

LAW OF THE REPUBLIC OF MOLDOVA

ELECTRICITY ACT

no. 137-XIV from 17 September 1998

The Parliament adopts this organic act.

This Act establishes the basic principles of the organization and regulation of the production, transmission, distribution, supply and consumption of electric energy as well as the institutional system of consumers' protection.

The goal of the Act is to set up the legal framework of an effective competition in the electricity market in order to increase the efficiency of the electricity industry.

**CHAPTER I
GENERAL PROVISIONS**

Article 1. The scope of the Act

(1) The effect of this Act shall extend to:

- a) production of electric energy;
- b) transmission and distribution of electric energy;
- c) supply of electric energy, including the energy import and export and energy transit;
- d) prices for electricity and regulations for electricity industry;
- e) license issuance
- f) protection of the interests of consumers;

(2) This Act regulates the legal relationships between the partners in the electricity market: electric entities, central dispatch, suppliers and consumers.

Article 2. General conditions

Electric energy shall be produced, transported, distributed and supplied in an efficient way from the economic point of view observing the legislation concerning the safety of property, environment and labor protection as well as other laws and regulations in force in the interests of the national economy and consumers.

Article 3. Definition of terms

For the purpose of this Act there are utilized the following terms:

- 1. Balance of electric-the situation when the available capacity of power plants power demand and is sufficient to meet continuously electric load of supply electricity consumers during all hours.
- 2. Central Dispatch Legal entity who has been given the license for the central dispatch activity.
- 3. Connection point -the place where the consumer equipment is connected to

the electricity network and which is the boundary of the property of consumer and electricity network.

4. Consumer - natural (private) person or a legal entity whose electricity consuming installations are connected to the electricity network through one or more connection points.
5. Consumer equipment -the installations of the consumer electric network situated downstream from the connection point.
6. Cost of service -actual costs necessarily and reasonably incurred during the performing of an activity.
7. Distribution entity -legal entity who has been given the license for distribution of electricity.
8. Electricity distribution network -a system of medium and low voltage electric lines with transforming and switching equipment as well as the accessories belonging to them that serve in aggregate the purpose of distribution of a supply of electricity to the connection points.
9. Electric entity - producer, transmission entity and distribution entity.
10. Electricity network -electricity transmission grid and electricity distribution networks.
11. Electric power system -the totality of the elements of the chain of production, transmission, distribution and utilization of electric energy.
12. Electricity transmission grid -a system consisting of high voltage lines, transforming and switching equipment as well as the accessories belonging to them that serve in the aggregate the purpose of electricity transmission.
13. Natural monopoly -activity aimed at transmission and supply of electricity in the course of the performance of which market rules are absent or do not operate adequately because the consumer has no other choice.
14. Pay for connection - payment for meter procurement, testing and installation, as well as for other equipment, apparatus and wires to the consumer necessary to satisfy requirements for connections to the transmission and distribution grids.
15. Place of consumption the location of the consumer equipment including subconsumer's one where there is consumed the electric energy supplied through one or more connection points.
16. Power plant - any installation or set of technical installations which produces energy using different kinds of fuel (coal, gas,

oil products, etc.) or other forms of energy.

- 17. Power plant capacity -the sum of the nominal active capacities (W) of electricity generating units at a power plant measured at the power plant bus-bar.
- 18. Power plant for own use -any power plant that produces more than 40% of its annual average electric output to meet the internal demand of the owner of the power plant.
- 19. Producer -legal entity who has been given license for operation of power plants and production of electric energy.
- 20. Public power plant -any power plant that produces at least 60% of its annual average electric energy production for public purposes.
- 21. Subconsumer -natural (private) person or legal entity whose electric equipment is connected to the electric installations of a consumer and has concluded a respective trade contract with the latter.
- 22. Supplier -a legal entity who has been given license for acquisition and for sale of a supply of electricity at regulated or unregulated tariffs.
- 23. Supply - acquisition and selling the electricity.
- 24. Transmission entity - legal entity who has been given the license for transmission of electricity.

CHAPTER II

ADMINISTRATIVE COMPETENCE AND PROTECTION OF CONSUMERS

Article 4. Responsibilities of the State.

