heat and gas sector as reported by the National Statistics Institute.

Article 12a. (*New - SG No. 17/06.03.2015 in force as of 06.03.2015*) (1) The members of the Commission are appointed after the performance of a public procedure.

(2) The proposals for selection of members of the Commission may be made by the Members of the Parliament and the parliamentary groups.

(3) The National Assembly appoints the Chairperson and the rest of the members of the Commission separately.

(4) The members of the Commission take the oath of office under art. 76, para. 2 of the Constitution of the Republic of Bulgaria before the National Assembly.

Article 12b. (*New - SG No. 17/06.03.2015 in force as of 06.03.2015*) (1) Pre- term termination of authority of a member of the Commission can be made:

1. upon his or her request;
2. upon incompatibility;
3. upon factual inability to perform his or her duties for a period longer than six months;
4. in case he or she has been sentenced to imprisonment for a premeditated criminal offence with an effective judicial act;
5. upon grave breach or systematic dereliction of the official duties;
6. upon entry into effect of a judicial act ascertaining a conflict of interests under the Conflict of Interests Prevention and Ascertainment Act;
7. in case of death.

(2) In the cases under para. 1, pt. 1, 4, 6 and 7, the grounds are announced by the Chairperson of the National Assembly before the National Assembly.

(3) In the cases of pre- term termination of authority of a member of the Commission, a new member is selected within two months after the entry into effect of the decision for termination under para. 1, pt. 2, 3 and 5, or after the announcement under para. 1, pt. 1, 4, 6 and 7. The newly appointed member completes the mandate of the person on whose place he or she is appointed.

Article 13. (*Last Amendment - SG No. 35/15.05.2015, in force as of 15.05.2015*) (1) (*Last Amendment - SG No. 35/15.05.2015, in force as of 15.05.2015*) The Commission is a permanent body which sits provided that more than half of the total number of members or members of the Chamber concerned are present.

(2) The Commission examines and rules with reference to the issues related to the regulation of the prices in the energy and water supply and sewerage services and the submitted complaints in two groups as follows:

1. "Energy" which consists of the Chairperson, the members with experience in the energy sector as well as the members who are a lawyer and an economist;

2. "Water Supply and Sewerage" which consists of the Chairperson, the members with experience in the sphere of the water supply and sewerage services as well as the members who are a lawyer and an economist.

(3) (*Last Amendment - SG No. 35/15.05.2015, in force as of 15.05.2015*) The Commission rules on the basis of reasoned decisions which are individual or general administrative acts. The decisions are adopted by a majority of more than the half of the total number of members or members of the Chamber concerned of whom at least:

1. two are members with experience in the energy sector- upon exercising of powers of the Commission in the energy sector;

2. one of the members with experience in the sphere of the water supply and sewerage services- upon exercising the powers of the Commission in the sphere of the water supply and sewerage services.

(4) Abstention is not allowed. The manner of voting of each voted member and the motives of each member who has voted against are entered into a protocol enclosed to the decision.

(5) The Commission meetings are public when considering applications or requests related to:

1. issuance, modification, supplementation, withdrawal and termination of a licence;

2. endorsement of prices;

3. other matters related to the exercising the powers of the Commission.

(6) In cases in which information protected by law is announced, the Commission meetings under para. 5 are held behind closed doors, and only members of the Commission and the parties to the relevant proceedings may attend.

(7) The Commission decisions under para. 5 and 6 are made during a meeting behind closed doors and are made public under procedure specified in the Rules under art. 16, para. 1.

(8) Upon performance of its powers, the Commission applies the proceedings rules provided in this Act, and with reference to the cases which are not settled by it- the rules of the Administrative Procedure Code.

(9) The decisions, including the tacit refusal, are subject to appeal under the procedure of the Administrative Procedure Code. The appeal does not suspend the implementation of the decision. The request for suspension of the implementation of a decision which is litigated is inadmissible, unless with reference to decisions imposing sanctions, decisions for termination or withdrawal of licences and decisions for withdrawal of certificates of independence of transmission network operators.

Article 14. (1) (*Last amendment – SG No. 54/2012, in force as of 17.07.2012*) The Commission conducts a procedure for public discussion with interested parties when drafting

general administrative acts under this Act and the Water-Supply and Sewerage Services Regulation Act, as well as on other matters of public relevance for development of the energy and water and sewerage sector.

(2) (*Last amendment – SG No. 54/2012, in force as of 17.07.2012*) Interested parties under Paragraph (1) are state agencies, industrial branch organizations, energy companies, water and sewerage utilities, customers directly involved in the prepared draft, as well as customer organizations.

(3) The Commission discusses with all interested parties the basic principles set in the draft and determines not less than 14 days for drawing up of opinions on the draft.

(4) The Commission considers all opinions submitted by interested parties and gives arguments for its opinion, posting such reasoning on its website.

Article 15. (*Last Amendment - SG No. 56/24.07.2015, in force as of 24.07.2015*) (1) (*Former Par. 1 - SG No. 17/06.03.2015 in force as of 06.03.2015*) The Commission shall make public the policies pursued and the practice established in the implementation of its acts, as well as the reasoning for amendment of the said acts, on the Internet page of the Commission.

(2) (*New - SG No. 17/06.03.2015 in force as of 06.03.2015*) The Commission publishes on its Internet web page the energy companies and the water services and sewerage operators proposals for endorsement of prices together with all initial data, the protocols from all public and closed meetings and public discussions, the decisions of the Commission, including the manner in which the members of the Commission have voted and the motives of every member who has voted against, the adopted normative acts, rules, methods and directions.

(3) (*New - SG No. 56/24.07.2015, in force as of 24.07.2015*) The ordinances and rules adopted by the Commission are promulgated in "State Gazette".

Article 16. (*Last Amendment - SG No. 17/06.03.2015 in force as of 06.03.2015*) (1) The Commission adopts Rules of its activities which is promulgated in "State Gazette".

(2) Upon exercising its activities, the Commission is helped by administration whose structure and organisation of activities are specified in the Rules under para. 1.

(3) The activities of the administration are performed by state officials and persons working under labour relations. Art. 107a of the Labour Code is applied with reference to the employees under labour relations.

(4) Unless otherwise provided in this Act, the Administration Act is applied with reference to the administration of the Commission.

Article 17. The Commission members, as well as the employees of its administration, are obligated to comply with the professional ethics rules adopted by the Commission.

Article 18. (*Last Amendment, SG No. 74/2006*) (1) The Commission's Chairperson, its members and administrative officials do not disclose any classified information they have created and stored, and which has become known to them in the course of their duties under

this Act and under the Water-Supply and Sewerage Services Regulation Act, included in a list of facts, data, and subjects, constituting an official secret.

(2) The Commission following an opinion of the Information Security State Commission, issues a decision to approve, amend and supplement the list under Paragraph (1).

(3) The list under Paragraph (1) may include information, declared as commercial secret by the applicants and licensees, only if its publication could lead to unfair competition between companies or threaten commercial interests of third parties. The Commission includes such information in the list following an opinion of the Commission for Protection of Competition.

(4) Any information constituting an official secret may be disclosed only to judicial authorities or other public authorities according to the procedure established by the law.

Article 19. *(Last Amendment – SG No. 54/2012, in force as of 17.07.2012)* (1) State agencies, energy companies and public officials assist the Commission in the performance of its functions.

(2) *(Last Amendment – SG No. 54/2012, in force as of 17.07.2012)* While performing its functions the Commission may collaborate with persons representing and protecting customer interests of energy services.

(3) *(New – SG No. 54/2012, in force as of 17.07.2012)* Upon performance of its functions the Commission shall publish once a year recommendations about the compliance of the sale prices by a public provider, end suppliers and final providers with the obligations for services of public interest, including for protection of energy service customers and for environmental protection, and, where needed, shall submit such recommendations to the Commission on Protection of Competition.

Article 20. *(Last Amendment - SG No. 17/06.03.2015 in force as of 06.03.2015)* The Chairperson of the Commission performs the following functions:

1. organizes and directs the activities of the Commission and of its administration according to this Act and the Commission's decisions;

2. represents the Commission in dealing with third parties;

3. appoints and dismisses administration employees;

4. *(Last Amendment - SG No. 17/06.03.2015 in force as of 06.03.2015)* annually submits to the National Assembly a report on the activities of the Commission;

5. organizes the budget drafting and submits it before the Commission for consideration and adoption;

6. is responsible for the execution, closing and reporting of the Commission's budget;

7. submits the annual report and interim financial statements to the Commission for adoption.

Section II

Powers of the Commission

Article 21. *(Last Amendment - SG No. 56/24.07.2015, in force as of 01.01.2016) (1) (Last Amendment - SG No. 17/06.03.2015 in force as of 06.03.2015)* The Energy and Water Regulatory Commission shall:

1.issue, modify, supplement, suspend, terminate and withdraw licenses in the cases provided for in this Act;;

2.adopt and publish guidelines for the activities thereof;

3.adopt the statutory instruments of secondary legislation provided for in this Act;

4.approve the general conditions of the contracts provided for in this Act;

5.approve rules for working with the energy service customers;

6.exercise control, analyze, periodically review and shall have the right to request amendment and supplement of the price formation mechanisms set forth in the contracts for long-term purchase of availability and electric power concluded with the public provider where they violate the law of the European Union or are not in compliance with the European Union policies;

7. oversee the implementation of all measures adopted for performance of the obligations for services in public interest, including for protection of energy service customers, environmental protection and for the potential impact thereof on the internal and external competition, and shall inform the European Commission on such measures and all amendments thereof;

8.conduct regulation of prices in all cases provided in this Act, and shall determine on annual basis a price cap for conclusion of transactions on the balancing energy market;

8a. *(New – SG No. 59/2013, in force as of 05.07.2013)* determine, on the basis of a tender procedure, a maximum value of the electric power transfer network operator costs for purchase of a cold reserve for each price period;

9.acting on a proposal by the relevant energy companies, adopt rules for trade in electricity and natural gas, as well as technical rules for the relevant networks and systems, including rules for safety and reliability, control the adherence thereto, and shall conduct check-ups and control over past periods results;

10.develop and control compliance with the rules for supply of electricity by end suppliers and suppliers of last resort, rules for supply of natural gas by the public provider and end suppliers as part of the rules under Item 9, including quality of service and supply

standards, as well as rules for supply of customers with heating energy including quality of service and supply standards;

11.adopt and control the implementation of a methodology for setting of prices for balancing electricity as part of the rules for trade in electricity under Item 9;

12. (*Last amendment – SG No. 59/2013, in force as of 05.07.2013*) adopt and control the implementation of a methodology for setting of prices for electricity provided by a provider of last resort;

13.set the rules for access to the electricity and natural gas transmission networks, respectively to the electricity and natural gas distribution networks as well as the capacities for natural gas storage including quality of service and supply standards, and shall review the said rules in view of ensuring effective access;

14.acting on a proposal by the transmission network operator, or respectively the distribution network operator, decide on the appurtenance of the electric power lines, heating mains, natural gas pipelines and the facilities appurtenant thereto to the transmission or distribution networks and issue mandatory directions for their purchase and/or provision of access thereto;

15.conduct the competition procedures under Art. 46 herein;

16.require all kinds of information and documents related to the functioning of the energy market, including contracts for supply, transmission, distribution and storage, as well as all agreements ensuing therefrom, and may provide parts of the said information to market participants provided that no information shall be disclosed which comprises trade secrets or other information protected by virtue of the law;

17.review energy companies' requests for reimbursement of any non-recoverable costs or any costs resulting from public obligations imposed on them under Art. 34 and 35, endorse the reasonable size and the modes of such reimbursement in compliance with the state aid requirements;

18. (*Last Amendment - SG No. 56/24.07.2015, in force as of 01.01.2016*) issue monthly certificates to electricity producers on the origin of the electricity commodity that is generated upon highly efficient combined generation of electricity and heat;

19.set the permissible allowances for technological costs for electricity, heating and natural gas which may be approved during the price regulation in the process of generation, transmission and distribution of electricity, in the process of generation and transmission of heat, and in the process of natural gas transmission, distribution and storage according to a methodology or instructions adopted by the Commission;

19a. (*New - SG No. 35/15.05.2015, in force as of 15.05.2015*) requires from the electricity and gas network operators to perform assessment of the energy efficiency potential of the respective networks by reducing the technological expenses; the assessment includes analysis of the transmission, distribution, load management, the effective networks functioning and the opportunity for connection of decentralized energy generation installations;

19b. (*New - SG No. 35/15.05.2015, in force as of 15.05.2015*) requires, on the basis of the assessment under pt. 19a, in the network development plans to be included concrete measures and investments for improvement of the energy efficiency in the gas and electricity networks and schedule for their implementation.

20.concludes an evaluation of the economic expediency related to the implementation of intelligent measurement systems upon the proposal of network operators and in case such implementation is economically reasonable, draw up schedules for the implementation thereof while guaranteeing the operational compatibility of intelligent measurement systems upon consideration of adequate standards, best practices and the meaning thereof for the development of the internal electricity and natural gas market;

21.(*Last amendment – SG No. 59/2013, in force as of 05.07.2013*) set the availability for generation of electricity of each producer, from which the public provider purchases electric power, as well as the quantity of electric power in accordance with which the public provider is obligated to conclude agreements with end suppliers;

22.grant consent to the division by the formation of new companies, division, merger by acquisition, or merger by the formation of a new company in respect of any energy companies which are holders of licenses under this Act;

23.approve the transactions in property used in the performance of licensed activities in the cases provided for in this Act, as well as in other transactions that will or may affect the security of supply as a result of indebtedness of the energy company;

24.provide the competent authorities of the European Union all information under the law of the European Union;

25.according to its authority, send requests and notices to the competent authorities of the European Union for granting temporary relief from the application of provisions in the law of the European Union and transitional periods in the field of energy in all cases under the law of the European Union

26.publish an annual report on its activity, including results from the control to avoid restriction and violation of energy market competition and the efficient functioning thereof by sending a report to the Agency for the Cooperation of Energy Regulators (ACER) and the European Commission;

27.issue certificates to electricity and natural gas transmission system operators for the compliance with the requirements for independence, monitor the adherence thereto and send the relevant notices to the European Commission;

28.perform cooperation on issues of cross-border character with the regulatory authorities of other Member States of the European Union and ACER, conclude cooperation agreements with national regulatory authorities;

29.contribute to the compatibility of the processes of data exchange related to the most important market processes on the regional level by guaranteeing the necessary extent of confidentiality of information;

30. control the implementation of investment plans of electricity and natural gas transmission system operators and shall present in its annual report an evaluation of the investment plans of operators related to the compliance thereof with the 10-year plans for development of networks in the European Union under Art. 8 (3) (b) of Regulation (EC) No 714/2009 of the European Parliament and of the Council of 13 July 2009 on conditions for access to the network for cross-border exchanges in electricity and repealing Regulation (EC) No 1228/2003 () (OJ, L 211/15, 14.08.2009), called hereinafter „ Regulation (EC) No 714/2009 ", and Art. 8 (3) (b) f **Regulation (EC) No 715/2009 of the European Parliament and of the Council of 13 July 2009 on conditions for access to the natural gas transmission networks and repealing Regulation (EC) No 1775/2005** (OJ, L 211/36, 14.08.2009), called hereinafter „Regulation (EC) No 715/2009", where such evaluation may include recommendations for change in the investment plans;

31. implement and control the implementation of legally binding decisions of the European Commission or the ACER;

32. (*Last Amendment - SG No. 17/06.03.2015 in force as of 06.03.2015*) adopt the draft annual budget and the financial report of the Commission and the report referred to in Art. 20 (4), as submitted by the Chairperson;

33. (*Last Amendment - SG No. 35/15.05.2015, in force as of 15.05.2015*) Controls the performance of the obligation to provide the energy services customers with access to data about their consumption;

34. monitor and control the fulfillment of the energy enterprises' obligations for transparency of the process of setting of prices, accounting and working with energy services customers;

35. monitor the extent and efficiency of market opening and competition in the wholesale and retail sectors, by seeing to the connecting of energy markets of other EU Member States;

36. encourage the integration of markets and support the scientific research activities related thereto;

37. monitor the technical cooperation between operators of transmission networks from EU Member States and third countries;

38. require from the transmission and distribution operators, if necessary, to make a proposal for amendment of the rules and general terms of contracts as set forth in this Act which shall be approved by the Commission upon the operators' proposal;

39. exercise control on the transition from regulated price market to organized market with freely negotiated prices in accordance with the rules for trade in electricity;

40. monitor the announcement and fair distribution of available network capacity between all users;

41. exercise control on the development of electricity and natural gas networks to the benefit of all stakeholders in order to guarantee capacity that is sufficient and available to everyone;

42.exercise control in all cases provided by this Act;

43.exercise other powers provided by the law.

(2)The powers of the Commission under Par. 1, Items 10, 16, 17, 19 and 34 shall not be applied in relation to the activities under Art. 39 (4) Items 2, 3 and 4.

(3)In relation to the fulfillment of its duties on regulation of the activities of independent transmission operators of electricity and natural gas transmission networks, the Commission shall:

1.issue penalties for discriminatory behaviour in favour of a vertically integrated undertaking;

2.monitor communications between the operator and the vertically integrated undertaking so as to ensure compliance of the operator with its obligations;

3.act as dispute settlement authority between the vertically integrated undertaking and the operator;

4.require any information or documents related to the commercial and financial relations, including the loans, between the vertically integrated undertaking and the operator;

5.approve all commercial and financial agreements between the vertically integrated undertaking and the operator, on where the said agreements have impact on the development of the market;

6.request justification from the vertically integrated undertaking in relation to any decisions submitted by the compliance officer concerning the plan for development of network or specific investments by the operator, including in relation to compliance with the requirements for non-discriminatory behaviour to the advantage of the vertically integrated undertaking;

7.carry out inspections on the premises of the vertically integrated undertaking and the operator;

8.approve a 10-year plan for the development of the transmission network, monitor and control the execution thereof under the terms and procedure laid down in the ordinance under Art. 60;

9.assign all or specific tasks of the independent transmission operator to an independent system operator, proposed by the network owner, in case of a persistent breach by the operator of its obligations related to the independency requirements pursuant to Chapter Eight "a", Section 2, including in case of repeated discriminatory behaviour to the benefit of the vertically integrated undertaking

(4)In relation to the fulfillment of its duties on regulation of the activities of the independent system operators of electricity and natural gas transmission networks, the Commission shall:

1.impose penalties for non-performance of the obligations of the network owner and the operator;

2.monitor the relations and communications between the operator and the network owner so as to ensure compliance of the operator with its obligations;

3.approve contracts and act as dispute settlement authority between the network owner and the operator;

4.approve a 10-year plan for the development of the transmission network, monitor and control the execution thereof under the terms and procedure laid down in the ordinance under Art. 60;

5.ensure conditions which guarantee that the profits collected by the independent system operator from access to and transmission by networks provide sufficient profitability by the network's assets and the new investments thereof;

6.monitor the use of all profits collected by the independent transmission operator under Art. 16 (6) of Regulation (EC) 714/2009;

7.carry out inspections on the premises of the owner of the network and of the operator.

(5)The rules and methodology under (1), pt. 9-13 shall be published by the energy undertakings and the Commission on the Internet pages thereof.

(6)Upon carrying out of its duties the Commission shall act in cooperation with the the Commission on Protection of Competitionand the Commission for Consumer Protection, and, where needed, may approach these for proceedings pursuant to the Protection of Competition Act, or respectively, the Protection of Consumers Act.

(7)The authority of the Commission for regulation of the activities in the field of water-supply and sewerage shall be laid down in the Water-Supply and Sewerage Services Regulation Act.

Article 21a. *(New – SG No. 54/2012, in force as of 17.07.2012)* (1) The Commission may request an opinion by ACER, and is, in turn, is obligated to present its findings upon a request by ACER concerning the compliance of a decision adopted by another regulatory authority of an EU Member State, with the instructions set forth in Regulation (EC) 714/2009 and Regulation (EC) 715/2009.

(2)The Commission shall conform with ACER's opinion on the compliance of a decision adopted thereby with the instructions under Par. 1 and shall inform ACER within four months from the date of receipt of the said opinion.

(3)The Commission may inform the European Commission when, according to her, a decision related to cross-border trade and adopted by another regulatory authority is not in compliance with the instructions under Par. 1 within two months from adoption of the said decision.

(4)Where, upon request by another regulatory authority or the ACER, the European Commission has adopted a decision that the instructions under Par. 1 are not complied with and has requested its revocation or amendment, the Commission shall be obligated within two months from the decision of the European Commission to revoke or amend its decision and to inform the European Commission.

Article 22. *(Last amendment – SG No. 54/2012, in force as of 17.07.2012)* (1) The Commission shall consider complaints by:

1.by users of networks and facilities against operators of transmission and distribution networks, generating undertakings, operators of capacities for storage of natural gas and operators of capacities for liquefied natural gas, related to the compliance thereof with their obligations under this Act, as well as of customers against water-supply and sewerage operators related to the subject of regulation under the Water-Supply and Sewerage Services Regulation Act;

2.by customers against energy and natural gas providers, including end suppliers related to the compliance of said suppliers with their obligations under this Act;

3.by licensees against other licensees, related to the performance of the licensed activity under this Act, as well as of Water-Supply and Sewerage operators against other Water-Supply and Sewerage operators, related to the subject of regulation under the Water-Supply and Sewerage Services Regulation Act;

4.by members of the bodies of the transmission network operator, the compliance officers with the transmission system operator and the persons under Art. 81e (9) herein upon termination of their relations in all cases provided for in this Act.

(2)Customer associations under the Consumer Protection Act and non-for-profit legal persons acting in the field of protection of energy services customers may file complaints under (1) pt. 1 and 2 for violation of the collective interests of energy service customers, as well as propose to the Commission to start procedure for amendment of the general conditions of agreements pursuant to the ordinance referred to in Art. 60.

(3)Within two months from submission of the complaint under (1) pt. 1, 2 and 3 and (2), the Commission may facilitate an amicable settlement of the dispute. The Commission may extend this period by an additional two months if the subject of dispute requires collection of additional data and information by the Commission.

(4)In case of complaints under under (1) pt. 1, 2 and 3, including filed pursuant to (2), where no amicable settlement of dispute has been reached or one of the parties refuses such settlement, the Commission adopts a decision on the complaint within two months of receipt thereof. This period may be extended by an additional two months if the subject of dispute requires collection of additional data and information by the Commission. Following the complainant's consent, the extended period may be extended by an additional two months.

(5)In case the Commission finds the complaint grounded, it shall give mandatory instructions on the application of the law in its decision.

(6)The Commission shall consider complaints by:

1.the independent transmission operator against a vertically integrated undertaking and of a vertically integrated undertaking against the independent transmission operator – after specification of the independent transmission operator;

2.the independent system operator against the owner of a transmission network and of the owner of a transmission network against the independent system operator - after specification of the independent system operator, and shall decide upon the complaint within two months of receipt thereof; this period may be extended by an additional two months if the subject of dispute requires collection of additional data and information by the Commission; following the complainant's consent, the extended period may be extended by an additional two months.

(7)The procedure for the submission of complaints, the consideration thereof and the procedure for amicable settlement of disputes shall be laid down in the ordinance referred to in Art. 60 herein.

Article 23. *(Last Amendment - SG No. 35/15.05.2015, in force as of 15.05.2015)* In exercising the regulatory powers thereof, the Commission shall be guided by the following general principles:

1. promoting, in close cooperation with ACER, theregulatory authorities of other Member States of the European Commission and the European Commission for the development of a competitive, secure and environmentally sustainable internal market in electricity and natural gas within the European Union, and effective market opening for all customers and suppliers in the Community, and ensuring appropriate conditions for the effective and reliable operation of electricity and natural gas networks, taking into account long-term objectives;

2. developing competitive and properly functioning regional markets within the European Union;

3.eliminating and preventing restrictions or violation of competition on the energy market;

4.ensuring balance between energy undertakings and customers;

5.guaranteeing equality between the separate categories of energy undertakings and types of customers;

6.creating incentives for the development of competitive market for energy activities where appropriate conditions exist;

7.promoting the integration of markets, ensuring grant of appropriate incentives and support for the research activities related thereto;

8.creating incentives for the effective development of secure, reliable and efficient networks to the benefit of customers' interests which integrate large and small scale production of electricity from renewable energy sources and distributed production;

9.encouraging investments in infrastructure in non-discriminatory manner, equal access of new participants to networks and the market;

10. achieving high standards of public service for natural gas, ensuring opportunities of customers to choose and change providers, ensuring protection of energy service customers;

11. creating incentives for energy undertakings for effectiveness of regulated activities.

12. (*New – SG No. 59/2013, in force as of 05.07.2013*) establishment of guarantees for protection of the end clients;

13. (*New – SG No. 59/2013, in force as of 05.07.2013*) establishment of conditions balancing between supply and consummation of electric power on the domestic market.

14. (*New - SG No. 35/15.05.2015, in force as of 15.05.2015*) promoting the increase of the energy efficiency upon generation, transmission, distribution and end consumption of energy and natural gas;

15. (*New - SG No. 35/15.05.2015, in force as of 15.05.2015*) creation of incentives for the transfer and distribution networks operators which ensure the systematic services to the end customers, which provide for the realisation of measures for improvement of the energy efficiency by the introduction of intelligent networks which take into account the costs and benefits related to each measure, upon guaranteeing the system security.

Article 24. (*Last Amendment – SG No. 54/2012, in force as of 17.07.2012*) (1) (*Last amendment – SG No. 54/2012, in force as of 17.07.2012*) While implementing its authority under Article 21 (1), pt. 10, 21 and § 135, the Commission adheres to the following principles:

1. (*Last Amendment, SG No. 74/2006*) fair allocation of the economic outcome of market liberalization among all parties to electricity and natural gas transactions;

2. (*Last Amendment – SG No. 54/2012, in force as of 17.07.2012*) ensuring equal terms for conclusion of transactions at freely negotiated prices, compared to the transactions concluded with the public provider or end suppliers of electricity and natural gas;

3. (*Last Amendment – SG No. 54/2012, in force as of 17.07.2012*) ensuring a balanced adjustment of end-user prices, taking into account the public provider obligations, end suppliers and operators of transmission and distribution networks related to providing services of public interest, public obligations, and non-recoverable costs;

4. (*Last Amendment – SG No. 54/2012, in force as of 17.07.2012*) ensuring all measures in order to supply customers with electricity and natural gas of certain quality at fully comparable, transparent, and objectively set prices, applied on equal-treatment conditions.

(2) The eligibility requirements for the persons entitled to conclude transactions under Article 100 (1), as well as the conditions for granting network access, are determined by rules adopted by the Commission.

Article 25. (*Last Amendment – SG No. 54/2012, in force as of 17.07.2012*) (1) The Commission keeps public registers of:

1. any licenses issued, recording all licensees, licenses issued and other data;

2. any certificates of origin issued, recording the holder and the generating capacity, the amount of electricity for which the certificate was issued, and the generation period;

3. *(Repeal, SG No. 74/2006)*;

4. *(Repeal, SG No. 74/2006)*;

5. any permits as issued by the Commission under this Act;

6. *(New – SG No. 54/2012, in force as of 17.07.2012)* the decisions adopted by it pursuant to Art. 21 (1) pt. 1, 4, 5, 9, 10, 15, 18, 21, 25 и 26.

(2) (Last Amendment – SG No. 54/2012, in force as of 17.07.2012) The data subject to recording under Paragraph (1), pt. 1, 5 and 6, the procedure for recording in the registers and for obtaining information is determined in the ordinance referred to in Article 60. The data subject to recording under Paragraph (1), pt. 2, the procedure for recording in the register and for obtaining information is determined by the ordinance referred to in Article 162 (4).

(3) (Last Amendment – SG No. 54/2010, in force as of 16.07.2010) Any decisions of the Commission to issue, modify, supplement, withdraw and terminate licenses, as well as any decisions to approve prices, are published the website of the Committee.

Section III

Financing of the Commission. Fees

Article 26. *(Last Amendment - SG No. 15/2013, in force as of 01.01.2014 (does not concern the english version))* (1) *(Supplemented, SG No. 18/2005)* The activities of the Commission and its administration are financed by the revenues specified under Article 27 (1) and in the Water-Supply and Sewerage Services Regulation Act.

(2) (Last Amendment - SG No. 15/2013, in force as of 01.01.2014 (does not concern the english version)) The Commission is a first-level spending unit.

Article 27. *(Last Amendment - SG No. 17/06.03.2015 in force as of 06.03.2015)* (1) The revenues in the Commission's budget are raised from:

1. *(Last Amendment, SG No. 18/2005)* fees collected by the Commission under Article 28 and under Article 8 (1), pt. 1 and 3 of the Water-Supply and Sewerage Services Regulation Act, and any interest on them;

2. *(Last Amendment - SG No. 17/06.03.2015 in force as of 06.03.2015)* thirty per cent of the fines and pecuniary penalties imposed by the commission in accordance with this Act and in the Water-Supply and Sewerage Services Regulation Act;

3. *(Last Amendment – SG No. 54/2012, in force as of 17.07.2012)* donations from persons not subject to licensing and/or controlling under this Act or from persons related to them within the meaning given by the Commerce Act.

(2) *(Last Amendment – SG No. 54/2012, in force as of 17.07.2012)* No donation may be accepted from any persons subject to licensing and/or controlling under this Act or subject to regulation under the Water-Supply and Sewerage Services Regulation Act, as well as from persons related to such within the meaning given by the Commerce Act.

(3) The resources referred to in Paragraph (1) are expended on:

1. *(Supplemented, SG No. 18/2005)* financing the activities of the Commission and of its administration, including the conduct of studies, analyses and expert assessments associated with the regulatory activities under this Act and under the Water-Supply and Sewerage Services Regulation Act;

2. *(Repealed - SG No. 38/2012, in force as of 01.07.2012);*

3. *(Repealed - SG No. 38/2012, in force as of 01.07.2012);*

4. *(Repealed - SG No. 38/2012, in force as of 01.07.2012).*

(4) *(Repealed - SG No. 38/2012, in force as of 01.07.2012).*

(5) If the annual revenues from fees under this Act exceed or are insufficient to cover the necessary expenditures under the Commission's budget for the next calendar year, the Chairperson of the Commission may propose a review of the amount of the fees.

Article 28. (1) *(Last Amendment, SG No. 18/2005)* For exercise of its regulatory powers under this Act and under the Water-Supply and Sewerage Services Regulation Act, the Commission charges fees for consideration of applications, issuance of certificates, sale of tender documents, licensing fees, and experts registration fees.

(2) The amount of fees under Paragraph (1), the procedure and time limits for their payment is established by a rate schedule approved by the Council of Ministers on a motion by the Commission.

(3) *(New, SG No. 74/2006)* Any fees collected according to this Act's procedure and the Water-Supply and Sewerage Service Regulation Act, are public state receivables.

Article 29. (1) The fee for consideration of an application is paid upon submission of the application.

(2) Any persons who have obtained a license pay licensing fees for each license issued, as well as for any change in the license in the cases specified in the rate schedule.

(3) Licensing fees are as follows:

1. initial – for issuance or change in a license, covering expenses on its preparation and regulatory activity under the license until the end of the current year;

2. annual – covering the expenses on the regulatory activity under the license for the respective year;

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

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

Section IV

Price Regulation

Article 30. *(Last Amendment - SG No. 56/24.07.2015, in force as of 24.07.2015)* (1) The following prices shall be subject to regulation by the Commission:

1. *(last amendment – SG No. 59/2013, in force as of 05.07.2013)* at which producers, within the availability set by the Commission under Art. 21(1) pt. 21, sell electricity to the public provider;

2. *(repeal – SG No. 59/2013, in force as of 05.07.2013)*

3. at which producers sell heat to the heat transmission company and to directly connected customers;

4. at which the heat transmission company sells heat to customers;

5. at which the public provider sells electricity to the electricity transmission and electricity distribution network operators in order to cover the technological costs for transmission;

6. at which the public provider sells to end suppliers any electricity purchased pursuant to Art. 21 (1) pt. 21;

7. at which the public provider sells natural gas to end suppliers of natural gas and to customers connected to the relevant gas transmission network;

8. at which end suppliers sell natural gas to customers connected to the relevant gas transmission networks;

9. at which end suppliers sell electricity to household and non-household end users for sites connected to the electric distribution energy at low voltage level;

10. *(Last amendment – SG No. 59/2013, in force as of 05.07.2013)* for access and/or transmission through electric power transmission network;

11. for connection to networks;

12. for access and transmission of natural gas through transmission and/or distribution networks except in cases where the Commission on its own estimation approves methodology for setting prices for access and transmission through the transmission network одобрява;

13. *(Last amendment – SG No. 59/2013, in force as of 05.07.2013)* for access and/or transmission through electric power distribution networks;

14. for access and storage of natural gas in a storage capacity;

15. for distribution of electric traction power over the railway transport distribution networks;

16. for services provided to customers, set by the Commission, which are related to licensed activity.

17. *(Last Amendment - SG No. 56/24.07.2015, in force as of 24.07.2015)* the price or a price component through which all end clients, connected to the electric power network, including the power grid operator and operators of distribution networks take part in the compensation of the costs under Art. 34 and Art. 35.

(2) Prices of energy, natural gas and services provided by the energy companies shall not be 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 energy sector activity.

(3) Prices of heat supply to the persons referred to in Art. 39(4) pt. 2 и 3 shall not be subject to regulation by the Commission.

Article 31. *(Last Amendment - SG No. 35/15.05.2015, in force as of 15.05.2015)* In exercising its price regulation powers, except for the principles under Articles 23 and 24, the Commission is guided by the following principles as well:

1. prices are non-discriminatory, based on objective criteria and determined in a transparent way;

2. prices of energy companies cover the economically justified operating costs, including the costs for:

(a) management, operation and maintenance of energy works;

(b) *(Last Amendment – SG No. 54/2012, in force as of 17.07.2012)* maintenance of stand-by and regulating capacities required for reliable supply to customers;

(c) delivery and maintenance of the fuel stocks;

(d) repairs;

(e) depreciation;

(f) storage and processing of spent nuclear fuel and radioactive waste, decommissioning of nuclear facilities, and nuclear safety;

g) *(New – SG No. 54/2012, in force as of 17.07.2012)* balancing of the electric power system.

3.(*last amendment – SG No. 59/2013, in force as of 05.07.2013*) apart from the costs covered under Item 2, prices may include non-recoverable costs related to the transition to a competitive energy market, as well as costs resulting from fulfillment of public obligations related to security of supply including for the protection of sites which are critical infrastructure in the energy field;

4. prices must ensure an economically justified rate of capital return;

5.(*Last Amendment – SG No. 54/2012, in force as of 17.07.2012*) prices for the individual groups of customers shall conform to the costs of delivery of energy and natural gas to the said customers;

6. avoidance of cross subsidizing through prices:

(a) (*Last Amendment – SG No. 54/2012, in force as of 17.07.2012*) between individual groups of customers;

(b) for integrated energy companies – between individual activities subject to licensing under this Act, and/or between activities subject to licensing under this Act and other activities.

7. (*last amendment – SG No. 59/2013, in force as of 05.07.2013*) fair passing of any energy from renewable sources and highly combined electricity and heat generation preferential pricing costs to electricity end customers connected to the electric power system;

8.(*Last Amendment – SG No. 54/2012, in force as of 17.07.2012*) fair passing of costs of any system service, including additional and ancillary services, cold reserve, and technology, to the transmission network, respectively distribution network users.

9. (*New - SG No. 35/15.05.2015, in force as of 15.05.2015*) The prices for transfer and distribution of electricity do not limit the increase of the energy efficiency upon the energy generation, the transmission and distribution and the inclusion of optimisation of the consumption in the market balancing and the provision of additional services, as well as the specifying in the network tariffs the reduction of the network expenses which is achieved by the customers, the optimisation of the energy consumption, the generation decentralization, the reduction of the expenses for delivery or investments in the networks and the optimisation of the networks operation;

10. (*New - SG No. 35/15.05.2015, in force as of 15.05.2015*) the electricity transmission and distribution prices allow the increase of the end customers participation in the improvement of the electricity system by means of optimised consumption;

11. (*New - SG No. 35/15.05.2015, in force as of 15.05.2015*) promoting the transmission and distribution networks operators to offer system services for electricity consumption optimisation, energy consumption management and decentralized generation within the scope of organised electricity markets and to improve the efficiency upon designing and functioning of the networks, and more precisely:

a) transfer of the load from peak hours to off- peak hours by the end customers, by taking into account the availability of energy from renewable sources, cogeneration and decentralized generation;

b) energy saving through optimisation of the consumption from decentralized sources of generation through combining provision of energy efficient services and participation in the electricity balancing market;

c) reducing the consumption through energy efficiency measures, implemented by the energy efficient services providers;

d) accession and dispatch management of medium and low voltage electricity generation plants;

e) accession of electricity generation plants located closer to the points of consumption;

e) granting of access to the networks of energy storage facilities;

12. (*New - SG No. 35/15.05.2015, in force as of 15.05.2015*) introduction of dynamic pricing with reference to measures for electricity consumption optimisation by the end customers through:

a) prices, accounting the period of consumption;

b) prices for the critical period of peak load;

c) real- time pricing

d) discount upon reduced consumption during peak hours.”

Article 31a. (*Last Amendment - SG No. 17/06.03.2015 in force as of 06.03.2015*) (1) (*Last Amendment - SG No. 17/06.03.2015 in force as of 06.03.2015*) The Commission shall have the right when it is necessary to amend the approved electricity prices during the price period but not more than once per 3 calendar months by:

1. changing the availability under Art. 21 (1) pt. 21, as well as the quantity of electricity of the public provider, in accordance with which the producers and / or the public providers have the obligations to conclude contracts with the end suppliers, while taking into account the energy balance with the objective to ensure maximum protection of the end clients' interests and while observing the principle of ensuring balance between the interests of the energy enterprises and the clients;

2. changing the amount of technological costs of the energy enterprises for production, transfer and distribution of electricity by defining their target values while observing the principle of ensuring balance between the interests of the energy enterprises and the clients;

3. changing the approved amount of other price forming elements while observing the principle of ensuring balance between the interests of the energy enterprises and the clients.

(2) In the cases under Par. (1) the Commission may adopt shorter procedures and time periods.

(3) The decision on the amendment of prices shall enter into force on the date of its adoption by the Commission.

Article 32. *(Last Amendment – SG No. 54/2012, in force as of 17.07.2012)* (1) *(Last Amendment – SG No. 54/2012, in force as of 17.07.2012)* The Commission may regulate prices by application of various regulatory methods, including, by setting efficiency parameters for energy companies, parameters of comparability between such companies, achievement of basis criteria.

(2) The Commission may determine:

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

(3) *(Repeal – SG No. 54/2012, in force as of 17.07.2012).*

(4) *(New – SG No. 54/2012, in force as of 17.07.2012)* The Commission may set interim prices under Art. 30(1), pt. 10, 12, 13, 14 и 15 in case of delay of transmission or distribution system operators in the process of setting of prices for access, transmission and distribution, and to take decisions on appropriate compensatory measures in case the final prices for access, transmission and distribution deviate from the interim prices.

Article 33. *(Last Amendment - SG No. 17/06.03.2015 in force as of 06.03.2015)* (1) *(Last Amendment - SG No. 17/06.03.2015 in force as of 06.03.2015)* The Commission sets preferential prices for sale of electricity generated from highly efficient co-generation by combined heat and power plants under Article 162 (1).

(2) *(Repeal, SG No. 49/2007)*

(3) *(Last Amendment – SG No. 54/2012, in force as of 01.01.2012)* The preferential price of any electricity produced using a highly efficient combined method by plants for combined electricity and heat production under Paragraph (1) are set based on individual production costs plus surcharge set by the Commission on producer groups and criteria according to the ordinance under Article 35 (3).

(4) *(Repeal - SG No. 17/06.03.2015 in force as of 06.03.2015)*

(5) *(Former Par. (4) – SG No. 54/2012, in force as of 01.01.2012)* Acting on a proposal by the respective heat transmission company, the Commission determines a preferential price for heat for the association under Article 151 (1) and for the supplier under Article 149a.

Article 34. *(Last Amendment - SG No. 56/24.07.2015, in force as of 24.07.2015)* (1) Energy companies have the right to file requests for allowance and compensation of non-recoverable costs.

(2) Non-recoverable costs are costs resulting from investments made and/or transactions concluded before the entry of this Act into force by energy companies, which cannot be recovered as a result of the establishment of a competitive electricity market.

(3) Energy companies under Paragraph (1) submit applications to the Commission for allowance of costs as non-recoverable and establishment of their amount. The applications are accompanied by evidence of the reasons for incurrence of such non-recoverable costs and their amount.

(4) The Commission determines the maximum total amount and period of compensation of allowed 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. determines the recoverable volume for the respective period;
3. allocates them among the respective energy companies.

(6) *(Last Amendment - SG No. 56/24.07.2015, in force as of 24.07.2015)* The manner of compensation of non-recoverable costs is determined by a mechanism for transparent distribution of such costs among the end clients, connected to the electric power network including the power grid operator and operators of distribution networks, and/or by other terms and conditions envisaged by a law adopted by the Parliament.

(7) *(Repeal – SG No. 59/2013, in force as of 05.07.2013)*

Article 35. *(Last Amendment - SG No. 56/24.07.2015, in force as of 24.07.2015)* (1) Energy companies have the right to request compensation of expenses resulting from public obligations imposed on them, including such related to security of supply, environmental protection, and energy efficiency.

(2) *(Last Amendment – SG No. 54/2010, in force as of 16.07.2010)* The following are treated as expenses under Paragraph (1) :

1. resulting from obligations to purchase electricity from producers, winners of tender procedures under Article 46;

2. resulting from obligations to generate electricity using local primary energy sources under Article 4 (2), pt.8;

3. *(Last Amendment, SG No. 35/2011, in force as of 03.05.2011)* resulting from obligations to purchase electricity at preferential prices under Article 162 of this Act and under Energy from Renewable Sources Act;

4. *(New – SG No. 54/2012, in force as of 17.07.2012)* resulting from obligations related to the protection of sites presenting critical infrastructure in the energy field;

5. (*Last Amendment - SG No. 35/15.05.2015, in force as of 15.05.2015*) resulting from obligations related to the achievement of individual objectives for energy saving pursuant to Art. 14 (4) and Art. 15 of the Energy Efficiency Act;

6. (*Former item 4 – SG No. 54/2012, in force as of 17.07.2012*) other additional obligations.

(3) Energy companies under Paragraph (1) submit periodically to the Commission applications for compensation of such costs. The application is accompanied by evidence of the legal grounds and the amount of costs.

(4) The Commission determines the volume of compensation for each individual company and the overall compensation volume for the respective period.

(5) (*Last Amendment - SG No. 56/24.07.2015, in force as of 24.07.2015*) The manner of compensation for costs resulting from public obligations is determined by a methodology, adopted by the Commission, for transparent distribution of such costs among the end clients, including those using imported electric power, connected to the electric power network including the power grid operator and operators of distribution networks, and/or by other terms and conditions envisaged by a law adopted by the Parliament.

(6) (*Last amendment – SG No. 59/2013, in force as of 05.07.2013*) The obligations for purchase of electric power under preferential prices under the Renewable Sources Energy Act shall be implemented in accordance with Art. 6, Item 2 of the Renewable Sources Energy Act after reduction of 100% of the incomes coming from trade in greenhouse gas, envisaged in the Environment Protection Act, and 100% of the incomes coming from sales from renewable sources under contracts for statistical transfer in accordance with the Renewable Sources Energy Act.

Article 36. (*Last Amendment – SG No. 54/2012, in force as of 17.07.2012*) (1) Prices that are subject to regulation are formed by the energy companies in compliance with the requirements of this Act and the ordinances referred to in Paragraph (3). The instructions adopted by the Commission are mandatory for the energy companies.

(2) (*Repeal, SG No. 74/2006*).

(3) (*Last Amendment – SG No. 54/2012, in force as of 17.07.2012*) The price regulation methods, the rules for price formation or setting and change, the procedure for provision of information, submission of proposals on prices and approval of prices are established by ordinances on electricity, heat and natural gas adopted by the Commission.

Article 36a. (*Last Amendment - SG No. 17/06.03.2015 in force as of 06.03.2015*) (1) (*Last Amendment – SG No. 54/2012, in force as of 17.07.2012*) Within one month before submission of the request for new price approval or current price change, energy companies supplying electricity and natural gas at regulated prices, and transmission and distribution networks operators, publish in the media their proposal for approval of new or change in current prices.

(2) The Commission approves prices under Paragraph (1) as price limits for each licensee by a decision, which is an individual administrative act.

(3) (*Last Amendment - SG No. 17/06.03.2015 in force as of 06.03.2015*) Within 7 days after receiving the decision under Paragraph (2), the licensee publishes in its web page the price limits approved and the customer agreement prices.

Article 36b. (*New - SG No. 56/24.07.2015, in force as of 24.07.2015*) (1) A Fund "Electricity System Security Fund" hereinafter referred to as the "fund" is established for the purpose of management of the funds for covering the expenses made by the public provider arising from its obligations under art. 93a, specified with a decision of the Commission, including with reference to past regulatory periods.

(2) The payment to the public provider for the purpose of covering the expenses with resources of the "Fund" is made monthly.

(3) The "Fund" is a legal entity with headquarters in Sofia.

Article 36c. (*New - SG No. 56/24.07.2015, in force as of 24.07.2015*) (1) The Fund is managed by a management board.

(2) The management board consists of 5 members who are designated as follows:

1. a chairperson- by the Minister of Energy;
2. one member- by the Minister of Finance;
3. one member- by the Minister of the Environment and Water;
4. two members- by the producers of electricity.

(3) The members of the management board are designated in accordance with rules endorsed by the Minister of Energy.

(4) With an ordinance, the Minister of Energy specifies the names of the members of the management board after consulting with the Minister of Finance, the Minister of the Environment and Water and the producers of electricity.

(5) A person who has been sentenced for a crime or who is a spouse or an affinity, or a collateral relative up to fourth degree including a marriage relative up to third degree inclusive with another member of the Fund's management bodies cannot be a member of the management board.

Article 36d. (*New - SG No. 56/24.07.2015, in force as of 24.07.2015*) (1) The management board is convened by the chairperson.

(2) The meetings of the management board are held when at least two thirds of the members are present.

(3) The decisions of the management board are adopted during an open vote and with the simple majority of the present members.

(4) The management board:

1. adopts rules for the organization and the activities of the Fund and rules for the spending of the resources and the operations of the Fund;

2. controls the administration of the assets in the Fund and their spending;

3. annually sends, until the 31 March, to the Ministry of Energy a report on its activities which is submitted by the Minister of Energy in the Council of Ministers for adoption and in the Commission for information;

4. performs other functions, related to the management of the Fund in accordance with the operating normative acts.

Article 36e. *(New - SG No. 56/24.07.2015, in force as of 24.07.2015)* (1) The resources of the Fund are raised by:

1. the contributions under art. 36f;

2. the revenues, received after the allowances sale tenders under art. 57, para. 1 of the Climate Change Act, which are used for the development of renewable energy sources;

3. the revenues from interests, including late payments of the contributions under pt. 1;

4. donations;

5. the revenues from statistical transfers of energy from renewable sources which are used for development of renewable energy sources.

(2) The resources under para. 1 are spent on maintenance related to the Fund's activities and payments made for covering the expenses made by the public provider arising from its obligations under art. 93a, specified with a decision of the Commission, including with reference to past regulatory periods.

Article 36f. *(New - SG No. 56/24.07.2015, in force as of 24.07.2015)* (1) Monthly contributions amounting to 5 per cent are made by:

1.the producers of electricity- from their sold electricity profit without VAT;

2.the traders who import electricity- from the imported and sold electricity in the country profit without VAT;

(2) Not later than the fifth day of the current month, the producers of electricity and the traders who import electricity for the market in the country are obligated to submit in the Fund information related to the profit under para. 1 with reference to the previous month.

(3) The contributions in the Fund are paid in before the 15th day of the month, following the month for which they are due, and are considered current operating expenditures for the tax purposes.

(4) For the purposes of the price regulation, expenses related to contributions under para. 1 are not included in the expenses recognized by the Commission.

(5) The contributions under para.1 are public state receivables, and the contributions which have not been paid in within the fixed time limit are ascertained and collected under the procedure of the Tax Insurance Procedure Code by the National Revenue Agency bodies.

(6) The resources and the operations of the Fund are included in the consolidated fiscal program as resources and operations of other economically separated persons under art.13, para. 4 of the Public Finance Act, and are not part of the State Budget.

(7) The Fund resources granted for payment of the expenses made by the public provider are not subject to offset payment and are inaccessible.

Article 36g. *(New - SG No. 56/24.07.2015, in force as of 24.07.2015)* The Council of Ministers specifies the procedure and the manner of the raising, spending, accounting and the control of the Fund's resources with an ordinance.

Section V

Separate Accounting. Keeping and provision of information

(Last Amendment - SG No. 54/2012, in force as of 17.07.2012)

Article 37. *(Last Amendment - SG No. 54/2012, in force as of 17.07.2012)* (1) Energy companies keep separate accounts of:

1. each activity subject to licensing under this Act;
2. activities subject to licensing under this Act and other activities;
3. each branch or company;
4. activities in the cases of regulated and freely negotiated prices.

(2) *(Last Amendment - SG No. 54/2012, in force as of 17.07.2012)* The rules for keeping separate accounts by energy companies, including assets for the purposes of pricing by groups of customers, as well as the form and content of the financial statements for regulatory purposes, are established by a Commission's decision according to a procedure established in the ordinances referred to in Article 36 (3).

(3) *(New – SG No. 54/2012, in force as of 17.07.2012)* Energy companies which are subject to independent financial audit shall present to the Commission audit report on the compliance with the rules for keeping of separate accounting.

Article 38. *(Last Amendment - SG No. 54/2012, in force as of 17.07.2012)* (1) Energy companies are obligated to submit the following to the Commission on an annual basis:

1. their annual financial statements, including the notes to them, according to the Accountancy Act, and the annual audit reports;

2. reports by types of activity;

3. (*New – SG No. 54/2012, in force as of 17.07.2012*) information for the assets and costs by separate customers for price-setting purposes.

(2) (*Last amendment – SG No. 54/2012, in force as of 17.07.2012*) Energy companies shall be obligated, when so requested by the Commission, the Protection of Competition Commission and the European Commission, within the authority thereof, to submit documentation, accounting, technical-economic and other information, including about contracts concluded.

(3) (*New – SG No. 54/2012, in force as of 17.07.2012*) The companies for electricity and natural gas supply shall keep for five years the data about all electricity and natural gas supply transactions concluded with wholesale customers and transmission system operators – that is, terms, conditions for supply and payment, quantities, dates and time of execution, prices and means of identifying the wholesale customer concerned, as well as other data provided for in the ordinance under Art. 60. The Commission may provide to market participants parts of the said information provided that no information containing any trade secret or otherwise protected by virtue of the law is included therein.

Section VI

Measures for Energy Services Customers Protection

(Title Last Amendment - SG No. 35/15.05.2015, in force as of 15.05.2015)

Article 38a. (*Last Amendment - SG No. 35/15.05.2015, in force as of 15.05.2015*) (1) (*Last Amendment - SG No. 35/15.05.2015, in force as of 15.05.2015*) The contracts with energy services customers must include:

1. data identifying the energy company, including address;
2. services offered and the terms and procedure for providing thereof;
3. the means through which up-to-date information may be acquired for all prices applicable to the services offered;
4. contract period, terms for temporary suspension, termination of service providing and of the contract;
5. (*Last Amendment - SG No. 35/15.05.2015, in force as of 15.05.2015*) terms for unilateral termination of contract by the energy service user including changes to contract conditions and prices and the option for such termination without additional costs;
6. the terms and procedure for compensation and reimbursement of sums upon non-compliance with the requirements for quality of services negotiated, including incorrect or delayed invoicing;
7. (*Last Amendment - SG No. 35/15.05.2015, in force as of 15.05.2015*) the rights of energy service users, including information about the procedure for consideration and ruling upon complaints within three months of their receipt;

8. other conditions as provided for in this Act.

(2) The conditions under (1), as well as the proposals for amendment thereof, shall be announced before conclusion or approval of the contract.

Article 38b. (*Last Amendment - SG No. 35/15.05.2015, in force as of 15.05.2015*) (1) (*Last Amendment - SG No. 35/15.05.2015, in force as of 15.05.2015*) The energy companies - contractors under Art. 38a, Par. 1 shall provide to energy service customers thereof information about:

1. the ways of payment, disconnection and reconnection rates, charges for maintenance services, and charges for other services related to the licensed activity;

2. the procedure for switching to a new supplier and information that energy service customers do not owe additional charge for said switching;

3. (*Last Amendment - SG No. 35/15.05.2015, in force as of 15.05.2015*) 3. the actually consumed quantities and the cost of the provided service in compliance with the contracted reporting frequency without any obligation for additional payment for this service;

4. the drawing up of final closure account in the event of each switching of supplier;

5. the share of each energy source in the total energy supplied by the supplier during the previous calendar year in a comprehensible and clearly comparable manner;

6. the existing sources where information on the environmental impact, in terms of at least CO₂ emissions and the radioactive waste resulting from the electricity produced by different energy sources in the overall energy supplied by the supplier over the preceding year is publicly available;

7. information about the means for settlement of disputes.

8. (*New - SG No. 35/15.05.2015, in force as of 15.05.2015*) the conditions for submission of electronic information for the purpose of invoicing and electronic invoices.

(2) (*New - SG No. 35/15.05.2015, in force as of 15.05.2015*) The energy or natural gas provider provides the customers with wide-range choice of payment methods, including advance payment systems which are fair and adequately reflect the probable consumption.

(3) (*New - SG No. 35/15.05.2015, in force as of 15.05.2015*) The energy or natural gas provider submits to another energy or natural gas provider data about the consumption of a household customer in the cases in which this is provided in an explicit agreement between the customer and the energy and natural gas provider.

(4) (*Former Par. 2 - SG No. 35/15.05.2015, in force as of 15.05.2015*) The information under (1) shall be filed in the invoices or together with them in information materials and the Internet pages of energy companies. In such way, the suppliers of energy and natural gas shall present a controlling checklist, adopted by the European Commission, providing energy customers with practical information about their rights.

(5) *(New - SG No. 35/15.05.2015, in force as of 15.05.2015)* The information about the invoicing is submitted at least once a quarter, and upon request or when the customers have chosen to receive electronic bills- twice a year.

(6) *(New - SG No. 35/15.05.2015, in force as of 15.05.2015)* The energy undertakings under para. 1 submit to the customers of energy services related to electricity or natural gas supply additional information about:

1. cumulative data with reference to a period of at least three previous years or with reference to the period from the supply contract entry into effect, in the cases in which it is shorter; the data correspond to the intervals with reference to which the invoicing information is submitted;

2. detailed data with reference to the consumption regarding any day, week, month and year by using intelligent metering systems through submission to the end customer via the Internet or the metering device interface data for a period not shorter than 24 previous months, or for the period of the supply contract entry into force, if it is shorter.

Article 38c. *(Last Amendment - SG No. 35/15.05.2015, in force as of 15.05.2015)* (1) *(Last Amendment - SG No. 35/15.05.2015, in force as of 15.05.2015)* Energy companies under Art. 38b, Par. 1 shall draw up and submit for approval by the Commission rules for working with energy service customers thereof.

(2) The rules under Par. 1 shall lay down the procedure and time limits for receipt, consideration, examination and answer to the filed in complaints, signals and proposals, the form of consumption data and the procedure according to which the suppliers and energy service customers shall receive access thereto.

(3) The rules under Par. 1 shall be approved by the Commission, published in one central and one local daily newspaper, as well as on the Internet page of the licensee and shall come into force after publishing thereof. The rules shall be part of the general conditions of the contracts approved by the Commission in case this Act provides for general conditions.

(4) The terms and procedure for approval of the rules for working with energy service customers shall be laid down in the ordinance under Art. 60.

(5) *(New - SG No. 35/15.05.2015, in force as of 15.05.2015)* The energy undertakings under art. 38b, para. 1 notify their energy services customers- household customers about any proposed change in the contractual conditions and the prices of the services provided, as well as about the right of the customers to unilaterally terminate the contract within 30 days after the date of notification, in case they do not accept the new conditions and/ or prices.

(6) *(New - SG No. 35/15.05.2015, in force as of 15.05.2015)* The notifying for the price increase is made within the period of invoicing after the price increase entry into effect.

(7) *(New - SG No. 35/15.05.2015, in force as of 15.05.2015)* In the cases in which the Commission endorses general conditions, the change in the contractual conditions notification is considered made as of the date of the general conditions endorsement.

(8) (*New - SG No. 35/15.05.2015, in force as of 15.05.2015*) Paragraphs 5-7 are not applied with reference to heat supply contracts.

Article 38d. (*Last Amendment - SG No. 35/15.05.2015, in force as of 15.05.2015*) Energy companies carrying out supply of energy and natural gas shall create centers for providing of the information under Art. 38a, Art. 38b and 38c to energy service customers, as well as for working with said customers pursuant to the rules referred to in Art. 38c.

Article 38e. (*New – SG No. 54/2012, in force as of 17.07.2012*) Energy companies providing services of public interest shall lay down, in the general conditions for supply and use of networks and the rules for working with energy service customers, special procedures for providing information to vulnerable customers related to consumption and termination of supply to vulnerable customers.

Article 38f. (*New - SG No. 17/06.03.2015 in force as of 06.03.2015*) The end supplier informs the client, along with the invoice for the last month of every six months in the cases in which the accounted consumption of electricity or natural gas of the end consumers with reference to these six months is 50 per cent higher than the consumption accounted for the respective six months of the previous calendar year.

Article 38g. (*New - SG No. 17/06.03.2015 in force as of 06.03.2015*) (1) The client may request from the operator of the Electricity or Gas Distribution Network to conduct metrological expertise of the commercial metering device. The expertise is conducted by the Bulgarian Institute of Metrology under the procedure of Chapter Five of the Measurements Act. The commercial metering device is dismantled and stored by the operator who ensures its sending to the Bulgarian Institute of Metrology sealed with the stamps and the stickers listed in the ascertainment protocol prepared during the dismantling activities.

(2) The costs related to the metrological expertise of the commercial metering device are at the expense of:

1. the operator of the electricity distribution, respectively gas distribution network, in case the expertise ascertains malfunction in the commercial metering device.
2. the client, in case the expertise ascertains serviceability of the commercial metering device.

Article 38h. (*New - SG No. 17/06.03.2015 in force as of 06.03.2015*) In case, under the initiative of the end supplier, the supply of the client with electricity or natural gas will be suspended, the end supplier is obligated to notify the client, in a way declared by the latter, not later than three days prior the date of the supply suspension. In case the client has not declared a method for notification, he or she is informed in a manner specified by the end supplier.

Chapter Four

LICENSES

Section I

Issuance of Licenses

Article 39. *(Last Amendment - SG No. 17/06.03.2015 in force as of 06.03.2015)* (1) The following activities are subject to licensing under this Act:

1. generation of electricity and/or heat;
2. transmission of electricity, heat and natural gas;
3. distribution of electricity or natural gas;
4. *(Last Amendment – SG No. 54/2012, in force as of 17.07.2012)* storage of natural gas in a storage capacity and/or liquefaction of natural gas or import, разтоварване and regasification of liquefied of natural gas in a capacity for liquefied natural gas;
5. trade in electricity;
6. *(Last Amendment – SG No. 54/2012, in force as of 17.07.2012)* organization of stock electricity market;
7. public delivery of electricity or natural gas;
8. *(repealed, SG No. 74/2006, effective 1.07.2007);*
9. *(Repeal – SG No. 54/2012, in force as of 17.07.2012);*
10. *(New, SG No. 74/2006, in force as of 01.07.2007)* electricity or natural gas supply from end suppliers;
11. *(Repeal – SG No. 54/2012, in force as of 17.07.2012);*
12. *(New, SG No. 74/2006)* pulling power electricity distribution over the railroad transportation distribution networks;
13. *(New – SG No. 54/2012, in force as of 17.07.2012)* supply of electricity by provider of last resort.

(2) A license authorizes performance of any of the activities under (1) subject to the conditions stated there and constitutes an integral part of the decision on its issuance.

(3) Where a license is issued for performance of any of the activities under (1) before construction of the energy facility required for implementation of the activity, the license states the conditions for construction of such work and a time limit for start of the licensed activity.

(4) *(Last Amendment, SG No. 74/2006)* Issuance of a license is not required for:

1. electricity generation by person, having a plant with a total installed electric power up to 5 MW;

2. (*Last Amendment - SG No. 54/2012, in force as of 17.07.2012*) heat generation by person, having a plant with a total installed heat generating capacity up to 10 MW;

3. (*Last Amendment - SG No. 54/2012, in force as of 17.07.2012*) heat transmission by person, having a heat transmission network, connecting plants with a total installed power up to 10 MW;

4. generation of heat for own consumption only.

5. (*New - SG No. 17/06.03.2015 in force as of 06.03.2015*) the electricity generation for own consumption.

(5) (*Last amendment – SG No. 54/2012, in force as of 17.07.2012*)When the person, applying for issuing of license for any of the following activities:

1. generation of electricity;

2. generation of electricity and heat;

3. transmission of electricity;

4. distribution of electricity;

5. trade in electricity;

6. organizing an electricity exchange market;

7. public supply of electricity;

8. supply of electricity by end suppliers;

9. supply of electricity by a provider of last resort;

10. distribution of traction electricity over railroad transport electric distribution networks,

or having such license, meets the requirements for a balancing group coordinator, the respective license shall also contain all rights and obligations, related to the balancing group coordinator activities.

(6) (*New – SG No. 54/2012, in force as of 17.07.2012*)A license for supply of electricity by a provider of last resort to customers which have not chosen another supplier or, where the chosen supplier does not carry out supplies owing to circumstances beyond the customer's control, shall be issued to:

1. the licensee for the public supply of electricity activity – to customers connected to electric transmission network;

2. licensees for the supply of electricity by end supplier activity - to customers connected to electric distribution network connected to the relevant electric distribution network, for the territory of acting licenses for public supply and supply by end supplier.

Article 40. (*Last Amendment - SG No. 17/06.03.2015 in force as of 06.03.2015*) (1) A license shall be issued to a legal person registered under the Commerce Act which:

1. possesses the technical and financial capabilities, material and human resources and organizational structure required to meet the regulatory requirements for performance of the licensed activity;

2. holds real rights to energy sites whereby the activity is to be performed, if the said facilities are constructed, with the exception of the licensees referred to in pt. 5, 6, 7, 10, and 13 of Art. 39 (1) herein;

3. furnishes evidence that the energy sites whereby the licensed activity is to be performed meet the regulatory requirements for safe operation and environmental protection.

(2) In case of issuing of license under Art. 39 (3), the conditions under (1), pt. 1-3 must be available at the time of commencement of the licensed activity.

(3) A license under Art. 39(1), pt. 4 shall be issued in accordance with the provisions of Art. 118a, (3) – (6) of the Water Act.

(4) A license shall not be issued to any person which:

1. is subject to instituted bankruptcy proceedings or has been adjudicated bankrupt;

2. is placed in liquidation;

3. has had a license for the same activity withdrawn or the issuance of a such license has been refused thereto, and the period referred to in Art. 59 (4) herein or under Art. 41 (4) herein has not yet expired.

(5) A license shall not be issued if there is a risk to the life and health of citizens, to property of third persons and to the interests of customers, of disturbing the reliable supply of electricity, heat or natural gas.

(6) 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 said activities. The Commission shall ensure that there are no conflicts in the regime of performance of the individual licensed activities.

(7) A license under Par. 1 shall also be issued to a person having registration equivalent to the registration under Par. 1 according to the legislation of another Member State of the European Union, under the terms of Par. 1- 6.

(8) (*New - SG No. 17/06.03.2015 in force as of 06.03.2015*) The licence under art. 39, para. 1, pt. 1 and 2 is issued to a person who has been granted a concession or who has the

right to use and exploit energy facilities for generation, transmission and distribution of heat energy under the conditions of para. 1-6.

Article 41. (*Last Amendment – SG No. 54/2012, in force as of 17.07.2012*) (1) The procedure for issuance of license is initiated on a written application accompanied by all documents required for the issuance of license.

(2) Should the licensed activity be performed at prices subject to regulation under this Act, an application for approval of prices is submitted attached to the application referred to in Paragraph (1).

(3) Within three months after submission of an application referred to in Paragraphs (1) and (2), the Commission issues a license or refuses to issue one by a reasoned decision, and approves or determines the relevant prices.

(4) In cases of refusal, the applicant may submit a new request for issuance of license not earlier than three months after the decision for refusal or, respectively, after the entry into force of the court judgment where any appeal is dismissed as unfounded.

(5) (*New – SG No. 54/2012, in force as of 17.07.2012*) The Commission shall submit information to the European Commission for each case of grounded refusal for issuing of licenses for transmission, distribution, storage, public supply of natural gas and supply of natural gas by end suppliers.

Article 42. (1) Licenses are issued for a validity term not longer than 35 years in accordance with the requirements of the ordinance referred to in Article 60.

(2) The validity term of a license may be extended for a period not longer than the term referred to in Paragraph (1), provided that the licensee satisfies the conditions provided by the law, fulfills all obligations and requirements under the license and has submitted a written request for extension at least one year before the expiry of the term of the original license.

(3) In a decision to extend the validity term under Paragraph (2), the Commission also specifies the conditions for performance of the activity for the new validity term of the license.

Article 43. (*Last Amendment - SG No. 82/2012, in force as of 26.11.2012*) (1) A single license is issued within the national territory for:

1. (*Last Amendment – SG No. 54/2012, in force as of 17.07.2012*) transmission of electricity;

2. (*Last Amendment – SG No. 54/2012, in force as of 17.07.2012*) organization of stock electricity market;

3. public delivery of electricity or natural gas;

4. (*Repeal – SG No. 54/2012, in force as of 17.07.2012*);

5. (*New – SG No. 54/2012, in force as of 17.07.2012*) supply of electricity by a provider of last resort to customers connected to the electric transmission network.

(2) A single license is issued for a separate area for:

1. distribution of electricity or natural gas;

2. (*Repealed, SG No. 74/2006, effective 1.07.2007*);

2a. (*New, SG No. 74/2006*) electricity or natural gas supply by end suppliers;

3. transmission of heat;

4. (*New – SG No. 54/2012, in force as of 17.07.2012*) supply of electricity by a provider of last resort to customers connected to the electric distribution network on the relevant territory.

(3) (*Last Amendment – SG No. 54/2012, in force as of 17.07.2012*) A separate area for electricity distribution comprises not fewer than 150,000 customers connected to the adjoining electric distribution network and at least one administrative region is included within its boundaries according to the administrative-territorial structure of Bulgaria.

(4) (*New, SG No. 74/2006, in force as of 1.07.2007*) For a separate area under Paragraph (3), a single license on electricity supply from end suppliers is issued.

(5) (*Last Amendment – SG No. 54/2012, in force as of 17.07.2012*) A self-contained areas for distribution of natural gas comprise not fewer than 50,000 customers, which may be connected to the adjoining gas distribution network, and its boundaries are specified by the inventory referred to in Article 4 (2), pt. 6.

(6) (*New, SG No. 74/2006, in force as of 1.07.2007*) For a separate area under Paragraph (5), a single license on natural gas supply from end suppliers is issued.

(7) (*Last Amendment - SG No. 82/2012, in force as of 26.11.2012*) A separate area for heat transmission is designated according to the spatial development plans in force for the settlement.

(8) (*Last Amendment – SG No. 54/2012, in force as of 17.07.2012*) The provision made in Paragraph (6) does not apply, where an interest has been expressed in natural gas supply of a particular area which is not included in the inventory referred to in Article 4 (2), pt. 6. In this case, the area, subject to investment interest, is designated as a separate area for natural gas distribution. Licenses on natural gas distribution or natural gas supply from end supplier in this area are issued without a tender for the interested investor under the terms of Section I of this Chapter and according to the procedure in the ordinance under Article 60, after coordinating with the respective municipality.

(9) (*Former Paragraph 7, amended, SG No. 74/2006*) If there is more than one gas supply request for the area under Paragraph (8) submitted, the Commission announces a tender under the terms of Section II of this Chapter and according to a procedure in the ordinance under Article 60.

(10) (*Last Amendment – SG No. 54/2012, in force as of 17.07.2012*) By Commission decision to amend the license, the area of the municipality, which is outside the list under Art. 4 (2) pt. 6, may be joined to a self-contained area for natural gas distribution or to municipality territory, which has been issued a license for the same activity, upon declared request by the respective municipality outside the list and consent of the titleholder of the license.

(11) (*Last Amendment – SG No. 54/2012, in force as of 17.07.2012*) Provisions of (8) and (9) do not apply, when the consent under (10) by the holder of the natural gas distribution license for the separate area or territory under (8) has been obtained.

(12) (*Last Amendment – SG No. 54/2012, in force as of 17.07.2012*) For the country's territory, a single pulling power electricity distribution license is issued only for the railroad transportation electric distribution networks to the National Railroad Infrastructure Company.

Article 44. (*Last Amendment – SG No. 54/2012, in force as of 17.07.2012*) (1) (*Last amendment – SG No. 54/2012, in force as of 17.07.2012*) The person to which a license for electricity transmission has been issued may not be issued a license for another activity subject to licensing under this Act save for a license for organizing an electricity stock market.

(2) (*Last Amendment – SG No. 54/2012, in force as of 17.07.2012*) Anyone to whom a license for natural gas transmission has been issued may not obtain a license for another activity subject to licensing under this Act, except a license for activity of Art. 39 (1), pt. 4 and license for distribution of natural gas. Anyone to whom a license for natural gas transmission has been issued may not engage in natural gas trade.

(3) (*Last Amendment, SG No. 74/2006*) Anyone to whom a license for electricity distribution has been issued may not obtain a license for other activity subject to licensing under this Act.

(4) (*Last Amendment – SG No. 54/2012, in force as of 17.07.2012*) Anyone to whom a license for natural gas distribution has been issued may not obtain a license for other activities, subject to licensing under this Act, except licenses natural gas supply from end suppliers, if the customers attached to the gas distribution network in the respective area are less than 100 000.

Article 45. A license states:

1. the designation of the licensee;
2. the activity for which the license is issued;
3. the facilities through which the licensed activity is to be performed;
4. the territorial scope of the license for the activities for which it is required;
5. the validity term of the license;

6. the types of insurance, the risks covered, and the amount of insurance cover which the licensee is obligated to maintain as long as it performs the licensed activity;

7. requirements for decommissioning of energy facilities where the activity is to be performed;

8. any other special regulatory requirements related to performance of the licensed activity.

Section II

Tender Procedure

Article 46. *(Last Amendment – SG No. 54/2012, in force as of 17.07.2012)* (1) *(Last Amendment – SG No. 54/2012, in force as of 17.07.2012)* A tendering procedure for need of electricity generating capacity shall be carried out only in the cases under Art. 4 (2), pt. 5 for construction of new or granting of existing capacities. The winning participant in the tender shall be determined as holder of the license stating an obligation to construct the said capacity in case of construction of a new capacity.

(2) The holders of licenses for distribution of natural gas for separate areas designated by the inventory referred to in Article 4 (2), pt. 6 are selected by tender procedures.

(3) *(Last Amendment – SG No. 54/2012, in force as of 17.07.2012)* The winner of the tendering procedure under (1) – in case of construction of a new capacity, or (2), shall be issued a license under Art. 39 (1), pt. 1 or 3 herein.

(4) *(New – SG No. 54/2012, in force as of 17.07.2012)* In the cases under (2) the decision of the Commission under (3) shall include a license for carrying out of natural gas supply by end supplier activity until reaching of 100 000 customers in accordance with Art. 44 (4).

(5) *(Former par. (4) – SG No. 54/2012, in force as of 17.07.2012)* Where the winner in a tender procedure is a non-resident person, not registered in a European Union Member State, or another country party to the European Economic Area Agreement, the license is issued to a corporation registered under the Commerce Act where the non-resident person holds at least 67 per cent of the corporate capital. Any such person has no right to transfer its participating interest in the licensee corporation to a third party until the date of start of the licensed activity.

(6) *(Former par. (5) – SG No. 54/2012, in force as of 17.07.2012)* The public provider concludes a contract for purchase of electricity with the winner of the tender procedure under Paragraph (1).

Article 47. *(Last Amendment – SG No. 54/2012, in force as of 17.07.2012)* (1) A tender procedure is announced by the Commission in accordance with the inventory referred to in Article 4 (2), pt. 5 or 6 and is held under terms and procedure established by the ordinance referred to in Article 60.

(2) The tender documents are prepared in accordance with the ordinance referred to in Article 60 and is approved by the Commission. The tender documents include a draft license and, in the case under Article 46 (1), also a draft contract for purchase of electricity.

(3) (*Last Amendment – SG No. 54/2012, in force as of 17.07.2012*) The tendering procedure shall be announced by a decision of the Commission which shall be promulgated in the State Gazette and the Official Journal of the European Union where the time limit for submission of applications for participation in the tendering procedure may not be shorter than six months from the promulgation of the said decision. The decision of the Commission announcing the tendering procedure shall be appealable solely together with the decision declaring the winner of the tendering procedure.

(4) (*New – SG No. 54/2012, in force as of 17.07.2012*) A candidate for participation in a tendering procedure may be any person possessing technical, economical, financial and organizational capacity in accordance with the requirements laid down in the tendering procedure, and for which the circumstances under Art. 40 (4) does not exist.

Article 48. (*Last Amendment – SG No. 54/2012, in force as of 17.07.2012*) Where no application is received by the time limit for submission of applications for participation in the tender procedure, or where only one application is received, the time limit may be extended by not more than 60 days from the date of promulgation of the decision of time limit extension in the State Gazette and publication in the OJ of the European Union. In such case, the date of the tender procedure is changed as well.

Article 49. (1) The Commission adopts a decision appointing a tender board for holding tender procedure, chaired by a member of the Commission. The board includes employees of the Commission's administration and, depending on the subject of the tender procedure, representatives of the municipalities concerned and interested central- government departments and organizations as well.

(2) The tender board considers and evaluates the bids of the candidates and proposes to the Commission to adopt a decision designating the winner of the tender procedure.

(3) (*Last Amendment, SG No. 74/2006*) Within 14 days after receipt of the tender board proposal, the Commission ranks the candidates, adopts a reasoned decision designating the winner of the tender procedure and issues the respective license.

(4) (*Last Amendment, SG No. 74/2006*) The Commission notifies the candidates on its decision referred to in Paragraph (3).

Article 50. (1) The Commission cancels the tender procedure and announces a new tender procedure where:

1. only a single candidate has appeared, or
2. the proposals of the candidates do not meet the tender procedure requirements.

(2) If after re-announcement of the tender procedure, only a single candidate has appeared, the Commission declares such candidate winner, provided that the candidate meets all tender procedure requirements.

Section III

Changes, Supplementations, Termination and Withdrawal of Licenses

Article 51. (*Last Amendment – SG No. 54/2012, in force as of 17.07.2012*) (1) A license may be changed and/or supplemented by a decision of the Commission:

1. at the request of the licensee;
2. on the Commission's own initiative.

(2) (*Last Amendment – SG No. 54/2012, in force as of 17.07.2012*) The Commission has the right to initiate a change and/or supplementation of an issued license:

1. (*Last Amendment – SG No. 54/2012, in force as of 17.07.2012*) in order to ensure reliability or uninterrupted and high quality supply of electricity, heat and natural gas to customers;

2. (*Last Amendment – SG No. 54/2012, in force as of 17.07.2012*) upon change in the relevant legislation and to implement binding decisions of the European Commission or the ACER;

3. to safeguard national security and public order in coordination with the relevant competent state agencies;

4. in case of risk to the life and health of citizens, damage to the environment or to third party property, when this does not call for withdrawal of license, and/or on a proposal by specialized state agencies exercising their powers;

5. when corporate transformation of a licensee or a capital improvement transaction is authorized if this does not lead to termination of the license.

(3) The Commission informs the licensee in writing of the start of a proceeding for change and/or supplementation of the license under Paragraph (2). Within fourteen days, the licensee may submit a written opinion regarding the reasons for the change and/or supplementation of the license.

(4) The Commission modifies and/or amends the license after expiry of the time limit referred to in Paragraph (3).

(5) The licensee may request change and/or supplementation of the license in respect of the used primary energy sources and/or technology of energy conversion.

(6) The holder of a license under Article 39 (3), issued after a tender procedure, may request change and/or supplementation of the license before the start of the licensed activity only in case of occurrence of circumstances beyond the holder's control.

Article 52. (1) The Commission authorizes the corporate transformation of a licensee through merger, acquisition, division, separation and division by the formation of a solely owned commercial corporation or through change of the legal form of business organization if

the person that will perform the licensed activity after the corporate transformation meets the eligibility requirements for issuance of license for the activity.

(2) In the cases under Paragraph (1), the Commission changes or terminates the existing license and/or issues a new license depending on the particular case within one month after submission of the application. The termination, change or issuance of a license becomes effective as from the date of recording the corporate transformation in the commercial register.

(3)(Last Amendment, SG No. 74/2006, effective as of the date of entry into force of the Treaty concerning the Accession of the Republic of Bulgaria to the European Union) The termination, change or issuance of a license in the Republic of Bulgaria upon any transformation of a legal person, having a license issued under Article 40 (6) becomes effective on the date of entry into force of the transformation of the legal person under the law of country where it is registered.

Article 53. *(Last Amendment – SG No. 54/2012, in force as of 17.07.2012)* (1) *(Last amendment – SG No. 54/2012, in force as of 17.07.2012)* Legal transactions in any construction works in progress or in any property whereby the licensed activity is performed may be effected solely in their entirety, subject to advance authorization by the Commission, including when the licensee is adjudicated bankrupt.

(2) *(Last Amendment – SG No. 54/2012, in force as of 17.07.2012)* In the cases under Paragraph (1), where the license is issued for generation of electricity and/or heat and the activity is performed by means of generating capacities (units) which can technologically be operated independently of one other, an individual unit may be subject of disposition. In such case, the original license is changed or supplemented.

(3) *(Last Amendment – SG No. 54/2012, in force as of 17.07.2012)* Where termination or modification of a license under (1) or (2) could lead to disturbance of the security of supply of electricity, heat or natural gas, the Commission shall authorize conduct of the legal transaction provided the transferee under the said transaction has submitted an application and meets the conditions for issuance of a license for the respective activity. The license issued to the transferee shall become effective as from the date of the acquisition of title.

(4) *(Last Amendment – SG No. 54/2012, in force as of 17.07.2012)* Where termination or change of license under (1) or (2) does not lead to disturbance of the security of supply, the Commission authorize regardless of whether the transferee has submitted an application for issuance of license.

(5) The Commission also authorizes conduct of transaction in case of pledge or mortgage on the property where the licensed activity is performed.

(6) No authorization is required in case of replacement or modernization, or where such disposition does not lead to change of the terms under which the licensed activity is performed.

(7) *(Last Amendment – SG No. 54/2012, in force as of 17.07.2012)* Orders made in violation of the preceding paragraphs are declared null and void by the court on a petition by the Commission, the prosecutor, or any interested party.

(8) The Commission considers the requests under Paragraphs (1) to (4) within three months after submission of the application, and the requests under Paragraph (5) within one month.

Article 54. (1) No authorization under Article 53 is required upon privatization of a separate part of an energy company.

(2) The Commission issues a license to the transferee in a privatization transaction referred to in Paragraph (1) if the transferee has requested issuance of license and meets the requirements for issuance of such license.

Article 55. (*Last Amendment – SG No. 54/2012, in force as of 17.07.2012*) (1) A license is terminated by a Commission's decision:

1. at the request of the licensee, including upon transfer of the property where the licensed activity is performed, under the terms established by Article 53;

2. in the event of a total loss of the energy facility where the licensee performs the activity;

3. upon corporate transformation of the licensee, where such transformation leads to dissolution of the legal person which is the license holder;

4. entry into effect of a court judgment declaring the licensee bankrupt or of a judgment on cessation of operation due to the putting of the licensee in liquidation besides the cases under Article 61.

(2) (*Last Amendment, SG No. 74/2006*) The Commission may, upon written notification, terminate the license, if the licensee fails to exercise the licensed activity for a period exceeding one year.

(3) A license is terminated upon expiry of the term of validity, except in the cases under Article 56.

(4) The decision to terminate a license is a precondition for consideration by the competent court of a petition for recording of liquidators upon cessation of the operation of the legal person which is the license holder.

(5) (*Last Amendment – SG No. 54/2012, in force as of 17.07.2012*) In cases of termination of the license under Paragraph (1), pt.1 and Paragraph (2) under terms specified in the ordinance referred to in Article 60, the Commission has the right to order the licensee to transfer to a third party the property where the licensed activity is performed in its entirety or to create a right of use of the property, if the transferee is a licensee or has submitted an application and meets the requirements for issuance of a license for the respective activity. In case the licensee fails to transfer the ownership or to create a real right of use within one month after termination of the license, the provisions of Article 56 (4) to (11) apply accordingly.

Article 56. (*Last Amendment – SG No. 54/2012, in force as of 17.07.2012*) (1) Not later than one year before expiry of the validity term of the license, the licensee is obligated:

1. to submit an application for extension of the term, or
2. to notify the Commission that it will not perform the licensed activity after expiry of the term.

(2) Where, after expiry of the validity term of a license, the energy facility where the licensed activity was performed is subject to final decommissioning for technical reasons, the Commission extends the validity term of the license until the final decommissioning of the energy facility.

(3) (*Last Amendment – SG No. 54/2012, in force as of 17.07.2012*) In the case under Paragraph (1), pt. 2, or if the Commission refuses to extend the validity term of the license if cessation of the licensed activity could lead to disturbance of the security of supply of electricity, heat or natural gas to customers, or a risk to national security and public order could arise, the licensee is obligated to transfer the ownership to a third party or to create a right of use of the property where the licensed activity is performed only in its entirety, according to the procedure pursuant to Article 53 (1) and (3).

(4) Where the licensee fails to fulfill its obligations under Paragraph (3) not later than 60 days before the expiry of the validity term of the license or the Commission refuses to authorize the transaction, the Commission appoints a special commercial manager who:

1. accepts, against a checklist, the facilities where the licensed activity was performed, which are transferred to such manager for management, effective as of the first day after the expiry of the validity term of the license, and

2. continues performance of the licensed activity for the account of the licensee until transfer of ownership of the energy facilities and selection of a new licensee.

(5) The special commercial manager is selected by mutual consent of the licensee and the Commission not later than 30 days before the expiry of the validity term of the license. If no agreement is reached, the special commercial manager is designated by the Commission.

(6) The special commercial manager has the right to perform only activities and transactions directly related to the licensed activity and has no right to alienate or encumber any real estate, as well as to perform any activities specified by the Commission in the assignment act.

(7) The name and address of the special commercial manager as appointed is recorded in the commercial register at the request of the Commission's Chairperson and is promulgated in the State Gazette.

(8) After recording of the special commercial manager in the commercial register, the management bodies of the licensee may perform only activities related to the preparation and conclusion of a transaction under Paragraph (3).

(9) In cases of appeal against a refusal by the Commission, the licensee continues to perform the activity until the final judgment of the appellate court.

(10) The circumstances under Paragraph (3) is ascertained in coordination with the relevant competent state bodies.

(11) Eligibility for appointment as a special commercial manager is limited to persons meeting the following requirements:

1. higher education and professional experience in management of energy companies;
2. has not been convicted after turning 18 years of age of a premeditated offence at public law, unless rehabilitated;
3. no relations with the licensee give grounds for reasonable doubt as to the impartiality of such persons.

Article 57. *(Last Amendment – SG No. 54/2012, in force as of 17.07.2012)* (1) *(Last Amendment – SG No. 54/2012, in force as of 17.07.2012)* In cases where a licensee requests termination of the license before the expiry of the validity term and if cessation of the licensed activity could lead to disturbance of the security of supply of electricity, heat or natural gas to customers, or a risk to national security or public order could arise, the licensee is obligated to continue to perform the licensed activity until issuance of a new license to another person according to the procedure pursuant to Article 56 (3).

(2) *(Last Amendment – SG No. 54/2012, in force as of 17.07.2012)* If no new licensee is selected according to Paragraph (1) during the period of the notice where the licensee has requested termination of the license, the procedure pursuant to Article 56 (4), (5), (6), (7), (9) and (11) apply respectively.

Article 58. *(Last Amendment – SG No. 54/2012, in force as of 17.07.2012)* (1) *(Last Amendment – SG No. 54/2012, in force as of 17.07.2012)* Upon submission of an application requesting termination of a license issued after a tender procedure, the Commission evaluates the request in view of the needs of the national overall forecast energy balance and the secure and reliable supply of energy and natural gas to customers.

(2) The license holder selected by tender procedure may submit a request for termination of the license in case that such holder has transferred the construction work in progress to a third party, under the terms pursuant to Article 53 (1).

Article 59. (1) After a written warning fixing a time limit, the Commission withdraws the license:

1. where the licensee fails to perform or violates its obligations under Chapters Six and Seven of this Act;
2. where the licensee fails to perform or violates the obligations under the issued license;
3. where the licensee fails to perform within the prescribed time limit or breaches any prescriptions of the control authorities of the Commission or coercive administrative measures imposed by the Commission;

4. where the licensee has submitted false information which has served as grounds for issuance of the license.

(2) The license is withdrawn also when a license for operation of a nuclear facility, issued under the Safe Use of Nuclear Power Act, has been withdrawn from the licensee by an effective administrative act.

(3) (*Last Amendment, SG No. 74/2006*) The Commission may withdraw a license for distribution of natural gas, issued after a tender procedure, if the licensee fails to construct the relevant natural gas distribution network indicated in the tender within the time limit fixed in the license. In such case, a new tender procedure is held according to the procedure established by this Act for the area vacated.

(4) The decision to withdraw a license fixes a time period during which the person may not apply for issuance of a new license for the same activity. Such period may not be shorter than two years.

(5) Withdrawal of a license does not override the enforcement of administrative or criminal liability for a violation committed, if the preconditions for this exist.

(6) By a decision to withdraw a license, the Commission appoints a special manager assigned with powers pursuant to Article 56 (4) until the final judgment of the Supreme Administrative Court, in case of appeal.

Article 60. (*Last Amendment – SG No. 54/2012, in force as of 17.07.2012*) The terms and procedure for issuance, change, supplementation, termination and withdrawal of licenses, for issuance of authorizations under this Chapter, for approval of general conditions of contracts under this Act, for approval of rules for work with the energy services customer for supply of electricity, heat and natural gas to customers, as well as for amicable settlement of disputes under Article 22, are established by the Commission.

Article 61. The relations associated with the insolvency and bankruptcy of an energy company which has obtained a license for transmission of electricity, heat and natural gas, for distribution of electricity or natural gas, as well as the persons which have obtained licenses for public delivery or public supply of electricity or natural gas using facilities on the list of energy facilities of strategic national importance, as approved by the Council of Ministers, are regulated by a special law.