The Government of the Republic of Moldova promotes the energy policy of the state:

- a) establishes the strategy (program) of the development of electricity generating sources and electric interconnections with other states and assures energy security of the state;
- b) determine the general conditions for optimal operation of power plants and general electricity import-export conditions by granting the priority status to local power plants in trading electricity, produced by them, in the domestic power market and with respect to the transit of electricity produced to other countries;
- c) approves, on the competitive tender basis, construction of power plants with the capacity of more than 20 MW, and approves increasing of the production capacities of the existent combined heat and power plants, if the new added capacity is more than 20 MW;
- d) establishes the enterprise that will operate as Central Dispatch Center;
- e) approves the types of fuel to be utilized in the power plants of the capacity above 20 MW;

- f) determines the minimum quantity of fuel reserves.
- g) promotes the interests of National Energy Sector on the international level;

Article 5. National Agency for Energy Regulation

- (1) The National Agency for Energy Regulation (hereinafter: Agency) regulates the energy system.
- (2) The Agency is a permanent public body with the status of a legal entity that is not subordinated in any way in its activity to any other government or private agency or institution, except the cases stipulated in Articles 5(3) and 8 (p.3,4,5,8 and 9(4)).
- (3) The Government in accordance with this act shall approve the Regulations of the Agency.

Article 6. The tasks and main duties of the National Agency for Energy Regulation

- (1) The Agency has the following responsibilities:
 - a) license the production, transmission, central dispatch , distribution and supply of electric energy as well as activities which ensure the increase of efficiency and competition on energy market;
 - b) in cases stipulated in this Act amends or withdraws the issued licenses
 - c) control the meeting of requirements and the quality of services;
 - d) elaborates and approves in accordance with the established process the methodology of calculation of regulated electricity tariffs and approves regulated tariffs;
 - e) supervise the correctness of calculation of the regulated electricity tariffs performed by the licensees according to the provisions defined in the license;
 - f) monitors the business of the agents that act in the electricity market;
 - g) defines the economic, technical data and data that provide the functioning of the energy system in the whole, that shall be made public by the licensees, taking in consideration their confidentiality;
 - h) promotes the competition on the power market taking into account the priority status of the local power plants in trading of electricity produced by them;
 - i) establishes, in compliance with the National Accounting Standards, the methods for accounting in power sector as well the information reporting system on the base of which the licensees will submit reports to the Agency.

Article 7. The rights of the Agency

- (1) In the interest of the fulfillment of its duties stipulated in this Act the Agency is entitled:
 - a) to control the observance of the conditions, stipulated in the license, by the license holders;
 - b) to control the correctness of application of regulated tariffs by the licensees;
 - c) to have access to the documents concerning the activities subject to license even in case they contain state or business secrets;
 - d) to obtain copies, abstracts of such documents and request additional information from the licensees;
 - e) to enforce the principle of minimum costs regarding the production, transmission, distribution and supply of electric energy;
 - f) to require from licensee for electricity distribution and electricity supply at regulated tariffs to negotiate and to conclude with local power plants long-term contracts for purchase of electricity, produced by them, at tariffs and in quantities regulated by ANRE, provided that execution of these contracts will not result in increase of tariffs for

consumers;

to require from the licensees for electricity distribution and supply at regulated tariffs the conclusion with the local power plants of long term contracts regarding purchasing of electricity produced by them at tariffs and amount regulated by the Agency;

g) to issue regulations in order to perform its duties in the most efficient way;

h) to exact fines.

(2) The Agency may also have other rights stipulated in its regulations and legislation in force.

Article 8. Administration of the Agency

(1) The Agency shall be managed by the Administration Council consisting of 3 Directors.

(2) The decision of the Administration Council shall be taken by a majority of votes. Each Director of the Administration Council has one vote.

(3) The Directors of the Administration Council shall be appointed by the Government of the Republic of Moldova for a term of 6 years, except the case of their initial appointment under this Act when: one Director shall be appointed for a term of 2 years, one Director for a term of 4 years and one Director for a term of 6 years. The Government of the Republic of Moldova shall appoint a Director of the Administration Council every 2 years or whenever a term, for any cause, becomes vacant, in which case the new Director shall serve the remaining time of the unexpired term. No person shall serve as a Director of the Administration Council for more than 12 years and no person shall be appointed Director after having served as a Director for more than 6 years, including any time remaining on the current term of the Director.