Chapter Five

REAL RIGHTS

Section I

Building Lease. Expropriation

Article 62. (*Last Amendment – SG No. 54/2012, in force as of 17.07.2012*) (1) (*Last Amendment – SG No. 54/2012, in force as of 17.07.2012*) Where site and/or linear energy facilities, as well as ground and underground hydro-technological electricity generation facilities or parts of them and the related facilities and sites for industrial waste depositing are

constructed or expanded on real estate constituting state ownership, the competent state authorities create a building lease against valuable consideration to the land tract without auction or tender procedure pursuant to the State Property Act in favor of the person to build and operate the energy site.

(2) (*Last Amendment – SG No. 54/2012, in force as of 17.07.2012*) Where the construction or expansion of the sites under Paragraph 1 is performed on real estate constituting municipal ownership on real estate constituting private property, the competent municipal authorities create a building lease against valuable consideration to the land tract without auction or tender procedure pursuant to the Municipal Property Act in favor of the person to build and operate the energy site.

(3) (*Repeal – SG No. 54/2012, in force as of 17.07.2012*).

(4) (*Last Amendment – SG No. 54/2012, in force as of 17.07.2012*) Where site and/or energy facilities, as well as ground and underground hydro-technological electricity generation facilities or parts of them have to be constructed or expanded on real estate constituting private property, the person under (1) must acquire in advance and against valuable consideration ownership or building lease for the land tract required for construction of facility.

(5) (*New – SG No. 54/2012, in force as of 17.07.2012*) The person under (1) shall submit a written offer to the holder of property rights by indicating the legal and factual grounds for the offer, including the real property, type of energy sites and/or facilities, and the manner in which they influence the use of said real property, type of property rights which must be acquired, the area and the compensation offered upon giving an appropriate term of not less than a month for answer to said offer. This term may be changed upon the parties' mutual consent.

(6) (*New – SG No. 54/2012, in force as of 17.07.2012*) In case of establishment of limited real rights under (1) over public real property, the procedure for private state or municipal property shall apply to national sites, in case the law does not provide otherwise.

(7) (*New – SG No. 54/2012, in force as of 17.07.2012*) The persons under Par. 1 are contracting authorities for the construction of the sites pursuant to Art. 161 (1) of the Spatial Development Act, as well as interested parties pursuant to Art. 124 (3) of the Spatial Development Act.

Article 63. (*Last Amendment – SG No. 54/2012, in force as of 17.07.2012*) (1) (*Last Amendment – SG No. 54/2012, in force as of 17.07.2012*) In case of refusal or impossibility to implement the activities under Art.62 (4) herein for reasons beyond the control of the person referred to in Art. 62 (1), the real property shall be alienated to the benefit of the State. The express refusal, as well as the non-acceptation of the offer or the lack of consent reached within the term under Art. 62 (5), shall be considered as refusal.

(2) Any expropriation under Paragraph (1) is effected under the terms and according to the procedure pursuant to the State Property Act.

(3) (*Last Amendment – SG No. 54/2012, in force as of 17.07.2012*) The person under Art. 62 (1) may use the immovable property only for expropriation purposes.

Section I a

Expropriation of property for energy resources extraction purposes

(New, SG No. 41/2009)

Article 63a. *(New, SG No. 41/2009)* (1) An energy enterprise which is a concessionaire in accordance with the provisions of the Ore and Mineral Resources Act which carries out energy resources extraction activities, may propose to the landowners and holders of other real rights, entering into agreement in virtue of which the enterprise gains ownership or other real right over the immovable property, included in the concessionary area.

(2) In case the concessionaire is unable to find the holders of rights over the land or their addresses, she/he may ask for the assistance of the Minister of Energy. Upon requested assistance, the Minister is obliged to demand the necessary information from the competent state or municipal bodies which may not refuse to deliver it.

Article 63b. *(New-SG No.41/2009)* (1) In the cases of energy resources extraction for state needs, where there is no achieved agreement with the landowners or the holders of other real rights over immovable property or parts of it, the energy enterprise-concessionaire may require from the Minister of Energy to undertake measures for compulsory expropriation of the property under the terms and procedures set by the State Property Act.

(2) The request under Paragraph (1) specifies the characterization, type, location and the size of property as well as information about the landowners, respectively –the holders of other real rights. To the request there is also added:

1. evidence that:

a) the property is within the boundaries of the concessionary area and is necessary or obstructive to the accomplishing of the activities under the approved overall work plan for energy resource extraction;

b) the concessionaire had already proposed to the landowner, respectively-to the right holder, the option of purchasing the immovable property at a price not lower than the price which would be quoted under the terms of Chapter Three of the State Property Act in case of compulsory expropriation of the property for state purposes;

c) the landowner, respectively –the right holder, within a month of receipt of the offer, implicitly or explicitly has rejected it;

2. *Effective detailed structure plan.*

(3) Within one month of receipt of the request under Paragraph (1), the Minister of Energy undertakes the compulsory expropriation of the property for state purposes according to the terms and procedure set by Chapter Three of the State Property Act.

(4) When immovable property located within the boundaries of the concessionary area is a public municipal property, to the request under Paragraph (1) is appended only the evidence under Paragraph (1), Section 1.

(5) The compulsory expropriation costs are at the expense of the concessionaire.

Article 63c. (*New - SG No.41/2009*) (1) The expropriated real estates as well as other real estates-state property which are within the boundaries of the concessionary area are consigned to the concessionaire upon a resolution, adopted by the Council of Ministers, as adjacent in accordance with the provisions, set by the *Bulgarian Concessions Act*.

(2) *Upon termination of the concessionary contract, the real estates awarded to the concessionaire as adjacent are returned to the State according to the conditions and procedure specified in the concessionary contract.*

Section II

Servitudes

Article 64. (*Last Amendment - SG No. 98/28.11.2014, in force as of 28.11.2014*) (1) (*Last Amendment – SG No. 54/2012, in force as of 17.07.2012*) Upon expansion of existing and construction of new overhead and underground electric power lines of ground and underground hydro-technological electricity generation facilities, heating mains, oil and gas pipelines, and oil-product lines, servitudes arise in favor of the persons who will build and operate the power object.

(2) The following servitudes exist under this Act:

1. (*Last Amendment – SG No. 54/2012, in force as of 17.07.2012*) right of way for persons and machinery in favor of the person under (1);

2. (*Last Amendment – SG No. 54/2012, in force as of 17.07.2012*) right of laying overhead and underground electric power lines of ground and underground hydro-technological electricity generation facilities, heating mains, oil and gas pipelines, and oil-product pipelines in favor of the person under par. (1);

3. limitation on use of real estate adjoining the energy facilities.

(3) Upon exercise of servitudes:

1. (*Last Amendment – SG No. 54/2012, in force as of 17.07.2012*) The servitude holder shall acquire the right:

a) to lay overhead and underground electric power lines, heating mains, gas and oil pipelines, and oil product pipelines;

b) for representatives of the servitude holder, to enter into and pass through the servient estates and to perform activities therein in connection with the construction and/or operation of energy sites, including a right of passage of machinery through the servient estates in connection with the construction and maintenance of overhead and underground facilities;

c) to trim and cut trees in the servient strips of electric power lines and hydro installations in order to remove consequences from accidents upon informing the authorities in charge of forestries and national parks;

2. the following is not allowed in the servient estates:

(a) building development or plantation of perennial plants in the servitude strip designated in the ordinance pursuant to in Paragraph (9);

(b) (*Last Amendment – SG No. 54/2012, in force as of 17.07.2012*) laying of lines of other physical-infrastructure networks, except in the cases when this is allowed under a statutory instrument, the relevant technical requirements are complied with and written agreement with the holder of the easement has been reached;

3. the change in the ownership of the estate does not terminate the effect of servitudes in respect of the dominant and servient estate;

4. servitudes are inseparable rights; they may be exercised entirely in favor of each part of the dominant estate and entirely encumber each part of the servient estate, even when the two estates are separated;

5. a servitude may be used only for the dominant estate needs;

6. the owner of the servient estate has no right to relocate the servitude.

(4) Servitudes under Paragraph (2) arise when:

1. there is an effective detailed plan which specifies the location of the estate, and

2. (*Last Amendment – SG No. 54/2012, in force as of 17.07.2012*) the servitude holder pays a lump-sum compensation to the owner of the real property whereon the servitude has arisen, as well as to the holders of other property rights on the real property concerned.

(5) (*Repeal – SG No. 54/2012, in force as of 17.07.2012*).

(6) (*Last Amendment, SG No. 74/2006*) The amount of compensations under this Chapter is determined according to the procedure established by Articles 210 and 211 of the Spatial Development Act or by mutual consent of both parties with an evaluation by a licensed evaluator.

(7) (*Last Amendment – SG No. 54/2012, in force as of 17.07.2012*) The holder of the easement exercises the servitude right in accordance with the technical requirements established by the ordinance referred to in Paragraph (9).

(8) (*Last Amendment – SG No. 54/2012, in force as of 17.07.2012*) In case the servitude zone falls within an estate in respect of which a building lease has been granted in favor of the holder of the easement, the servitude on such estate is stipulated in the act creating the building lease.

(9) (*Last Amendment - SG No. 98/28.11.2014, in force as of 28.11.2014*) The size, location and special regime of servitudes exercise is specific to the different types of energy facilities and is determined according to a procedure and in a manner provided for in an ordinance of the Minister of Energy, the Minister of Agriculture and Food and the Minister of Regional Development and Public Works.

(10) (*New – SG No. 54/2012, in force as of 17.07.2012*) In case of establishment of restricted real rights under Par. (1) on public real property, the procedure for private state or municipal property shall apply to national sites, in case the law does not provide otherwise.

Article 64a. (*New - No. 54/2012, in force as of 17.07.2012*) (1) An effective deed, issued by a competent authority, for approval of detailed site development plan under Art. 64(4), pt. 1 with enclosed excerpt of the graphic and textual materials about the servient real property, the servitude holder and the owner/holder of the real right in the said real property and a document about paid or deposited lump-sum compensation, representing the price of servitude right, in a commercial bank at the disposal of the owners and holders of other real rights on the servient real property, shall be entered in the real property register at the request of the servitude holder.

(2) Until commencement of proceedings for establishment of real property register under Art. 70 (1) of the Cadastre and Real Property Register Act the entry of deeds and documents under Par. 1 shall be done to the record of the owner of the servient real property pursuant to the Entries Rules (Notifications, No. 101/1951; amended, No. 30/1955, SG No. 82/1996, 86/1997, 14/2000, 5/2001 and 16/2001, 69/2004 r., 67/2005 and No. 22/2008).

Article 65. (*Last Amendment – SG No. 54/2012, in force as of 17.07.2012*) (1) (*Last Amendment – SG No. 54/2012, in force as of 17.07.2012*) The amount of the compensation referred to in Article 64 (4) pt. 2 is determined applying the following criteria:

1. the surface area of others' lots incorporated within the servitude boundaries;
2. the types of limitations on use;
3. the period of limitation;
4. the assessed fair market value of the estate or the part of it which falls within the servitude boundaries.

(2) (*Last Amendment – SG No. 54/2012, in force as of 17.07.2012*) Despite any compensation under Paragraph (1), the holder of the easement is obligated to repair all damages caused to the estate or to pay a respective pecuniary compensation.

Article 66. The type and location of energy facilities and of the surface areas of servient estates incorporated within the servitude boundaries under this Act are determined in master plans and detailed plans.

Article 67. (*Last Amendment – SG No. 54/2012, in force as of 17.07.2012*) (1) (*Last Amendment – SG No. 54/2012, in force as of 17.07.2012*) Any representatives of persons under Art. 62 (1) and Art. 64 (1) and any officials who exercise control under this Act may enter into and pass through others' estates and perform activities there in connection with the operation of the energy facilities or for control over such facilities.

(2) (*Last Amendment – SG No. 54/2012, in force as of 17.07.2012*) The persons under Art. 62 (1) and Art. 64 (1) are entitled to use without charge bridges, roads, street and pavement areas as well as other state properties for the purpose of laying, entangling, transition and maintenance of aerial and underground electric transmission networks, gas-

pipes, heating systems, water-supply systems for energy purposes, oil conduit pipes and petroleum conduit pipes, while ensuring technical security and taking due precautions for prevention of damages .

(3) *(Last Amendment – SG No. 54/2012, in force as of 17.07.2012)* Operators of transmission and distribution networks use without charge parts of buildings and the adjacent land for installation of metering devices and other equipment related to delivery of electricity, heat and natural gas.

(4) Owners of the estates covered under Paragraphs (1) to (3) are entitled to compensation for any damages incurred.

Article 68. *(Last Amendment – SG No. 54/2012, in force as of 17.07.2012)* (1) *(Last Amendment – SG No. 54/2012, in force as of 17.07.2012)* Where an owner, user or lessee of the estate performs unauthorized building, enclosure, planting or any other violation of the servitude exercise regime, the energy company has the right to approach the competent authorities with a request for removal of the illegal construction works for the account of the owner, user or lessee, unless the owner, user or lessee removes such works within a time limit set by the holder of the easement.

(2) *(Last Amendment – SG No. 54/2012, in force as of 17.07.2012)* In the case under Paragraph (1), the holder of the easement does not owe any compensation for the damage sustained.

Chapter Six

PUBLIC OBLIGATIONS

Article 69. *(Last Amendment – SG No. 54/2012, in force as of 17.07.2012)* Energy companies must carry out their operations in the interest of the public and individual customers, and in accordance with the requirements established by this Act and other statutory instruments, while ensuring the security of supply, including protection of objects representing critical energy infrastructure, non-interruption and quality of electricity, heat and natural gas, efficient utilization of fuels and energy, protection of the environment, life, health and property of citizens.

Article 69a. *(Last Amendment - SG No. 17/06.03.2015 in force as of 06.03.2015)* (1) The energy companies for which obligations occur pursuant to the National Investment Plan for 2013 – 2020 shall be obligated to fulfill the obligations provided for in the said plan and to report to the Minister of Energy.

(2) *(Last Amendment - SG No. 17/06.03.2015 in force as of 06.03.2015)* The organization and control over the implementation of the National Investment Plan for 2013 – 2020, including the mechanism for providing and manner of spending the funds for implementation thereof, shall be carried out according to conditions and procedure laid down in an ordinance of the Council of Ministers upon the proposal of the Minister of Energy and the Commission for Energy and Water Regulation.

(3) (*New - SG No. 17/06.03.2015 in force as of 06.03.2015*) The companies under para. 1 which do not make investments in their sites are obligated to make monthly payments to the " National Investments Plan" account of the Ministry of Energy.

(4) (*New - SG No. 17/06.03.2015 in force as of 06.03.2015*) The payments under para. 3 are in the amount of one- twelfth of the calculated annual payment which is specified with reference to each calendar year as the product of the reference price per tonne of emission and the free emissions allowances provided for the operator. The payment is recalculated upon change of the reference prices per tonne of emissions.

(5) (*New - SG No. 17/06.03.2015 in force as of 06.03.2015*) The payments under para. 3 are paid until the 15th day of the current month. Interest is due with reference to the payments which are not made in time.

(6) (*New - SG No. 17/06.03.2015 in force as of 06.03.2015*) The payments under para. 3 are public state receivables. The payments not made in time are subject to enforcement by a public enforcement officer under the procedure of the Tax and Social Insurance Procedure Code. The act ascertaining the receivables is issued by the Minister of Energy or an official authorised by him or her.

Article 70. (*Last Amendment – SG No. 54/2012, in force as of 17.07.2012*) (1) The Minister of Energy may impose additional public service obligations on energy companies.

(2) Additional public obligations referred to in Paragraph (1) are imposed, where related to:

1. non-interruption of deliveries of electricity, heat and natural gas, and
2. environment protection – after consultation with the Minister of Environment and Water;
3. (*New – SG No. 54/2012, in force as of 17.07.2012*) protection of the sites representing critical infrastructure in the energy field.

(3) Additional obligations under Paragraph (1) are imposed by an order stating:

1. the person on which the obligation is imposed;
2. the obligation content;
3. the time limit and terms under which the obligation must be performed;
4. other terms and conditions.

(4) Any supplementary costs incurred by the energy companies under Paragraph (3) are allowed as expenses under Article 35.

Article 71. (*Last Amendment – SG No. 54/2012, in force as of 17.07.2012*) The energy companies carrying out transmission of electricity, heat and natural gas or for distribution of electricity and natural gas, which provide a public interest service and have dominant position

on the market within the meaning under the Protection of Competition Act, are subject to the provisions of the said Act so far as this does not prevent them, *de facto* or *de jure*, from performing the obligations assigned to them.

Chapter Seven

SCHEDULED OUTAGE REGIME, TEMPORARY INTERRUPTION OR LIMITATION

Article 72. (*Last Amendment – SG No. 54/2012, in force as of 17.07.2012*) (1) A scheduled outage regime for the supply of electricity, heat or natural gas may be introduced when the supply has to be limited or interrupted for a duration exceeding 48 hours within the entire national territory or any part of it as a result of:

1. force majeure;
2. occurrence, or for prevention, of breakdowns of facilities for generation and transmission of electricity, heat or natural gas and for distribution of electricity and natural gas;
- 2a. (*New – SG No. 54/2012, in force as of 17.07.2012*) congestion of electrical networks;
3. a sustained shortage of power generation facilities or energy resources;
4. measures ordered by state bodies regarding an alert status or in case of hostilities;
5. (*Last Amendment – SG No. 54/2012, in force as of 17.07.2012*) terrorist acts or attacks on energy facilities.

(2) The Minister of Energy or a Deputy Minister empowered by it is the authority competent to make decisions on introduction of a scheduled outage regime within the national territory.

(3) The mayors designate a scheduled outage regime for heat and natural gas within the territory of the municipality after consultation with the Minister of Energy in accordance with the ordinance referred to in Article 74 (1).

(4) (*Last amendment – SG No. 54/2012, in force as of 17.07.2012*) The Minister of Energy shall announce through the mass communication media the introduction of a scheduled outage regime or of the restrictive conditions under Par. (1) to (3) to the Commission, the European Commission – in the cases provided for in the ordinance under Art. 9 (4).

Article 72a. (*New – SG No. 54/2012, in force as of 17.07.2012*) (1) The Minister of Energy after consultations with the natural gas companies and organizations representing the interests of household and non-household customers supplied with gas, and with the Commission shall introduce at national level:

1. prevention action plan containing the measures necessary for eliminating or limiting the impact of identified risks in accordance with the evaluation of the risk conducted;

2. plan for action in emergency situations plan containing the measures which must be undertaken for eliminating or mitigating the impact of suspension of natural gas supplies.

(2) The evaluation of the risk under Par. (1), pt. 1 shall be conducted on the basis of the elements referred to in Regulation (EU) No. 994/2010.

(3) Upon adoption of the plans under Par. 1 the Minister of Energy shall act in cooperation with the competent authorities from the region and the European Commission in order to guarantee that said plans are compatible with the plans of other EU Member States, in the region with the aim of developing regional action plans.

Article 73. *(Last amendment – SG No. 59/2013, in force as of 05.07.2013) (1) (Last amendment – SG No. 54/2012, in force as of 17.07.2012)* The operator of the electric transmission network, the heat transmission network, the natural gas transmission network, or the relevant distribution network operator may order a suspension or limitation of the generation or supply of electricity, heat or natural gas without prior notification of producers and customers:

1. upon occurrence, or for prevention, of breakdowns;

2. where human health or life is endangered;

3. where the integrity of the electric power system, the heat transmission system or the natural gas transmission system is endangered;

4. *(last amendment – SG No. 54/2012, in force as of 17.07.2012)* in case the system, respectively the network or the customers, risk sustaining substantial physical damage;

5. in case of risk of excessive environmental pollution, on a motion by the competent authorities within the meaning given by Article 10 (1) of the Environmental Protection Act;

6. *(last amendment – SG No. 54/2012, in force as of 17.07.2012)* upon limitation of natural gas deliveries for reasons beyond the control of the gas transmission network operator;

7. *(last amendment – SG No. 59/2013, in force as of 05.07.2013) (Last amendment – SG No. 59/2013, in force as of 05.07.2013)* in case of inability for maintenance of the balance between supply and consumption and occurrence of diversion in the intersystem schedules for exchange with neighboring operators above the permissible levels indicated in the Rules under Art. 83 (1), pt. 4 and the Rules of the European Network of Transmission System Operators for Electricity (ENTSO-E for electricity).

(2) *(Last amendment – SG No. 54/2012, in force as of 17.07.2012)* The operators under Paragraph (1) are obligated to notify in advance producers and customers of the time and duration of the interruption or limitation upon performance of repair works, operating switchovers, commissioning of new facilities and other activities subject to scheduling.

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

Article 74. (1) The procedure for introduction of a scheduled outage regime, temporary interruption or limitation of generation or supply of electricity, heat and natural gas is established by an ordinance of the Minister of Energy.

(2) Energy companies are not liable to pay compensation for any damages inflicted as a result of a scheduled outage regime, temporary interruption or limitation of generation or supply of electricity, heat or natural gas except for such cases where the breakdowns or sustained shortage has occurred through the fault of energy companies.

Chapter Eight

CONTROL IN THE ENERGY SECTOR

Article 75. (*Last amendment – SG No. 54/2012, in force as of 17.07.2012*) (1) The Minister of Energy exercises preventive, current and follow-up control over:

1. (*Last Amendment, SG No. 74/2006*) the technical condition and operation of energy facilities;

2. application of the procedure and technical terms for heat supply, disconnection of heat delivery and application of share allocation of heat;

3. fulfillment of the obligation to build and store stocks of fuels required for secure and uninterrupted energy supply;

4. (*Last amended, SG No. 35/2009*) the readiness of energy facilities to operate in disasters including wartime;

5. (*Last Amendment, SG No. 74/2006*) fulfillment of the obligations under this Act to provide information to the Ministry of Energy;

6. (*New – SG No. 54/2012, in force as of 17.07.2012*) implementation of the National Investment Plan for 2013 – 2020.

(2) The Commission exercises control over:

1. compliance with the terms of the licenses issued;

2. application of the prices referred to in Article 30 (1);

3. (*Repeal, SG No. 74/2006*)

Article 76. (*Last amendment – SG No. 54/2012, in force as of 17.07.2012*) (1) The Commission controls the conformity of the licensed activities performed with the conditions of issued licenses.

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

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

(4) The Commission exercises current control over the conformity of the performance of the licensed activity with the license conditions, including:

1. compliance with the requirements for security of deliveries of electricity, heat and natural gas and for efficient use of energy and energy resources;

2. (*Last amendment – SG No. 54/2012, in force as of 17.07.2012*) fulfillment of the obligations to provide access to the networks, storage capacities and services for temporary storage of natural gas, as well as the proper application of the conditions for providing access;

3. application of the prices approved by the Commission;

4. fulfillment or readiness to fulfill additional obligations for cessation of licensed activity after expiry of the validity term license or upon termination of the license, as well as for decommissioning of energy facilities;

5. fulfillment of the obligations to insure the property where the licensed activity is performed or to fulfill the financial security obligations;

6. (*Last amendment – SG No. 54/2012, in force as of 17.07.2012*) fulfillment of the obligations to provide and storage information to the Commission;

7. (*Last amendment – SG No. 54/2012, in force as of 17.07.2012*) fulfillment of the obligations to provide information to the relevant transmission network operator;

7a. (*New – SG No. 54/2012, in force as of 17.07.2012*) adherence to long-term contracts and conditions of interruptible supply contracts, as well as the compatibility thereof with Community law and consistency thereof with Community policies;

8. (*Last amendment – SG No. 54/2012, in force as of 17.07.2012*) checking the grounds of complaints and warnings against energy companies, including breaches of contracts, non-fulfillment of obligations for connection of producers and customers to networks, or interruption of energy or natural gas supply;

9. (*New – SG No. 54/2012, in force as of 17.07.2012*) occurrence of restrictive contractual practices, including exclusivity clauses which may prevent non-household customers from contracting simultaneously with more than one supplier or restrict their choice to do so;

10. (*New – SG No. 54/2012, in force as of 17.07.2012*) the time taken by electricity and natural gas transmission and distribution system operators to make connections to networks, repairs and intersystem connections;

11. (*New – SG No. 54/2012, in force as of 17.07.2012*) compliance with the rules for working with energy services customers;

12. (*New – SG No. 54/2012, in force as of 17.07.2012*) compliance with the requirements laid down in Regulation (EC) No. 714/2009 and Regulation (EC) No. 715/2009;

13. (*Former pt. 9 – SG No. 54/2012, in force as of 17.07.2012*) other conditions specified in the license.

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

(6) (*Last Amendment – SG No. 54/2012, in force as of 17.07.2012*) The Commission supervises the conducting of the activity under Article 39, Paragraph 1, as well as the fulfillment of the obligation for providing access to own installation and/or facility and

extracting gas transportation network and to provide access for their use in the cases set forth by this Act.

Article 77. (1) In exercise of its control powers, the Minister of Energy:

1. conducts inspections through persons authorized by it;
2. notifies the specialized control authorities with a view to taking measures within the scope of competence of such authorities;
3. imposes coercive administrative measures and administrative sanctions provided for by this Act.

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

1. conducts inspections through persons authorized by it;
2. notifies the specialized control authorities with a view to taking measures within the scope of competence of such authorities;
3. suspends the operation, changes or withdraws issued licenses;
4. imposes coercive administrative measures and administrative sanctions provided for by this Act.

(3) The Minister of Energy or the Commission, as the case may be, has the right to demand from persons inspected to provide information regarding their operation, documents required in connection with the exercise of control and, where necessary, to approach the specialized control authorities for assistance.

Article 78. (*Last Amendment – SG No. 54/2012, in force as of 17.07.2012*) (1) The persons who conduct inspections and draw up statements ascertaining violations committed are designated by an order of the Minister of Energy or by the Chairperson of the Commission depending on the competence assigned under this Act.

(2) The persons referred to in Paragraph (1), hereinafter referred to as the "control authorities," have the right:

1. to free access for inspection to the persons and facilities controlled by them;
2. to demand from the relevant officials to produce the required data, information, explanations, operating and other information, including the performance or the commissioning of expert opinions, measurements and tests in order to clarify the technical

and service conditions of the facility, including the licensed competence of the personnel, as well as any other information relevant to ensure compliance with the license conditions;

3. to conduct cross-checks and demand from third parties to provide information and documents required for conduct of such cross-checks;

4. (*Last Amendment – SG No. 54/2012, in force as of 17.07.2012*) to give mandatory prescriptions;

5. to make proposals for imposition of coercive administrative measures and administrative sanctions.

(3) The person inspected is obligated to ensure all conditions required for the normal conduct of the inspection and to cooperate with the control authorities by:

1. providing a place for conduct of the inspection or presenting himself or herself at the building of the Ministry or of the Commission, as the case may be;

2. designating an employee of her/his to liaise with and render assistance to the officials who conduct the inspection;

3. provide access to official premises;

4. submit all accounting, business and other documents required for establishment of facts and circumstances relevant to the inspection scope;

5. provide written explanations at the request of the control authority.

(4) The prescriptions issued by control authorities in exercise of the powers assigned to them under this Act are mandatory.

Article 79. (1) The control authorities are obligated to keep any official, production and commercial secrets that have come to their knowledge during or in connection with the implementation of control activities.

(2) The control authorities perform their activities independently or, where necessary, jointly with other specialized control authorities.

Article 80. (*Last Amendment – SG No. 54/2012, in force as of 17.07.2012*) (1) The control authorities draft a protocol for the results of each inspection, attaching to it data, documents and explanations collected.

(2) Any such protocol is signed by its author and the person inspected or, if the latter refuses to sign, by two witnesses of the refusal.

(3) (*New – SG No. 54/2012, in force as of 17.07.2012*) A statement of findings shall not be drawn up in the cases where the controlling authorities have established violation of this Act and the sublegislative implementing regulations thereto on the basis of official documents, as well as upon non-fulfillment of the obligation for providing documents and information set forth in this Act and the sublegislative implementing regulations thereto.

(4) (*Former Par. (3), Last Amendment – SG No. 54/2012, in force as of 17.07.2012*) Based on the results of the said inspection, the controlling authorities may:

1. give mandatory instructions to the persons inspected;
2. draw up statements of finding administrative violations, and
3. propose imposition of coercive administrative measures.

(5) (*Former Par. (4) – SG No. 54/2012, in force as of 17.07.2012*) The persons who are issued mandatory prescriptions notify the control authorities of the compliance with such prescriptions within the time limit specified to them.

Article 80a. (*Last Amendment - SG No. 35/15.05.2015, in force as of 15.05.2015*) (1) The bodies of the Public Financial Inspection Agency exercise subsequent control over the energy companies which perform activities upon regulated, including preferential prices of electricity. The control comprises the financial- economic activities and the accounting activities upon regulated, including preferential prices.

(2) (*Repeal - SG No. 35/15.05.2015, in force as of 15.05.2015*)

(3) The energy companies under para. 1 with reference to which the Public Financial Inspection Act is applied are subject to annual control exercised by the bodies of the Public Financial Inspection Agency in the scope of the financial inspection.

(4) The energy companies under para. 1 with reference to which the Public Financial Inspection Act is not applied are subject to annual control exercised by the bodies of the Public Financial Inspection Agency by means of subsequent inspections.

(5) (*New - SG No. 35/15.05.2015, in force as of 15.05.2015*) The electricity generators, owning a plant with total power installed up to 1 MW, are not subject to annual control over para. 4. These generators are subject to inspection by the Public Financial Inspection Agency bodies under an approved annual plan, on the basis of risk assessment, under the following criteria:

1. date of entry into operation;
2. amount of the preferential price for the generated electricity purchase obligation;
3. date of conclusion of the purchase contract with the end supplier;
4. type of the energy source and the generation method.

(6) (*Former Par. 5 - SG No. 35/15.05.2015, in force as of 15.05.2015*) The ordinance for inspection performance by the bodies of the Public Financial Inspection Agency is issued by the Director of the Agency or officials authorised by him or her and is not subject to appeal.

(7) (*Former Par. 6 - SG No. 35/15.05.2015, in force as of 15.05.2015*) The Minister of Energy may request from the Public Financial Inspection Agency to perform financial inspection or a subsequent inspection with reference to a specific case.

(8) (*Former Par. 7 - SG No. 35/15.05.2015, in force as of 15.05.2015*) Upon performance of the inspections under para. 4, the bodies of the Public Financial Inspection Agency are entitled the right to:

1. free access to the inspected site;
2. examine the entire documentation related to the financial- economic activities and the accounting activities upon regulated, including preferential, prices;
3. request from the officials in the inspected sites documents, data and check- ups related to the inspection.

(9) (*Former Par. 8 - SG No. 35/15.05.2015, in force as of 15.05.2015*) The persons in the inspected sites are obligated to cooperate with the bodies of the Public Financial Inspection Agency, to provide free access to the official premises and to the entire documentation and to provide, in the specified terms, the necessary documents, data and check- ups related to the inspection. The documents in foreign languages are submitted along with a certified translation into Bulgarian language. The persons are not entitled the right to deny access to information basing themselves on their or other trade secret or bank secret as well as on information which is classified as state or official secret, upon observing the Classified Information Protection Act.

(10) (*Former Par. 9 - SG No. 35/15.05.2015, in force as of 15.05.2015*) Upon performance of the inspections, the bodies of the Public Financial Inspection Agency are obligated:

1. to legitimize themselves with their official documents and the ordinance for the performance of the inspection;
2. to accurately list the results of the controlling activities;
3. not to make public and distribute information which has become known to them after the performance of the inspections.

(11) (*Former Par. 10 - SG No. 35/15.05.2015, in force as of 15.05.2015*) The Public Financial Inspection Agency draws up a report on the results of the performed inspection which contains the ascertained findings which are supported by evidence.

(12) (*Former Par. 11 - SG No. 35/15.05.2015, in force as of 15.05.2015*) The report under para. 11 is handed to the person who represents the energy company. After the handing of the report, the person may render a written statement within 14 days after the handing. The bodies of the Public Financial Inspection Agency rule with a reasoned written conclusion within 7 days after the receipt of the statement.

(13) (*Former Par. 12 - SG No. 35/15.05.2015, in force as of 15.05.2015*) Upon data about a committed crime, the materials of the inspection are sent to the Prosecutor's Office.

(14) (*Former Par. 13 - SG No. 35/15.05.2015, in force as of 15.05.2015*) The report under para. 11, together with its reasoned written conclusion and the written statement under

para. 12, is sent to the Minister of Energy and the Commission within 7 days after its drawing up.

(15) (*Former Par. 14 - SG No. 35/15.05.2015, in force as of 15.05.2015*) The report under para. 11, together with the reasoned written conclusion and the report for performed financial inspection under para. 3, together with the reasoned written conclusion, are published on the Internet web page of the Public Financial Inspection Agency within 7 days after the drawing up of the conclusion.

Article 81. The State and municipal bodies and their administrations, as well as any persons obligated under the law, must cooperate with the control authorities in the exercise of the powers assigned to them.

Chapter Eight „a"

(New – SG No. 54/2012, in force as of 17.07.2012)

CERTIFICATION OF TRANSMISSION NETWORK OPERATORS. RULES FOR INVESTMENT EXECUTION. INDEPENDENCE OF TRANSMISSION OPERATORS

Section I

(New – SG No. 54/2012, in force as of 17.07.2012)

Certification of transmission network operators

Rules for Investment Carrying Out

Article 81a. (*New – SG No. 54/2012, in force as of 17.07.2012*) (1) The Commission shall certify each transmission system operator for implementation of the independence requirements and monitor the adherence thereto by the certified operator.

(2) The Commission shall open procedures for certification under Par. (1) on its own initiative, upon the request of the transmission operator or upon reasoned request by the European Commission.

(3) The Commission shall adopt a draft decision for certification or refusal for certification within four months from the date of filing of the request for certification or from commencement of the proceedings on its own initiative or upon request by the European Commission. In case within the specified term, the Commission does not give an express opinion, it shall be considered that the draft decision for certification has been adopted.

(4) The draft decision under Paragraph (3) together with all information related thereto shall be immediately notified before the European Commission.

(5) The transmission network operator and the companies carrying out some of the electricity generation functions, natural gas production or electricity or natural gas supply, natural gas generation from renewable sources, shall submit upon request by the Commission

or the European Commission any information related to the fulfillment of the independency obligations of the operator.

(6) The decision for determination of operator shall be notified before the European Commission and shall be published in the Official Journal of the European Union. Art. 81k (10) shall apply to the determination of an independent system operator.

(7) The terms and procedure for certifying transmission network operators shall be laid down in the ordinance under Art. 60.

Article 81b. (*New – SG No. 54/2012, in force as of 03.03.2013*) (1) When the certification is requested by an owner or transmission network operator which is controlled by a person or persons from a third country or third countries, the Commission shall notify the European Commission.

(2) The Commission shall also notify to the European Commission without delay any circumstances that would result in a person or persons from a third country or third countries acquiring control of a transmission network or a transmission network operator.

(3) The transmission network operator shall notify to the Commission any circumstances that would result in a person or persons from a third country or third countries acquiring control of the transmission network or the transmission network operator.

(4) The Commission shall adopt a draft decision on the certification of a transmission network operator which or the owner of which is controlled by a person or persons for a third country or third countries, or respectively the draft refusal for certification, within four months from the date of receipt of the request under Paragraph 1.

(5) It shall refuse the certification requested by the persons under Paragraph 1 if it has not been demonstrated that:

1. the entity concerned complies with the requirements for independence of a transmission network operator and

2. granting certification will not put at risk the security of electricity and natural gas supply of the Republic of Bulgaria and the Community taking into account that:

a) the rights and obligations of the Community with respect to that third country arising under international law, including any agreement concluded with one or more third countries to which the Community is a party and which addresses the issues of security of electricity and natural gas supply;

b) the rights and obligations of the Republic of Bulgaria with respect to that third country arising under agreements concluded with it, insofar as they are in compliance with Community law; and

c) other specific facts and circumstances of the case and the third country concerned.

(6) Certification, apart from the cases under Paragraph 5, shall be refused as well where:

1. it might lead to distortion of the security of supply to the Republic of Bulgaria or to the security of supply to other Member State of the European Union;

2. it might put at risk the national security or public order;

3. the European Commission has rendered a negative opinion on the certification.

(7) The Council of Ministers shall adopt a decision by which to make an evaluation whether the circumstances under Item 2 of Par. 5 and Items 1 and 2 of Par. 6 exist upon the request of the Commission which shall be accompanied by the whole information related to the case. The decision of the Council of Ministers shall be binding upon the Commission.

(8) The draft decision under Par. 4 for certification of a transmission network operator which or the owner of which is controlled by a person or persons from a third country or third countries shall be notified to the European Commission without delay, together with all the relevant information with respect to that decision, for an opinion whether the transmission network operator independence requirements are complied with and whether the certification shall put at risk the security of electricity and natural gas supply of the Community.

(9) The Commission shall adopt a final decision on the certification of a transmission network operator which or the owner of which is controlled by a person or persons from a third country or third countries in accordance with the opinion of the European Commission within a period of two months after receiving the opinion or after the expiry of the period for receiving the opinion.

(10) The period for receiving the opinion of the European Commission shall be two months, and, in case the European Commission has requested an opinion by the ACPE – four months, and shall lapse from the submission of the draft decision under Paragraph 8 and the relevant information thereto.

(11) The decision under Paragraph 9 shall be submitted to the European Commission together with all information related thereto and shall be published together with the opinion by the European Commission, and, where the decision differs from that opinion – the grounds on which the decision is based.

(12) The terms and procedure for certification shall be provided for in the ordinance under Art. 60 and directions of the European Commission on the certification procedure under Paragraphs 1-11.

Article 81c. *(New – SG No. 54/2012, in force as of 17.07.2012)* The control over a transmission network operator which is also an owner of a transmission network, may not be acquired directly or indirectly or rights exercised by companies carrying out any of the following activities: electricity generation, production of gas from renewable sources, natural gas extraction or electricity or natural gas supply.

Article 81d. *(New – SG No. 54/2012, in force as of 17.07.2012)* (1) The transmission network operator shall develop, consult with all interested parties and submit to the Commission annually by April 30-th a ten-year plan which shall:

1. present to the market participants the major transmission infrastructure which is envisaged for construction, enlargement, reconstruction and modernization during the next 10 years;

2. include all investment for which a decision has already been adopted and determine the new investments which must be carried out over the next ten years;

3. provide for a schedule for all investment projects.

(2) During the elaboration of the ten-year transmission network development plan the transmission network operator shall take reference to the available information about the upcoming amendments in the production, supply, consumption and exchange with other countries, including the research, plans and forecasts under Art. 87 (3) after taking into account the investment plans for regional networks and networks on the territory of the European Union. During the elaboration of the ten-year gas transmission network development plan the operator shall take into account the investment plans for natural gas storage facilities.

(3) The Commission shall carry out consultations with all current or potential network users about the ten-year transmission network development plan in a clear and transparent manner. The persons or companies that claim to be potential network users may be asked to substantiate the claims thereof. The results from the consultation process, including the possible need of investment, shall be published on the Internet page of the Commission.

(4) The Commission shall make research whether the ten-year transmission network development plan comprises all needs for investment established in the consultation process and whether it is in compliance with the ten-year network development plans of the European Union.

(5) The Commission shall monitor and evaluate the implementation of the ten-year transmission network development plan.

(6) Unless in case of urgent needs beyond the independent transmission network operator's control, where the independent transmission operator does not carry out an investment which according to the ten-year transmission network development plan had to be carried out in the following three years, the Commission shall obligate the operator to carry out the required investments if such are still necessary, as well as to ensure reimbursement of the costs for such investments through the prices for network services.

Section II

(New – SG No. 54/2012, in force as of 17.07.2012)

Independent Transmission Operator

Article 81e. *(New – SG No. 54/2012, in force as of 17.07.2012)* (1) The independent transmission network operator of an electricity or natural gas transmission network – part of vertically integrated enterprise, shall be a joint stock company with two-tier management system.

(2) The management board of the independent transmission operator shall adopt the decisions related to the current activities of the transmission system operator, the network management and the activities necessary for the development of the ten-year transmission system development plan.

(3) The members of the management board of the independent transmission operator shall be elected and relieved from office by the supervisory board. The supervisory board shall submit to the Commission without delay the decisions for election, as well as the information for the terms regulating the mandate, duration and termination thereof, working conditions including compensations, respectively the decision for pre-term release, together with the grounds thereto. The decisions shall become effective, provided that, within a three-day period from notification, but not before expiration of the period for appeal under Paragraph 7, the Commission has raised no objections thereto.

(4) The Commission shall be notified about the decision for:

1. election of a member of the managing board of the independent transmission operator;
2. premature relief from office of a member of the managing board of the independent transmission operator after receipt thereof by the person relieved.

(5) Members of the managing board of the independent transmission operator:

1. shall occupy no professional position or responsibility, shall have no business relationship, directly or indirectly, with the vertically integrated undertaking or any part of it or its controlling shareholders;
2. shall hold no interest in or receive any financial benefit, directly or indirectly, from any part of the vertically integrated undertaking;
3. shall receive remuneration that shall not depend on activities or results of the vertically integrated undertaking other than those of the transmission system operator.

(6) The majority of members of the managing board of the independent transmission operator shall consist of persons who for a period of three years before the appointment thereof have not occupied a professional position or responsibility, interest or business relationship, directly or indirectly, with the vertically integrated undertaking or any part of it, apart from the transmission network operator, or its controlling shareholders. The rest of the members of the managing board shall be persons who have for a period of at least six months before the appointment thereof have not exercised managing or other similar function in a vertically integrated undertaking.

(7) Members of the managing board of the independent transmission operator shall be entitled to appeal the decision of the supervisory board for premature terminations of their contracts for assignment of management before the Commission pursuant to Art. 22 (1) item 4 within seven days from receipt of said decision.

(8) After termination of their term of office in the transmission operator, the members of its managing board shall have no professional position or responsibility, interest or business

relationship with any part of the vertically integrated undertaking other than the transmission network operator, or with its controlling shareholders for a period of not less than four years.

(9) The provision of Paragraphs 5 and 6, sentence one and Paragraph 8 shall apply also to those directly reporting to the members of the managing board of the independent transmission operator on matters related to the operation, maintenance or development of the network.

(10) Upon termination of their labor relations, the persons under Paragraph 9, may appeal such termination before the Commission pursuant to Art. 22 (1) item 4 within seven days from receipt of the termination act, and Paragraph 3 shall apply respectively.

(11) The Commission may object to the decisions for:

1. election of a member of the managing board of the independent transmission operator where doubts arise as to the professional independence of such person;

2. in the case of premature termination of a term of office of a member of the managing board of the independent transmission operator, where doubts exist regarding the justification of such premature termination.

Article 81f. (*New – SG No. 54/2012, in force as of 17.07.2012*) (1) The supervisory board of the independent transmission operator shall adopt decisions which may have a significant impact on the value of the assets of the shareholders within the transmission system operator, including decisions regarding the approval of the annual financial plans, the level of indebtedness of the transmission network operator and the amount of dividends distributed to shareholders binding upon the general meeting of the operator.

(2) Members of the supervisory board of the independent transmission operator shall be elected by the general meeting of shareholders. The supervisory board shall consist of 3 to 7 persons and the Commission shall be notified about the election thereof. The decision of the general meeting of shareholders shall become effective if within a period of three weeks after notifying, the Commission does not object to the election of half minus one of the members of the supervisory board on the ground referred to in Item 1 of Art. 81e (11).

(3) The provisions of Paragraph 7 of Art. 81e and Item 2 of Paragraph 11 shall apply to all members of the supervisory board of the independent transmission operator, and Art. 81e (3), (4), (5), (6), sentence one and (8) shall apply respectively to at least half minus one of the members of the supervisory board.

Article 81g. (*New – SG No. 54/2012, in force as of 17.07.2012*) (1) The independent electricity or natural gas transmission operator shall have at its disposal all the human, technical or financial resources required for performance of the obligations for electricity or natural gas transmission activity.

(2) The operator under Paragraph 1 shall be owner of the assets that are necessary for the activity of electricity or natural gas transmission, including the transmission network, and shall have separate identity, seat, personnel and shall use separately the necessary equipment, as well as legal, accounting and information services.

(3) Without prejudice to the decisions of the supervisory board under Art. 81f (1), the independent transmission operator shall have the right to take decisions independently from the vertically integrated undertaking in relation to assets that are necessary for the operation, maintenance or development of the transmission network, as well as authority to propose decisions, binding upon the general meeting, on raising of funds on the stock market through borrowing or capital increase.

(4) The independent transmission operator shall appoint the necessary personnel and may not lease or provide personnel from or to any other parts of the vertically integrated undertaking.

(5) It shall be prohibited that the independent transmission operator provides services to:

1. the electric transmission network of other parts the vertically integrated undertaking performing the activities of supply or generation of electricity;

2. the natural gas transmission network of other parts the vertically integrated undertaking performing the activities of supply or production of natural gas.

(6) The independent transmission operator may provide services to a vertically integrated undertaking provided that the provision of those services:

1. does not discriminate between different system users;

2. is available to all system users on the same terms and conditions ;

3. does not restrict, distort or prevent competition in generation or supply.

(7) The Commission shall approve the terms and conditions for provision of the services under Paragraph 6.

(8) The independent transmission operator shall not disclose any commercially sensitive information to the remaining parts of the integrated undertaking, unless this is necessary for carrying out a business transaction. In the context of sales or purchases by related undertakings the operators may not misuse commercially sensitive information obtained from third parties in the context of providing or negotiating access to the network.

(9) The independent transmission operator shall not, in its corporate identity, communication, branding and premises, create confusion in respect of the separate identity of the vertically integrated undertaking or any part thereof.

(10) The independent transmission operator and any other part of the vertically integrated undertaking performing the activity of electricity or natural gas supply or generation, shall have separate IT systems or equipment, physical premises and security access systems, as well as separate consultants or external contractors for IT systems or equipment, and security access systems.

(11) The independent transmission operator shall notify the Commission about any planned business transactions which may require new evaluation of its compliance with the independency requirements.

(12) The independent transmission operator shall have separate audit by an auditor which is different from the auditor of the vertically integrated undertaking and the companies within it.

(13) The requirement under Paragraph 2 shall be considered complied with where two or more undertakings owning transmission networks have established a separate undertaking acting as a operator of the transmission networks in the Republic of Bulgaria and in other/others EU Member States. Another undertaking may not be part of the joint undertaking, except in case it has been approved as an independent transmission operator or as an independent transmission network operator.

Article 81h. *(New – SG No. 54/2012, in force as of 17.07.2012)* (1) The vertically integrated undertaking shall not perform actions that preventing or negatively affecting the independent transmission operator during the carrying out of its obligations under the law, and the independent transmission operator shall not ask permission from the vertically integrated undertaking in order to carry out its obligations under this Section.

(2) Without prejudice to the decisions of the supervisory board under Art. 81f(1), the vertically integrated undertaking shall provide promptly to the independent transmission operator sufficient financial resources for future investment projects and/or for the replacements of existing assets upon a grounded and economically feasible request by the operator.

Article 81i. *(New – SG No. 54/2012, in force as of 17.07.2012)* (1) Subsidiaries of a vertically integrated undertaking performing the functions of production and supply shall not have direct or in direct shareholding in the capital of the independent transmission operator. The operator shall not have direct or in direct shareholding in the capital of any subsidiary of a vertically integrated undertaking, performing the functions of production and supply, nor shall it receive dividends or any other financial benefits from said subsidiary.

(2) The overall management structure and the corporate statutes of the independent transmission operator shall ensure effective independence of the transmission network operator. The vertically integrated undertaking shall not determine, directly or indirectly, the competitive behaviour of the operator in relation to the day to day activities of the operator and management of the network, or in relation to activities necessary for the preparation of the ten-year network development plan developed pursuant to Article 81d.

(3) Any commercial and financial relations between the vertically integrated undertaking and the independent transmission network operator, including loans from the operator to the vertically integrated undertaking, shall comply with market conditions. The operator shall keep detailed records of such commercial and financial relations and make them available to the Commission upon request.

(4) The independent transmission operator shall submit for approval by the Commission all commercial and financial agreements with the vertically integrated undertaking.

(5) The independent transmission operator shall inform the regulatory authority of the financial resources, referred to in Article 81h (2).

Article 81j. (*New – SG No. 54/2012, in force as of 17.07.2012*) (1) The independent transmission operator shall establish and implement a compliance programme which sets out the measures taken in order to ensure that discriminatory conduct is excluded, as well as the specific obligations of the operator's officers for achieving said objective. The compliance programme shall become effective after approval thereof by the Commission.

(2) The control over the implementation of the compliance programme shall be assigned to a person appointed as compliance officer by the supervisory board of the independent transmission operator. The appointment of the compliance officer shall be subject to the approval by the Commission which may refuse the approval of the compliance officer only for reasons of lack of independence or professional capacity. The requirements for independence, the election procedure for election, notification of the Commission and relief from office under Art. 81e (3)-(8) shall apply to the compliance officer as well.

(3) In performing its duties, the compliance officer shall:

1. monitor the implementation of the compliance programme and submit to the Commission three-month reports on its implementation;

2. elaborate an annual report, setting out the measures taken in order to implement the compliance programme and submit it to the Commission;

3. elaborate and submit to the supervisory board and give recommendations on the compliance programme and its implementation;

4. notify the Commission on any substantial breaches with regard to the implementation of the compliance programme and any commercial and financial relations between the vertically integrated undertaking and the operator;

5. notify the Commission on the proposed decisions on the investment plan or on individual investments of the operator before the presentation of such plans by the managing board and decisions of the supervisory board;

6. notify the Commission on the decisions of the general meeting of the vertically integrated undertaking or for voting by the members of the supervisory board of the operator by which investments, envisaged for the preceding three years according to the ten-year network development plan for network development, have been impeded or delayed;

7. control the compliance with Art. 81h (8);

8. report to the Commission and has the right to report to the supervisory board of the operator.

(4) The compliance officer shall have the right to permanent access, without need for prior notification, to all relevant data and to the offices of the operator as far as it is necessary for the fulfilment of his task.

(5) The compliance officer may attend all meetings of the general meeting, the management and supervisory boards of the operator, and shall mandatorily attend all meetings that address the following matters:

1. the conditions for access to networks provided for in Regulation (EC) No. 714/2009 and Regulation (EC) No. 715/2009;

2. investments and projects undertaken in order to operate, maintain and develop the transmission network, including interconnection and connection;

3. energy purchases necessary for the technological costs for the electricity transmission network, or respectively for the operation of the natural gas transmission network.

(6) The compliance officer shall not disclose any official, production or commercially sensitive information which have become known thereto in the process of or on the occasion of fulfillment of its obligations.

(7) Following the Commission's prior consent the supervisory board may relieve from office the compliance officer. It may relieve from office the compliance officer for reasons of lack of independence or professional capacity upon Commission's request.

Section III

(New – SG No. 54/2012, in force as of 17.07.2012)

Independent System Operator

Article 81k. *(New – SG No. 54/2012, in force as of 17.07.2012)* (1) All or some tasks of the independent transmission operator shall be assigned to an independent system operator upon the Commission's request in the event of systematic breach of the obligations of the independent transmission operator related to the independency requirements pursuant to Section II of this Chapter including in case of systematic discriminatory conduct to the benefit of the vertically integrated undertaking.

(2) A person proposed by the transmission system owner and approved by the Commission shall be designated as independent system operator for which the following conditions are met:

1. the same person or persons shall not have the right to:

a) directly or indirectly exercise control over a an undertaking performing one of the activities of electricity or natural gas production or supply, and simultaneously directly or indirectly exercise control or have any rights over transmission system operators or transmission network;

b) directly or indirectly exercise control over transmission system operator or transmission network and simultaneously directly or indirectly exercise control or have any rights over an undertaking performing some of the electricity or natural gas production or supply activities;

c) designate members of the supervisory or management bodies of the transmission system operator or transmission system owner, and to directly or indirectly exercise control or have any rights over an undertaking performing some of the electricity or natural gas production or supply activities;

d) be members of the supervisory or management bodies of an undertaking performing a production or supply activity, and simultaneously – of the transmission system operator or the transmission system owner;

2. has at its disposal the required human, technical, physical and financial resources to carry out its tasks for performance of the electricity or natural gas transmission activity;

3. has undertaken the obligation to adhere to the transmission system development plan under Article 81d;

4. the candidate operator has proved its ability to fulfill its obligations under Regulation (EC) No. 714/2009 or Regulation (EC) No. 715/2009, including cooperation between transmission system operators at European and regional level.

(3) Pursuant to Par. 2, Item 1 litterae „a“, „b“ and „c“ rights over an undertaking shall mean the right to vote, designate members of the supervisory or management bodies of the undertaking or majority shareholding.

(4) The certification of an independent system operator shall be carried out pursuant to Art. 81a or 81b, where the conditions of Par. 2 are met and the transmission system owner proves its ability to fulfill its obligations under Par. 5, for which all contract agreement projects between the owner and the undertaking which is a candidate for independent system operator, as well as all other relevant agreements shall be presented.

(5) Where an independent system operator has been designated, the transmission system owner shall:

1. provide all the relevant cooperation and support to the independent system operator for the fulfilment of its tasks, including in particular all relevant information;

2. finance the investments decided by the independent system operator and approved by the Commission, or give its agreement to financing by any interested party including the independent system operator;

3. provide for the coverage of liability relating to the network assets, excluding the liability relating to the tasks of the independent system operator;

4. provide guarantees to facilitate financing any network expansions with the exception of those investments where, pursuant to item 2, it has given its agreement to financing by any interested party including the independent system operator.

(6) The financial agreements under Par. 5 item 2 shall be approved by the Commission after consultations with the transmission system owner and other interested parties.

(7) The independent system operator shall be responsible for granting and managing third-party access, including the collection of all charges related to transmission, as well as for operating, maintaining and developing the transmission system, and for ensuring the long-term ability of the system to meet reasonable demand through investment planning. When developing the plans for network development, the independent system operator shall be responsible for planning, including authorisation procedures, construction and commissioning

of the new infrastructure. The transmission system owner shall not be responsible for granting and managing third-party access, nor for investment planning.

(8) The fulfillment of the obligations of the transmission system owner under Par. 5 shall be monitored by the Commission on Protection of Competition in cooperation with the Commission.

(9) Where the person referred to in Par. 2, item 1 is the Bulgarian state or a public body, two separate public bodies, one of which exercises control over a transmission system operator or over a transmission system on the one hand, and the other - over an undertaking performing any of the functions of generation, extraction or supply on the other, shall be deemed not to be the same person or persons.

(10) The decision for designation of an independent system operator shall be adopted after conclusion of the procedure referred to in Par. 4, is subject to approval by the European Commission and shall be published in *the Official Journal of the European Union* with the decision of the European Commission.

Article 811. (*New – SG No. 54/2012, in force as of 17.07.2012*) (1) In designating an independent electricity transmission system operator the system owner, that is part of a vertically integrated undertaking, shall be independent in relation to the legal form, organization and adoption of the decisions by the activities of the vertically integrated undertaking, which are not related to electricity transmission.

(2) In order to ensure the independence of the electricity transmission network under Par. 1, the persons responsible for the management:

1. shall not participate in corporate structures of the integrated energy undertaking responsible, directly or indirectly, for the day-to-day operation of the generation, transmission or supply of electricity;

2. shall make decisions independently in the course of fulfillment of the obligations assigned thereto by this Act, and appropriate measures must be taken to ensure that the professional interests of those persons are taken into account in a manner that ensures their capability of acting independently;

3. shall not allow any discriminatory conduct during the fulfillment of the obligations assigned thereto by this Act.

(3) The electricity transmission system owner shall draw up a programme which sets out the measures for implementation of Paragraphs 1 and 2, including specific obligations of employees for achievement thereto, and shall designate a person responsible for the control over the implementation of the programme.

(4) The electricity transmission system owner shall preserve the confidentiality of commercially sensitive information obtained in the course of carrying out its activities which may be commercially advantageous. Information shall be provided on equal terms.

(5) The person under Paragraph 3 shall submit to the Commission an annual report on the measures under Paragraph 3 which shall be published on the Internet page of the electricity transmission system owner.

Article 81m. *(New – SG No. 54/2012, in force as of 17.07.2012)* (1) In designating an independent natural gas transmission system operator the system owner and the operator of a natural gas storage facility that is part of a vertically integrated undertaking, shall be independent in terms of the legal form, the organization and adoption of decisions from the other activities of the vertically integrated undertaking, which are not related to natural gas transmission, distribution and storage.

(2) In order to ensure the independence of the natural gas transmission network under Par. 1 and the operator of a natural gas storage facility, the persons responsible for the management:

1. shall not participate in corporate structures of the integrated energy undertaking responsible, directly or indirectly, for the day-to-day operation of the natural gas extraction, generation from renewable energy sources, public supply and trade;

2. shall make decisions independently in the course of fulfillment of the obligations assigned thereto by this Act, and appropriate measures must be taken to ensure that the professional interests of those persons are taken into account in a manner that ensures their capability of acting independently;

3. shall not allow any discriminatory conduct during the fulfillment of the obligations assigned thereto by this Act.

(3) The natural gas transmission network owner the operator of a natural gas storage facility shall draw up a programme which sets out the measures for implementation of Paragraphs 1 and 2, including specific obligations of employees for achievement thereto, and shall designate a person responsible for the control over the implementation of the programme.

(4) The person under Paragraph 3 shall submit to the Commission an annual report on the measures under Paragraph 3 which shall be published on the Internet page of the natural gas transmission system owner and the operator of a natural gas storage facility.

(5) The natural gas transmission system owner shall preserve the confidentiality of commercially sensitive information obtained in the course of carrying out its activities which may be commercially advantageous. Information shall be provided on equal terms.

(6) The company owned by the operator of a natural gas storage facility shall not give instructions related to the day-to-day activity thereof and shall not take decisions concerning the development or modernization of the natural gas storage facility apart from the approved business plans.

Section IV

(New – SG No. 54/2012, in force as of 17.07.2012)

Operators of Transmission Systems Separated by Ownership

Article 81n. (*New – SG No. 54/2012, in force as of 17.07.2012*) (1) Each undertaking which acquires a transmission system after certification, shall function as a transmission system operator.

(2) The undertaking under Paragraph 1 shall not carry out activities of electricity generation, natural gas generation from renewable energy sources, natural gas extraction or supply of electricity or natural gas, and shall not be part of a vertically integrated undertaking exercising such activities.

(3) The operator under Paragraph 1 shall comply with the conditions under Art. 81g (1) and 81k (2), items 1 and 2. Articles 81g (11) and (13), 81k (3) and (9), 81l (4), respectively 81m (5) shall apply respectively.

(4) A transmission system operator which has been part of a vertically integrated undertaking shall be obligated to preserve the confidentiality of any commercially sensitive information obtained in the course of carrying out its activities.

(5) The requirement under Paragraph 1 shall be deemed to be fulfilled in a situation where two or more undertakings which own transmission systems have created a joint venture which acts as a transmission system operator in the Republic of Bulgaria and another Member State for the transmission systems concerned. No other undertaking may be part of the joint venture, unless it has been approved as an independent transmission operator or as an independent system operator.

Chapter Nine

ELECTRICITY INDUSTRY

Section I

Electric Power System

Article 82. (*Last amendment – SG No. 54/2012, in force as of 17.07.2012*) (1) All electricity facilities within the national territory are connected and function within an integral electric power system with a common mode of operation and uninterrupted process of electricity generation, conversion, transmission, distribution and consumption.

(2) (*Last amendment – SG No. 54/2012, in force as of 17.07.2012*) The electric power grid shall comprise the electric power generating sites, the transmission network, the individual distribution networks, and the electric wiring systems of customers.

(3) (*Last Amendment, SG No. 74/2006*) The parallel operation of Bulgaria's electric power system with other power systems and pools of grids is implemented in accordance with the effective international electricity industry instruments and in compliance with the technical standards and reliable and safe operation requirements.

Article 83. (*Last Amendment - SG No. 35/15.05.2015, in force as of 15.05.2015*) (1) (*Last Amendment- SG No. 54/2012, in force as of 17.07.2012*) The structure and the operation of the electric power grid are performed in accordance with standards provided for in:

1. an ordinance on the electric fixtures and electric power pipelines, which regulates the technical standards for design and construction of electric fixtures and electric power pipelines;

2. an ordinance on the technical operation of the electric power plants and networks which regulates the terms and procedure for organization and technical operation of electric power plants and networks, of power plants for generation of electricity and/ or heat, of heat transmission networks, of the hydrotechnical facilities of the power plants and their mechanical parts(and management and technical operation of electric power plants and networks);

3. an ordinance on the technical operation of the electrical equipment, which regulates the rules for maintenance of the serviceability and the rules for safe operation of the electric fixtures and facilities of the undertakings which are connected to the electricity transmission network and/ or the electricity distribution network;

4. (*Last Amendment - SG No. 35/15.05.2015, in force as of 15.05.2015*) rules for management of the electric power grid, which regulate the rights and obligations of the operator of the transmission network and the persons connected to the transmission network in connection with planning of the development of the transmission network, the planning and management of the operation mode of the electric power grid, the procedures related to the mandatory data exchange, the procedure for early warning and exchange of information, the elaboration and implementation of a protection plan and a recovery plan for the electric power grid, terms and procedure for conduct of system tests and for provision of ancillary services, for the terms and procedure for access to the transmission network, for transmission of electricity trough the electricity transmission network including priority access and dispatching, for application of the safety and quality standards related to the supply of electricity transmitted trough the electricity transmission network, and the services provided;

5. (*Last Amendment - SG No. 35/15.05.2015, in force as of 15.05.2015*) the rules for management of the electricity distribution networks, which regulate the rights and the obligations of the operator of the electricity distribution network and the persons connected to the respective network in connection with planning of the development of the network, planning and management of the operation mode of the electricity distribution network, the procedures for mandatory data exchange, the procedure for early warning and information exchange, elaboration and implementation of local protection plan and for provision of ancillary services, the terms and procedure for access to the electricity distribution networks including priority access and dispatching, for the safety and quality standards related to the supply of electricity, transmitted through the electricity distribution networks, and the services provided;

6. the rules for electricity quantity metering, regulating the metering principles, the metering methods and sites, the terms and procedure for servicing of the respective sites, including for the ascertaining of the cases of not metered, incorrectly metered and/ or inaccurately metered electricity, as well as the creation and maintenance of the access to data base of the registration of the commercial metering devices.

(2) (*Last amendment – SG No. 54/2012, in force as of 17.07.2012*) The ordinances referred to Paragraph (1), pt. 1-3 are issued by the Minister of Energy. The rules referred to in Paragraph (1), pt. 4-6 are adopted by the Commission upon a proposal by the energy companies and published by the energy companies and the Commission on their websites.

(3) (*Last Amendment - SG No. 98/28.11.2014, in force as of 28.11.2014*) The technical rules and standard specifications for design, construction and use of facilities and installations for electricity generation, conversion, transmission and distribution are established by an ordinance of the Minister of Regional Development and Public Works and the Minister of Energy.

Section II

Electricity Generation

Article 84. (*Last Amendment - SG No. 17/06.03.2015 in force as of 06.03.2015*) (1) (*Last Amendment - SG No. 17/06.03.2015 in force as of 06.03.2015*) Electricity may be generated by energy companies licensed for generation according to the procedure established by this Act, except in the cases under Article 39 (4), pt. 1 and 5.

(2) (*New - SG No. 54/2012, in force as of 17.07.2012*) The producers of electricity are obliged to enter into access agreements with the operator of the electricity transmission network and/ or the operator of the electricity distribution network, which settle the rights and the obligations of the parties related to the dispatching, provision of cold reserve and ancillary services.

(3) (*New - SG No. 54/2012, in force as of 17.07.2012*) The agreements under para.2 are condition for implementation of the agreements for sale of electrical energy, including the implementation of the agreements under art.93a and art.94a, para.3.

(4) (*New - SG No. 54/2012, in force as of 17.07.2012*) The producers of electrical energy are obliged to observe the standards for quality and reliability of the generated electrical energy in accordance with Art.83 (1), pt.4 and 5 in view of guaranteeing the safety of the electric power grid.

(5) (*New - SG No. 54/2012, in force as of 17.07.2012*) The producers who fail to observe the standards for quality and reliability under para.4 in accordance with the rules under art.83, para.1, pt.4 and 5 might be excluded from the system by the respective network operator until elimination of the non- conformities.

(6) (*New - SG No. 54/2012, in force as of 17.07.2012*) The producers of electrical energy from the combined heat and power plants are obliged to:

1. to maintain electric power for the generation of electrical energy with achieved indexes for high efficiency that correspond to the useful heat, if purchasing of higher power is not agreed in accordance with agreements concluded under the procedures of chapter nine, section VII, and if not otherwise ordered by the network operator;

2. (*Last Amendment - SG No. 17/06.03.2015 in force as of 06.03.2015*) to provide for the possibility of the operator of the electricity transmission network and/ or the operator of the

electricity distribution network to exercise operational control by transmitting data in real time for the production of heat and electricity over the generation of electrical energy, generated by high efficiency combined way, combined heat and power without reached indexes for highly efficient combined generation and for the quantities of non-combined electrical energy which is necessary for provision of the operational reliability of the main facilities.

(7) (*Last Amendment - SG No. 17/06.03.2015 in force as of 06.03.2015*) The terms and the manner of performance of the obligations under para. 6 are specified with an ordinance of the Minister of Energy.

Article 85. (1) (*Last Amendment, SG No. 74/2006*) Electricity producers are obligated to maintain stocks of fuels, including local hard fuels, in quantities guaranteeing sustained and reliable generation.

(2) (*Last Amendment, SG No. 74/2006*) The terms and procedure for the building, maintenance of stocks of fuel and control are established by an ordinance of the Minister of Energy.

Section III

Electricity Transmission

(Last amendment – SG No. 54/2012, in force as of 17.07.2012)

Article 86. (*Last Amendment- SG No. 54/2012, in force as of 17.07.2012*) (1) The transmission of electricity is implemented by the operator of the electricity transmission network that has been licensed for transmission of energy and has been certified under the procedure of chapter eight "a", section I.

(2) The transmission and transformation of electricity is a public service which is dispatched by the operator of the electricity transmission network.

(3) The electricity transmission activity also includes:

1. representation of the operator of the electricity transmission network and contacts with third parties, with the regulatory bodies of other states- Member States of the European Union, as well as representation within the scope of the European network of transmission system operators for electricity (ENTSO-E);

2. collecting all receivables, related to the transmission, including for access, equalization payments for ancillary services such as purchasing of services (balance expenses, energy for loss covering), as well as for overloading, under the inter-transmission system operator compensation mechanism in compliance with Art.13 of Regulation (EC) №714/2009;

3.the operation, maintenance and the development of a safe, efficient and economical transmission network for the purpose of providing an open market, in accordance with the requirements for free market and in line with the requirements for environmental protection, energy efficiency and efficient energy use;

4. investment planning which provides for the long term capacity of the network and covers, within reasonable limits, the demand and guarantees the security of the deliveries;

5. establishment of appropriate joint companies, including with one or more operators of transmission networks, energy exchange and the other respective participants, for the purpose of development of the creation of local markets or facilitation of the liberalization process, and

6. all corporate services, including legal services, accounting and services related to the information technologies.

(4) The electricity transmission operator, at all times, acts in a way that provides for the availability of the necessary resources for implementation of the activity related to the transmission in a suitable and efficient way and for the development and maintenance of an efficient, safe and economical transmission network.

Article 87. *(Last Amendment- SG No. 54/2012, in force as of 17.07.2012)* (1) *(Last Amendment- SG No. 54/2012, in force as of 17.07.2012)* The electricity transmission network operator ensures the expansion, reconstruction, and modernization of the transmission network, in accordance with the long-term electric power industry development forecasts and plans.

(2) *(Last Amendment- SG No. 54/2012, in force as of 17.07.2012)* The electricity transmission operator provides for:

1. integrated management of the electric power grid and the reliable functioning of the transmission network, including the availability of all necessary ancillary services;

2. transmission of electricity through the electricity transmission network, granting and management of the access of third parties on non-discriminatory basis between network users or groups of network users;

3. maintenance of the facilities and installations of the electricity transmission network in accordance with the technical requirements and with the safe operation requirements;

4. coordinated development and interoperability of the transmission network with interconnected electricity transmission networks;

5. maintenance and development of the auxiliary networks;

6. electricity metering in the electricity transmission network.

(3) *(Last Amendment- SG No. 54/2012, in force as of 17.07.2012)* For preparation of the national electric energy balance, the electricity transmission network operator:

1. elaborates short-term and long-term forecasts of changes in consumption of electricity in Bulgaria;

2. *(Last Amendment- SG No. 54/2012, in force as of 17.07.2012)* organizes the conduct of examinations of the possibilities of expansion and modernization of the transmission

network in view of the commissioning of new generation capacities, decommissioning of existing generating capacities, connecting new customers to the transmission network, the expected increase in the quantity of transmitted electricity, introducing of new technologies ensuring better quality and security of the services provided and efficiency of the operation; the examinations are accompanied by a cost-effectiveness and environmental analysis;

3. (*Last Amendment- SG No. 54/2012, in force as of 17.07.2012*) elaborates short-term, mid-term and long-term forecasts and plans for expansion and modernization of the electricity transmission network and development of the auxiliary networks, including for the purpose of improvement of the supply safety;

4. prepares short-term and long-term plans for development of the electric power system with a view to ensuring the electric energy balance;

5. (*Last Amendment- SG No. 54/2012, in force as of 17.07.2012*) on the basis of the assessments, forecasts and plans, prepares a draft national electric energy balance and a draft inventory of the sources, including new generating capacities and intersystem electric power lines, required to meet national demand, and submits the draft to the Minister of Energy.

Section IV

Electricity Distribution

Article 88. (*Last Amendment - SG No. 54/2012, in force as of 17.07.2012*) (1) The distribution of electricity and the operation of the electricity distribution networks is performed by operators of electricity distribution networks- owners of such networks within a self-contained area, licensed for distribution of electricity within the respective area.

(2) The electricity distribution is a public service.

Article 89. (*Last Amendment - SG No. 54/2012, in force as of 17.07.2012*) With reference to the licensed area, comprised by the electricity distribution network, the operator of the electricity distribution network provides for:

1. distribution of electricity entering the electricity distribution network;
2. uninterruptedness of electricity supply and quality of the electricity delivered;
3. management of the electricity distribution network;
4. maintenance of the electricity distribution network, the facilities and the installations and the auxiliary networks in accordance with the technical requirements;
5. expansion, reconstruction and modernization of the electricity distribution network and the auxiliary networks in accordance with the requirements for environmental protection, energy efficiency and efficient energy use;
6. electricity metering in the electricity distribution network;
7. other services related to the licensed activities.

Article 90. (*Last Amendment - SG No. 54/2012, in force as of 17.07.2012*) The electricity distribution network operator:

1. assesses the prospects for economic development and changes in electricity consumption within the relevant area;

2. (*Last Amendment - SG No. 54/2012, in force as of 17.07.2012*) prepares short-term and long-term plans for development of the electricity distribution network;

3. (*Last Amendment - SG No. 54/2012, in force as of 17.07.2012*) submits the results of assessments and plans as prepared under pt. 1 and 2 to the electricity transmission network operator.

Section V

Commercial Relations. Parties to Electricity Transactions

Article 91. (*Last Amendment - SG No. 54/2012, in force as of 17.07.2012*) (1) (*Last Amendment - SG No. 54/2012, in force as of 17.07.2012*) Transactions in electricity may be concluded at prices regulated by the Commission, at prices freely negotiated between the parties, and on the stock market, as well as on balancing market.

(2) (*Last Amendment - SG No. 54/2012, in force as of 17.07.2012*) Transactions in electricity are effected in compliance with the provisions of this Act and the electricity trading rules (Market Rules) adopted by the Commission on a proposal by the energy companies. The rules are published by the energy undertakings and the Commission on their web pages.

(3) (*Last Amendment - SG No. 54/2012, in force as of 17.07.2012*) The rules under para.2 establish the rules for supply from end suppliers and providers of last resort, rules for data exchange, the manner of transaction administration, announcement of time series, organizing and operation at the stock exchange, the balancing energy market and the market for capacity allocation, the mechanisms for fixing imbalance prices, as well as registration of the different types of balancing groups and the activities of the balancing groups coordinators.

(4) (*New, SG No. 74/2006*) The Commission, taking into account all results achieved from the electric power system and the electricity market operation, as well as all procedures regulated in the electricity trading rules, on proposal by the energy companies, amends or repeals, and then accepts new electricity trading rules, observing the equal-treatment and all-party interest balance principles.

Article 92. (*Last Amendment - SG No. 17/06.03.2015 in force as of 06.03.2015*) Parties to the electricity transactions are:

1. public electricity provider;

2. end supplier of electricity;

3. electricity producer;

4. end customer;

5. electricity transmission network operator;
6. electricity distribution network operator;
7. electricity trader;
8. provider of last resort;
9. balancing group coordinator.
10. (*New - SG No. 17/06.03.2015 in force as of 06.03.2015*) electricity market operator.

Article 93. (1) (Last Amendment, SG No. 74/2006, repealed, SG No.55/2007 - effective 01.07.2007)

Article 93a. (*Last Amendment - SG No. 56/24.07.2015, in force as of 24.07.2015*) (1) (*Last Amendment - SG No. 54/2012, in force as of 17.07.2012*) The public provider purchases electricity from producers, connected to the electricity transmission network, on long-term availability and electricity purchase agreements, as well as electricity produced from renewable sources, from high-efficiency combined electricity and heat generation, and the quantity of electricity, defined under Article 4 (2), pt. 8.

(2) (*Last amendment – SG No. 59/2013, in force as of 05.07.2013*) The public provider purchases electricity, defined within the availability under Article 21 (1), pt. 21, in order to provide electricity to end suppliers.

(3) (*New - SG No. 54/2012, in force as of 17.07.2012*) In the cases under para.2, the public provider specifies the electricity quantities during a time interval for each calendar day with reference to each of the plants upon accounting of the production characteristics of their aggregates, expected operating regime and the forecasting of end suppliers. The quantities specified are mandatory for the producers.

(4) (*New - SG No. 56/24.07.2015, in force as of 24.07.2015*) The trade (TPS) schedules of the producers of high-efficiency cogenerated electricity can be changed only under the procedure of art. 73.

Article 94. (*Last Amendment - SG No. 56/24.07.2015, in force as of 24.07.2015*) The end suppliers sell to the public electricity provider the amounts of electric power purchased in accordance with Art. 162 and Art. 31 of the Renewable Sources Energy Act under the price of purchase. The end suppliers certify the quantity of electricity purchased by each producer with a metering protocol and an invoice.

Article 94a. (*Last Amendment - SG No. 54/2012, in force as of 17.07.2012*) (1) (*Last Amendment - SG No. 54/2012, in force as of 17.07.2012*) The end supplier provides for the provision of electricity to household customers and non- household customers, connected to the electricity distribution network at low voltage levels, in the respective licensed area, in the cases in which these customers are not supplied by another provider.

(2) (*Last Amendment - SG No. 54/2012, in force as of 17.07.2012*) Electricity supply under Paragraph (1) is a service of public interest under this Act, provided on the basis of equal-treatment under the rules of Art. 21 (1), pt. 10.

(3) (*Last Amendment, SG No. 35/2011, in force as of 03.05.2011*) The end supplier purchases electricity produced using renewable sources and using high-efficiency combined electricity and heat generation from producers, connected to the electricity distribution network.

Article 95. (*Last Amendment - SG No. 54/2012, in force as of 17.07.2012*) (1) Each customer is entitled the right to choose electricity provider irrespectively of the state- Member State of the European Union in which the provider is registered, as far as the provider observes the rules under Art. 91 (2).

(2) The network operator performs the change of the provider in accordance with the rules under Art. 91 (2) within three weeks after the receipt of the written request of the customer.

(3) The change of the provider upon observance of the contractual conditions is not accompanied by additional obligations related to the customer.

(4) Each provider prepares and sends a final equalization bill upon choice of other provider within six weeks after the change of the provider.

(5) When a supply under para.1 has been refused by a provider in another state- Member State of the European Union, due to the fact that the customer is not entitled the right to choose a provider in another country, upon request of the customer, the Commission notifies the regulatory authority in the respective country, and upon necessity- and the European Commission, for the purpose of initiation of activities aimed at revocation of the refusal.

Article 95a. (*New - SG No. 54/2012, in force as of 17.07.2012*) (1) The provider of last resort provides for the electricity supply of end customers who cannot be customers of the end supplier under Art. 91 (1) until the selection of another provider or the selected provider does not provide for electricity supply due to reasons beyond the control of the end customer.

(2) The electricity supply under para.1 is a public service within the meaning of this Act, which is provided on the basis of an agreement under general conditions under equal conditions in compliance with the rules under Art. 91 (2).

Article 96. (*Last Amendment, SG No. 74/2006, in force as of 1.07.2007*) Electricity traders are persons licensed for their operation, meeting the requirements for financial security of electricity transactions concluded by them as specified in the rules under Article 24 (2).

Article 96a. (*Last Amendment- SG No. 54/2012, in force as of 17.07.2012*) (1) Balancing group coordinator is a person, having an issued license for any of the activities under Art. 39 (1), pt.1-3, 5-7, 10 or 13, meeting the financial guarantee requirements with reference to each transaction executed by the respective person, the requirements specified in the electricity trading rules and registered by the electricity transmission network.

(2) The holders of license for the activities related to electricity transmission and electricity distribution may incorporate in a special balance group under the terms and procedure specified in the electricity trading rules.

Chapter VI

Transactions at Regulated Prices

Article 97. *(Last Amendment- SG No. 54/2012, in force as of 17.07.2012)* (1) Transactions in electricity at prices regulated by the Commission are concluded between:

1. public electricity provider and the electricity transmission network operators, respectively between the public electricity provider and the electricity distribution operators with reference to electricity necessary for compensating the technological expenses related to the transmission, respectively to distribution;

2. the producers and the end suppliers or the public electricity provider for the quantities of electricity specified by the Commission within the availability under Art.21 (1), pt.21;

3. the public electricity provider and the end suppliers with reference to the quantities of electricity specified by the Commission in implementation of Art.21 (1), pt.21;

4. the end suppliers and household and non-household end customers- with reference to sites connected to the electricity distribution network at low voltage, when these customers have not selected another provider.

(2) The electricity transmission network operator concludes transactions with the operators of adjacent power systems for the purpose of mutual compensation of the impact of the cross-border electricity flows.

Article 98. *(New - SG No. 56/24.07.2015, in force as of 24.07.2015)* (1) The contracts under art. 97, para. 1, pt. 2 are public.

(2) Within 14 days after the conclusion of the contracts under para. 1, the parties are obligated to submit them to the Commission. The contracts along with all amendments and supplements, regardless of the name, are made public on the Internet web page of the Commission within 7 days after their receipt.

(3) The information which is a trade secret as well as the information protected by law is deleted from the contracts.

Article 98a. *(Last Amendment - SG No. 54/2012, in force as of 17.07.2012)* (1) The end supplier sells electricity under publicly known general conditions.

(2) These general conditions include:

1. information, provided by the supplier;

2. *(Last Amendment- SG No. 54/2012, in force as of 17.07.2012)* the agreement term and the rights and obligations of the parties;

3. the supply termination or suspension terms;

4. (*New - SG No. 54/2012, in force as of 17.07.2012*) terms and procedure for payment, including the possibility for payment of monthly installments;

5. (*Former pt. 4 - SG No. 54/2012, in force as of 17.07.2012*) the energy company liability upon failure to meet the general terms;

6. (*New - SG No. 54/2012, in force as of 17.07.2012*) procedure for notification of the customer upon revision of a bill in compliance with the rules under Art. 83 (1), pt.6:

a) in favour of the end supplier with reference to consumed electricity in the cases of non-metered, incorrectly and/or inaccurately metered electricity due to illegal connection, change in the connection scheme or illegal impact on equipment or devices under Art. 120 (3).

b) in favour of the customer with reference to consumed electricity in the cases of incorrectly and/or inaccurately metered electricity due to deranged equipment or devices under Art. 120 (3).

(3) The end electricity supplier publishes its general conditions in at least one national and one local daily publication.

(4) (*Last Amendment - SG No. 54/2012, in force as of 17.07.2012*) The general conditions become effective for all customers of the end supplier, without the need of express written acceptance.

(5) (*Last Amendment - SG No. 54/2012, in force as of 17.07.2012*) Within 30 days after the general conditions become effective, customers, who do not agree with them, have the right to submit to their respective end electricity supplier a request proposing special conditions. The special conditions, accepted by the end electricity supplier, which differ from the published general conditions, are included in written annexes.

Article 98b. (*Repeal - SG No. 54/2012, in force as of 17.07.2012*) .

Article 98c. (*Last Amendment - SG No. 54/2012, in force as of 17.07.2012*) The relationships between the end supplier, respectively provider of last resort, or a trader, and the electricity distribution network in connection with the electricity supply for the end customers connected to the electricity distribution network are settled by the electricity trading rules.

Article 99. (*Last Amendment - SG No. 54/2012, in force as of 17.07.2012*) (1) (*Last Amendment - SG No. 54/2012, in force as of 17.07.2012*) For the purposes of balancing electricity production and demand, the electricity transmission network operator organizes a balancing electricity market pursuant to the rules under Article 91 (2).

(2) (*Last Amendment - SG No. 54/2012, in force as of 17.07.2012*) The electricity transmission network operator is a party to all balancing transactions in electricity.

(3) (*Last Amendment - SG No. 54/2012, in force as of 17.07.2012*) The electricity transmission network operator executes balancing transactions in electricity with domestic or foreign suppliers to balance the electric power system.

(4) (*Last Amendment - SG No. 54/2012, in force as of 17.07.2012*) The electricity transmission network operator concludes transactions for settling imbalances with the balancing groups coordinators and with the persons who, due to the fact that they are not part of balancing groups, manage their imbalances on their own.

(5) (*Last Amendment - SG No. 54/2012, in force as of 17.07.2012*) The electricity transmission network operator settles all transactions and mutual obligations between the balancing energy market participants in accordance with the rules under Article 91 (2).

Section VII

Transactions at Freely Negotiated Prices

Article 100. (*Last Amendment - SG No. 56/24.07.2015, in force as of 24.07.2015*) (1) (*Last Amendment - SG No. 56/24.07.2015, in force as of 24.07.2015*) Transactions in electricity at freely negotiated prices may be concluded between electricity producers including producers of energy from renewable sources for the quantities under Art. 31, para. 5 pt. 2 of the Law on Renewable Energy, electricity traders, the providers of last resort, the operator of the stock market of electricity and the end customers.

(2) (*Last Amendment - SG No. 56/24.07.2015, in force as of 24.07.2015*) The public electricity provider may sell electricity purchased under the procedure of Art. 93a (1) and Art. 94 at freely negotiated prices.

(3) (*Last Amendment - SG No. 56/24.07.2015, in force as of 24.07.2015*) All end consumers connected to the electricity system, including the electricity transmission network operator and the electricity distribution network operators pay the expenses under art. 34 and 35.

(4) (*Last Amendment - SG No. 56/24.07.2015, in force as of 24.07.2015*) All traders and producers, concluding contracts under freely negotiated prices with end clients, connected to the electric power network including the power grid operator and operators of distribution networks, shall pay to the public electricity provider the price under Art. 30 (1), pt. 17.

Article 101. (*Last Amendment - SG No. 54/2012, in force as of 17.07.2012*) (1) (*Repeal - SG No. 54/2012, in force as of 17.07.2012*).

(2) (*Last Amendment – SG No. 54/2010, in force as of 16.07.2010*) The electricity transmission network operator receives validated data on the metered quantities of electricity by the electricity distribution network operators according to the procedures and within the timeframes regulated in the rules under Article 83 (1), pt. 6 and Article 91 (2).

Article 102. (*Last Amendment - SG No. 17/06.03.2015 in force as of 06.03.2015*) Electricity producers, traders, the public provider, the end suppliers, the final providers, the operator of the stock market of electricity and customers may conclude electricity transactions with resident persons of a European Union Member State, when:

1. (*Last Amendment - SG No. 17/06.03.2015 in force as of 06.03.2015*) electricity producers, traders, the public provider, the end suppliers, the operator of the stock market of electricity and the customers are granted the right to free trade in electricity according to the legislation of the other State, and

2. (*Last Amendment - SG No. 54/2012, in force as of 17.07.2012*) on conditions of reciprocity, the legislation of the other State provides for an opportunity for free electricity trade for customers of such State.

3. (*Last Amendment - SG No. 54/2012, in force as of 17.07.2012*) provided that the costumers under Art.94a (1) are provided with the necessary electricity at certain quality indicators and transparent and reasonable prices.

4. (*Last Amendment - SG No. 17/06.03.2015 in force as of 06.03.2015*) inform participants about the deals on the organized market

Article 103. (*Last Amendment - SG No. 54/2012, in force as of 17.07.2012*) (1) (*Last Amendment - SG No. 54/2012, in force as of 17.07.2012*) Transactions in the organized stock electricity market are concluded according to the electricity trading rules referred to in Article 91 (2).

(2) (*Last Amendment - SG No. 54/2012, in force as of 17.07.2012*) The organization of electricity exchange market is performed by a person licensed under Art.39 (1), pt.6 which:

1. publishes organized market operation rules;
2. organizes the receipt of offers for sale and purchase of electricity;
3. matches the offers for sale and purchase for the respective period until the demand is met;
4. informs the participants of the transactions concluded on the organized market and takes into account the conditions and changes arising from limitations in the transmission capacity or emergency situations in the networks;
5. sets a price of the traded electricity with reference to each period;
6. publishes the information which is necessary under the electricity trading rules under Art. 91 (2).

(3) (*Repeal, SG No. 74/2006, effective 1.07.2007*)

Section VIII

Transmission, Access, Ancillary Services and Cold Reserve Transactions

(Title Last Amendment, SG No. 74/2006, effective on the date of entry into the Commercial Registry the decision to transform National Electric Company EAD, but not later than the date of entry into force of the Treaty concerning the Accession of the Republic of Bulgaria to the European Union)

Article 104. (*Last Amendment - SG No. 54/2012, in force as of 17.07.2012*) (1) (*Last Amendment - SG No. 54/2012, in force as of 17.07.2012*) The users of the respective network, excluding the end customers, settle through a transaction their relationships with the operator of the electricity transmission and/or electricity distribution network with reference to their network usage, their access to the network and the transmission of the quantities of electricity fed to the network or consumed by the network.

(2) (*Repeal - SG No. 54/2012, in force as of 17.07.2012*).

(3) (*Last Amendment - SG No. 54/2012, in force as of 17.07.2012*) The terms, procedure, and the ratio for the payment of all prices under Paragraph (1) by users of relevant networks are set forth in the rules for electricity trade.

Article 104a. (*New - SG No. 54/2012, in force as of 17.07.2012*) (1) The end customers use the electricity transmission or the respective electricity distribution network to which they are connected under general conditions which are public.

(2) The general conditions must comprise:

1. information which is submitted by the operator of the electricity transmission or of the respective electricity distribution network;

2. the conditions for termination or interruption of supply;

3. the conditions for quality and reliability of the supply;

4. the responsibility of the operator upon non-regulated interruption and supply of poor quality;

5. procedure for notification of the customer upon revision of an electricity bill in accordance with the rules under Art. (83) (1), pt.6:

a) in favour of the the end supplier with reference to consumed electricity in the cases of non-metered, incorrectly and/or inaccurately metered electricity due to illegal connection, change in the connection scheme or illegal impact on equipment or devices under Art. 120 (3);

b) in favour of the customer with reference to consumed electricity in the cases of incorrectly and/or inaccurately metered electricity due to deranged equipment or devices under Art. 120 (3).