(4) A Director may be dismissed by the Government of the Republic of Moldova only if he/she:

a) resigns,

b) loses the citizenship of the Republic of Moldova,

c) is not able to fulfill his/her duties by reason of health,

d) is elected in an other function,

e) is convicted by the court,

f) violates systematically his/her obligations,

g) violates the legislation in force.

(5) The Government of the Republic of Moldova shall designate one of the Directors as General Director of the Agency's Administration Council.

(6) The General Director shall engage the staff of the Agency with the approval of at least one member of the Administration Council.

(7) At enterprises regulated by the Agency in accordance with this act, the Director of the Administration Council shall not:

a) hold any office or position;

b) be a shareholder, debtor or creditor;

c) receive or expect to receive any compensation or other financial consideration;

d) attempt to obtain employment for any person or himself .

(8) The Director General shall present to the Parliament and the Government of the Republic Moldova a report regarding the activity of the Agency in the previous year.

Article 9. The Agency's budget. The regulatory fees

(1). By November 15 of each year, the Agency will prepare its detailed budget for the next year based on:

a) annual regulatory fees applied to license holders by the Agency;

- b) fees for the license issuance;
- c) other source provided by this law.

(2) The Agency will establish the regulatory fees level in the basis of valuation of energy volumes for the next year, received from the license holders until November 1, and that will be sufficient to cover all the budgetary expenditures of the Agency during the next year. The level of regulatory fees shall be determined as follows:

- in the case of energy production entities the fees will be imposed on the energy volume delivered at the central borders;
- in the case of energy transportation/dispatch entities, the fees will be imposed on the energy volume delivered to the distribution networks;
- in the case of distribution entities, the fees will be imposed on the energy volume delivered to customers;
- in the case of energy supply entities the fees will be imposed on the delivered volumes.

(3) The regulatory fees, paid by license holders, will be transferred on the current account of the Agency, which is the sole user of these funds. In the case where the Agency's funds are not fully utilized during the current year of regulation, then they should be transferred and included in the next year budget. In the case where it occurs a deficit of funds during the current year of regulation, the Agency is entitled to reimburse it from the next year budget, applying an appropriate regulatory fee. The Agency is entitled to contract loans at reasonable rates of interest to cover the current costs that can not be covered by regulatory fees. The Agency will reimburse the funds received from the regulatory fees applied.

(4) The Agency budget will be approved by the Minister of Finance at the level of 0.06-0.09% from the annual cost of the energy and natural gas supplied to customers. The Agency's budget will be published in the republican mass media.

Article 10. Financial report

By March 1 of each year, the ANRE will prepare and publish a financial report, which will include both the accounting data of the regulatory fees transferred by the license holders on the current account of the Agency, and the Agency's expenditures during the previous year. The financial report will identify all the loans contracted by the Agency during the given regulation year as well as other funds utilized by the Agency. The financial report will be published in the republican mass media.

Article 11. Protection of consumers

(1) In the course of the performance of its activities the Agency shall:

- a) pay regular attention to matters affecting the interests of consumers;
- b) elaborate detailed rules regarding the protection of consumers;
- c) investigate the complaints of consumers;
- d) cooperate with the organizations that represent the interests of consumers;
- e) provide the organizations that protect the interests of consumers as well as the consumers with necessary data and relevant information regarding the activity of the license holders excepting the confidential information;
- f) decide in disputed matters between consumers and suppliers, as well as between the consumers and the distribution and transmission networks.

(2) The consumers may address a claim to the Agency concerning any matters within the authority of the Agency including the quality of services provided by an electric entity or a supplier. The Agency shall examine the mentioned complaints and will take respective measures within the limits of its authority.

Article 12. Decisions of the Agency

(1) The Administration Council shall perform its duties so in order to ensure the transparency of its activity. In this order:

a) the Administration Council's sessions will be public;
b) the interested Parties will be informed in advance about the agenda of the Administration Council's session. Both, the interested Parties and the public at large will have free access to the examination of problems in discussion. In case when the problems under discussion are confidential, they will be examined at closed-door meeting, the session's decisions being accessible to every interested party.