(3) The operator of the electricity transmission or of the respective electricity distribution network publishes the general conditions in at least one central and one local daily newspaper.

(4) The general conditions which have been published go into effect with reference to the end customers with no explicit written adoption.

Article 105. (*Last Amendment - SG No. 35/15.05.2015, in force as of 15.05.2015*) (1) (*Last Amendment - SG No. 54/2012, in force as of 17.07.2012*) For the purpose of guaranteeing the safe operation of the electric power system, the electricity transmission

network operator concludes ancillary-services and cold-reserve transactions under the terms and according to the procedure established by Article 83 (1), pt. 4 and Article 91 (2) with suppliers within or outside the country.

(2) The cold reserve referred to in Paragraph (1) is ensured through availability purchase transactions in quantities determined on the basis of the level of electricity supply reliability under Article 4 (2), pt. 4.

(3) The terms and procedure for purchase of cold reserve quantities referred to in Paragraph (2) are established by the rules referred to in Article 83 (1), pt. 4.

(4) (*New, SG No. 74/2006*) The net electricity from an activated cold reserve is paid on terms, procedure, and prices, set forth in the rules under Article 91 (2).

(5) (*New – SG No. 59/2013, in force as of 05.07.2013*) In case that the necessary quantities of cold reserve cannot be negotiated, its availability shall be imposed by the Minister of Energy, under the terms and conditions of Art. 7

(6) (*New – SG No. 59/2013, in force as of 05.07.2013*) The producers of electric power shall be obligated to offer to the electric transmission network operator a purchase of availability of additional services not less than the regulated diapason of the units planned to work for the respective month.

(7) (*New – SG No. 59/2013, in force as of 05.07.2013*) The electric transmission network operator shall decide on the quantities under Par. (6) with regard to the needs of the electric power system, using the criteria of the lowest price possible.

(8) (*New - SG No. 35/15.05.2015, in force as of 15.05.2015*) The high- efficiency cogeneration generators may offer additional services to the transmission network operator in the cases under para. 7, in the cases in which this is technically and economically compatible with the operating mode of the generation plant.

Article 106. (*Last Amendment - SG No. 35/15.05.2015, in force as of 15.05.2015*) (1) (*Former Art. 106 - SG No. 35/15.05.2015, in force as of 15.05.2015*) For the purpose of guaranteeing the reliable operation of electricity distribution networks, the electricity distribution networks operators conclude ancillary-services transactions under the terms and according to the procedure established by Article 83 (1), pt. 5.

(2) (*New - SG No. 35/15.05.2015, in force as of 15.05.2015*) The high- efficiency cogeneration generators may offer additional services to the distribution networks operators in the cases under para. 1, in the cases in which this is technically and economically compatible with the mode of operation of the generation plant.

Article 107. (*Last Amendment - SG No. 54/2012, in force as of 17.07.2012*) The public provider, end suppliers, the providers of last resort, the electricity transmission network operator and the distribution network operators may request issuance of an enforcement order under Article 410 (1) of the Civil Procedure Code for their receivables for electricity provided or transmitted, as well as for the services rendered by them pursuant to this Act, regardless of the amount of such receivables.

Section IX

Operational Management

Article 108. *(Last Amendment - SG No. 54/2012, in force as of 17.07.2012)* (1) The integrated operational planning, coordination and management of the electric power grid is exercised by the electricity transmission network and by the operators of each of the electricity distribution networks.

(2) The operational management and the ensuring of reliable functioning of the electric power grid and the electricity distribution networks are performed by the specialized units of the respective operator (operational management units).

Article 109. *(Last Amendment - SG No. 54/2012, in force as of 17.07.2012)* (1) The electric power system operator is obligated to ensure:

1. *(Last Amendment - SG No. 54/2012, in force as of 17.07.2012)* secure, safe and efficient functioning of the electricity transmission network;

2. maintenance of the balance between electricity generation and consumption;

3. implementation of the joint operation of the national electric power system with the electric power systems of other countries in accordance with international treaties;

4. *(Last Amendment - SG No. 54/2012, in force as of 17.07.2012)* non-discriminatory access to electricity transmission in compliance with quality requirements and provision to network users of information necessary for their efficient access to the network;

5. secure and efficient functioning of ancillary networks.

(2) *(Last Amendment - SG No. 54/2012, in force as of 17.07.2012)* The directives of the operational management unit of the electric power grid, related to the operational management are obligatory for the operational management units of the electricity distribution networks, the electricity producers and for customers, connected to the electricity transmission network.

(3) *(Last Amendment - SG No. 54/2012, in force as of 17.07.2012)* The electricity transmission network operator sets forth a coordinated schedule for planned downtimes of the generation capacities and the transmission network components based on maximum reliability criterion.

Article 109a. *(Repeal - SG No. 54/2012, in force as of 17.07.2012).*

Article 110. *(Last Amendment - SG No. 54/2012, in force as of 17.07.2012)* (1) *(Last Amendment - SG No. 54/2012, in force as of 17.07.2012)* For the purposes of measuring the quantities of electrical power the electricity transmission operator and the electricity distribution networks operators ensure in compliance with their respective licenses the following:

1. *(Last Amendment - SG No. 54/2012, in force as of 17.07.2012)* technical and metrological provision, development and modernization of the commercial metering devices;

2. *(Last Amendment - SG No. 54/2012, in force as of 17.07.2012)* maintenance of data bases with readings, taken by commercial metering devices.

(2) *(Last Amendment - SG No. 54/2012, in force as of 17.07.2012)* Owners of commercial metering devices for quantities of electricity make available the readings of such devices to the electricity transmission network operator, needed by the latter to carry out its activities under Article 111.

(3) *(Last Amendment - SG No. 54/2012, in force as of 17.07.2012)* The balancing groups coordinators, the public electricity provider, the end supplier, the providers of last resort, the electricity traders and the networks users obtain information from the metering data base of the operator of the respective network under the conditions and the procedure of the rules under art.91,para.2.

Article 111. *(Last Amendment - SG No. 54/2012, in force as of 17.07.2012)* (1) *(Last Amendment - SG No. 54/2012, in force as of 17.07.2012)* The electricity transmission network operator administrates electricity transactions, executed on regulated and freely negotiated prices, and organizes a balancing electricity market according to the rules referred to in Article 91 (2) by:

1. *(Last Amendment, SG No. 74/2006, in force as of on the date of entry into the Commercial Registry the decision to transform National Electric Company EAD, but not later than the date of entry into force of the Treaty concerning the Accession of the Republic of Bulgaria to the European Union)* keeping registers of the persons concluding transactions on the electricity market;

2. *(Last Amendment - SG No. 54/2012, in force as of 17.07.2012)* keeping schedules registers;

3. receiving, arranging on priority lists according to price and technological criteria, and activating proposals and orders for purchase and/or sale of balancing electricity;

4. applying a method for computation and fixing balancing electricity prices for each settlement period;

5. *(Last Amendment - SG No. 54/2012, in force as of 17.07.2012)* preparing daily and monthly notices of the amounts due for balancing electricity from the participants for each settlement period;

6. controlling the financial security of balancing transactions in electricity and issuing mandatory instructions to market participants in connection with this;

7. having the right, upon occurrence of circumstances endangering the safe operation of the electric power system or parts of it, to suspend the performance of transactions or to change the quantities of electricity contracted under such transactions, under terms and in a manner specified in the rules referred to in Article 91 (2);

8. *(Last Amendment- SG No. 54/2012, in force as of 17.07.2012)* provides open information regarding the market operation and information for each trade participant related to his participation in the market in conformity with the rules under Article 91 (2).

(2) The costs incurred in connection with the performance of the functions under Paragraph (1) are allowed as economically justified costs under Article 31, pt. 2.

(3) (*New - SG No. 54/2012, in force as of 17.07.2012*) Upon request, the electricity transmission network operator provides, against payment, the trade participants with additional information and inquiries for past periods.

Article 112. (*Last Amendment - SG No. 54/2012, in force as of 17.07.2012*) (1) (*Last Amendment - SG No. 54/2012, in force as of 17.07.2012*) The electricity transmission network operator regulates the distribution of the electric load of the electric power system among the electric power plants based on technical and economic criteria.

(2) (*Last Amendment - SG No. 54/2012, in force as of 17.07.2012*) Upon distribution of electric load, the electricity transmission network operator ensures the compliance with the concluded contracts which provide for mandatory purchase of part or all of the electricity generated under this act and approves the generation schedules of the producers only if they have met the obligations:

1. for provision of reserve and ancillary services under agreements with the electricity transmission network operator;

2. under agreements in compliance with a decision of the Commission under Art.21 (1), pt.21;

3. for implementation of supplies under other agreements.

(3) (*Last Amendment - SG No. 54/2012, in force as of 17.07.2012*) When dividing the throughput of any network components, the electricity transmission network operator observes technical and economic rules to ensure equal access and following its network safety and public availability of information obligations.

(4) (*Last Amendment - SG No. 54/2012, in force as of 17.07.2012*) The electricity transmission network operator has the right to sanction any violators of any network-user negotiated technical requirements for the reliable operation of the electric power system and violation of the rules of operation of the balancing energy market.

Article 113. (*Last Amendment - SG No. 54/2012, in force as of 17.07.2012*) (1) (*Last Amendment - SG No. 54/2012, in force as of 17.07.2012*) Electricity distribution network operators are obligated to ensure:

1. (*Last Amendment - SG No. 54/2012, in force as of 17.07.2012*) reliable, safe and efficient functioning of the relevant electricity distribution network;

2. reliable and efficient functioning of ancillary networks;

3. non-discriminatory access to electricity transmission in compliance with quality requirements;

4. (*Last Amendment - SG No. 54/2012, in force as of 17.07.2012*) non-discriminatory treatment of the producers and equality of the customers connected to the network.

(2) (*Last Amendment - SG No. 54/2012, in force as of 17.07.2012*) The directives of the operational management unit of the electricity distribution network related to the operational management are obligatory for the operational personnel on duty at energy works of the end customers and the electricity producers connected to the respective electricity distribution network.

Article 113a. (*Last Amendment - SG No. 54/2012, in force as of 17.07.2012*) (1) (*Last Amendment - SG No. 54/2012, in force as of 17.07.2012*) When the electricity transmission and distribution network operator is part of a vertically integrated company, its activities are independent in terms of legal organizational form and decision making from the other activities, which are not related to electricity distribution.

(2) (*Last Amendment - SG No. 54/2012, in force as of 17.07.2012*) In order to ensure the electricity transmission and distribution network operator's independence under Paragraph (1), any persons responsible for the management, including operational management of the electricity distribution networks:

1. (*Last Amendment - SG No. 54/2012, in force as of 17.07.2012*) may not take part in the management of other companies in the vertically integrated company, performing electricity generation, transmission, public delivery, supply by end supplier and trade;

2. (*Last Amendment - SG No. 54/2012, in force as of 17.07.2012*) take independent decisions in the course of their duties under this Act, and are subjected to appropriate measures, in accordance with their professional interests, ensuring the opportunity for such persons to act independently;

3. do not allow discriminatory actions in the course of their duties under this Act;

(3) (*Last Amendment - SG No. 54/2012, in force as of 17.07.2012*) The electricity transmission and distribution network operator prepares a program including measures to achieve the goal under Paragraph (1) and Paragraph (2), containing specific obligations for the employees for its implementation.

(4) (*New - SG No. 54/2012, in force as of 17.07.2012*) The electricity distribution network operator designates a compliance officer responsible for the control over the implementation of the programme under para.3 and provides for his independence, as well as his access to the information regarding the electricity distribution network operator and all companies related to it which is necessary for the fulfilling of his duties.

(5) (*Former Par. (4), Last Amendment - SG No. 54/2012, in force as of 17.07.2012*) The electricity distribution network operator prepares an annual report on the measures under para.3 which is submitted to the Commission by the compliance officer and is published in accordance with Art.15.

(6) (*New - SG No. 54/2012, in force as of 17.07.2012*) In its communications and upon using its trade mark, the electricity distribution network operator does not cause misconceptions with reference to its separate identity in the part of the vertically integrated undertaking which performs supply of electricity.

(7) (*New - SG No. 54/2012, in force as of 17.07.2012*) The electricity distribution network operator must have effective rights for adoption of decisions regardless of the integrated electricity undertaking with reference to the assets necessary for operation, maintenance or development of the network.

(8) (*New - SG No. 54/2012, in force as of 17.07.2012*) The undertaking which owns an electricity distribution network operator:

1. does not issue orders related to its current activities and does not adopt decisions regarding activities related to the construction, expansion, reconstruction or modernization of the network, when these activities are within the approved business plan;

2. may apply suitable coordination mechanisms which guarantee the protection of its economic and management and supervision rights in the undertaking- operator with reference to the return of assets, as well as to approve the business plan of the operator and to put general limitations on the level of indebtedness.

Article 114. (*Last Amendment - SG No. 54/2012, in force as of 17.07.2012*) The electricity transmission and distribution network operators are obligated to respect the confidentiality of any information, constituting commercial secret, obtained in the course of or in connection with the fulfillment of their obligations. The operators provide information on their activities on equal-treatment basis.

Article 115. (*Last Amendment - SG No. 54/2012, in force as of 17.07.2012*) The terms and procedure for performance of the activities related to the management of the electric power grid and the electricity distribution networks, as well as the activities of the operational personnel on duty at electricity works and electric fixtures of the end customers are specified by an ordinance of the Minister of Energy.

Section X

Connecting Producers and Customers to Networks.

Access to Networks

(Last Amendment - SG No. 54/2012, in force as of 17.07.2012)

Article 116. (*Last Amendment - SG No. 54/2012, in force as of 17.07.2012*) (1) The electricity transmission network operator, respectively the operator of the electricity distribution network is obliged to connect any site of the electricity producer which is situated within the respective area with reference to which the producer:

1. has concluded a written contract for connection at a connection price fixed according to the respective ordinance under Art.36 (3);

2. has fulfilled his obligations under the contract under pt.1 and the regulatory requirements for connection to the electricity transmission or distribution network;

3. has electric fixtures built within the boundaries of his own property or of the property where he is entitled the right to build, and provided the respective properties meet the technical standards and the safe operation requirements, and

4. has concluded an access agreement under Art. 84 (2).

(2) The electricity transmission network operator, respectively the electricity distribution network operator is obliged to set the technically possible connection site upon compliance with the criteria of grid operational security and in compliance with the approved grid development plans.

(3) The electricity transmission network operator, respectively the electricity distribution network operator is obliged to implement the expansion and redevelopment of the electricity transmission or the respective distribution network related to the connection of electricity producers sites up to the interconnection sites.

(4) The high and medium voltage electric fixtures which are used for connection of an electricity producer to the electricity transmission or the respective distribution network and which are not elements of these networks, are built at the producer's expense and are his property.

(5) The high and medium voltage electric power pipelines which connect the fixtures under para.4 with the respective electric power grid at the interconnection point are built by the electricity transmission network operator, respectively by the distribution operator and are his property.

(6) The generated electricity is metered by commercial metering devices owned by the electricity transmission network operator, respectively the distribution network operator, and the requirements which must be met by them and their location sites are specified by the rules under Art.83 (1), pt.6.

(7) The terms and procedure for connection to the respective network, for suspension of the connection or the electricity supply and the property boundaries between the electric facilities are specified by an ordinance adopted by the Commission.

Article 116a. (*New - SG No. 54/2012, in force as of 17.07.2012*) (1) The electricity transmission network operator is obliged to connect electricity distribution network operator's facilities with reference to expansion, redevelopment and modernization of the electricity distribution networks as well as for the purpose of connection of electricity procedures sites and electricity customers to them.

(2)The connection under para.1 is implemented upon concluded contract between the electricity transmission network operator and the electricity distribution network operator at connection prices, fixed by the Commission in compliance with the respective ordinance under Art. 36 (3).

(3) The terms and procedure for connection of the facilities under para.1 to the electricity transmission network and for concluding the contracts under para.2 are settled by the ordinance under Art. 116 (7).

Article 117. *(Last Amendment - SG No. 54/2012, in force as of 17.07.2012)* (1) The electricity transmission network operator, respectively the distribution network operator is obliged to connect any facility of an electricity customer located within the respective territory which:

1. has electric fixtures built within the boundaries of its property, provided they meet the technical standards and the safe operation requirements;

2. has satisfied the conditions for connection to the electricity transmission, respectively distribution network, and

3. has concluded a written connection contract with the electricity transmission network operator, respectively the distribution network operator at connection prices fixed according to the respective ordinance under Art. 36 (3).

(2) After it has obtained the permission of the Commission, the electricity transmission network operator may connect an electricity customer located within the area of another operator of the electricity distribution network, provided this is technically and economically advisable and in the interest of the customers.

(3) The terms and procedure for connection to the electricity transmission network and the electricity distribution network and for conclusion of the contracts under para.1 are regulated by the ordinance under Art. 116 (7). The contract for connection of a facility to the electricity transmission, respectively distribution network is for a connection period not longer than the period necessary for the bringing into operation of the facility and the devices for its connection.

(4) The refusal of the electricity transmission network operator, respectively the distribution network operator to perform a connection must be reasoned.

(5) High voltage and medium voltage electric fixtures which are used to supply electricity to a single non-household customer are built at his expense and are owned by him.

(6) In the cases where the high voltage and medium voltage electric power pipelines through which the electric fixtures under para.5 are connected to the electricity transmission or the respective electricity distribution network are not elements of these networks, they are built by the customer and are owned by him.

(7) Low voltage electric equipment which are located within the properties of the customers and are located outside the property boundaries of the facilities, are built at the customers expense and are owned by them.

(8) Electric fixtures and equipment owners, upon technical ability and free capacity, provide the electricity transmission network operator, respectively the distribution network operator with access to them for the purposes of electricity conversion and transmission to other customers. The usage is permitted after concluding a contract at a price, fixed according to a method approved by the Commission. Upon failure to reach a consent, the Commission orders the usage right and the payment of a price, fixed according to the method.

(9) Paragraphs 1-8 are not applied with reference to the electricity distribution network operator in the railway transport.

Article 118. *(Last Amendment - SG No. 54/2012, in force as of 17.07.2012)* (1) *(Last Amendment - SG No. 54/2012, in force as of 17.07.2012)* The electricity transmission network operator and the electricity transmission and distribution network operators provide access on equal-treatment basis to the electricity transmission and electricity distribution networks for the respective network's users.

(2) *(Last Amendment - SG No. 54/2012, in force as of 17.07.2012)* The electricity transmission network operator or the electricity transmission and distribution network operator, as the case may be, may refuse access in case the provision of such access could lead to deterioration of technical conditions and security of networks or to deterioration of supply conditions to other customers and users.

Article 119. *(Last Amendment - SG No. 17/06.03.2015 in force as of 06.03.2015)* (1) *(Last Amendment - SG No. 54/2012, in force as of 17.07.2012)* Producers may supply with electricity their branches, enterprises and works, located within the territory of the state:

1. through the electricity transmission and/or the electricity distribution networks(high voltage, medium voltage or low voltage) to particular site by concluding a contract for transmission with the electricity transmission network operator and/ or electricity distribution network operator, or

2. through direct electric power pipelines built at their expense.

(2) *(Last Amendment - SG No. 17/06.03.2015 in force as of 06.03.2015)* Customer may be supplied through a direct electric power pipeline by an electricity producer or by an electricity trader and in this case the commercial metering devices are constructed and installed at the expense of the producer or the proprietor and are considered his property.

(3) *(Last Amendment - SG No. 54/2012, in force as of 17.07.2012)* The electricity transmission network operator and/or the relevant electricity transmission and distribution network operator, may refuse to sign transmission contracts through the relevant network in the cases under Paragraph (1), pt. 1 where:

1. *(Last Amendment - SG No. 54/2012, in force as of 17.07.2012)* the transmission capacity of the network is insufficient, or

2. *(Repeal, SG No. 74/2006, in force as of on the date of entry into the Commercial Registry the decision to transform National Electric Company EAD, but not later than the date of entry into force of the Treaty concerning the Accession of the Republic of Bulgaria to the European Union)*

3. no technical conditions exist for metering of the quantities of electricity consumed that originate from own generation separately from the quantities of electricity delivered from other sources.

(4) *(Former Paragraph 3, SG No. 74/2006, in force as of on the date of entry into the Commercial Registry the decision to transform National Electric Company EAD, but not later*

than the date of entry into force of the Treaty concerning the Accession of the Republic of Bulgaria to the European Union) The manner of distribution of the electricity originating from own generation or delivered from other sources is established by the rules referred to in Article 91 (2).

(5) (*Last Amendment - SG No. 54/2012, in force as of 17.07.2012*) The electricity transmission network operator and the electricity transmission and distribution network operators may refuse to execute an agreement on access to the relevant network in the cases under Paragraph (1), pt. 1, when the reliable operation of the electric power system or the security of supply are being compromised.

Article 120. (*Last Amendment - SG No. 54/2012, in force as of 17.07.2012*) (1) (*Last Amendment - SG No. 54/2012, in force as of 17.07.2012*) The electricity supplied to end customers is metered by commercial metering devices owned by the electricity transmission network operator or the electricity distribution network operator located near or at the boundary of the customer's property.

(2) The property boundary of electric facilities and the site of commercial metering devices is determined according to the requirements established by the ordinance referred to in Article 116 (7) and by the rules referred to in Article 83 (1), pt. 6.

(3) (*Last Amendment - SG No. 54/2012, in force as of 17.07.2012*) The electricity transmission network operator or the electricity transmission and distribution network operator, as the case may be, determines the type, number and site of the metering devices and equipment and of the appurtenant controls and communication devices.

(4) (*Last Amendment - SG No. 54/2012, in force as of 17.07.2012*) Where the endorsed tariffs allow customers to choose the method of metering of the quantity of electricity, the electricity transmission network operator or the electricity distribution network operator is obliged to instal metering devices which correspond to the choice stated by the customer in writing.

(5) (*Last Amendment - SG No. 54/2012, in force as of 17.07.2012*) The terms and procedure for replacement of metering devices at the request of a customer in the cases under Paragraph (4) are established by the rules referred to in Article 83 (1), pt. 6.

(6) (*New - SG No. 54/2012, in force as of 01.01.2014*) Traction electric power supplied to the end customer by the electricity distribution network operator in the railway transport is metered by commercial metering devices owned by the customer and located within the traction rolling stock.

Article 120a. (*New, SG No. 74/2006*) Electricity customers do not pay a fee for the commercial metering devices.

Article 121. (*Last Amendment - SG No. 54/2012, in force as of 17.07.2012*) (1) Customer who wants to instal his own standby power supply source is obliged to notify in writing the electricity transmission network operator, respectively the electricity distribution network operator and to provide their representatives with access to the standby source for the purpose of conducting inspections.

(2) the electricity transmission network operator, respectively the electricity distribution network operator specifies to customers mandatory technical requirements for installation of customer's own standby power supply source in compliance with the ordinance under Art. 83 (1) pt.1.

(3) The electricity transmission network operator, respectively the distribution network operator is entitled the right to suspend the electricity supply of the customer if he fails to observe his obligations under para.1 and 2.

Section XI

Suspension of Connection and Electricity Supply

Article 122. *(Last Amendment - SG No. 54/2012, in force as of 17.07.2012)* (1) *(Last Amendment - SG No. 54/2012, in force as of 17.07.2012)* The electricity transmission network operator and the electricity transmission and distribution network operators have the right to suspend the electricity transmission through the relevant network by written advance notice in the event of planned repair, reconstruction or inspection of facilities of the electric energy company requiring the switching off of facilities for safety purposes.

(2) *(Last Amendment - SG No. 54/2012, in force as of 17.07.2012)* The electricity transmission network operator and the electricity transmission and distribution network operators have the right to suspend electricity transmission through the relevant network without advance notice:

1. for prevention of imminent risk to human health and security or to the safety of facilities;

2. upon failures of the electricity networks and facilities for reasons beyond the control of the electric energy company;

3. where electricity is consumed unmetered or is incorrectly metered by means of commercial metering devices;

4. *(Last Amendment - SG No. 54/2012, in force as of 17.07.2012)* where an uncoordinated modification of the connection diagram of the customer is detected.

(3) *(Last Amendment - SG No. 54/2012, in force as of 17.07.2012)* The electricity transmission network operator and the electricity transmission and distribution network operators have the right to suspend the connection:

1. of persons who have connected to the relevant network without having a right to do so;

2. *(Last Amendment - SG No. 54/2012, in force as of 17.07.2012)* of customers who have allowed the connection of a third party to their own electric fixtures without the express consent of the energy company;

3. upon failure to perform a prescription issued by a control authority for remedy of a violation within the prescribed time limit;

4. (*Last Amendment - SG No. 54/2012, in force as of 17.07.2012*) of customers who cause disturbances to the electric power system.

(4) (*Last Amendment - SG No. 54/2012, in force as of 17.07.2012*) Upon suspension of the transmission under para.2 or the connection under para.3, the electricity providers are not liable for any damages resulting from limitation or suspension of the supply.

Article 123. (*Last Amendment - SG No. 17/06.03.2015 in force as of 06.03.2015*) (1) (*Last Amendment - SG No. 17/06.03.2015 in force as of 06.03.2015*) The providers of last resort, the public provider, the end suppliers and the electricity traders are entitled the right to temporarily suspend the electricity supply to the end customers upon their failure to fulfill any obligations under the electricity sale contract, including upon a failure to fulfill the obligation to pay all due sums related to the electricity supply. The right for temporary suspension of the supply of electricity may not be performed on a non- working day or a public holiday as well as on the preceding day.

(2) (*New - SG No. 54/2012, in force as of 17.07.2012*) The end suppliers suspend the electricity supply to end customers who cannot be his customers under Art.94a (1) in the cases when they have failed to select a provider at freely negotiated prices and have refused a transaction with a provider of last resort.

(3) (*Former Par. (2) - SG No. 54/2012, in force as of 17.07.2012*) The advance notice periods and other conditions for supply suspension are regulated by the contracts for purchase of electricity or by the general conditions, as the case may be.

(4) (*Former Par. (3), Last Amendment - SG No. 54/2012, in force as of 17.07.2012*) In the cases under para.1 and 2, the electricity transmission network operator, respectively the electricity distribution network operator is obliged to suspend the transmission of electricity to the end customers at the request of the respective provider.

(5) (*Former Par. (4), Last Amendment - SG No. 54/2012, in force as of 17.07.2012*) Upon fulfillment of their obligation under Paragraph (4), the electricity transmission network operator or the electricity transmission and distribution network operator, as the case may be, does not incur any liability for damages resulting from suspension of electricity transmission.

(6) (*New - SG No. 54/2012, in force as of 17.07.2012*) The electricity transmission network operator, respectively the electricity distribution network operator is entitled the right to temporarily suspend the transmission of electricity to the end customer upon non-observance of obligations under an electricity transmission agreement or access to the network, including upon non-observance of the obligation of timely payment of all due sums related to the provision of these services.

Article 123a. (*Repeal - SG No. 54/2012, in force as of 17.07.2012*).

Article 124. (*Last Amendment - SG No. 54/2012, in force as of 17.07.2012*) The energy company restores the supply and/or connection of customers upon elimination of the reasons that led to the suspension of such supply and/or connection.

Chapter Ten

HEAT SUPPLY

Section I

General Provisions

Article 125. (*Last Amendment - SG No. 98/28.11.2014, in force as of 28.11.2014*) (1) Heat supply is the process of generation, transmission, delivery, distribution and consumption of heat with water steam and hot water as a heat-transfer medium for household and business uses.

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

(3) The procedure and technical conditions for heat supply, operational management of the heat supply system, connection of producers and customers to the heat transmission network, distribution, disconnection and suspension of heat supply are established by an ordinance of the Minister of Energy and Energy Recourses.

(4) (*Last Amendment - SG No. 98/28.11.2014, in force as of 28.11.2014*) The technical rules and standard specifications for design, construction and operation of the facilities and installations for generation, transmission and distribution of heat are established by an ordinance of the Minister of Regional Development and Public Works and the Minister of Energy and Energy Resources.

Article 125a. (*New - SG No. 54/2012, in force as of 17.07.2012*) The provisions of this chapter, except for Art. 125 (4) are not applied with reference to the persons under Art. 39 (4), pt.2 and 3.

Section II

Heat Generation

Article 126. (1) Heat is generated by an energy company licensed for generation according to the procedure established by this Act.

(2) (*Last Amendment, SG No.55/2007*) Persons may generate heat even without holding a license in the cases under Article 39 (4), pt. 2 and 4.

Article 127. (*Last Amendment, SG No. 35/2011, in force as of 03.05.2011*) (1) Heat is generated at:

1. combined heat and power plants;
2. heat generation plants;

3. (*Last Amendment, SG No. 35/2011, in force as of 03.05.2011*) waste heat recovery installations and renewable sources utilization.

(2) In case of a declared demand for heat, new plants with a capacity exceeding 5 megawatts and using natural gas as fuel are constructed for the combined generation of heat and electricity (co-generation).

Article 128. Producers of heat at heat power plants and/or heat generation plants are obligated to maintain stocks of fuels in a quantity guaranteeing reliable generation, determined under the terms and according to the procedure established by the ordinance under Article 85 (2).

Section III

Heat Transmission

Article 129. (1) (*Last Amendment, SG No. 74/2006*) The heat transmission network is operated by a heat transmission company.

(2) (*Last Amendment, SG No. 74/2006*) The heat transmission company may, in addition, perform an activity involved in the generation of heat and electricity.

Article 130. The heat transmission company is obligated:

1. to supply heat to customers connected to the heat transmission network on equal and non-discriminatory terms;
2. to maintain the facilities and installations of the heat transmission network in accordance with technical and safe operation requirements;
3. to develop the heat transmission network in accordance with the development plans of the areas for which the company is licensed;
4. to purchase the contracted quantities of heat from producers located within the area for which the company is licensed.

Section IV

Operational Management

Article 131. (1) The operational management of the heat transmission system is performed by a heat transmission network operator.

(2) A heat transmission network operator is a specialized unit of the heat transmission company.

(3) The operator's directives are mandatory for the heat producers and customers.

Article 132. (*Last Amendment - SG No. 54/2012, in force as of 17.07.2012*) (1) The heat transmission network operator is obligated to ensure:

1. a mode of operation of the heat transmission network in accordance with the requirements established by the ordinance under Article 125 (3);

2. maintenance of the balance between generation and consumption;

3. (*Last Amendment - SG No. 54/2012, in force as of 17.07.2012*) coordination with the electricity transmission network operator and/or the electricity distribution network operators in accordance with the contracts concluded – in cases of combined generation of heat and electricity (co-generation);

4. coordination with the natural gas transmission network operator and/or the natural gas distribution network operator in accordance with the contracts concluded – where natural gas is used.

(2) (*Last Amendment, SG No. 74/2006*) The heat transmission network operator regulates the distribution of the heat load among the heat generation plants under criteria determined by the ordinance under Article 125 (3).

Section V

Connection to the Heat Transmission Network

Article 133. (1) The heat transmission company is obligated to connect to the heat transmission network producers and customers located within the relevant area specified by the license for heat transmission.

(2) (*Last Amendment – SG No. 54/2010, in force as of 16.07.2010*) The connection of the installations of customers in a residential flat building requires the written consent of the owners possessing at least two thirds of the residential flat property.

(3) The heat transmission company may refuse to connect a producer to the heat transmission network if such producer has failed to comply with the requirements under this Act and under the ordinance referred to in Article 125 (3).

(4) The heat transmission company may refuse to connect customers to the heat transmission network:

1. where no heat transmission network has been constructed;
2. upon shortage of generating capacities;
3. upon insufficient transmission capacity of the heat transmission network;

4. (*Last Amendment, SG No. 74/2006*) where the customers' installations in a residential flat building are not equipped with the devices and appliances under Article 140 (1), pt. 2 and 3.

(5) The heat transmission company provides written reasoning in case of refusal to connect any producer or customer.

Article 134. Producers are connected to the heat transmission network by means of connecting heating mains which are constructed by and for the account of the producer and are owned by it.

Article 135. (*Last Amendment - SG No. 35/15.05.2015, in force as of 15.05.2015*) (1) The customers building systems are connected to the heat transmission network by means of connecting heating main and a subscriber sub- station.

(2) In the cases of connection of a new building, in every single property in the building is mounted an individual competitively priced heat meter.

(3) In case an existing building is connected after a major refurbishment and change in the vertical and horizontal distribution heat installations, a competitively priced heat meter is mounted in every single property of the building.

Article 136. (1) Upon connection of a heat customer for business uses, the connecting heating mains and the appurtenant facilities and the subscriber sub-station are constructed by and for the account of the customer and are owned by it.

(2) Connection of a new heat customer for business uses by means of an existing connecting heating main owned by another customer for business uses may be performed if technically practicable, provided the heat transmission company buys out the common use section of the connecting heating main or the owner creates a right of use against valuable consideration to the section in favor of such company.

Article 137. (1) Upon connection of heat customers for household uses, the connecting heating main, the appurtenant facilities and the subscriber sub-station are constructed by the heat transmission company and are owned by it.

(2) (*Last Amendment, SG No. 74/2006*) Construction of facilities under Paragraph (1) may be performed by customers after coordination with the heat transmission company. In this case, the heat transmission company pays a price to use the customer-constructed facilities under Paragraph (1).

(3) (*New, SG No. 74/2006*) Ownership of customer-constructed facilities is transferred within three years, and any related relations are settled by the connection contract referred to in Article 138 (1).

(4) (*Former Paragraph 3, SG No. 74/2006*) Connection of customers from one or more buildings to a subscriber sub-station in another building is allowed only where:

1. the owners of property in the buildings without a subscriber sub-station have concluded a contract for use of the premise of the existing subscriber sub-station, and

2. the owners have complied with the technical requirements established by the ordinance referred to in Article 125 (3).

(5) (*Former Paragraph 4, Last Amendment, SG No. 74/2006*) The connecting heating main from the existing subscriber sub- station to the building of the customers referred to in Paragraph (4) is constructed by and for the account of the connecting customers and is owned by them.

Article 138. (1) Producers and customers is connected to the heat transmission network on the basis of a written contract with the heat transmission company under the terms and according to the procedure established by the ordinance referred to in Article 125 (3).

(2) Producers and customers referred to in Paragraph (1) pay the heat transmission company a connection price which is formed according to the procedure established by the relevant ordinance referred to in Article 36 (3).

(3) Customers connected to the heat transmission network are obligated to provide the licensed heat transmission company access through their own facilities for the purposes of heat transmission to other customers within the area specified in the license. The price for the access provided is fixed according to a method approved by the Commission.

Section VI

Heat Distribution

Article 139. (1) Heat is distributed in a residential flat building on the basis of a share distribution system.

(2) (*Last Amendment, SG No. 74/2006*) Heat share distribution in a residential flat building among the customers is done by the heat transmission company or a heat provider, or is assigned to a person, listed in the public register under Article 139a.

Article 139a. (*New, SG No. 74/2006*) (1) Persons performing the share distribution service are registered in a public register with the Ministry of Energy.

(2) A person meeting the following requirements is listed in the public register under Paragraph (1):

1. presents a commercial registration document and a current status certificate;
2. is a producer of individual heat distribution devices or is a duly authorized representative of such producer, which is certified by a statement from the producer, and for the producer representatives – by a notarized letter of attorney or other document, with which the producer authorizes the person to conduct such activities;
3. offers and/or uses individual heat distribution and/or metering devices, meeting the effective standards in the country;
4. provides warranty and post-warranty service for the share distribution devices offered and installed;
5. owns the hardware and licensed software needed to conduct its activities;
6. has qualified personnel and an authorized representative at the respective city or village;
7. applies a heat share distribution methodology in conformity with the rules on distribution according to the ordinance under Article 126 (3);

8. is not in any liquidation proceedings;

9. is not declared bankrupt, and is not in any bankruptcy proceedings;

10. presents a certificate for being a personal data administrator under the Personal Data Protection Act;

11. is not deprived of its right to conduct commercial activities;

12. has no monetary obligations to the state, established by an act of a competent authority, or obligations to social insurance funds, except in cases where the competent authority has allowed the obligation to be rescheduled or deferred.

(3) In order to obtain registration, the person submits an application to the Minister of Energy, attaching to it any documents certifying the conditions under Paragraph (2). When the share distribution is to be done by a foreign natural or legal person, the application is submitted in Bulgarian language, and any foreign-language documents attached to it are also presented translated.

(4) For all conditions under Paragraph (2), pt.4-6, the person attaches a statement to the application, stating the number of employees used, and their qualifications.

(5) The conditions under Paragraph (2), pt. 3 and pt. 8-12 are certified by documents from the respective competent administrative or judicial authorities.

(6) The application is reviewed by a Committee, appointed by an order of the Minister of Energy, which, within one month after the date of submission of application, prepares a motivated proposal to the Minister.

(7) The Committee under Paragraph (6) is entitled, over the course of review of this application, to verify the data stated by the person, to ask for clarifications regarding the conditions and the documents under Paragraph (2), as well as to require written presentation within a given period of additional proof of any conditions stated in the application.

(8) The Minister of Energy makes a decision on the application based on the Committee's proposal within 7 days after preparation of the latter. The applicant is notified under the procedure of the Civil Procedure Code.

(9) The authority under Paragraph (8) delivers a motivated refusal on the application, when the person does not meet any requirements under Paragraph (2), and/or has not provided any documents under Paragraph (4) or Paragraph (5). The refusal may be appealed pursuant to the procedure of the Administrative Procedure Code.

(10) The entry into the register is effected within three days after the authority's decision under Paragraph (8) about which the applicant receives a certificate. The registration is considered effective from the date of presenting the certificate.

(11) Any person, listed in the register under Paragraph (1), is de-listed by an act of the authority under Paragraph (8):

1. upon application for de-listing submitted by the person;
2. upon termination of activity or death of the natural person – sole trader, or upon her/his placement under full judicial disability, as well as upon termination – for a legal person;
3. when, as a result of any change in conditions, does not meet the requirements under Paragraph (2);
4. when by two or more effective acts by competent state authorities it has been established that the company has regularly violated the law.

(12) Persons, listed in the register under Paragraph (1), inform the Minister of Energy on all changes in conditions under Paragraph (2) within 7 days after such changes have occurred;

(13) For the application review and the register listing, a fee is paid, set forth in a tariff of the Council of Ministers, upon proposal by the Minister and Energy.

(14) The rules to maintain and store all data in the register are specified in an instruction by the Minister of Energy.

Article 139b. (*New, SG No. 74/2006*) (1) Customers in a residential flat building designate a person, registered under the procedure of Article 139a, to perform the share distribution service.

(2) (*Last Amendment – SG No. 54/2010, in force as of 16.07.2010*) The designation under Paragraph (1) must be accompanied by the written consent of the owners possessing at least two thirds of the residential flat property. (3) Customers notify in writing the heat transmission company or the heat supplier on the result of this designation decision.

Article 139c. (*New, SG No. 74/2006*) (1) When the heat transmission company or the heat supplier have not been registered under Article 139a, they execute a written agreement on the performance of the share distribution service with the person designated by customers under Article 139b.

(2) The agreement under Paragraph (1) is executed on general conditions proposed by the heat transmission company or the heat supplier and approved by the Commission.

(3) The agreement under Paragraph (1) contains:

1. rights and obligations of the parties;
2. heat share distribution methodology;
3. terms, procedure, timeframes and content of any required information the parties provide each other in order to perform the share distribution;
4. price for the share distribution service, paid by the heat transmission company or the supplier, which compensates any service costs proven before the heat transmission company or the heat supplier and an economically justified rate of return on investment;

5. the obligation of the person designated by customers under Article 139b to read the share distribution meters and to prepare amount equalization for the actual consumed heat quantity in the event of agreement termination;

6. all liabilities and charges upon any violation of the agreement, as well as the control the heat transmission company or the heat supplier has over the correct performance of the share distribution service;

7. agreement termination terms;

8. terms, procedure, timeframes, access, and conditions to provide all information needed to prepare the bills for customers in the residential flat building by the share distribution performing person, to the heat transmission company or the heat supplier.

(4) Upon termination of the agreement under Paragraph (1), customers in the residential flat building, or the association under Article 151 (1), designate another person registered under Article 139a, with whom the heat transmission company or the heat supplier executes an agreement.

Article 140. *(Last Amendment - SG No. 35/15.05.2015, in force as of 15.05.2015)* (1) The share distribution of heat among customers in a residential flat building is performed by means of:

1. commercial metering devices for the quantity of heat in the subscriber sub-station;

2. *(Last Amendment, SG No. 74/2006)* heating share distribution devices: individual allocators conforming to the current standards in Bulgaria, or individual heat meters;

3. *(Last Amendment, SG No. 74/2006)* household hot-water supply share distribution devices: individual hot water meters installed on all branches from the building hot-water supply system to customers' properties;

4. *(Repeal, SG No. 74/2006)*

(2) Customers connected to the subscriber sub-station in a residential flat building use heating share distribution devices of one and the same model, delivered by one and the same trader or approved by such trader for use in the building.

(3) *(Last Amendment, SG No. 74/2006)* Building heating and household hot-water supply installations are property of the residential flat owners.

(4) *(Last Amendment – SG No. 54/2010, in force as of 16.07.2010)* The heating units, the appurtenant control fittings, the branches from the heating building systems and the branches from the hot-water supply systems are owned by the customers. The share distribution devices referred to in Paragraph (1), pt. 2, and the individual water meters referred to in Paragraph (1), pt. 3 are owned by the customers or by the person under Article 139b, Paragraph 1 – in the cases set forth in the regulation under Article 125, Paragraph 3.

(5) (*New – SG No. 54/2010, in force as of 16.07.2010*) The person under Article 139b, Paragraph 1 offers to the customers in a residential flat building to sign a written contract by themselves or by a proxy. The contract sets forth:

1. the rights and obligations of the parties to it;
2. the ownership of the appliances, the terms and mode of payment, the provision of information about the share distribution devices in accordance with the Bulgarian state standards;
3. the method of energy distribution;
4. the period and order of reading of the share distribution devices, as well as of the provision of information about the distributed energy;
5. the warranty period, the warranty and out-of-warranty maintenance service;
6. liability and damages on contract default;
7. the warranty claim procedure;
8. the terms and mode of payment of the share distribution service;
9. the conditions for contract termination.

(6) (*New - SG No. 35/15.05.2015, in force as of 15.05.2015*) Individual competitively priced heat meters are mounted in the cases in which existing share distribution of heat devices are replaced, as long as this is technically possible and cost effective with reference to the potential energy savings.

Article 140a. (*New, SG No. 74/2006*) The total consumed quantity of heat in a residential flat building, connected to a subscriber sub-station or a separate branch to it, are allocated for hot-water supply and heating.

Article 141. (1) The heat for hot-water supply in a residential flat building is calculated by means of:

1. the quantity of household hot water supplied and consumed in the building according to the readings of the common water meter;
2. the heat consumption for heating of 1 cubic meter of water of the quantity referred to in pt. 1, determined under the terms and according to the procedure established by the ordinance referred to in Article 125 (3).

(2) The heat referred to in Paragraph (1) is distributed among customers under the terms and according to the procedure established by the ordinance referred to in Article 125 (3).

Article 142. (1) (*Last Amendment, SG No. 74/2006*) The heat for heating of a residential flat building is the difference between the total quantity of heat for allocation in a residential flat building and the quantity of heat for hot water supply, calculated under Article 141 (1).

(2) The heat for heating of a residential flat building is divided into heat released by the building system, heat for heating of common parts, and heat for heating of properties.

Article 143. (*Last Amendment - SG No. 35/15.05.2015, in force as of 15.05.2015*) (1) Upon applied share distribution system through individual allocators, the heat customers in a condominium- project building choose a method for determination the quantity of heat released by the building system in accordance with the ordinance under art. 125, para. 3.

(2) In case the heat customers in a condominium- project building do not choose a method for determination the quantity of heat, the quantity of heat released by the building system upon applied share distribution system through individual allocators is determined by the person under art. 139b, para. 1 in accordance with the methodology under the ordinance under art. 125, para.3.

(3) The choice under para. 1 is made following a decision taken by the general meeting of the owners or the association of the owners under the procedure of the Condominium Ownership Management Act.

(4) Upon application of share distribution through individual allocators, the heat for heating of the common parts of the condominium- project building in which there are heating units installed is determined on the basis of:

1. the capacity of the heating unit, or
2. the reading of the individual allocators installed on them.

(5) In the cases under para. 1, 2 and 4 the heat energy is distributed between all customers proportionately to the heat volume of the separate properties in accordance with the building design.

Article 144. (*Last Amendment - SG No. 35/15.05.2015, in force as of 15.05.2015*) (1) The heat for heating of the properties is distributed among the individual properties on the basis of share units according to the readings of individual allocators installed on the heating units in each property.

(2) The value of one share unit is calculated on the basis of the individual allocator readings, taking into consideration evaluation factors in accordance with the allocator's standard.

(3) (*Last Amendment - SG No. 35/15.05.2015, in force as of 15.05.2015*) The heat per share unit is calculated by dividing the heat for heating of the building, reduced by the quantity of heat calculated under Article 143 (1), (2) and (4), pt. 1, by the sum total of the share units for all heating units in the building.

(4) The heat released by one heating unit is the product of the share units as determined according to the readings of the individual allocator installed on the radiator, and the heat per share unit.

(5) (*New, SG No. 74/2006*) The heat under Paragraph (4) does not exceed the maximum heat the heating unit is able to emit within a heating period, calculated using methodology in the ordinance under Article 125 (3), at the respective building installation operating mode.

(6) (*New, SG No. 74/2006*) If there are no heating share distribution devices in a particular property and/or on particular premises, the heat for their heating is calculated by multiplying the installed capacity of the heating units installed there by the maximum specific consumption for the building, arrived at according to the procedure established by the ordinance under Article 125 (3).

Article 145. (1) The heat for heating of the residential flat building properties, upon application of share distribution through individual heat meters, is calculated on the basis of the heat meters readings in the individual properties.

(2) The heat released by the building system and the heat for the heating of common parts, upon application of share distribution through individual heat meters, is calculated as the difference between the heat for heating of the building, arrived at under Article 142 (1), and the heat for heating of properties, calculated under Paragraph (1).

(3) The heat referred to in Paragraph (2) is distributed among all customers in proportion to the heated volume of individual properties.

Article 146. (1) (*Repeal, SG No. 74/2006*)

Article 147. (*Repeal, SG No. 74/2006*)

Article 148. (*Repeal, SG No. 74/2006*)

Section VII

Commercial Relationships

Article 149. (1) Heat is sold on the basis of written contracts under general conditions, concluded by and between:

1. a producer and a heat transmission company;
2. a producer and directly connected customers of heat for business uses;
3. a heat transmission company and customers of heat for business uses;
4. a heat transmission company and associations of heat customers in a residential flat building.
5. (*New, SG No. 74/2006*) a heat transmission company and a heat supplier;
6. (*New, SG No. 74/2006*) a heat supplier and customers in a residential flat building.

(2) (*Last Amendment, SG No. 74/2006*) The general conditions of any contracts referred to in under Paragraph (1), pt. 1, 3 and 4 is proposed by the heat transmission company, and

the general conditions of any contracts referred to in Paragraph (1), pt. 2 are submitted by the producer to the Commission for approval.

Article 149a. (1) (*Last Amendment – SG No. 54/2010, in force as of 16.07.2010*) Heat customers in a residential flat building may purchase heat from a supplier, selected with the written consent of flat owners possessing not less than two thirds of the residential flat property.

(2) Heat suppliers are legal persons, registered as companies under Bulgarian law, meeting all financial-guarantee requirements for the transactions they execute with the heat transmission company.

(3) The financial guarantees under Paragraph (2) are presented by the supplier to the benefit of the heat transmission company under the terms and procedure set forth in the ordinance under Article 125 (3).

Article 149b. (*New, SG No. 74/2006*) (1) Upon any sale of heat by supplier to customers in a residential flat building, the written agreement specifies:

1. the parties' rights and obligations;
2. the heat price;
3. the procedure to measure, read, distribute and pay for heat;
4. the procedure to provide access to the heating units and share distribution devices;
5. the quality service requirements;
6. the responsibility upon any failure to meet obligations;
7. the review procedure for all customer complaints and claims;
8. the terms and procedure for agreement termination.

(2) Integral part of the agreement under Paragraph (1) is:

1. a copy of the agreement with the heat transmission company;
2. the consumed heat share distribution methodology;
3. a protocol from the general meeting of residential flat owners;

(3) In the agreement under Paragraph (1), the share distribution service is performed by and at the expense of the supplier separately, or under an agreement the supplier has executed with a person registered under Article 139a.

Article 150. (1) Heat is sold by the heat transmission company to heat customers for household uses under publicly known general conditions as proposed by the heat transmission company and as approved by the Commission; the conditions specify:

1. the rights and obligations of the heat transmission company and customers;
2. the procedure for metering, reading, distribution and payment of heat quantity;
3. the liability for failure to perform obligations;
4. the terms and procedure for connection, suspension and disconnection of heat supply;
5. the procedure for provision of access to heating units, commercial metering devices or other control appurtenances.
6. (*New, SG No. 74/2006*) the procedure and timeframes for customers to provide and receive their individual heat distribution bills in a manner specifying the time, when the appeal period starts.

(2) Heat transmission companies mandatorily publish the general conditions as approved by the Commission in at least one national and one local daily newspaper in the cities where heat supply for household uses is available. Such general conditions take effect 30 days after their first publication, without the need of an express written acceptance by customers.

(3) Within 30 days after the effective date of the general conditions, the customers who disagree with such conditions have the right to submit a statement to the relevant heat transmission company, proposing special conditions. Any special conditions differing from the general conditions as published, which are accepted by the heat transmission companies, are specified in supplemental written agreements.

Article 151. (1) Heat customers in a residential flat building may establish an association with which the heat transmission company may conclude a contract for sale of heat to be used by customers in the building.

(2) Any contract referred to in Paragraph (1) specifies:

1. the rights and obligations of contract parties;
2. the procedure for metering, reading and payment of the quantity of heat according to the readings of the heat meter in the subscriber sub- station;
3. warranties ensuring fulfillment of the obligations of the parties to the contract;
4. the liability for failure to perform obligations;
5. the procedure for consideration of customer claims;
6. the terms and procedure for termination of the contract.

(3) Any contract referred to in Paragraph (1) is concluded at a preferential price of heat for the association, fixed by the Commission at a proposal by the heat transmission companies.

(4) The contract for sale of heat at a preferential price is terminated upon dissolution of the association referred to in Paragraph (1) or upon cessation of a customer's membership in the association. As of the time of termination of the contract, the owners or users of properties in a residential flat building are considered to be heat customers.

Article 152. (1) The association referred to in Article 151 (1) is a voluntary association of all heat customers in a residential flat building. The registration of any such association is effected according to the procedure established by Chapter One of the Not-for-Profit Legal Entities Act. The court files in the register the particulars under Article 18 (1), pt. 1 to 3, 5, 6, 8 and 9 of the Not-for-Profit Legal Entities Act.

(2) The association referred to in Article 151 (1) is incorporated for enhancement and improvement of the living conditions and environment in residential flat buildings and may:

1. purchase heat from the heat transmission company in order to be used in the residential flat building;

2. take the readings of metering and heat distribution devices;

3. create new or update existing documentation with data about the heated facilities and hot water consumption;

4. exercise control over the heating units and water meters, including such where heat and hot-water delivery has been discontinued;

5. perform repair and adjustment of the building systems, whether independently or through other persons, including rehabilitation of the residential flat building;

6. take care of the building systems and residential flat building;

7. perform other activities related to the servicing of properties in the residential flat building;

8. carry out economic activity.

(3) The association referred to in Article 151 (1) is a legal person and does not distribute profit.

(4) The association is dissolved on the grounds and according to the procedure established by the Not-for-Profit Legal Entities Act.

(5) Upon dissolution, the association is liquidated. Liquidation is carried out by the Manager or by a person designated by the General Meeting. The provisions of the Commerce Act apply respectively to the insolvency or bankruptcy, as the case may be, to the procedure for liquidation and liquidator's powers.

(6) The incorporators adopt By-laws which must state:

1. association's corporate name;

2. purposes and means for their achievement;
3. seat;
4. amount of initial contributions;
5. objects of economic activity;
6. governing bodies;
7. powers of the association bodies;
8. rules regarding the start and termination of membership, as well as the procedure for settlement of property relations upon membership termination;
9. duration for which the association is incorporated, if applicable;
10. procedure for determination of the amount and manner of transfer of contributions.

(7) Each member has the right to participate in the management of the association, to be informed of the association's operation, to benefit from its property and the results of its activity according to a procedure established in the By-laws. Each member is obligated to make contributions in an amount provided for in the By-laws. Membership is terminated according to the procedure and in the manner established in the By-laws.

(8) Contributions by association members which do not exceed the amount owed by the association under the contract for sale of heat referred to in Article 151 do not form part of the association's economic activity.

(9) The General Meeting and the Manager are the bodies of the association.

(10) The General Meeting is composed of all members of the association who are heat customers.

(11) The General Meeting exercises the following powers:

1. amends and supplements the By-laws;
2. approves other internal acts;
3. elects and removes a Manager and a Liquidator;
4. admits, releases and expels members;
5. passes upon dissolution of the association;
6. adopts the guidelines and a program for the association's activity;
7. adopts the budget of the association;

8. decides whether membership dues and/or of contributions are due and their amount;

9. approves the report on the association's activity;

10. passes upon any other matters as provided for in the By-laws.

(12) Any resolution of the General Meeting is subject to judicial review as to its legal conformity with the law and By-laws, such review being within the competence of the district court exercising jurisdiction over the association's seat.

(13) The General Meeting is called to a session by the Manager on his or her own initiative or on a demand of one third of the association members. If the Manager fails to transmit a written notice of convening of the General Meeting within one week, the meeting is convened by the interested members or by a person authorized by them.

(14) Any notice of convening must specify the agenda, date, time and place of the General meeting, as well as the initiative for its convening.

(15) Any notice of convening is posted on the notice board in the building where the association management is located not later than one week before the appointed date.

(16) The General Meeting is legitimate if more than one half of all members are present, save as otherwise provided for by the By-laws. In case the required quorum is not present, the General Meeting session is adjourned to one hour thereafter at the same place and with the same agenda and can be held regardless of the membership attendance, save as otherwise provided for in the By-laws.

(17) No member of the General Meeting is entitled to vote on any matter affecting the member herself/himself, her/his spouse, or any lineal relative by blood up to any degree of kinship, or any collateral relative up to the fourth degree of kinship, or any relative by marriage up to the second degree of kinship.

(18) A single person may not represent more than three members of the General Meeting by a written authorization, unless the By-laws provide for a different representation quota or for a meeting of delegates. Re-authorization is not allowed.

(19) Each member of the General Meeting is entitled to one vote. The General Meeting passes resolutions by a majority of the members attending.

(20) The Manager of the association is a natural person who is a member of the association and who performs the following functions:

1. representation of the association;
2. ensuring implementation of the General Meeting resolutions;
3. disposal of the association's property in compliance with the provisions of the By-laws;
4. preparation of a draft budget and its submission to the General Meeting;

5. preparation of a report on the association's activities and its submission before the General Meeting;

6. adoption of decisions on any matter which are not within the General Meeting competence by virtue of the law or the By-laws;

7. carrying out of any other duties provided for in the By-laws.

Article 153. *(Last Amendment - SG No. 54/2012, in force as of 17.07.2012)* (1) *(Last Amendment - SG No. 54/2012, in force as of 17.07.2012)* All owners and holders of a real right of use in a residential flat building, who are connected to a subscriber sub-station or its separate branch, are considered heat customers and are obligated to install share distribution devices referred to in Article 140 (1), pt. 2 on the heating units in their properties and to a price for heat under the terms and according to the procedure established in the relevant ordinance under Article 36 (3).

(2) *(Last Amendment – SG No. 54/2010, in force as of 16.07.2010)* When the owners of, at least two-thirds ownership in the building - condominium, who are connected to a subscriber sub-station or to its separate branch, do not wish to be considered customers of heat for heating and/or for hot water supply, the owners and holders are obligated to declare this in writing to the heat transmission company and to request disconnection of the heat supply for heating and/or hot water supply from the subscriber sub-station or from its separate branch.

(3) The persons referred to in Paragraph (2) are considered heat customers until the date of disconnection of the heat supply.

(4) The heat transmission company is obligated to perform the disconnection as requested under Paragraph (2) within fifteen days after receipt of the application.

(5) If a heat share distribution system is applied, the customers in a residential flat building have no right to discontinue the delivery of heat to the heating units in their properties by means of physical disconnection of the heating units from the building system.

(6) *(Last Amendment - SG No. 54/2012, in force as of 17.07.2012)* Any customers in a residential flat building, who discontinue the heat delivery to the heating units in their properties, continue to be considered customers of the heat released by the building system and by the heating units in the common parts of the building.

Article 154. (1) *(Last Amendment, SG No. 59/2007)* In respect of any liabilities of customers remiss in payment and of the association referred to in Article 151 (1) to the heat transmission company, an enforcement order may be issued under Article 410 (1) of the Civil Procedure Code, regardless of the amount of liabilities. An equalizing bill for the respective year for which the liability applies must have been prepared in respect of the liabilities of any customers remiss in payment who have a share distribution system implemented.

(2) *(Repeal, SG No. 74/2006)*

Article 155. (*Last Amendment - SG No. 35/15.05.2015, in force as of 15.05.2015*) (1) (*Last Amendment, SG No. 74/2006*) Heat customers in a residential flat building pay for the heat consumed using one of the following options:

1. (*Last Amendment - SG No. 35/15.05.2015, in force as of 15.05.2015*) in 11 equal monthly installments and one equalizing installment;

2. in monthly installments calculated on the basis of a forecast consumption for the building and one equalizing installment;

3. on the basis of the actual monthly consumption.

(2) (*New - SG No. 35/15.05.2015, in force as of 15.05.2015*) The heat transmission undertaking or the heat energy provider invoices the consumed heat quantity on the basis of the actual consumption at least once a year.

(3) (*Former Par. 2 - SG No. 35/15.05.2015, in force as of 15.05.2015*) The rules for calculation of the forecast consumption and equalization of the bills for actually consumed heat by each individual customer are established by the ordinance under Article 125 (3).

Article 156. (1) Heat is measured by means of commercial metering devices owned by the heat transmission company and installed on the facilities property boundary.

(2) The property boundary of facilities:

1. between the producer and heat transmission company is the last stop valve of the producer;

2. between the heat transmission company or producer and business customers is the last stop valve upstream of the customer connecting mains;

3. between the heat transmission company and heat customers in a separate building or in a residential flat building is the last stop valve upstream of the distribution network of the building systems.

(3) Where the heat is metered by means of commercial metering devices installed on a site other than the property boundary under Paragraph (2), the manner of heat metering is regulated according to the ordinance under Article 125 (3).

Chapter Eleven

PROMOTION OF COMBINED POWER GENERATION

(Title Last Amendment, SG No. 49/2007)

Section I

Generation of Electricity from Renewable Energy Sources

Articles 157 - 160 (*Repeal, SG No. 49/2007*)

Article 161. *(Repeal, SG No. 74/20065)*

Section II

Generation of Electricity by Combined Heat Power Plants

Article 162. *(Last Amendment - SG No. 56/24.07.2015, in force as of 01.01.2016)* (1) *(Last Amendment - SG No. 56/24.07.2015, in force as of 01.01.2016)* The public provider, and the end suppliers respectively, are obligated to purchase from producers connected to the respective network the entire quantity of electricity from high efficiency cogeneration of heat and electricity, which is registered with a monthly certificate of origin, on preferential prices which are specified in accordance with the respective ordinance under art. 36, para. 3, with the exception of the quantity of electricity, necessary for the securing the operational reliability of the basic facilities, generated in addition to the quantity of electricity from cogeneration and the quantities which the producer uses for his own needs and own usage within the meaning of art. 119, para. 1, or has concluded contracts under the procedure of Chapter Nine, Section VII, or with which he participates on the balancing energy market, or which is used by non- household customers who are not on budget support and which, the producer with prevalent heat load for commercial needs supplies with heat. The quantities of electricity from high efficiency cogeneration of heat and electricity are bought up to the quantities, specified with a decision of the Commission for specifying the individual price of the installations.

(2) *(Last Amendment - SG No. 17/06.03.2015 in force as of 06.03.2015)* The producer may sell the quantities of electricity, outside of those under para. 1, on freely negotiated prices under the procedure of Chapter Nine, Section VII, or on the balancing market.

(3) *(Last amendment – SG No. 59/2013, in force as of 05.07.2013)* The method for metering the co-generated electricity is specified by an ordinance of the Minister of Energy depending on the type of technological cycle, the requirements for technical metering and recording devices for co-generated electricity and the criteria for establishing that a co-generated electricity is highly effective.

(4) *(Last Amendment - SG No. 56/24.07.2015, in force as of 01.01.2016)* The form, content, terms and procedure for issuing of monthly certificates of origin for electricity from combined electricity and heat generation is set forth an ordinance adopted by the Council of Ministers upon proposal of the Commission.

(5) *(New - SG No. 35/15.05.2015, in force as of 15.05.2015)* The European Commission is notified with reference to each refusal for recognition of a certificate of origin.

Article 162a. *(Last Amendment - SG No. 35/15.05.2015, in force as of 15.05.2015)* (1) *(Last Amendment - SG No. 35/15.05.2015, in force as of 15.05.2015)* The electricity transmission and distribution network operators perform priority connection of all power plants generating electricity using high-efficiency combined generation, having installed capacity up to 10 MW, to the transmission, or distribution network, respectively under lighter procedures according to the act under Art. 116 (2).

(2) Any costs required to connect the power plant to the respective network up to the border of ownership of electric facilities are for the producer's account.

(3) (*Last Amendment - SG No. 54/2012, in force as of 17.07.2012*) Expansion and reconstruction of the transmission and/or distribution network, related to the connection of the power plant under Paragraph (1), is carried out by the electricity transmission network operator or the electricity transmission and distribution network operator, as the case may be, respectively, after payment of a connection price.

(4) (*New - SG No. 35/15.05.2015, in force as of 15.05.2015 - SG No. 54/2012, in force as of 17.07.2012*) The electricity transmission network and the electricity distribution networks operators, upon observance of the security criteria specified with the rules under art. 83, para. 1, pt. 4 and 5 of this Act and art. 18, para. 1, pt. 1, 2 and 4 of the Energy from Renewable Sources Act, are obligated to:

1. ensure guaranteed access to the respective network for electricity, generated from high- efficiency cogeneration;
2. guarantee the transmission and the distribution of the electricity, generated from high- efficiency cogeneration;
3. ensure priority upon dispatching of electricity, generated from high- efficiency cogeneration.

Article 163. (*Last Amendment - SG No. 35/15.05.2015, in force as of 15.05.2015*) The criteria which must be met by the comprehensive assessment, the cost- benefit analysis and the analysis of the national potential for high- efficiency cogeneration under art. 4, para. 2, pt. 11 are specified with an ordinance, issued by the Minister of Energy.

Article 163a. (*New - SG No. 35/15.05.2015, in force as of 15.05.2015*) (1) Upon preparation of investment projects, a cost- benefit analysis in compliance with the ordinance under 163 is made with reference to installations with total thermal input of over 20 MW in the cases in which:

1. planning of new thermoelectric installations for electricity generation, for the purpose of cost- benefit assessment of the design of installation which is to function as a high- efficiency cogeneration installation;
2. substantial refurbishment of thermoelectric installation for electricity generation, for the purpose of cost- benefit assessment of the refurbishment of the installation into a high- efficiency cogeneration installation;
3. substantial refurbishment of industrial installation, generating waste heat at a useful heat level, for the purpose of the waste heat use for satisfying economically justified demand, including through cogeneration, as well as through the connection of this installation with a district heat or cooling network;
4. planning of new district heat or cooling network; upon existing district heat or cooling network, a new electricity generation installation or substantial refurbishment of existing installation is planned for the purpose of recovery of the waste heat from neighbouring industrial installations.

(2) Upon request made by the persons performing the cost- benefit analysis under para. 1, the undertakings responsible for the exploitation of district heating and cooling networks cooperate and submit the necessary information in the cases under para. 1, pt. 3 and 4.

(3) The mounting of equipment for sequestration of carbon dioxide released from a combustion plant is not considered refurbishment in the cases under para. 1, pt. 2, 3 and 4.

Chapter Twelve

GAS SUPPLY

Section I

General Provisions

Article 164. *(Last Amendment - SG No. 54/2012, in force as of 17.07.2012)* Gas supply is a totality of activities such as transmission, storage, distribution and delivery of natural gas for the purpose of meeting the customer demand.

Article 165. The facilities and installations for performance of the activities such as transmission, storage and distribution of natural gas within the national territory, which are interconnected, function within an integral natural gas transmission system with a common mode of operation.

Section II

Transmission, storage and distribution of natural gas, liquefied natural gas

(Last Amendment - SG No. 54/2012, in force as of 17.07.2012)

Article 166. *(Last Amendment - SG No. 54/2012, in force as of 17.07.2012)* Natural gas transmission and the service use of natural gas transmission network are effected by the gas transmission network operator licensed under Article 39 (1), pt. 2.

Article 167. *(Repeal - SG No. 54/2012, in force as of 17.07.2012).*

Article 168. *(Last Amendment - SG No. 54/2012, in force as of 17.07.2012)* (1) *(Former text of Art. 169, Last Amendment - SG No. 54/2012, in force as of 17.07.2012)* Natural gas is stored and natural gas and/or liquified natural gas are operated by a person licensed under Article 39 (1), pt. 4.

(2) *(New - SG No. 54/2012, in force as of 17.07.2012)* Natural gas storage facilities operator and/ or the liquefied natural gas storage facilities operator:

1. operate, maintain and develop, in market conditions, reliable and effective facilities for storage of natural gas and/ or liquefied natural gas;

2. provides the users of natural gas storage facilities and/ or liquefied natural gas storage facilities with equal access;

3. provides the gas transmission network operators, the operators of other storage facilities and/ or the the operators of other facilities for liquefied natural gas and/ or the gas distribution network operators with enough information so as to be guaranteed that the storage of natural gas is performed in a way, compatible with the safe and effective operation of the interconnected networks and facilities, and

4. provides the users of networks and facilities with the information they need for their efficient access.

Article 168a. (*New - SG No. 54/2012, in force as of 17.07.2012*) (1) Linepack of natural gas is performed by a gas transmission or gas distribution network operator.

(2) The network operator publishes on his internet web page data for the services provided with reference to the temporary storage of gas and annually, until 1 January, publishes the basic trading conditions for provision of these services.

Article 169. (*Last Amendment - SG No. 54/2012, in force as of 17.07.2012*) Natural gas is distributed and gas distribution works are operated by the gas distribution network operators licensed under Article 39 (1), pt. 3.

Article 170. (*Last Amendment - SG No. 54/2012, in force as of 17.07.2012*) (1) The gas transmission network operator ensures:

1. integrated management of the natural gas transmission network for the purpose of its reliable, safe and effective functioning;

2. transmission of natural gas through the gas transmission network and its metering;

3. maintenance of the facilities and installations of the natural gas transmission network in compliance with the technical requirements and the safe operation requirements;

4. development of the natural gas transmission network in compliance with the long-term forecasts and plans for development of the gas supply and outside them when it is economically justified;

5. maintenance and development of the auxiliary networks;

6. provision and management of the access of third parties on non-discriminatory basis between network users or group of network users upon observance of the quality requirements, and provides the users with the information, necessary for their efficient access to the network;

7. coordinated development and interoperability of the gas transmission network with interconnected gas transit systems;

8. the provision of the operators of other gas transmission networks, the natural gas storage facilities operators and/ or the liquefied natural gas storage facilities operators and/ or the gas distribution networks operators with enough information so as to be guaranteed that the transport and the storage are performed in a way, compatible with the safe and efficient operation of the interconnected networks and facilities;

9. sufficient cross-border capacity in view of integrating the European gas infrastructure upon meeting all reasonable economic conditions and technically feasible requirements for capacity and in view of observing the safe requirements related to the natural gas supply;

10. inclusion of gas from renewable sources in the gas transmission network when this is technically possible and safe.

(2) The natural gas transmission activity also includes:

1. representation of the natural gas transmission network operator and contacts with third parties, with the regulatory bodies of other states- Member States of the European Union, as well as representation within the European Network of Transmission System Operators for Gas (ENTSOG);

2. collecting of all due receivables related to the transmission, including to access, equalization payments for ancillary services such as processing of natural gas, purchase of services(balancing expenses, energy for losses coverage);

3. the operation, maintenance and development of safe, efficient and economical gas transmission network for the purpose of ensuring open market at environmental protection;

4. investment planning which ensures the long- term capacity of the network to cover, within reasonable frames, the demand and to guarantee the supply safety;

5. establishment of appropriate joint undertakings, including with one or more natural gas transmission network operators, energy exchanges and the other respective participants, for the purpose of local markets development or facilitation of the liberalization process, and

6. all corporate services, including legal services, accounting and services related to the information technologies.

(3) The operation of the natural gas transmission networks is performed in accordance with rules for management of the gas transmission networks adopted by the Commission upon a proposal made by the gas transmission networks operators.

(4) The gas transmission network operator at all times acts so as to ensure the availability of the resources, necessary for the implementation of the activities related to the transmission in an appropriate and efficient way and for development and maintenance of efficient, safe and economical transmission network.

Article 171. *(Last Amendment - SG No. 54/2012, in force as of 17.07.2012)* (1) The natural gas distribution network operator ensures:

1. the management of the natural gas distribution network for the purpose of its reliable, safe and effective functioning;

2. distribution of natural gas through the gas distribution network and its metering;

3. maintenance of the facilities and installations of the natural gas distribution network and the ancillary facilities in compliance with the technical requirements;

4. expansion, redevelopment and modernization of the natural gas distribution network in compliance with the requirements for environmental protection and energy efficiency and in compliance with the natural gas consumption forecasts, adopted by the Commission, and outside them, when this is economically justified;

5. inclusion of gas from renewable sources in the gas distribution network when this is technically possible and safe.

(2) The operation of the natural gas distribution networks is performed in accordance with rules for management of the gas distribution networks adopted by the Commission upon a proposal made by the gas distribution networks operators.

Article 172. (*Last Amendment - SG No. 54/2012, in force as of 17.07.2012*) (1) The operators of natural gas transmission networks and the operators of natural gas distribution networks are obliged to provide access upon equal conditions to its gas transmission and/ or gas distribution networks to the persons meeting the requirements specified with rules, adopted by the Commission, and to provide the network users with the information, necessary for an efficient access to the network.

(2) Access under para.1 may be refused due to lack of capacity or in case the provision of access might lead to breach of the technical requirements and security if the networks or might prevent the companies from fulfilling their universal services obligations, or if the provision of access might cause substantial economic and financial difficulties arising from contracts for delivery with a "take or pay" clause.

(3) The networks operators who refuse access due to the lack of capacity or lack of connection, perform the necessary improvements if this is economically expedient or when a potential customer wants to pay for them.

(4) The natural gas transmission network operator, the natural gas storage facility operator, the liquefied natural gas storage facility operator, respectively the natural gas distribution network operator is entitled the right to refuse access or temporarily suspend the transmission of natural gas or gas from renewable sources through the respective network, respectively- the storage in a storage facility or temporary storage due to:

1. discrepancy between the natural gas that has been supplied to the network or the natural gas storage facility or the natural gas from renewable sources storage facility and the quality requirements specified by the operator;

2. upon non- observance of the obligations under a contract for transport or storage or for access to a network or a storage facility, including upon non-observance of an obligation for payment of receivables due with reference to the provision of these services.

Article 172a. (*Last Amendment - SG No. 54/2012, in force as of 17.07.2012*) (1) (*Last Amendment - SG No. 54/2012, in force as of 17.07.2012*) Natural gas energy companies may file a request to the Commission for temporary relief of the gas transmission or distribution network operators of their obligations to grant access under Article 172 (1) in cases when granting such access would lead to serious economic and financial difficulties resulting from "take or pay" agreements concluded.

(2) The request under Paragraph (1) is submitted for each separate case before or immediately after the denial of access to the system.

(3) The request under Paragraph (1) is accompanied by detailed information about the type and scope of the economic and financial difficulties, and the measures taken to overcome such.

(4) The Commission grants temporary relief under Paragraph (1) when there is no other economically feasible option to grant access and after taking into account the following criteria:

1. fulfillment of obligations to the public and ensuring safety of supply;

2. (*Last Amendment - SG No. 54/2012, in force as of 17.07.2012*) the operator's position on the gas market and the actual state of competition on this market;

3. the degree of economic and financial difficulties;

4. (*Last Amendment - SG No. 54/2012, in force as of 17.07.2012*) the contract terms and conditions including the extent to which they include provisions on market changes;

5. the measures taken to overcome difficulties;

6. the degree to which, upon accepting the "take or pay" obligations, the company has been able to predict pursuant to the provisions of this Act the occurrence of serious difficulties;

7. (*Last Amendment - SG No. 54/2012, in force as of 17.07.2012*) The level of connectivity of the network with other networks and the degree of interaction of these networks;

8. the consequences of a temporary relief for the efficient application of the provisions of this Act, related to the development of a competitive market for natural gas.

(5) The Commission decision under Paragraph (4) is motivated.

(6) There are no serious difficulties under Paragraph (1), when:

1. natural gas sales have not fallen under the level of minimum contracted quantities on "take or pay" gas purchase contracts;

2. the terms of the respective "take or pay" gas purchase contract may be renegotiated.

(7) (*New - SG No. 54/2012, in force as of 17.07.2012*) The operator of the respective network who has not been granted temporary relief of its obligation to provide access under Art.172 (1) is not entitled the right to refuse access, nor to continue refusing access to the network due to "take or pay" obligations, arising from a natural gas purchase contract.

(8) *(Former Par. (7) - SG No. 54/2012, in force as of 17.07.2012)* The Commission notifies the European Commission immediately on any effective temporary relief decision under Paragraph (4) and submits the required information.

(9) *(Former Par. (8), Last Amendment - SG No. 54/2012, in force as of 17.07.2012)* After a request by the European Commission, the Commission may, within 28 days of receipt of the request, amend or repeal its decision under Paragraph (4), and notifies the European Commission thereof.

(10) *(Former Par. (9), Last Amendment - SG No. 54/2012, in force as of 17.07.2012)* The Commission notifies the European Commission in all cases, when the Commission does not amend or repeal its decision under Paragraph (9). In this case, the temporary relief is decided by the European Commission.

Article 172b. *(Last Amendment - SG No. 54/2012, in force as of 17.07.2012)* (1) The natural gas storage facilities operators and/ or the liquefied natural gas facilities operators provide access to the facilities, and the natural gas transmission networks operators- access to temporary storage services, under equal conditions of the persons meeting the requirements, specified with the rules under Art.172 (1).

(2) The natural gas storage facilities operators and/or the liquefied natural gas facilities operators may refuse access:

1. due to lack of capacity;

2. in case granting access would result in compromising the technical conditions and safety of the facilities;

3. in case granting access would prevent the operators from fulfilling their public services.

(3) The extraction companies are obliged to grant access to the upstream pipeline network under equal conditions of the persons meeting the requirements, specified by the rules under Art.172 (1), excluding the part of the network that is used for local extraction operations, upon observance of the applicable legislature, including in the sphere of environmental protection, spatial development planning and subsurface resources extraction.

(4) Upstream pipeline network operators may refuse access:

1. due to lack of capacity;

2. in case granting access would result in compromising the technical conditions and safety of the facilities;

3. in case granting of access would prevent the current or planned carbohydrate production, as well as upon affecting the interests of other users of the upstream pipeline network or connected processing or manipulation facilities;

4. in case of affected rights provided to the extraction company under the procedure of a special act, or the normative access requirements are not met.

Article 172c. (*Last Amendment - SG No. 54/2012, in force as of 17.07.2012*) (1) (*Last Amendment - SG No. 54/2012, in force as of 17.07.2012*) Upon any significant problems for the development of the gas transmission network and gas distribution networks in a separate area under Article 43 (5), and in order to promote investment, the Minister of Energy, on request from the interested parties, may submit a request to the European Commission for temporary relief from the application within this area of any provisions under Article 37 and Article 48, Chapter Four, Article 172 (1), and Article 197 (2) and obligations for operator's independence under Chapter Eight "a" and the opportunities for construction and operation of direct gas lines.

(2) The Minister of Energy evaluates the grounds for the request under Paragraph (1) after taking into account the following criteria:

1. need for infrastructure investment, which in a competitive market environment would not be economically feasible;

2. rate of return of the needed investment;

3. (*Last Amendment - SG No. 54/2012, in force as of 17.07.2012*) size and age of the gas network at the separate area;

4. prospects for the respective gas market development;

5. size, location, features, social-economic and demographic factors at the separate area.

(3) (*Last Amendment - SG No. 54/2012, in force as of 17.07.2012*) For newly-built gas transmission networks, a temporary relief may be granted only if within the separate area no other similar networks exist or if the existing ones have been built no more than 10 years ago. In these cases, the relief may not be for more than 10 years, starting on the date of the first delivery of natural gas to the separate area.

(4) (*Last Amendment - SG No. 54/2012, in force as of 17.07.2012*) For gas distribution networks, a temporary relief may be granted for a period of no more than 20 years since the first delivery of natural gas to the separate area.

(5) The Minister of Energy decides on the request within three months, and immediately after the act accepting the request as reasonable becomes effective submits a request for temporary relief to the European Commission.

Article 172d. (1) (*New - SG No. 54/2012, in force as of 17.07.2012*) Upon construction of a big new gas infrastructure, as well as upon significant increase in the capacity of the existing gas infrastructure and upon expansion, redevelopment and modernization of such infrastructure, which provide the opportunity for development of new gas supply sources, the Commission may grant temporary relief of the obligations for:

1. independence of the operator under Art.81c, Art.81g (2) and art.81l (2), pt.1;

2. granting of access;
3. regulation of the provided services prices.

(2) The temporary relief under para.1 is allowed when:

1. the investment stimulates natural gas deliveries competition and increases the safety of the deliveries;

2. the level of the risk related to the investment is such that it could not be made if a relief is not allowed;

3. the infrastructure is owned by a person who is separated, at least with reference to its legal form, from the operators in which systems the respective infrastructure is considered;

4. the users of the new infrastructure pay a price for its usage;

5. the relief must not affect negatively the competition or the effective functioning of the internal market in natural gas, or the effective functioning of the infrastructure to which the new infrastructure is connected.

(3) The owner or the operator of the new infrastructure under para.1 submits to the Commission a request for relief of the whole or a part of the capacity of the new infrastructure, enclosing rules for management and distribution of the new infrastructure capacity including:

1. the requirement all potential infrastructure users to be invited to take interest upon capacity negotiation prior the implementation of the distribution of the new infrastructure capacity, including with reference to own needs;

2. obligation, in case of overloading, the capacity which is not used to be offered at the market, and the infrastructure users to be entitled the right to trade with the negotiated capacity.

(4) Upon adoption of a relief decision, the Commission takes into account the results from the capacity distribution procedure under para.3, pt.1 for assessment of the fulfillment of the requirements specified in para.2, pt.1, 2 and 5, and approves the rules and mechanisms for management and distribution of the capacity.

(5) Upon adoption of a relief decision, the Commission examines the necessity of imposing of requirements with reference to the period of relief and the non-discriminatory access to the infrastructure by taking into account the auxiliary capacity that is to be built, or the change in the existing capacity, the operational period of the infrastructure and the national characteristics.

(6) The Commission considers the request under para.3 and adopts a reasoned decision. The decision is published at the internet web page of the Commission.

Article 172e. *(New - SG No. 54/2012, in force as of 17.07.2012)* (1) When the new gas infrastructure is located on the territory of the Republic of Bulgaria and at least one more

state- Member State of the European Union, the owner or the operator of the respective infrastructure submits a relief request to the Commission and the competent regulatory body of the respective state- Member State of the European Union.

(2) The Commission conducts a consultation with the competent regulatory bodies under para.1 for the purpose of reaching an agreement with reference to the relief request within six months as of the date on which the request has been received by the last regulatory body. When, within the fixed period, the Agency for the Cooperation of Energy Regulators/ ACER/ submits an advisory opinion on the request to the regulatory bodies, they may motivate their agreement related to the relief with the recommendations made by the ACER. The regulatory bodies notify ACER for the agreement reached. The Commission adopts a motivated decision with reference to the relief which is in compliance with the deals reached in the agreement.

(3) The Commission and the other competent regulatory body may request from ACER prolongation of the period under para.2 with not more than three months.

(4) The Agency for the Cooperation of Energy Regulators adopts a relief decision when, within the time limits under para.2 and 3, the regulatory bodies fail to reach an agreement with reference to the relief or upon their joint request.

Article 172f. (*New - SG No. 54/2012, in force as of 17.07.2012*) (1) The Commission immediately notifies the European Commission for each submitted relief request and for a decision under Art.172d (6) and Art.172e (2). To the notification for an adopted relief decision is enclosed all information related to it, including:

1. reasons for the adopted decision;
2. competition analysis and the effective functioning of the internal market;
3. motives for the relief period and the relieved part of the total infrastructure capacity;
4. the agreement with the other regulatory bodies upon a relief request under art.172e;
5. contribution of the infrastructure to the supply diversification.

(2) The Commission provides additional information upon request made by the European Union within the period, specified in the request or specified upon mutual consent between the Commission and the European Commission, or notifies the European Commission that it considers the notification under para.1 for complete.

(3) When the requested information is not provided within the period under para.2, the notification is considered withdrawn, unless the Commission has announced that it considers the notification to be complete.

(4) The Commission sets the decision related to the relief in compliance with the standpoint of the European Commission. The amendment or the withdrawal of the relief decision is made within one month, and the Commission notifies the European Commission about it.

(5) The relief decision goes into effect after conclusion of the procedures under para.1-4.

(6) The relief decision loses its effect two years after the standpoint of the European Commission, if, within this period the construction of the infrastructure has not started or if, within five years of its adoption, the infrastructure is not put into operation, unless the Commission, after consultations with the European Commission decides that the delay is a result of significant impediments which are out of the control of the person who is granted a relief.

Section III

Natural Gas Transactions

Article 173. *(Last Amendment - SG No. 54/2012, in force as of 17.07.2012)* (1) *(Last Amendment - SG No. 54/2012, in force as of 17.07.2012)* Transactions in natural gas are effected on the basis of written contracts in compliance with the provisions of this Act and of the natural gas trading rules adopted by the Commission. The rules are published by the energy company and the Commission on their internet web pages.

(2) The rules referred to in Paragraph (1) specify the manner of administering natural gas transactions.

Article 174. *(Last Amendment - SG No. 54/2012, in force as of 17.07.2012)* Transactions in natural gas are delivery, transmission through a gas transmission and distribution networks, and storage of natural gas.

Article 175. *(Last Amendment - SG No. 54/2012, in force as of 17.07.2012)* The following may be parties to transactions in natural gas:

1. a public provider of natural gas;
2. *(Repeal, SG No. 74/2006, in force as of 01.07.2007);*
3. gas extraction companies;
4. *(Last Amendment - SG No. 54/2012, in force as of 17.07.2012)* natural gas storage facilities operators;
 - 4a. *(New - SG No. 54/2012, in force as of 17.07.2012)* liquefied natural gas facilities operators;
5. *(Last Amendment - SG No. 54/2012, in force as of 17.07.2012)* natural gas transmission network operator;
 - 5a. *(New, SG No. 74/2006, in force as of as from the date of entry into force of the Treaty concerning the Accession of the Republic of Bulgaria to the European Union)* a combined operator;
6. *(Last Amendment - SG No. 54/2012, in force as of 17.07.2012)* natural gas distribution networks operators;
7. natural gas traders;

8. *(Last Amendment - SG No. 54/2012, in force as of 17.07.2012)* customers;

9. *(Repeal - SG No. 54/2012, in force as of 17.07.2012)*.

10. *(New, SG No. 74/2006, in force as of 01.07.2007)* natural gas end supplier;

11. *(Repeal - SG No. 54/2012, in force as of 17.07.2012)*.

Article 176. *(Last Amendment - SG No. 54/2012, in force as of 17.07.2012)* (1) *(Last Amendment - SG No. 54/2012, in force as of 17.07.2012)* Gas extraction companies or the natural gas trader on one hand, and the public provider of natural gas, the end natural gas suppliers, the natural gas storage facilities operators, liquefied natural gas facilities operators, the natural gas traders and the customers-on the other, concludes transactions with natural gas between themselves at freely negotiated prices.

(2) *(Last Amendment - SG No. 54/2012, in force as of 17.07.2012)* Gas extraction companies may conclude natural gas transmission transactions with the the gas transmission and distribution network operators.

(3) Gas extraction companies may conclude natural gas storage transactions with the natural gas storage operators.

(4) *(Last Amendment - SG No. 54/2012, in force as of 17.07.2012)* Gas extraction companies and natural gas customers inside and outside Bulgaria may construct direct gas pipelines between each other and may conclude contracts for delivery of natural gas through such gas pipelines.

(5) *(New - SG No. 54/2012, in force as of 17.07.2012)* The parties under para.1 and the gas transmission network operator concludes natural gas transactions for balancing of the market under conditions, procedure and rules for pricing of the natural gas earmarked for balancing, provided for with the rules under Art.173 (1).

Article 176a. *(Last Amendment - SG No. 54/2012, in force as of 17.07.2012)* The extraction companies, the public natural gas provider, end suppliers, facilities for storage of natural gas, facilities for liquefied natural gas operators, natural gas traders and customers may conclude natural gas supply transactions with resident persons of a European Union Member State.

1. *(Last Amendment - SG No. 54/2012, in force as of 17.07.2012)* when the extraction companies, the public natural gas provider, end suppliers, gas storage operators, natural gas traders and customers are entitled to free trade in natural gas under the law of the other country, and

2. *(Last Amendment - SG No. 54/2012, in force as of 17.07.2012)* on reciprocity principle, when the law of the other country makes a provision for free trade in natural gas for its customers.

Article 177. *(Last Amendment - SG No. 54/2012, in force as of 17.07.2012)* (1) *(Last Amendment - SG No. 54/2012, in force as of 17.07.2012)* The public provider of natural gas is a legal person registered under the Commerce Act or under the law of a European Union

Member State, or under the law of another country party to the European Economic Area Agreement, which may conclude natural gas delivery transactions with gas extraction companies, natural gas traders, the end suppliers and customers.

(2) *(Last Amendment - SG No. 54/2012, in force as of 17.07.2012)* The public provider of natural gas may conclude natural gas transmission transactions with the gas transmission and distribution companies.

(3) *(Last Amendment - SG No. 54/2012, in force as of 17.07.2012)* The public provider of natural gas may conclude natural gas storage transactions with the natural gas storage facilities operators and/ or the liquefied natural gas storage facilities operators.