(2) In the event of a disagreement between a licensee and a consumer or another licensee, involving a matter within the jurisdiction of the ANRE which cannot be resolved through negotiation, the matter of disagreement shall be analyzed by the ANRE in order to make a decision within the scope of its authority.

(3) A decision of the Agency may be appealed to Court according to effective legislation.

(4) The licenses issued by the Agency as well as its decisions of public interest shall be published in the Monitorul Oficial of the Republic of Moldova.

CHAPTER III LICENSING

Article 13. Activities subject to license

(1) Production, transmission, central dispatch, distribution and supply of electric energy are activities subject to license. There can be issued licenses for other activities of the electricity industry if doing so it is stimulated the competition in the electricity market.

(2) The license for production of electric energy is issued to an electricity producer the power plant of which has the capacity equal or greater than 5 MW and if the capacity of the power plant is utilized for public purposes. In case of power plants for own use the license shall be issued only for power plants with the capacity above 20 MW.

(3) The producer that owns a public power plant of the capacity under 5 MW and a power plant for own use of the capacity under 20 MW should report to the Agency the date of power plant commissioning and cooperate with the electric power system according to the provisions stipulated in the Article 24.

Article 14. The conditions for licensing

(1) To perform the activities stipulated in the Article 13 there shall be issued licenses to economic units that are legal entities and if they satisfy the following conditions:

- are registered in the Republic of Moldova;
- prove that they have financial and technical sources as well as the professional training in order to ensure a normal performance of the licensed activity;

(2) The manager of the enterprise, holding the license shall have to meet the following requirements:

- to be able to perform his/her duties,
- to have permanent residence in the Republic of Moldova,
- higher education with demonstrated expertise in a relevant professional field with and at least 5 years experience
- to have no previous convictions relevant to the activity regulated by the present Act,
- not to be punished earlier - according to the criminal code - for the deeds intentionally done.

(3) There shall not be issued licenses to economic units that are under the effect of bankruptcy or liquidation proceeding as well as to economic organizations whose licenses were withdrawn earlier for reasons foreseen in Art.17 (2),b,c,d,e, and there has not yet passed 10 years from the moment of the withdrawal.

Article 15. Types of licenses

(1) The Agency is entitled to issue the following types of licenses:

- a) license for production of electric energy;
- b) license for transmission of electric energy;
- c) license for distribution of electric energy;
- d) license for central dispatch;
- e) license for supply of electric energy at regulated tariffs;
- f) license for the supply of electric energy at non-regulated tariffs;
- g) licenses necessary for promotion of the competition in the electricity market to reduce the tariffs and protect the consumers.

(2) The generic licenses for every type of activity and the Regulation on license issuance shall be approved by the Agency's Administration Council and shall include among other data and information the conditions concerning the calculation of regulated tariffs and requirements regarding the quality of the services.

Article 16. The rights and the obligations of a license holder

(1) The license holder is obliged:

- a) to fulfill the conditions stipulated in the license;
- b) to observe the principle of minimum costs presenting the detailed calculations proving it to the Agency in the case where the Agency decides on the non-competitiveness of the energy market;
- c) in the process of fulfillment of the conditions stipulated in license, not to permit discrimination regarding the power market participants, and to respect the priority status of the local electricity producers in trading of electricity produced by them;
- d) to provide continuous services except for cases stipulated in the license and in case of non-payment, technical and safety problems, and in accordance with the terms of contracts;
- e) to present to the Agency annual reports on their activity during the previous year according to a form and terms established by the Agency. At the Agency's request, the license holders will submit any other information necessary for the Agency's operation under the effective legislation;
- f) to pay on a regular basis the regulatory fees imposed.

(2) In the case where the legal or physic person do not fulfill its obligations of payment in accordance with the concluded agreement or the conditions on service rendering, the license holder can not be obliged by any public or private authority to render such kind of services.

(3) Licensee has free access to the electricity meters located on the premises of customers with whom Licensee has a contract to provide a supply of electricity.