(4) *(Repeal, SG No. 74/2006, in force as of 1.07.2007)*

Article 178. *(Repeal - SG No. 54/2012, in force as of 17.07.2012).*

Article 178a. *(Last Amendment - SG No. 54/2012, in force as of 17.07.2012)* (1) *(Last Amendment- SG No. 54/2012, in force as of 17.07.2012)* The end supplier is a person, licensed for its activity which provides natural gas supply to end customers connected to the gas distribution network, according to the rules under Art.21 (1), pt.10.

(2) For the purposes of supply under para.1, the end supplier concludes transactions for natural gas delivery with the public provider, with producers of natural gas from renewable sources and may conclude contracts for natural gas delivery with extraction companies and the natural gas traders.

Article 178b. *(Last Amendment - SG No. 54/2012, in force as of 17.07.2012)* The delivery of natural gas by the public provider and end suppliers is a public service within the meaning given by this Act.

Article 179. *(Last Amendment - SG No. 54/2012, in force as of 17.07.2012)* (1) A natural gas trader may be any Bulgarian or foreign legal person registered as a trader under the Commerce Act or under its national legislation.

(2) *(Last Amendment - SG No. 54/2012, in force as of 17.07.2012)* Regardless of the cases under Article 176a, natural gas traders conclude natural gas transactions with gas extraction companies inside or outside Bulgaria, customers, other natural gas traders, the public provider of natural gas, the end suppliers of natural gas and the natural gas storage facilities operators and/ or the liquefied natural gas storage facilities operators.

Article 180. *(Last Amendment - SG No. 54/2012, in force as of 17.07.2012)* (1) Every customer, connected to the gas transmission and/ or gas distribution network is entitled the right to choose natural gas provides notwithstanding in which state- Member State of the European Union the provider is registered, as long as the provider observes the rules under Art. 173 (1) and the requirements for safety of the deliveries.

(2) The network operator performs the replacement of the provider in compliance with the rules under Art. 173 (1) within three weeks after the receipt of the customer's written request.

(3) The replacement of the provider upon observance of the contractual conditions is not accompanied by additional obligations related to the customer.

(4) Upon selection of another provider, each provider prepares and sends final equalization payment within six weeks after the replacement of the provider.

(5) In case a delivery under par.1 is denied by a provider in another state- Member State of the European Union due to the fact that the customer is not entitled the right to choose provider in another state, upon request made by the customer, the Commission notifies the regulatory body of this state, and upon necessity- and the European Commission for initiation of activities related to revocation of the denial.

Article 181. *(Last Amendment - SG No. 54/2012, in force as of 17.07.2012)* Natural gas contracts are concluded:

1. *(Last Amendment - SG No. 54/2012, in force as of 17.07.2012)* at prices regulated by the Commission for public services of natural gas transmission, distribution and delivery;

2. *(Last Amendment - SG No. 54/2012, in force as of 17.07.2012)* upon freely negotiated prices between the parties- outside the cases under pt.1.

Article 182. *(Repeal - SG No. 54/2012, in force as of 17.07.2012).*

Article 183. *(Repeal, SG No. 74/2006, in force as of 1.07.2007)*

Article 183a. *(Last Amendment - SG No. 54/2012, in force as of 17.07.2012)* (1) The end supplier sells natural gas on publicly known general conditions.

(2) The general conditions include:

1. the conditions on supply quality;
2. information, provided by the supplier;
3. validity term of the contract;
4. the energy company liability for any violation of the general terms.

(3) The end supplier publishes the general terms in at least one national and one local daily publication.

(4) *(Last Amendment - SG No. 54/2012, in force as of 17.07.2012)* The published general conditions become effective for all customers, buying natural gas from an end supplier, without the need for express written acceptance.

(5) *(New - SG No. 54/2012, in force as of 17.07.2012)* Within thirty days after entry into force of the general conditions, the customers who are not content with them are entitled the right to submit to the respective natural gas end supplier a petition in which they offer special conditions. The special conditions which are adopted by the end supplier and which differ from the published general conditions are covered in the additional written agreements.

Article 183b. *(Last Amendment - SG No. 54/2012, in force as of 17.07.2012)* (1) *(Last Amendment - SG No. 54/2012, in force as of 17.07.2012)* End supplier's customers conclude an agreement with the distribution network operator on the transmission through distribution networks of the natural gas consumed by them on publicly known general conditions.

(2) The general conditions include:

1. the conditions on supply quality;
2. the terms for supply termination or suspension;
3. liability incurred by the energy company in the event of unwarranted suspension or poor quality of supply.

(3) *(Last Amendment - SG No. 54/2012, in force as of 17.07.2012)* The transmission and distribution network operator publishes the general conditions in at least one national and one local daily publication.

(4) *(Last Amendment - SG No. 54/2012, in force as of 17.07.2012)* The published general conditions become effective for all customers, buying natural gas from an end supplier, without the need for express written acceptance.

Article 184. *(Last Amendment - SG No. 54/2012, in force as of 17.07.2012)* The public provider and end suppliers of natural gas have the option to propose issuance of an enforcement order under Article 410 (1) of the Civil Procedure Code for their receivables for supply of natural gas regardless of the amount of such receivables.

Section IV

Operational Management

Article 185. *(Last Amendment - SG No. 17/06.03.2015 in force as of 06.03.2015)* (1) The centralized operational management, the coordination and control of the operation mode of the natural gas transmission network is performed by the natural gas transmission network operator through an operational management unit.

(2) The operational management of each natural gas distribution network is performed by a natural gas distribution network operator through an operational management unit.

(3) The directives of the operational management unit of the natural gas transmission network operator are mandatory for the operational management units of the natural gas distribution networks operators, the customers, the gas extraction companies, the producers of gas from renewable sources, the natural gas storage facilities operators and the operators of liquefied natural gas storage facilities which are connected to the gas transmission network.

(4) *(New - SG No. 17/06.03.2015 in force as of 06.03.2015)* The customers, connected to the gas- transmission or the gas- distribution network, are obligated to provide the authorised representatives of the gas- transmission operator with access to their own facilities or to the facilities of the operators installed in the customers' properties for the purpose of restriction or

suspension of the natural gas transmission in the cases provided for in this act or in the contracts for transmission and/ or supply of natural gas.

Article 186. *(Last Amendment - SG No. 54/2012, in force as of 17.07.2012)* (1) The natural gas transmission network operator ensures:

1. reliable, safe and efficient functioning of the gas transmission network;
2. transmission of natural gas through the natural gas transmission network in compliance with the quality requirements;
3. equality between the customers upon transmission of natural gas;
4. safe and efficient functioning of the auxiliary networks;
5. operational management of the operation modes of the natural gas storage facilities and the liquefied natural gas facilities connected to the gas transmission network upon supercharging and natural gas extraction.

(2) The natural gas transmission network operator ensures the energy that it uses for performance of its activity following transparent, non-discriminatory and market based procedures.

Article 186a. *(Last Amendment - SG No. 54/2012, in force as of 17.07.2012)* With reference to the combined operator, Chapter Eight "a" is applied.

Article 187. *(Last Amendment - SG No. 54/2012, in force as of 17.07.2012)* (1) *(Last Amendment - SG No. 54/2012, in force as of 17.07.2012)* For the purposes of natural gas metering, the gas transmission network operator ensures:

1. *(Last Amendment - SG No. 54/2012, in force as of 17.07.2012)* technical and metrological support, development and modernization of the commercial metering devices for the quantity of natural gas entering and leaving the gas transmission network;

2. maintenance of database with the readings of commercial metering devices of the quantity of natural gas referred to in pt. 1 and under transactions at freely negotiated prices and on the balancing market.

(2) *(Last Amendment - SG No. 54/2012, in force as of 17.07.2012)* The owners of natural gas commercial metering devices submit to the gas transmission network operator the readings taken by such devices regarding the transactions at freely negotiated prices and balancing transactions in natural gas.

(3) Parties to natural gas transactions have the right to receive information from the database regarding the quantities of natural gas traded by them under such transactions.

(4) The terms and procedure for maintenance of commercial metering devices, maintenance of the database and access to it are regulated by the rules referred to in Article 173 (1).

Article 188. *(Last Amendment - SG No. 54/2012, in force as of 17.07.2012)* (1) The natural gas transmission network operator administers the natural gas transactions at freely negotiated prices and organizes the balancing of the natural gas market in compliance with the rules under Article 173 (1).

(2) Upon arising of circumstances, endangering the security of the operation of the natural gas transit system or parts of it, the natural gas transmission network operator is entitled the right to temporarily suspend the implementation of transactions or to change the negotiated quantities of natural gas under conditions and way, specified in the rules under Article 173 (1).

(3) The natural gas transmission network operator provides information related to the forecast natural gas consumption, limitation in the natural gas transit system, check-ups for natural gas prices upon balancing of the market with reference to past periods and other information which the participants need.

Article 189. *(Last Amendment - SG No. 54/2012, in force as of 17.07.2012)* (1) *(Last Amendment - SG No. 54/2012, in force as of 17.07.2012)* The gas transmission network operator is a party to all natural gas market balancing transactions.

(2) *(Last Amendment - SG No. 54/2012, in force as of 17.07.2012)* The gas transmission network operator generates no profit from any transactions referred to in Paragraph (1).

(3) The costs of performance of the functions referred to in Article 188 are considered as economically justified costs under Article 31, pt. 2.

Article 190. *(Last Amendment - SG No. 54/2012, in force as of 17.07.2012)* Gas distribution network operators ensure:

1. reliable, safe and efficient functioning of the distribution network;
2. *(Last Amendment - SG No. 54/2012, in force as of 17.07.2012)* distribution of natural gas to customers while in compliance with security and quality requirements;
3. secure and efficient functioning of ancillary networks;
4. *(Last Amendment - SG No. 54/2012, in force as of 17.07.2012)* equal treatment of customers upon natural gas distribution;
5. *(New - SG No. 54/2012, in force as of 17.07.2012)* to the natural gas transmission network operator, the operators of other distribution networks, the operators of natural gas storage facilities and the operators of liquefied natural gas facilities, enough information so as to guarantee that the transit and the storage of natural gas is performed in such a way that it compatible with the safe and efficient operation of the interconnected network.

Article 190a. *(Last Amendment - SG No. 54/2012, in force as of 17.07.2012)* (1) When a natural gas distribution network operator is part of a vertically integrated undertaking, its activities must be independent from the other activities, which are not related to distribution, in terms of legal organizational form and decision making.

(2) For the purpose of ensuring the natural gas distribution network operator's independence under para.1, the persons responsible for the management, including the operational management of the gas distribution networks:

1. may not participate in the management of the other companies of the vertically integrated undertaking which perform extraction, transmission, public delivery, public supply and trade in natural gas;

2. take independent decisions upon fulfilling their duties under this Act;

3. do not allow discriminatory actions upon fulfilling their obligations under this Act.

(3) The natural gas distribution network operator prepares a program, indicating the measures for achieving the goal under para.1 and 2 , which contains specific obligations of the employees for its implementation.

(4)The natural gas distribution network operator designates a compliance officer, responsible for exercising control over the implementation of the program under para.3 and ensures his independence, as well as his access to the information related to the natural gas distribution network operator and all companies connected to it which is necessary for performance of his duties.

(5) The natural gas distribution network operator prepares an annual report on the measures under para.3, which is presented to the Commission by the compliance officer and is published in compliance with Art.15.

(6) The natural gas distribution network operator, in its communications and upon using its trade mark, does not cause misunderstanding with reference to its separate identity from the part/ parts of the vertically integrated undertaking, performing the natural gas deliveries.

(7) The provisions under para.1-6 are not applied with reference to vertically integrated undertakings for natural gas, when the respective natural gas distribution network has at least 100 000 natural gas end customers connected to it.

Article 191. *(Last Amendment - SG No. 54/2012, in force as of 17.07.2012)* The natural gas transmission and distribution networks operators, the natural gas storage facilities and the operators of liquefied natural gas facilities are obliged to respect the confidentiality of the information, which is a commercial secret, obtained upon or in connection with the fulfillment of their obligations, as well as to provide information related to the activities in a non-discriminatory manner.

Article 192. *(Last Amendment - SG No. 54/2012, in force as of 17.07.2012)* The terms and procedure for the performance of the activities of the natural gas transmission and distribution networks operators, natural gas storage facilities operators and the operators of liquefied natural gas facilities are specified with an ordinance of the Minister of Energy.

Section V

Natural Gas Metering

Article 193. Natural gas is transmitted through a natural gas transmission network using high-pressure gas pipelines to the outlets of natural gas metering stations or natural gas regulation stations.

Article 194. *(Last Amendment - SG No. 54/2012, in force as of 17.07.2012)* Natural gas is distributed through the natural gas distribution network from the outlets of natural gas metering stations or from outlets of natural gas regulation stations of the transmission network to the customer natural gas metering device.

Article 195. *(Last Amendment - SG No. 54/2012, in force as of 17.07.2012)* (1) *(Last Amendment - SG No. 54/2012, in force as of 17.07.2012)* The quantity of natural gas destined for customers connected to the gas transmission network are metered by means of commercial metering devices which are owned by the transmission network operator.

(2) *(Last Amendment - SG No. 54/2012, in force as of 17.07.2012)* The quantity of natural gas destined for customers connected to the gas distribution network is metered by means of commercial metering devices owned by the gas distribution network operator.

(3) *(Last Amendment - SG No. 54/2012, in force as of 17.07.2012)* The quantity of natural gas intended for storage is metered by means of commercial metering devices owned by the company licensed under Art. 39 (1), pt. 4.

(4) *(Last Amendment - SG No. 54/2012, in force as of 17.07.2012)* Natural gas customers or owners in whose properties commercial metering devices are installed are obliged to provide access to them to the authorized representatives of the natural gas transmission or distribution network operators for the purpose of installation and inspection, reading and maintenance of the metering devices.

(5) *(Last Amendment - SG No. 54/2012, in force as of 17.07.2012)* The natural gas transmission and natural gas distribution networks operators, the natural gas storage facilities operators and the operators of liquefied natural gas facilities determine the location and the type of the commercial metering devices that are to be installed.

Section VI

Connection to Natural Gas Pipeline Network

Article 196. *(Last Amendment - SG No. 54/2012, in force as of 17.07.2012)* (1) Connection to the natural gas transmission and natural gas distribution networks is performed under terms and procedure specified in an ordinance, adopted by the Commission.

(2) Connection to the natural gas transmission and/ or natural gas distribution networks of the extraction companies, natural gas storage facilities, liquefied natural gas facilities, distribution networks, plant for extraction of natural gas from renewable sources and end customers is performed at prices, fixed in accordance with the procedure of the respective ordinance under Art. 36 (3) and on the basis of a written contract concluded between the natural gas transmission network operator, respectively the natural gas distribution network operator, and the person who is to be connected.

Article 197. (*Last Amendment - SG No. 54/2012, in force as of 17.07.2012*) (1) The natural gas transmission network operator is obliged to connect to its network, at an interconnection point designated by it, plants of the natural gas distribution networks, extraction companies, natural gas storage facilities, liquefied natural gas facilities and plants for extraction of natural gas from renewable sources.

(2) Non-household customers of natural gas may also be connected to the transmission network.

(3) The natural gas transmission network operator specifies the technically possible connection point upon observance of the criteria for safe functioning of the natural gas transit system and in compliance with the plans for development of the natural gas transmission network under the conditions and procedure of the ordinance under Art. 196 (1).

(4) The natural gas transmission network is obliged to perform expansion and redevelopment of the natural gas transmission network which are related to the connection to the interconnection point.

(5) The natural gas transmission network operator may refuse the connection to the natural gas transmission network in case:

1. there is lack of capacity of the network;

2. there is lack of link with the network and the performance of improvement is economically non-expedient;

3. there is no technical possibility for connection of a natural gas extraction from renewable sources plant or the gas, extracted from renewable sources does not meet the quality requirements specified in the rules under Art. 170 (3).

(6) In case of refusal under para.5, pt.1 and 2, the extraction companies, the producers of natural gas from renewable sources, the natural gas storage facilities operators, the operators of liquefied natural gas facilities and the non-household customers of natural gas may construct, at their expense, gas pipeline to the natural gas transmission network.

(7) The owner of a gas pipeline is obliged to ensure its servicing, maintenance and repairs.

(8) Upon request made by the owner, a network operator, against payment, may service, maintain and repair a gas pipeline which connects non-household customer to the respective network.

(9) The customers, connected to the gas transmission network, upon technical possibility and free capacity, provide their own facilities for usage to the respective natural gas distribution network operator, which has been granted a license, for the purposes of natural gas distribution to other customers within the area for which the license has been granted. The use is provided after the conclusion of a contract at a price, fixed under a method, approved by the Commission. The contract with the license holder settles the usage conditions, including the conditions related to the operational management and metering the natural gas which is supplied to each customer, including to the person providing the use, for the purpose

of guaranteeing integrated operational management and metering of the natural gas quantities supplied to the customers. Upon failure to reach an agreement, the Commission directs the provision of the usage and the payment at a price, fixed by the Commission in accordance with the methods.

Article 198. *(Last Amendment - SG No. 54/2012, in force as of 17.07.2012)* The gas distribution network operators are obligated to build the gas distribution network for their own account up to the interconnection point designated by the gas transmission network operator.

Article 199. *(Last Amendment - SG No. 54/2012, in force as of 17.07.2012)* (1) The natural gas distribution network operator is obliged to connect to the networks the facilities of customers and plants for extraction of natural gas from renewable sources located in the area for which the company is licensed, to perform distribution of natural gas upon non-discriminatory conditions upon observance of the technical requirements for reliability and safety.

(2) The natural gas distribution network operator may connect to its network facilities of extraction companies, natural gas storage facilities and the liquefied natural gas facilities.

(3) The natural gas distribution network operator specifies the technically possible interconnection point in compliance with the plans for development of the natural gas distribution network under the conditions and procedure of the ordinance under Art.196 (1).

(4) The natural gas network operator is obliged to perform expansion and redevelopment of the natural gas distribution network related to the connection to the interconnection point.

(5) The natural gas distribution network operator may refuse the connection to the natural gas distribution network in case there is a lack of:

1. network capacity;

2. connection with the network and the network improvement is economically non-expedient;

3.the technical possibility for connection of a natural gas extraction from renewable sources plant or the gas, extracted from renewable sources does not meet the quality requirements specified in the rules under Art.171 (2).

(6) In case of refusal under para.5, pt.1 and 2, Art.197 (6) is respectively applied.

(7) After having received permission from the Commission, the natural gas distribution network operator may connect natural customer who is located on the territory of another natural gas distribution license holder, only when this is technically and economically expedient and is in customers interest.

(8) The branches and the facilities for connection of the customers to the respective natural gas distribution network are constructed by a natural gas distribution network operator.

Article 200. (*Last Amendment - SG No. 98/28.11.2014, in force as of 28.11.2014*) (1) (*Last Amendment, SG No. 95/2005*) The layout and safe operation of the transmission and distribution gas pipelines, natural gas facilities, installations and appliances, are regulated by an ordinance adopted by the Council of Ministers on a proposal by the Minister of Energy and Energy Resources and the Chairperson of the Metrological and Technical Surveillance State Agency.

(2) (*Last Amendment - SG No. 98/28.11.2014, in force as of 28.11.2014*) The technical rules and standard specifications for design, construction and use of the facilities and installations for natural gas transmission, storage, distribution and delivery are determined by an ordinance of the Minister of Regional Development and Public Works and the Minister of Energy and Energy Resources.

(3) (**Last Amendment**, SG No. 95/2005) The layout and safe operation of oil pipelines and petroleum product pipelines within the territory of the Republic of Bulgaria are stipulated in an ordinance adopted by the Council of Ministers on a proposal by the Minister of Energy and energy Resources and the Chairperson of the Metrological and Technical Surveillance State Agency.

Chapter Thirteen

COERCIVE ADMINISTRATIVE MEASURES

Article 201. (*Last Amendment - SG No. 54/2012, in force as of 17.07.2012*) (1) The Commission or the Minister of Energy and Energy Resources imposes the measures under Paragraph (2) if they establish that the legal persons controlled under this Act, their employees or persons who, under contract, perform managerial functions there or conclude transactions for their account, have committed or are committing any acts by which:

1. they violate any provisions of this Act, of the statutory instruments on their application, of acts issued by the Commission and by the Minister of Energy and Energy Resources;

2. (*Last Amendment - SG No. 54/2012, in force as of 17.07.2012*) they endanger and harm the security of the energy system, public interests, or interests of electricity, heat and natural gas customers or of other energy companies;

3. they breach the conditions for performance of the licensed activity;

4. they prevent the exercise of control activities by the Commission or by the Minister of Energy and Energy Resources.

(2) In the cases under Paragraph (1), for the purpose of prevention or cessation of the violations, as well as for elimination of the harmful consequences of such violations, the Commission or the Minister of Energy and Energy Resources or persons authorized by them, each acting according to the competence assigned to it, impose the following coercive administrative measures:

1. (*Last Amendment - SG No. 54/2012, in force as of 17.07.2012*) order in writing:

(a) to cease performance of particular actions or mandatorily undertake such actions within a prescribed time limit;

(b) to conduct expert assessments, inspections, tests of facilities and installations, their parts, systems or components;

(c) to change operating conditions of energy facilities, their parts, systems or components;

(d) to modify designs and structures relevant to the safety of persons and networks;

(e) to certify the staff, including testing of knowledge and skills, organizing training and qualification courses;

2. to order the licensee to convene a general meeting and/or to schedule a meeting of the management or supervising bodies with a preset agenda for adopting decisions on the measures that have to be taken;

3. order in writing a suspension or limitation of the licensed activity;

4. appoint a special manager in the cases provided for in this Act.

5. (*New – SG No. 54/2010, in force as of 16.07.2010*) assign audit of the activity of the persons subject to supervision under this Act who shall pay the expenses thereof.

(3) The act imposing a coercive administrative measure establishes an appropriate time limit for its execution. Coercive administrative measures are applied until elimination of the reasons that led to the imposition of such measures.

(4) (*New – SG No. 54/2010, in force as of 16.07.2010*) The persons conducting the audit under Paragraph 2, Pt. 5 have the rights under Article 78, Paragraph 2, Pts. 1 – 3 and the obligations under Article 79, and the audited persons – the obligations under Article 78, Paragraph 3.

(5) (*New – SG No. 54/2010, in force as of 16.07.2010*) The persons conducting the audit under Paragraph 2, pt. 5, the terms and procedure for assigning and conducting of the audit are set forth in the regulation under Article 60.

Article 202. (*Last Amendment - SG No. 54/2012, in force as of 17.07.2012*) (1) Coercive administrative measures under Art. 201 are imposed on the basis of a memorandum of ascertainment, drawn up by the persons entitled the right to exercise control under this Act, with a substantiated decision adopted by the Commission or an ordinance of the Minister of Energy. The interested party is notified within seven days after the decree.

(2) The notification under para.1 may be effected by means of registered post with acknowledgment of receipt, telegram, telex, facsimile machine or a telephone call. The notification made by means of a registered post with acknowledgment of receipt or a telegram are certified by the acknowledgment of receipt, of a telephone call - in writing by the respective official who has made it, and of telex or a facsimile machine- with a written confirmation for sent notification.

(3) When the notifications under para.1 are not received at the address, telephone number, telex or a facsimile number specified by the person, they are considered effected as of their posting in a place, expressly provided for this purpose, in the building of the Commission or of the Ministry of the Energy. The latter circumstance is certified by a memorandum, drawn up by officials, specified with an ordinance of the Commission's chairperson or the Minister of the Energy.

Article 203. *(Last Amendment - SG No. 17/06.03.2015 in force as of 06.03.2015)* (1) *(Last Amendment - SG No. 17/06.03.2015 in force as of 06.03.2015)* Any decision referred to in Article 202 (1) may be appealed under Administrative Code care of the Commission or care of the Minister of Energy and Energy Resources within fourteen days after communication of the decision.

(2) Any decision or any order imposing a coercive administrative measure is subject to immediate execution.

(3) An appeal against any decision imposing a coercive administrative measure does not suspend the execution of the decision.

Article 204. In so far as any specific rules are not provided for in this chapter, the provisions of the Administrative Procedure Code apply.

Chapter Fourteen

ADMINISTRATIVE PENALTY PROVISIONS

Article 205. *(Last Amendment - SG No. 54/2012, in force as of 17.07.2012)* (1) *(Last Amendment - SG No. 54/2012, in force as of 17.07.2012)* Any person, who performs or allows the performance of any activities under this Act without a license in the case where a license is required, is liable to a fine between BGN 1,000 and BGN 15,000, unless subject to more severe sanction.

(2) *(Last Amendment - SG No. 54/2012, in force as of 17.07.2012)* Where the violations referred to in Paragraph (1) have been committed by a legal person or a sole trader, a pecuniary penalty of BGN 20,000 or more but not exceeding BGN 150,000 is imposed.

(3) A repeated violation is punishable by a fine or a pecuniary penalty, as the case may be, equal to three times the maximum amount of the fine or pecuniary penalty, as the case may be, as fixed under Paragraphs (1) and (2).

Article 206. *(Last Amendment - SG No. 17/06.03.2015 in force as of 06.03.2015)* (1) *(Last Amendment - SG No. 17/06.03.2015 in force as of 06.03.2015)* An energy company that violates provisions of this Act, the secondary legislation on its implementation, the control and implementation of which is assigned to the Commission, to joint or individual administrative acts of the Commission, legally binding decisions of ACER or the conditions of the license granted to it, is imposed a property sanction amounting from BGN 200 000 to BGN 1 000 000.

(2) For violations under para.1, an electricity transmission network operator, natural gas transmission network operator, combined operator which has functions of a transmission

network operator or a vertically integrated undertaking is imposed a property sanction amounting up to 10 percent of the annual turnover of the operator, respectively- of the annual turnover of the vertically integrated undertaking.

(3) Upon repeated violation under para.1, the property sanction is in triple amount, specified under the maximum amount of the sanction under para.1.

Article 207. *(Last Amendment - SG No. 54/2012, in force as of 17.07.2012)* (1) ***Last Amendment, SG No. 49/2007***) Any energy company, which refuses in violation of the law:

1. to establish a connection to the relevant energy networks;

2. to conclude a contract for sale of electricity, heat or natural gas;

3. *(Last Amendment - SG No. 54/2012, in force as of 17.07.2012)* to provide access to electricity and natural gas transmission or distribution networks, to provide access to natural gas storage facilities or a person applying incorrectly the criteria for provision of access, is liable to a pecuniary penalty of BGN 20,000 or more but not exceeding BGN 1,000,000.

(2) In case of repeated violation, the pecuniary penalty is equal to three times the maximum amount of the pecuniary penalty as fixed under Paragraph (1).

Article 207a. *(New - SG No. 54/2012, in force as of 17.07.2012)* (1) Energy company which uses restricting contractual practices and exclusiveness regulations which may prevent non-household customers from conclusion of contracts with more than one provider at the same time or to limit their choice of providers, is imposed a property sanction amounting from BGN 50 000 to BGN 1 000 000.

(2) Upon repeated violation, the property sanction is in triple amount, specified under the maximum amount of the sanction under para.1.

Article 207b. *(Last Amendment - SG No. 35/15.05.2015, in force as of 15.05.2015)* (1) *(Last Amendment - SG No. 35/15.05.2015, in force as of 15.05.2015)* Energy company which has violated Art.37, Art.38a (2), Art.38b, Art.38c (1), Art.38d, Art.38d (1), Art. 38e, Art.38f or Art.38g is imposed a property sanction amounting from BGN 50 000 to BGN 200 000.

(2) Upon repeated violation, the property sanction is in triple amount, specified under the maximum amount of the sanction under para.1.

Article 208. *(Last Amendment - SG No. 17/06.03.2015 in force as of 06.03.2015)* (1) *(Last Amendment - SG No. 17/06.03.2015 in force as of 06.03.2015)* Any energy company which fails to provide information in the cases provided for in this Act, in the secondary legislative acts on its implementation and requested by the Minister of Energy as well as the persons under art. 78, para. 1 is imposed a proprietary sanction amounting from BGN 5 000 to BGN 50 000.

(2) In case of repeated violation, the pecuniary penalty is equal to three times the maximum amount of the pecuniary penalty as fixed under Paragraph (1).

Article 209. (*New - SG No. 17/06.03.2015 in force as of 06.03.2015*) (1) Any energy company which provides false information in the cases provided for in this Act, in the secondary legislative acts on its implementation and requested by the Minister of Energy, the Chairperson of the Commission, the bodies of the Public Financial Inspection Agency as well as the persons under art. 78, para. 1 is imposed a proprietary sanction amounting from BGN 5 000 to BGN 100 000.

(2) Upon repeated violation, the proprietary sanction is in a triple amount, specified in accordance with the maximum amount of the sanction under para. 1.

Article 210. (1) Any person under Article 30 (1) which sells electricity, heat or natural gas at prices subject to regulation without such prices having been approved or fixed by the Commission or at prices higher than the prices approved or fixed by the Commission according to Article 30, is liable to a pecuniary penalty of BGN 7,000 or more but not exceeding BGN 20,000.

(2) In case of repeated violation, the pecuniary penalty is equal to three times the maximum amount of the pecuniary penalty as fixed under Paragraph (1).

Article 211. (1) (*Last Amendment – SG No. 54/2010, in force as of 16.07.2010*) Any energy company, which fails to comply with the standards for building and storage of stocks of fuels by electric power and/or heat generation plants, is liable to a pecuniary penalty of BGN 20,000 or more but not exceeding BGN 200,000.

(2) In case of repeated violation, the pecuniary penalty is equal to three times the maximum amount of the pecuniary penalty as fixed under Paragraph (1).

Article 212. (*Repeal, SG No. 49/2007*)

Article 212a. (*New, SG No. 74/2006*) (1) Any legal person or a sole trader, who, in violation of Article 139a (1), performs share distribution activities in violation of the registration regime, is liable to a pecuniary penalty between BGN 5,000 and BGN 10,000.

(2) In case of repeated violation, the pecuniary penalty is equal to three times the maximum amount of the penalty under Paragraph (1).

Article 213. (1) (*Last Amendment, SG No. 74/2006*) Any person, who fails to comply with the technical conditions and procedure set for heat supply, for disconnection of heat supply and the rules for share distribution of heat under Article 125 (3), is liable to a pecuniary penalty of BGN 10,000 or more but not exceeding BGN 25,000.

(2) In case of repeated violation, the pecuniary penalty is equal to three times the maximum amount of the pecuniary penalty as fixed under Paragraph (1).

Article 213a. (*Last Amendment - SG No. 54/2012, in force as of 17.07.2012*) (1) Any person under Article 139, Paragraph 1 who does not offer signing of contract pursuant to Article 140, Paragraph 5, is liable to a fine between BGN 1000 and BGN 5000.

(2) (*Last Amendment - SG No. 54/2012, in force as of 17.07.2012*) Any customers – legal persons or sole traders that do not sign a contract under Article 140 (5), are liable to a fine between BGN 100 and BGN 300.

Article 214. (*Last Amendment, SG No. 74/2006*) A fine of BGN 1000 or more but not exceeding BGN 5000 is imposed on any person, unless subject to a more severe sanction:

1. who disrupts the normal electricity supply, heat supply or natural gas supply;
2. who causes the introduction of a scheduled outage regime;
3. who uses heat without the quantities being metered by means of a commercial metering device and/or without having such heat distributed to it upon share distribution, or who alters the readings of commercial metering and recording devices, or impedes the proper functioning of such devices.

(2) In case of repeated violation under Paragraph (1), the fine is equal to two times the maximum amount of the fine referred to in Paragraph (1).

Article 215. (*Last Amendment – SG No. 54/2010, in force as of 16.07.2010*) (1) Anyone who obstructs or allows obstruction to the performance of obligations under this Act by officials, control authorities, persons conducting expertise, measurements and tests under Article 78, Paragraph 2, Pt. 2, and persons conducting audit under Article 201, Paragraph 2, Pt. 5 is liable to a fine of between BGN 100 and BGN 1000.

(2) When the violation under Paragraph 1 has been committed by a legal person or sole trader, a pecuniary penalty between BGN 1000 and BGN 2000 is imposed thereof.

(3) Anyone who fails to perform the prescriptions of officials or control authorities or who allows non-performance of such prescriptions, is liable to a fine between BGN 500 to BGN 5000 or a pecuniary penalty between BGN 2000 and BGN 10000.

(4) Anyone who fails to comply with an effective decision of the Commission, is liable to a fine between BGN 3,000 to BGN 10000 or to a pecuniary penalty between BGN 20,000 and BGN 60,000.

Article 216. (*Last Amendment – SG No. 54/2010, in force as of 16.07.2010*) Any official, control authority, person performing expertise, measurements and tests under Article 78, Paragraph 2, Pt. 2, as well as person conducting audit under Article 201, Paragraph 2, Pt. 5, who does not fulfill his/her duties under this Act, is liable to a fine between BGN 1000 and BGN 5000.

Article 217. A repeated violation under Articles 215 and 216 is punishable by a fine equal to three times the maximum amount of the fine or pecuniary penalty.

Article 218. (1) Any violation under Article 214, which is committed by a legal person or by a sole trader, is punishable by a pecuniary penalty of BGN 5,000 or more but not exceeding BGN 10,000.

(2) In case of repeated violation, the pecuniary penalty is equal to five times the maximum amount of the pecuniary penalty as fixed under Paragraph (1).

Article 219. *(Last Amendment - SG No. 54/2012, in force as of 17.07.2012)* (1) *(Last Amendment - SG No. 54/2012, in force as of 17.07.2012)* Any official in an energy company, who allows the commission of any violation under Articles 206, 207, 207a, 207b, 210, 211, is liable to a fine of BGN 1,000 or more but not exceeding BGN 8,000.

(2) In case of repeated violation under Paragraphs (1) to (4), the fine is equivalent to three times the maximum amount of the fine referred to in Paragraph (1).

Article 220. *(Last Amendment - SG No. 54/2012, in force as of 17.07.2012)* (1) *(Last Amendment - SG No. 54/2012, in force as of 17.07.2012)* Any person, who fails to act or allows another to fail to act on an operator's instruction referred to in Article 109 (2), Article 113 (2), Article 131 (3) and Article 185 (3) or fails to perform his obligation under Article 195 (4), is liable to a fine of BGN 500 or more but not exceeding BGN 5,000.

(2) Any violation under Paragraph (1), which is committed by a legal person or by a sole trader, is punishable by a pecuniary penalty of BGN 10,000 or more but not exceeding BGN 20,000.

(3) A repeated violation is punishable by a fine or a pecuniary penalty, as the case may be, equal to three times the maximum amount of the fine or pecuniary penalty, as the case may be, as fixed under Paragraph (1) or (2).

Article 221. (1) Any energy company whose operator does not comply with Article 73 (2), is liable to a pecuniary penalty of BGN 20,000 or more but not exceeding BGN 50,000.

(2) In case of repeated violation, the pecuniary penalty is equal to three times the maximum amount of the pecuniary penalty as fixed under Paragraph (1).

Article 222. *(Last Amendment - SG No. 54/2012, in force as of 17.07.2012)* (1) *(Last Amendment - SG No. 54/2012, in force as of 17.07.2012)* Any person who fails to perform his obligation under Art.117 (8), Art.138 (3) and Art.197 (9) is imposed a fine amounting from BGN 500 to BGN 5000.

(2) Any violation under Paragraph (1), which is committed by a legal person or by a sole trader, is punishable by a pecuniary penalty of BGN 30,000 or more but not exceeding BGN 50,000.

(3) A repeated violation is punishable by a fine or a pecuniary penalty, as the case may be, equal to three times the maximum amount of the fine or pecuniary penalty, as the case may be, as fixed under Paragraph (1) or (2).

Article 223. Any person, who violates any mandatory provisions of the statutory instruments on this Act's application, is sanctioned by the administrative sanctioning authority by a fine of BGN 500 or more but not exceeding BGN 1,000, unless subject to a more severe sanction, or by a pecuniary penalty of BGN 5,000 or more but not exceeding BGN 10,000.

Article 224. Any person referred to in Article 79 (1), who discloses, provides, publishes, uses or disseminates in any other manner any data and circumstances constituting an official secret, is liable to a fine of BGN 2,000 or more but not exceeding BGN 5,000.

Article 224a. (*Last Amendment - SG No. 54/2012, in force as of 17.07.2012*) (1) (*Last Amendment - SG No. 54/2012, in force as of 17.07.2012*) Electricity transmission network operator who fails to observe the requirements under Regulation (EC) No714/2009, is imposed a property sanction amounting from BGN 10 000 to BGN 60 000.

(2) In case of repeated violation, the pecuniary penalty is equal to two times the maximum amount of the penalty under Paragraph (1).

Article 224b. (*Last Amendment - SG No. 54/2012, in force as of 17.07.2012*) (1) (*Last Amendment - SG No. 54/2012, in force as of 17.07.2012*) Natural gas transmission network operator who fails to observe the requirements under Regulation (EC) No 715/2009 is imposed a property sanction amounting from BGN 10 000 to BGN 60 000.

(2) In case of repeated violation, the pecuniary penalty is equal to two times the maximum amount of the penalty under Paragraph (1).

Article 224c. (*New - SG No. 54/2012, in force as of 17.07.2012*) (1) Operator of a natural gas storage facility and/ or liquefied natural gas facility who fails to observe the requirements under Regulation (EC) No 715/2009, is imposed property sanction amounting from BGN 10 000 to BGN 60 000.

(2) Upon repeated violation, the property sanction is in double amount, specified under the maximum amount of the sanction under para.1.

Article 225. (*Last Amendment - SG No. 17/06.03.2015 in force as of 06.03.2015*) (1) (*Last Amendment - SG No. 17/06.03.2015 in force as of 06.03.2015*) The violations under this Act are ascertained by acts drawn up by the persons referred to Article 77, (1), pt. 1 and (2), pt. 1 and for offenses under Art. 208 and 209 and by the authorities of the Agency for State Financial Inspection

(2) (*Last Amendment - SG No. 54/2012, in force as of 17.07.2012*) The penalty decrees under Articles 205, 206, 207, 270a, 207b, 208, 210, 213a, 215, 216, 217, 219, 222, 223 and 224, 224a, 224b and 224c are issued by the Chairperson of the Commission or by an official authorized by the Commission.

(3) (*Last Amendment - SG No. 54/2012, in force as of 17.07.2012*) The penalty decrees under Articles 208, 211, 212a, 213, 214, 215, 216, 217, 218, 219, 220, 221, 223 and 224 are issued by the Minister of Energy and Energy Resources or by an official authorized by it.

(4) (*New - SG No. 17/06.03.2015 in force as of 06.03.2015*) The penal rulings under art. 208 and 209 are issued by the Director of the Public Financial Inspection Agency or officials authorised by him or her in the cases in which the violation is ascertained by the bodies of the Agency during the inspections under the procedure of art. 80a.

(5) (*Former Par. 4 - SG No. 17/06.03.2015 in force as of 06.03.2015*) Violations are ascertained, and penalty decrees are issued, appealed and executed under the terms and according to the procedure established by the Administrative Violations and Sanctions Act.

(6) (*Former Par. 5 - SG No. 17/06.03.2015 in force as of 06.03.2015*) Pending the issuance of a penalty decree, the person affected by the administrative violation may file a request before the administrative sanctioning authority for compensation for damages sustained by her/him to an amount not exceeding BGN 20,000.

SUPPLEMENTARY PROVISIONS

§ 1. (*Last Amendment - SG No. 56/24.07.2015, in force as of 24.07.2015*) Within the meaning given by this Act:

1. (*Last Amendment - SG No. 54/2012, in force as of 17.07.2012*) "Subscriber sub-station" is a fixture through which heat is delivered, metered, transformed and regulated as to parameters from the heat transmission network to customers.

1a. (*New, SG No. 74/2006*) "Balancing group" is any group comprised of one or more electricity traders, network users or owners, organized according to the requirements under Article 91 (2).

2. (*Last Amendment - SG No. 54/2012, in force as of 17.07.2012*) "Balancing energy" is the active electrical energy which the electricity transmission network operator activates to compensate the difference between the agreed and the actual delivery schedules registered at the operator, as well as the fluctuations of loads without agreed delivery schedule.

2a. (*New - SG No. 54/2012, in force as of 17.07.2012*) "Household customer" means a customer purchasing electricity or heat with a hot-water thermophore or steam heating, conditioning and hot water-supply, or a natural gas for his own household consumption;

3. (*Repeal, SG No. 49/2007*)

3a. (*Last Amendment - SG No. 54/2012, in force as of 17.07.2012*) "Vertically integrated undertaking" means:

a) energy undertaking or a group of energy undertakings where the same person or the same persons are entitled, directly or indirectly, to exercise control, and where the undertaking or the group of undertakings perform at least one of the activities related to transmission or distribution and at least one of the activities related to production or supply of electricity;

b) natural gas undertaking or a group of natural undertakings where the same person or the same persons are entitled, directly or indirectly, to exercise control, and where the undertaking or the group of undertakings perform at least one of the activities related to transmission, distribution or storage and at least one of the activities related to production, extraction or supply of natural gas;

3b. (*New - SG No. 54/2012, in force as of 17.07.2012*) " Interconnected network" means interconnected transmission and/ or distribution networks;

4. *(Repeal - SG No. 54/2012, in force as of 17.07.2012).*

5. *(Repeal - SG No. 54/2012, in force as of 17.07.2012).*

6. *(New - SG No. 54/2012, in force as of 17.07.2012)* "Linepack" means the storage of gas by compression in gas transmission and distribution networks, excluding facilities reserved for transmission network operators carrying out their services.

7. "Natural gas metering station" is a facility equipped with commercial natural gas metering devices.

8. *(Last Amendment - SG No. 54/2012, in force as of 17.07.2012)* "Natural gas transmission network" is a system of high pressure gas pipelines and attached installations with an integrated technological mode of operation for transmission of natural gas to the outlet of a natural gas metering station or a natural gas regulation station.

9. *(Last Amendment - SG No. 54/2012, in force as of 17.07.2012)* "Natural gas distribution network" is a local or regional system of medium-pressure and low-pressure natural gas pipelines and attached installations for transmission of natural gas to the relevant customers within an area specified by a license.

10. "Natural gas regulation station" is a facility for regulation of natural gas pressure, also equipped with commercial metering devices

11. *(Last Amendment - SG No. 54/2012, in force as of 17.07.2012)* "Natural gas transmission system" is a system of connected networks for transmission and distribution of natural gas, as well as facilities to and from natural gas storage facilities and extraction companies within the national territory.

11a. *(New - SG No. 54/2012, in force as of 17.07.2012)* "Large gas infrastructure" means an inter-system gas pipeline or natural gas and/ or liquefied natural gas storage facility.

12. *(Last Amendment - SG No. 54/2012, in force as of 17.07.2012)* "Direct gas pipeline" means a gas pipeline and its facilities as an ancillary to an interconnected network.

12a. *(New - SG No. 54/2012, in force as of 17.07.2012)* "Direct grid" means a grid directly connecting electricity producer facility with another facility owned by him, with a daughter company facility or with a customer's facility for the purposes of electricity supply.

12b. *(New - SG No. 54/2012, in force as of 17.07.2012)* "Upstream pipeline network" means a pipeline or network of pipelines operated and/ or constructed as part of an investment project for oil or gas production, or used to convey natural gas from one or more such projects to a processing plant or terminal.

13. "Contract for delivery with a 'take or pay' clause" is a contract providing for mandatory payment of natural gas quantities specified there at a fixed price, irrespective of whether such natural gas has been received.

14. *(Last Amendment - SG No. 54/2012, in force as of 17.07.2012)* "Ancillary services" are all services necessary for the operation of the electric power system, including

participation in voltage regulation and delivery of reactive power, participation in primary frequency regulation and secondary frequency regulation and exchange of power, spinning reserve, start-up without the aid of an off-site source, and supply of part of the network and regulation of load.

15. "Access" is the right to use the transmission network and/or the distribution networks for paid transmission of electricity or natural gas at a price and under terms specified in an ordinance.

16. *(Last Amendment - SG No. 54/2012, in force as of 17.07.2012)* "Supply" means the sale, including resale of energy or natural gas to customers.

17. "Long-term forecast energy balances" are forecast energy balances covering a period of 10 to 15 years.

18. *(Repeal, SG No. 49/2007)*

19. "Electric fixture" is a totality of machinery, plant and apparatus intended for transmission, conversion and distribution of electricity.

20. *(Last Amendment - SG No. 54/2012, in force as of 17.07.2012)* "Electricity transmission network" is a totality of electric power lines and electric fixtures, which serves for transmission of electricity, transformation of electricity from high-voltage to mid-voltage, redistribution of electric power streams.

21. *(Last Amendment, SG No. 74/2006)* "Electric power lines" are overhead or cable facilities for connecting of electric fixtures and intended for transmission, transit, or distribution of electricity, conforming to "linear engineering electric supply networks" as defined by the Spatial Development Act.

22. *(Last Amendment - SG No. 54/2012, in force as of 17.07.2012)* "Electricity distribution network" is a totality of electric power transmission facilities and high-voltage, medium-voltage and low voltage electric fixtures, which serves for distribution of electricity.

23. *(Last Amendment - SG No. 54/2012, in force as of 17.07.2012)* "Energy facility" is a facility or a totality of facilities with the purpose of or by using which electricity and/or heat is generated in a particular output, oil or natural gas is extracted or stored, electricity, heat, and natural gas, oil or oil products are transmitted as well as converted as to parameters or type, as well as the ancillary networks and equipment of any such facility, electricity, heat or natural gas is distributed through networks, as well as the ancillary networks and equipment of any such facility, excluding the on-site systems of customers.

24. *(Last Amendment - SG No. 54/2012, in force as of 17.07.2012)* "Energy company" is a person which performs one or more of the activities such as generation, conversion, transmission, storage, distribution, delivery, and supply of electricity, heat or natural gas on the grounds of a license issued under this Act, or a person, who extracts energy resources under a concession for extraction, or a person, who performs an activity involved in the generation of electricity and/or heat without being obligated to obtain a license for the activity performed by it under this Act, or a person performing oil and oil product transmission activity through pipelines.

24a. (*Last Amendment - SG No. 35/2011, in force as of 03.05.2011*) "Energy resources" are primary energy resources (coal, oil, gas, et al.), oil products, as well as renewable energy sources used to produce electricity, energy for heating or cooling.

24b. (*New, SG No. 41/2009*) "Extraction of energy resources for satisfying state needs" is the extraction of energy resources for industrial production of electricity or calorific energy, carried out by the energy enterprise-concessionaire within the boundaries of the concessionary area and on the basis of conceded concession, when the quantity of energy resources, extracted by the concessionaire amounts to not less than 50 per cent of the annual quantities for the respective energy resources, extracted on state territory.

24c. (*New - SG No. 35/15.05.2015, in force as of 15.05.2015*) "efficient district heating and cooling systems" means district heating and cooling systems using at least 50 per cent renewable energy, 50 per cent waste heat, 75 per cent cogeneration heat or 50 per cent combination of such energy and heat.

25. (*New - SG No. 35/15.05.2015, in force as of 15.05.2015*) "substantial refurbishment" means refurbishment whose expenses exceed 50 per cent of the investment expenses for commensurable new installation."

26. (*Last Amendment - SG No. 54/2012, in force as of 17.07.2012*) "Economically inappropriate", where applied to an energy company, is the construction of connecting facilities the investments for which cannot be compensated for by the resources raised from depreciation charges and the profit from sales of energy and natural gas through the facilities for a period of eight years, plus the price that a customer will pay for establishment of connection.

27. "Individual allocator of heat for heating" is a technical device the readings of which are used for distribution of the heat consumed by the heating units in a building. The readings of any such allocator are in relative units which are adjusted by evaluation factors depending on the type of device and heating unit. The individual allocators serve only to determine the share of heat consumed by each heating unit as a share in the aggregate consumption of heat by the building.

27a. (*New - SG No. 54/2012, in force as of 17.07.2012*) "Integrated undertaking" means a vertically or horizontally integrated undertaking.

27b. (*New - SG No. 54/2012, in force as of 17.07.2012*) "Customer" means a wholesale or end customer of energy or natural gas, including natural gas undertaking which purchases natural gas.

27c. (*New - SG No. 54/2012, in force as of 17.07.2012*) "Wholesale customer" means a natural person or legal entity who purchases electricity for the purpose of resale, as well as a natural person or legal entity other than a natural gas transmission network and natural gas distribution network operator who purchases natural gas for the purpose of resale.

27d. (*New - SG No. 54/2012, in force as of 17.07.2012*) "End customer" means a customer purchasing electricity or natural gas for his own use.

27e. (Former pt. 27a, Last Amendment - SG No. 54/2012, in force as of 17.07.2012) "Combined operator" means an energy undertaking, licensed for at least two of the activities related to natural gas transmission, natural gas distribution and activity under art.39, para.1, pt.4.

27f. (New - SG No. 56/24.07.2015, in force as of 24.07.2015) "Combined balancing group" means commercial players, outside the undertakings licensed under art. 39, para. 1, pt. 2, 3 and 7, the producers under art. 162 and the producers within the meaning of the Renewable Energy Act with reference to whom the general balancing conditions in accordance with the rules under art. 91, para. 2 are applied.

28. "Combined generation of heat and electricity" is generation of heat and electricity in a single process depending on the heat demand.

28a. (Last Amendment - SG No. 54/2012, in force as of 17.07.2012) "End supplier" means:

a) an energy undertaking, supplying with electricity household and non-household customers connected to the electricity distribution network at level low voltage, in the respective licensed area, when these customers have not selected another supplier, or

b) energy undertaking, supplying with natural gas customers, connected to the natural gas distribution network within the respective licensed area, when these customers have not selected other supplier.

29. "Short-term forecast energy balances" is forecast energy balances covering a period of one year.

29a. (New - SG No. 54/2012, in force as of 17.07.2012) "Energy critical infrastructure" means an element, system or parts of it which are of essential importance for the energy security of the state and whose breaching or destroying would cause serious implications for vital public functions, health, safety, security, economic or social well-being of the population.

30. "Cross subsidization for integrated energy companies – between individual activities subject to licensing under this Act, and/or between activities subject to licensing under this Act and other activities" is the including of costs of another licensed activity to the prices for a particular licensed activity and/or assimilation of costs of a non-licensed activity to the prices for a licensed activity.

31. (Last Amendment - SG No. 54/2012, in force as of 17.07.2012) "Cross subsidization between different groups of customers" means the inclusion in the prices, for a particular group of customers of an energy undertaking, of bigger or smaller amount of expenses from the ones necessary for their supply.

31a. (New, SG No. 74/2006) "Oversight on the security of supply" is the balance between the supply and demand of electricity and natural gas on the national market, the level of anticipated future consumption and all projected additional capacities, which are in process of planning or building, the quality and level of network maintenance, as well as the measures to

cover peak consumptions and overcome shortages of one or more providers, suppliers, or traders.

32. "Material resources" is the availability of principal and ancillary facilities required to ensure the normal functioning of an energy facility.

32a. (New - SG No. 54/2012, in force as of 17.07.2012) "Interconnection electricity grid" means an electricity grid used for connection of electric power systems.

32b. (New - SG No. 54/2012, in force as of 17.07.2012) "Gas interconnector" means a transmission pipeline which crosses or spans the border between two countries for the purpose of connecting the national natural gas transmission systems of those countries.

33. (Last Amendment - SG No. 54/2012, in force as of 17.07.2012) "Electric power system interconnection point" is any of the points within the structure of the transmission or distribution electric power system to which connecting facilities of one or more customers or producers are connected.

33a. (New - SG No. 54/2012, in force as of 17.07.2012) "Non-household customer" means a customer purchasing electricity or heat with a hot-water thermophore or steam heating, conditioning, hot water-supply and technological consumption or natural gas for non-household consumption.

34. (Last Amendment - SG No. 54/2012, in force as of 17.07.2012) "Aggregate heated volume of a building" is the total sum of volumes of customer properties and volumes of premises constituting common parts of a residential flat building intended for heating according to the design.

34a. (New - SG No. 54/2012, in force as of 17.07.2012) "Transmission network operator" means:

a) a person- electricity transmission network operator, who performs transmission of electricity through an electricity transmission network, responsible for its operation, maintenance and development in a particular area and for its interconnections with other networks, as well as ensuring the long- term ability of the network to meet reasonable demands for transmission of electricity;

b) a person - natural gas transmission operator, who performs transmission of natural gas through natural gas transmission network, responsible for its operation, maintenance and development in a particular area and for its interconnections with other networks, as well as ensuring the long- term ability of the network to meet reasonable demands for transmission of natural gas.

34b. (New - SG No. 54/2012, in force as of 17.07.2012) " Distribution network operator" means:

a) a person- electricity distribution network operator who performs distribution of electricity through the electricity distribution network, responsible for the functioning of the electricity distribution network, its maintenance, development in a particular area and for its

interconnections with other networks, as well as ensuring the long- term ability of the network to meet reasonable demands for electricity distribution;

b) person - natural gas distribution network operator who performs distribution of natural gas through natural gas distribution network and is responsible the functioning of the natural gas distribution network, its maintenance, development in a particular area and for its interconnections with other networks, as well as ensuring the long- term ability of the network to meet reasonable demands for natural gas distribution.

34c. (*New - SG No. 54/2012, in force as of 17.07.2012*) "Liquefied natural gas facility operator" means a natural person or a legal entity who performs the function of liquefaction of natural gas, or the importation, offloading, and re-gasification of liquefied natural gas and is responsible for operating the liquefied natural gas facility.

34d. (*New - SG No. 54/2012, in force as of 17.07.2012*) "Storage facility operator" means a natural person or a legal entity who perform the function of storage and is responsible for operating the storage facility.

35. (*Last Amendment, SG No. 74/2006*) "Organized electricity market" is electricity trade forms in total where the method, place and time of conclusion of transactions are publicly known and pre-announced in trading rules.

36. "Organizational structure" is the organization of the managerial and shop-floor personnel that reflects the staff size, the functional links, the coordination between individual positions and units depending on the needs of licensed activity.

36a. (*New, SG No. 74/2006*) "Principal supplier" is any provider company and/or persons related to it, having market share exceeding 75 percent.

37. "Heating units" are the tubular heating units and vertical heating pipes, the radiator heating devices, the baseboard heating units and convectors which are structural elements used for release of heat on the premises through radiation and convection of the heat-transfer medium connected to them.

38. "Heated volume of a property" consists of the volume of all premises owned and/or used by the subscriber and the relevant adjacent portions of the building common parts, intended to be heated according to the design.

39. "Heated volume of common parts" is the total sum of the volumes of premises constituting common parts in a residential flat building with heating units projected according to the design.

40. "Balancing energy market" is organized trade in electricity and natural gas for the purposes of maintaining the balance between generation and consumption in the electric power system and, respectively, between natural gas import and consumption.

41. (*Last Amendment, SG No. 74/2006*) "Site energy facilities" are buildings and the energy capacities permanently affixed to them or to a lot, excluding the line parts, intended for performance of the activities such as generation, transmission and distribution of electricity, heat and natural gas, as well as energy resource extraction.

41a. (*Last Amendment - SG No. 54/2012, in force as of 17.07.2012*) "Network user" means:

a) a natural or a legal entity- user of the electricity transmission and/ or electricity distribution network who supply electricity to the electricity transmission and/ or electricity distribution network or is supplied by such network;

b) natural person or a legal entity- user of natural gas transmission and/ or distribution network who supplies or is supplied through natural gas transmission and/ or distribution network.

41b. (*New - SG No. 54/2012, in force as of 17.07.2012*) "Energy services customer" means:

a) (*Last Amendment - SG No. 35/15.05.2015, in force as of 15.05.2015*) end customer purchasing energy or natural gas and/ or

b) user of a transmission and/ or distribution network for his supplying with energy or natural gas.

41c. (*New - SG No. 54/2012, in force as of 17.07.2012*) "Professional independence" means independence upon performance of the obligations, based on professional competence, by other interests, different from the interest of the assignor of the activity.

42. (*Repeal - SG No. 54/2012, in force as of 17.07.2012*).

43. (*Repeal - SG No. 54/2012, in force as of 17.07.2012*).

44. (*Last Amendment, SG No. 74/2006*) "Electricity, heat or natural gas, oil and oil product transmission" is the transport of electricity, heat or natural gas, oil or oil products through the transmission network or pipelines.

45. (*Repeal - SG No. 54/2012, in force as of 17.07.2012*).

46. (*Last Amendment - SG No. 54/2012, in force as of 17.07.2012*) "Producer" is the person that generates electricity and/or heat or gas from renewable energy sources or performing output of natural gas.

47. (*Repeal - SG No. 54/2012, in force as of 17.07.2012*).

48. "Availability" is the capability of a producer to provide available capacity over a particular period of time to deliver electricity.

Availability is measured in watts per hour together with derivative units.

49. "Distribution" is the transport of electricity or natural gas through the distribution networks.

50. (*Last Amendment - SG No. 54/2012, in force as of 17.07.2012*) "Heat distribution" is the transport of heat through the customers systems for household hot water supply, heating, air conditioning and others.

51. (*Last Amendment - SG No. 54/2012, in force as of 17.07.2012*) "Certificate of origin of electricity from combined generation of heat and electricity" is an official non-transferable document certifying a producer, the quantity of co-generated electricity, stating the period of generation, electricity generation plant, plant output and other data and parameters specified in the ordinance referred to in Article 162 (4).

52. (*Amended, SG No. 74/2006, repealed, SG No. 49/2007*)

53. "Settlement" is a system applied by the electric power system operator for individual calculation of deviations of electricity actually consumed or generated from the contracted quantities for a particular period using a method regulated in trading rules set forth in an ordinance.

53a. (*New, SG No. 74/2006, amended, SG No.55/2007*) "System services" are all services, provided by the network operator, which are necessary for the reliable operation of the electricity power system and for market viability, including planning, administration, and management of the reliable operation of network users, settlement of the liabilities of market participants, balanced delivery schedules.

53b. (*New - SG No. 54/2012, in force as of 17.07.2012*) "Supply security" means security of supply, as well as supply with energy and natural gas and technical safety.

54. (*Repeal, SG No. 74/2006*)

54a. (*New, SG No. 74/2006*) "Special balancing group" means a group formed by undertakings licensed under art. 39, para. 1, pt. 2, 3 and 7 and producers under art. 93a, para. 1 and art. 94a, para. 3 with reference to which the balancing conditions in accordance with the rules under art. 91, para. 2 are applied.

55. "Ancillary networks" are the management, control, safety, communication and information networks required for the efficient functioning of transmission and distribution networks.

55a. (*New - SG No. 54/2012, in force as of 17.07.2012*) "Ancillary services" means all services necessary for access to and the operation of natural gas transmission network, natural gas distribution network, natural gas storage facilities and/ or liquefied natural gas facilities, including load balancing, blending and injection of inert gases, excluding the facilities reserved exclusively for natural gas transmission networks operators upon performance of their activities.

56. "Medium-term forecast energy balances" are forecast energy balances covering a period of three to five years.

57. "Heating share distribution devices for heat consumption" are devices installed after the heat commercial metering devices.

58. "Commercial metering devices" are technical metering devices which possess metrological characteristics and are intended to be used for metering, whether independently or connected to one or more technical devices, and which are used upon sale of electricity, heat or natural gas.

59. (*Last Amendment - SG No. 17/06.03.2015 in force as of 06.03.2015*) "Experience in the energy sector" means a length of civil service or employment acquired in a managerial or expert position in state or municipal bodies for management in the energy sector, in commercial undertakings with a scope of business activities subject to licensing under this Act or to award of concession under the Subsurface Resources Act as well as upon the performance of research or teaching activities related to the management of the activities in the energy sector.

59a. (*Last Amendment - SG No. 17/06.03.2015 in force as of 06.03.2015*) "Experience in the sphere of water supply and sewerage" means a length of civil service or employment acquired in a managerial or expert position in state or municipal bodies for management of the water supply and sewerage activities, in commercial undertakings with a scope of business activities subject to regulation under the Water Supply and Sewerage Services Regulation Act as well as upon the performance of research or teaching activities related to the management of the water supply and sewerage activities.

59b. (*Last Amendment - SG No. 56/24.07.2015, in force as of 24.07.2015*) "Standard balancing group" means a group of commercial players outside the undertakings licensed under art. 39, para. 1, pt. 2, 3 and 7 with reference to which the general balancing conditions in accordance with the rules under art. 91, para. 2 are applied.

60. "Level of reliability of the electric power system" is the probability, determined in percentage terms by the Minister of Energy and Energy Recourses, of balancing consumption and generation of electricity in case of system shortage occurrences.

61. (*Last Amendment, SG No. 74/2006*) "Cold reserve" is a reserve, necessary to ensure the required level of adequacy, which the electric power system operator purchases in the form of availability of generating units that are not planned to operate during a particular period of time and which the operator activates in case of shortage.

61a. (*New - SG No. 54/2012, in force as of 17.07.2012*) "Liquefied natural gas facility" means a terminal which is used for the liquefaction of natural gas or the importation, offloading and re-gasification of the liquefied natural gas, and includes ancillary services and temporary storage necessary for the re-gasification process and the subsequent delivery to the natural gas transmission network, but does not include the parts of the liquefied natural gas terminals which are used for storage.

61b. (*New - SG No. 54/2012, in force as of 17.07.2012*) "Storage facility" means a facility used for storage of natural gas and which is owned and/ or is operated by a natural gas undertaking, including the part of liquefied natural gas facilities used for storage, but excluding the part used for production operations, and excluding facilities reserved exclusively for natural gas transmission operators upon performance of their activities.

62. (*Last Amendment - SG No. 54/2012, in force as of 17.07.2012*) "Natural gas storage" is an activity of injection of natural gas under pressure into the natural gas storage facilities

and/or into liquefied natural gas storage facilities and the extraction of gas back to the gas transmission network, excluding the delivery of natural gas.

63. "Technical capabilities" is the overall technical and operational condition of energy facility in accordance with the regulatory requirements for uninterrupted, secure, environmentally sound and safe operation of the facilities where the licensed activity is to be performed.

64. "Technological costs" are the costs of electricity, heat and natural gas relevant to the technological process of their generation, transmission, distribution and storage.

65. (*Last Amendment - SG No. 54/2012, in force as of 17.07.2012*) "Heat transmission network" is a system of heating mains and technological facilities located between the property boundary of the heat transmission company with the source of heat and/or customers, serving for heat transmission from the source of heat to customers.

66. (*Repeal - SG No. 54/2012, in force as of 17.07.2012*).

66a. (*New, SG No.55/2007*) "Pulling power electricity" is the electricity consumed from the contact network of the National Railroad Infrastructure Company by the electricity-driven pulling power rolling stock – electricity-driven locomotives and electricity-driven trains owned by the licensed railroad carriers.

66b. (*New - SG No. 54/2012, in force as of 17.07.2012*) "Public service" means the transportation, delivery or supply with energy or natural gas with specified quality, regulated price or price, fixed under a method approved by the Commission and other contractual conditions, which may not be refused due to reasons not specified in this Act.

66c. (*New - SG No. 54/2012, in force as of 17.07.2012*) "Vulnerable customers" are household customers who receive targeted benefit for electricity, heat or natural gas under Social Care Act and the secondary legislation on its implementation.

67. "Financial capability" is the overall financial and economic condition of the applicant for the purpose of performing the licensed activity.

67a. (*New - SG No. 54/2012, in force as of 17.07.2012*) "Horizontally integrated undertaking" means:

a) undertaking performing at least one of the activities of production for sale or transmission, or distribution, or supply and storage of electricity and other non-electricity activity, or

b) undertaking performing at least one of the activities of production, transmission, distribution, supply or storage of natural gas, and a non-gas activity, or

c) undertaking performing activity of production or transmission of heat, and a non- heat activity.

68. (*Repeal - SG No. 54/2012, in force as of 17.07.2012*).

69. "Human resources" are available to an applicant that has at its disposal the minimum managerial and shop-floor personnel possessing the appropriate level of education and professional qualifications enabling such applicant to perform the licensed activity.

70. "Plant" is the technologically connected facilities, installations and ancillary entities in total for generation of electricity, heat, and/or for combined generation of heat and electricity.

§ 1a. (*New - SG No. 54/2012, in force as of 17.07.2012*) This Act introduces the requirements of Directive 2004/8/EC of the European Parliament and of the Council of 11 February 2004 on the promotion of cogeneration based on a useful heat demand in the internal energy market and amending Directive 92/42/EEC, Directive 2005/89/EC of the European Parliament and of the Council of 18 January 2006 concerning the measures to safeguard security of electricity supply and infrastructure investment, Directive 2009/72/EC of the European Parliament and of the Council of 13 July 2009 concerning common rules for the internal market in electricity and repealing Directive 2003/54 (EC) (OJ, L 211/55 of 14 August 2009) and Directive 2009/73/EC of the European Parliament and of the Council of 13 July 2009 concerning common rules for the internal market in natural gas and repealing Directive 2003/55/EC (OJ, L 211/55 of 14 August 2009).

§ 1b. (*New - SG No. 54/2012, in force as of 17.07.2012*) The provisions of this Act which are related to the states- Member States of the European Union are also applied with reference to other states- parties to the European Economic Area Agreement.

TRANSITIONAL AND FINAL PROVISIONS

§ 2. This Act supersedes the Energy and Energy Efficiency Act (promulgated in the State Gazette No. 64 of 1999; amended in No. 1 of 2000, No. 108 of 2001, No. 63 of 2002 and No. 9 of 2003), except for Chapter Thirteen from it.

§ 3. (1) All commercial metering devices, which are owned by customers upon the entry of this Act into force, are purchased by the energy companies at the market value of such devices within three years after the entry of this Act into force.

(2) The obligation of energy companies to purchase the commercial metering devices referred to in Paragraph (1) is waived where such companies install their own devices replacing the existing ones within the time limits provided for the purchase.

§ 4. (*Last Amendment - SG No. 54/2012, in force as of 17.07.2012*) (1) (*Last Amendment - SG No. 54/2012, in force as of 17.07.2012*) The energy facilities and installations, constituting elements of the relevant transmission or distribution network which, upon the entry of this Act into force, should be owned by the energy companies but are actually owned by third parties, are purchased by the transmission company or the respective distribution company depending on the appurtenance of the facility to networks within twelve years after the entry of this Act into force.

(2) (*Last Amendment - SG No. 54/2012, in force as of 17.07.2012*) The transmission company or, respectively, the distribution company, is not obligated to purchase any constructed fixtures and/or electric power transmission facilities owned by customers

connected to the transmission or, respectively, distribution network to which customers have actually connected themselves without a contract for connection of new customers.

(3) The facilities referred to in Paragraph (1) are purchased at market value.

In case the parties fail to reach agreement on the value of such facilities, the parties assign an independent licensed appraiser to conduct evaluation of such facilities.

The value of a facility as determined by the appraiser is the price of the purchase transaction.

If no agreement on the designation of an appraiser is reached within 60 days after receipt of a notice of such designation from the other party, the energy company and/or the owner of facilities has the right to demand from the Chairperson of the Commission to designate an independent appraiser.

The appraiser designated according to this procedure is mandatory to the parties. The evaluation costs are shared equally between the parties.

(4) The energy companies and the owners referred to in Paragraph (1) may not refuse, without good reason, to purchase or, respectively, sell the energy facilities.

(5) The obligation of the energy companies to purchase the energy facilities referred to in Paragraph (1) is waived where such companies construct their own facilities replacing the existing ones within the time limits provided for the purchase.

(6) (*Amended, SG No. 18/2004*) In case of refusal without good reason on the owners' part to sell energy facilities and installations constituting elements of the transmission system and/or distribution networks, such facilities and installations are expropriated according to the procedure established by Article 63 together with the adjacent grounds.

(7) (*Last Amendment - SG No. 54/2012, in force as of 17.07.2012*) The energy facilities referred to in Paragraph (1), which constitute private state or municipal property at the date of entry of this Act into force, and which have been constructed by resources from the state or municipal budget, are transferred for valuable consideration to the energy companies within twelve years after the entry of this Act into force.

(8) Energy companies are obligated to transfer gratuitously any outdoor lighting facilities for streets, squares, parks, gardens and other real property constituting public municipal property, which are incorporated into the companies' assets, to the relevant municipalities within two years after the entry of this Act into force.

(9) Upon restitution of any real estates constituting former state property, if any energy facilities incorporated into the tangible fixed assets of an energy company are built within such real estates, the estate owners may not demand the relocation of such facilities, to deprive other customers of energy supply, and to obstruct the operation of energy companies.

(10) The owners of any real estates where energy facilities are constructed have the right to perform construction or other activities in such real estates in compliance with the

regulatory requirements for safe operation of energy facilities and after consultation with the energy company.

(11) Upon privatization of any property where any energy facilities exist, such facilities are excluded from the subject of transaction if more than one customer is supplied with energy or natural gas through these facilities. Such facilities are transferred to the relevant energy company according to the procedure established by the precedent paragraphs.

(12) (*New - SG No. 54/2012, in force as of 17.07.2012*) Gas pipelines which are owned by non-household customers and connect the non-household customers with the natural gas transmission network and are not used for supply of household customers are not subject to purchase by the licensed energy undertakings.

§ 4a. (*Last Amendment - SG No. 54/2012, in force as of 17.07.2012*) **The works and facilities, managed by National Railway Infrastructure Company, constituting elements of transmission or distribution network which have to be owned by the licensed energy companies but are owned by third parties, are purchased by the transmission company or by the respective distribution company, depending on the appurtenance of the work to the networks, by 13 December 2016.**

§ 5. The members of the State Energy Regulatory Commission, including the Chairperson and the Deputy Chairperson, complete the terms of office for which they were appointed under the Energy and Energy Efficiency Act as superseded.

§ 6. (*Repeal, SG No. 74/2006*)

§ 7. The provision of Article 4 (2), pt. 14 apply until the 31st day of December 2005.

§ 8. (*Last Amendment - SG No. 54/2012, in force as of 17.07.2012*) The non-recoverable costs incurred by energy companies under Article 34 are subject to compensation according to the procedure under Article 21 (1), pt. 17.

§ 9. (*Repeal, SG No. 74/2006*)

§ 10. (*Repeal, SG No. 74/2006*)

§ 11. (*Repeal, SG No. 74/2006*)

§ 12. (1) Any licenses and authorizations issued in pursuance of the Energy and Energy Efficiency Act as superseded remain in effect in so far as they do not conflict with this Act. The requirements for separate area under Article 43 (3) to (5) shall not apply to any such licenses and authorizations.

(2) The holders of any authorizations for construction of energy facilities under Article 37 (1) of the Energy and Energy Efficiency Act as superseded are obligated to submit an application to the Commission for issuance of a license under Article 39 (3) within six months after the entry into force of the ordinance referred to in Article 60.

(3) Any licenses issued, which conflict with this Act or are incomplete, are re-issued to the same licensees for the remainder of the validity term of effective licenses or are

supplemented at the discretion of the Commission. Any licensees whose licenses are subject to re-issuance or supplementation are obligated to submit an application to the Commission within six months after the entry into force of the ordinance referred to in Article 60. No fees are due for the proceedings of re-issuance or supplementation of any such licenses.

(4) The evidence which was already submitted for the issuance of initial licenses does not have to be submitted again for the re-issuance or supplementation of any licenses referred to in Paragraph (3), provided that no new relevant circumstances have occurred.

(5) Pending the issuance of a new license under Paragraph (2), the licensees have the right to perform the licensed activities.

§ 13. Any proceedings for the issuance of authorizations or licenses under the Energy and Energy Efficiency Act as superseded, which are pending upon the entry of this Act into force, are concluded according to the procedure and under the terms established by this Act.

§ 14. The inventory for construction of new natural gas transmission networks, issued in pursuance of Article 4, pt. 7 of the Energy and Energy Efficiency Act as superseded, remains in effect even after the adoption of this Act, and any pending tender procedures for selection of an investor for construction of new natural gas transmission networks are completed according to the procedure existing up to now.

§ 15. (1) (*Last Amendment, SG No. 74/2006*) The activities related to electric power system management and organizing of an electricity market may be separated in legal and organizational terms from the rest of the activities of the National Electric Company EAD not later than the date of entry into force of the Treaty concerning the Accession of the Republic of Bulgaria to the European Union. National Electric Company EAD submits applications to the Commission to allow transformation and/or transactions for the disposal of property used to perform its licensed activity, and for issuance of respective licenses.

(2) A license for performance of the activity of public provider of electricity is issued to the National Electric Company EAD within six months after the entry of this Act into force. Until the effective date of such license, the National Electric Company EAD performs the functions of a public provider of electricity pursuant to this Act.

(3) A license for transmission of electricity is issued to the National Electric Company EAD within six months after the entry of this Act into force. Until the effective date of such license, the National Electric Company EAD performs the activities of electricity transmission, as arising from this Act.

(4) (*Last Amendment, SG No. 74/2006*) A license for the activities of electric power system management and electricity market organization is issued to the electric power system operator – legal person, after its establishment by the National Electric Company EAD. The Commission issues such license *ex officio*, after submission of evidence of the transformation under Paragraph (1).

(5) (*Repeal, SG No. 74/2006*)

§ 16. (*Repeal - SG No. 17/06.03.2015 in force as of 06.03.2015*)

§ 17. (*Last Amendment, SG No. 74/2006*) (1) The activities associated with distribution of electricity and operational management of distribution networks may be separated in legal and organizational terms from electricity supply and the other activities of electricity distribution companies until the 31st day of December 2006 but not later than the date of entry into force of the Treaty concerning the Accession of the Republic of Bulgaria to the European Union. Electricity distribution companies submit requests to the Commission to allow transformation and/or transactions for disposal of property used to perform the licensed activity, as well as for the issuance and/or amendment, and/or termination of respective licenses.

(2) Licenses for the activity of public supplier of electricity are issued to the electricity distribution companies within six months after the entry of this Act into force. Until the effective date of such license, the electricity distribution companies perform the functions of public suppliers of electricity for the relevant areas pursuant to this Act.

(3) Licenses for electricity distribution within the relevant areas are issued to the existing electricity distribution companies within six months after the entry of this Act into force. Until the effective date of such licenses, the electricity distribution companies perform the functions of electricity distribution within the relevant areas pursuant to this Act.

(4) Depending on the type of corporate transformation referred to in Paragraph (1) and the activities carried out by the transformed companies after the transformation, the electricity distribution and electricity supply licenses of existing electricity distribution companies and their successors are amended and/or terminated, respectively, or new licenses are issued. For the newly issued or amended licenses, transformed companies do not pay initial licensing fees under Article 29 (3), pt. 1.

(5) After their transformation under Paragraph (1), the electricity distribution companies acquire all rights and obligations, related to electricity distribution at the separate area, defined by the electricity distribution license, including any rights and obligations arising before the transformation, related to respective price regulation, while the public suppliers acquire all rights and obligations, related to electricity supply at the separate area, defined by the public electricity supply license, including any rights and obligations arising before the transformation, related to respective price regulation.

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

(2) The provisions of Article 104 (2) apply to the public provider, as transformed within the meaning given by § 15, and the public suppliers and distribution companies, as transformed within the meaning given by § 17.

§ 19. (*Last Amendment - SG No. 54/2012, in force as of 17.07.2012*) (1) (*Last Amendment - SG No. 54/2012, in force as of 17.07.2012*) In the cases where a customer fails to install a hot water meter in a real estate constituting private property, the heat for water heating is calculated according to the rates for water consumption as set forth in the ordinance under Article 125 (3).

(2) (*Last Amendment - SG No. 54/2012, in force as of 17.07.2012*) In the cases where a residential property is used or allocated to other persons for performance of economic activity, the owner or the holder of the real right of use is obligated to notify the heat transmission company within 30 days after the start of the economic activity or after the property allocation. Upon failure to fulfill this notification obligation, the owner or holder of the real right of use pays for the heat at a business use price with a 20 per cent surcharge for the delay. This provision is effective as long as different prices apply to heat for household and non-household uses.

(3) (*Last Amendment, SG No. 74/2006*) If the heat transmission company finds it technically impracticable to apply the heat share distribution system in a residential flat building, the distribution is performed by the heat transmission company under terms and according to a procedure established in the ordinance referred to in Article 125 (3).

(4) (*Last Amendment - SG No. 54/2012, in force as of 17.07.2012*) Customers do not install any additional insulation or blocking fittings to the heating unit inputs and outputs.

§ 20. Until January 1, 2010, the quantity of electricity required to ensure the operational reliability of the principal facilities at the combined heat and power plants existing upon the entry of this Act into force, generated in excess of the quantity of co-generated electricity, are mandatorily purchased by the public provider and/or by the public suppliers at negotiated prices.

§ 21. Until January 1, 2010, the public provider and/or the public suppliers are obligated to purchase the entire quantity of electricity registered by a certificate of origin from combined generation, generated by the combined heat and power plants existing upon the entry of this Act into force, without high efficiency parameters achieved, at preferential prices, according to the relevant ordinance under Article 36 (2), except for the quantities which the producer consumes for its own uses or for which it has concluded contracts according to the procedure established by Section VII of Chapter Nine, or with which it participates in the balancing market. The provisions of Article 163 apply to any plants which have achieved a high efficiency parameter.

§ 22. (1) (*Last Amendment, SG No. 74/2006*) Bulgargaz EAD's activities associated with natural gas transmission, are separated in legal and organizational terms from the activities, by December 31, 2006, but not later than the date of entry into force of the Treaty concerning the Accession of the Republic of Bulgaria to the European Union. Bulgargaz EAD submits requests to the Commission to allow transformation and/or transactions for disposal of property used to perform the licensed activity, and for issuance of respective licenses.

(2) A license for performance of the activity of natural gas public provider is issued to Bulgargaz EAD pending execution of the corporate transformation referred to in Paragraph (1). Until the effective date of such license, Bulgargaz EAD performs the functions of public provider of natural gas pursuant to this Act.

(3) A license for natural gas transmission and transit transmission is issued to Bulgargaz EAD pending execution of the corporate transformation referred to in Paragraph (1). Until the effective date of such license, Bulgargaz EAD performs the activities of natural gas transmission pursuant to this Act.

(4) A license for natural gas storage is issued to Bulgargaz EAD, pending execution of the corporate transformation referred to in Paragraph (1). Until the effective date of the relevant license, Bulgargaz EAD performs the activities of natural gas storage pursuant to this Act.

(5) *(Repeal, SG No. 74/2006)*

(6) The prohibition referred to in Article 44 (2) apply after the date of the corporate transformation referred to in Paragraph (1).

(7) The existing customers, within the meaning given by Article 175, pt. 8 and 9, of the transmission plant upon the entry of this Act into force are considered directly connected customers.

(8) *(New, SG No. 74/2006)* In cases, when, as a result of the restructuring under Paragraph (1), the license for the activity of public natural gas supply, issued under Paragraph (2), is terminated and issued to a different person, the new license holder replaces Bulgargaz EAD as party to any natural gas supply agreements executed by Bulgargaz EAD before the license termination date.

(9) *(New, SG No. 74/2006)* In cases, when, as a result of the restructuring under Paragraph (1), the license for the activity of natural gas transit transmission, issued under Paragraph (3), is terminated and issued to a different person, the new license holder replaces Bulgargaz EAD as party to any natural gas transit transmission agreements executed by Bulgargaz EAD before the license termination date.

§ 22a. *(New, SG No. 74/2006, in force as of the date of entry into force of the Treaty concerning the Accession of the Republic of Bulgaria to the European Union)* (1) When all following conditions are present at the same time:

1. the Republic of Bulgaria is not directly connected to the gas transport network to another European Union Member State and

2. the market share of the principal gas supplier or any persons related to it as defined under the Commerce Act is not exceeding 75 percent, all interested persons may submit a request to the Commission for a temporarily relief from application of Chapter Four, Article 172 (1), and Article 197 (2).

(2) The Commission adopts decision on the request under Paragraph (1) within one month and immediately notifies the European Commission on any effective decision on granting temporary relief.

§ 23. *(Last Amendment - SG No. 54/2012, in force as of 17.07.2012)* (1) *(Last Amendment - SG No. 54/2012, in force as of 17.07.2012)* The activities associated with natural gas distribution are separated in legal and organizational terms from natural gas supply to end customers and from the other activities of natural gas distribution companies when not fewer than 100,000 final customers of natural gas are connected to the relevant distribution network. Gas distribution companies submit requests to the Commission to allow transformation and/or transactions for disposal of property used to perform the licensed activity, and for issuance of respective licenses.

(2) Licenses for performance of the activity of public supplier of natural gas are issued to the natural gas distribution companies pending execution of the corporate transformation referred to in Paragraph (1). Until the effective date of such license, the natural gas distribution companies perform the functions of public suppliers of natural gas pursuant to this Act, for the relevant areas.

(3) Licenses for natural gas distribution within the relevant areas are issued to the existing natural gas distribution companies pending execution of the corporate transformation referred to in Paragraph (1). Until the effective date of such licenses, the natural gas distribution companies perform the activities of natural gas transmission, as arising from this Act, within the relevant areas.

(4) *(Repealed, SG No. 74/2006)*

§ 24. *(Repealed, SG No. 74/2006)*

§ 25. *(Amended, SG No. 74/2006)* In cases, when energy companies assets include property of right-holding persons under the Indemnification of Nationalized Property Owners Act or under Article 18 of the repealed State and Municipal Company Transformation and Privatization Act (prom., SG No. 38/1992; amended, No. 51/1994, No. 45, 57, and 109/1995, No. 42, 45, 68, and 85/1996; corr., No. 86/1996; amended, No. 55, 61, 89, 98, and 122/1997, No. 39/1998; corr., No. 41/1998; amended, No. 70/1998, No. 12/1999, No. 47/1999 – Constitutional Court Decision No. 8/1999; amended, No. 56, 84, and 96/1999, No. 20, 99, and 108/2000, No. 42/2001; repealed, No. 28/2002), such persons are compensated only by compensatory notes under the procedure of the Indemnification of Nationalized Property Owners Act.

§ 26. (1) All servitude rights arising by virtue of the Energy and Energy Efficiency Act as superseded in favor of energy companies in respect of any energy facilities existing upon the entry of this Act into force remain in effect.

(2) The size, location and special regime for exercise of any servitudes referred to in Paragraph (1) is determined according to the procedure and in the manner provided for in the ordinance under Article 64 (9).

(3) Any servitude rights referred to in Paragraph (1) are recorded in the recording office and in the property register according to the location of the servient estate at the request of the relevant energy company which owns the energy facility.

§ 27. The Spatial Development Act (promulgated in the State Gazette No. 1 of 2001; amended in Nos. 41 and 111 of 2001, No. 43 of 2002, Nos. 20 and 65 of 2003) is amended and supplemented as follows:

1. In Article 73 (1), the words "the utility company or shared between such company and" in the second sentence are deleted.

2. In Article 182 (2), after the number 4 at the end of the first sentence, there is added "or a servitude has been established under Article 64 and § 26 of the Transitional and Final Provisions of the Energy Act";

3. In § 5, pt. 31 after the words "electricity supply" there is added "heat supply".

§ 28. In Article 15 of the Protection of Competition Act (promulgated in the State Gazette No. 52 of 1998; (modified by) Constitutional Court Judgment No. 22 of 1998, (promulgated in) No. 112 of 1998; amended in No. 81 of 1999, No. 28 of 2002, No. 9 of 2003), Paragraph (2) is amended to read as follows:

"(2) Unification of general conditions is allowed only if authorized by the Commission, except in cases where such general conditions have been approved by a competent authority exercising regulation and control. Any such authorization is granted within two months after the submission of a request by the companies referred to in Paragraph (1)."

§ 29. The Act Restricting Administrative Regulation and Administrative Control over Economic Activity (promulgated in the State Gazette No. 55 of 2003; corrected in No. 59 of 2003) is amended and supplemented as follows:

1. In Article 13:

(a) the existing text is redesignated to become Paragraph (1);

(b) the following new paragraph is added:

"(2) Paragraph (1) applies only where no special law established another procedure on the grounds of exclusive rights."

2. Pt. 28 of the Annex to Article 9 (1), pt. 2 is amended to read as follows:

"28. Activities in the energy sector, as regulated in a special law."

§ 30. The Mandatory Stocks of Crude Oil and Petroleum Products Act (promulgated in the State Gazette No. 9 of 2003) is amended as follows:

1. Article 3 (2) is amended to read as follows

"(2) The stocks of petroleum products, which are created and maintained by energy companies according to the procedure established by Article 85 (1) and Article 128 of the Energy Act, are assimilated to the total quantity of stocks under this Act."

2. Article 4 (4) is amended to read as follows:

"(4) Annually, the persons obligated under Article 85 (1) and Article 128 of the Energy Act prepare information on their petroleum products stocks for the current calendar year and submit it to the State Agency of Contingency Reserves and Wartime Stocks until the 25th of February."

3. Article 24 (3) is amended to read as follows

"(3) The persons obligated under Article 85 (1) and Article 128 of the Energy Act notify the Chairperson of the Agency of each case of use of petroleum product stocks and the time limits for such stocks to be restored. Any such notification is submitted in writing or

electronically not later than the working day following the day when the stocks were drawn from."

§ 31. In Article 47 of the Water Act (promulgated in the State Gazette No. 67 of 1999; amended in No. 81 of 2000, Nos. 34, 41 and 108 of 2001, Nos. 47, 74 and 91 of 2002, Nos. 42, 69 and 84 of 2003), the following new paragraph is added:

"(5) A concession compensation, fixed according to a methodology adopted by the Minister of Environment and Water and the Minister of Energy and Energy Resources, is paid for production of geothermal energy from mineral waters constituting exclusive state property, where such waters are used only as a heat-transfer medium and are returned to the respective mineral estate."

§ 32. The Forests Act (promulgated in the State Gazette No. 125 of 1997; amended in Nos. 79 and 133 of 1998, No. 26 of 1999, Nos. 29 and 78 of 2000, Nos. 77, 79 and 99 of 2002, No. 16 of 2003) is amended and supplemented as follows:

1. In Article 16 (5), pt. 1 the words "overhead electric power lines" are deleted.

2. The following new article is inserted:

"Article 16b. (1) The provisions of Chapter Five of the Energy Act apply to any servitudes around overhead and underground electric power lines, heating mains and natural gas pipelines.

(2) Any servitudes around energy facilities located in forests or in forest stock land tracts are consulted upon by the energy companies with the National Forestry Board.

(3) The amount of compensation for any servitudes on forests or forest stock land tracts, referred to in Paragraph (2), is specified according to the procedure pursuant to the ordinance under Article 19."

§ 33. (*Effective 10.06.2004*) In Article 32 of the Technical Requirements for Products Act (promulgated in the State Gazette No. 86 of 1999; amended in Nos. 63 and 93 of 2002, No. 18 of 2003), after the words "acetylene equipment", "oil pipelines and petroleum product pipelines" is added.

§ 34. (1) The statutory instruments on this Act's application are adopted within six months after the entry into force of this Act.

(2) Until the issuance of the statutory instruments as provided for under this Act, the statutory instruments on the application of the Energy and Energy Efficiency Act as superseded are applied in so far as they do not contravene this Act.

§ 35. The provision of § 33 enters into force six months after the promulgation of this Act in the State Gazette.

This Act was adopted by the 39th National Assembly on November 26, 2003 and the Official Seal of the National Assembly has been affixed to it.