(4) The license holder is prohibited from purchasing shares of another license holders without the Agency's written authorization.

(5) The Agency shall regulate the right of holding more than one license.

Article 17. Amendment and withdrawal of the license

- (1) The license may be amended on the initiative of the ANRE or the license holder and with the agreement of the other party in the event of substantial changes in circumstances.
- (2) The Agency may withdraw the license definitely or temporarily in case:
- a) the license holder requests the withdrawal of the license;
 - b) the license holder is declared bankrupt and is unable to fulfill its responsibilities;
 - c) the license holder obtained the license fraudulently;
 - d) the license holder does not observe the conditions stipulated in the license;
 - e) the license holder breaks the present Act.
- (3) In case of the withdrawal of the license the Agency is obliged to take measures in order to ensure the reliable and efficient supply of electricity to consumers.
- (4) The Agency's decision on the amendment or withdrawal of the license can be argued in the Court.

Article 18. Merger or separation of electric entities

Merger of electric entities, merger of electric entities with other economic organizations and associations, and separation or division of electric entities and suppliers shall be done only with the approval of the Agency if such a merger, separation or division can influence the regulated tariffs. Upon the entities obtaining the appropriate approval the Agency may amend the license conditions.

CHAPTER IV RIGHTS TO OTHER PARTIES REAL ESTATE

Article 19. General rights

- (1) An electric entity license holder is entitled to apply to the authorized bodies for:
- a) the right of preparatory work;
 - b) right of cabling;
 - c) right of use;
 - d) other necessary authorizations.
- (2) The license holder is obliged to recompense the damages caused to the owner of the real estate or other property as a result of preparatory, cabling works, construction, installation, repair and the elimination of the consequences of the faults.
- (3) To prevent or avoid any imminent or real accident, the owner or the user of the real estate will allow the usage of its property, as it is necessary by the transmission and distribution entities.
- (4) In the areas under nature protection, the rights listed in point (1) shall not be exercised unless a preliminary permission from the competent nature protection authority is obtained.

Article 20. Right of preparatory work.

- (1) In connection with the construction of an electric entity or objects that belong to it's the legal entity may apply for a permission for right of preparatory work.

Article 21. Right of cabling

- (1) The right of cabling permits the license holder of an electric entity to perform the construction, installation, repair and replacement of the electric lines, supporting structures of transformers and switching equipment.

(2) The right of cabling ceases if the construction of the electric line is not finalized in 5 years.

Article 22. Right of use

(1) Any object of the electric entities may be placed and operated on other parties' real estate on the basis of the right of use.

(2) The right of use is established on the basis of an agreement with the owner of the real estate.

(3) In case there cannot be reached an agreement concerning the establishment of the right of use the license holder may request the support of competent authority to solve the problem.

(4) The right of use ceases in case the construction of the objects defined in point (1) shall not been finalized within 5 years reckoned from the establishment of this right.

Article 23. Expropriation

(1) In case the license holder has not been able to obtain the right of use in order to build a power plant, transformer substation and other objects for public use it is entitled to initiate the procedure of the expropriation of the real estate of the other owner according to the legislation in force.

(2) In order to construct and operate electric lines, supporting structures of transformers and switching equipment the procedure of expropriation may take place only if the license holder proves that the right of cabling stipulated in Article 21 hinders substantially or even terminates the proper use of the real estate.

(3) The real estate expropriated in accordance with points (1) and (2) shall be transferred to the ownership of the state and put at the disposal of the license holder with the right of use.

CHAPTER V PRODUCTION, TRANSMISSION, CENTRAL DISPATCH, DISTRIBUTION AND SUPPLY OF ELECTRIC ENERGY

Article 24. The coordination of the activities in the electric power system

(1) Public electric entities shall function in a cooperating power system. The electricity producers, transmission entities, central dispatch, distribution entities and suppliers shall cooperate on the basis of the market economy principles and unique operational control over the power system.

(2) Subject to conditions contained in licenses and to regulations of the Agency, the electricity transmission entity and the dispatcher together with electricity producers, distribution entities and suppliers shall elaborate the rules concerning:

a) the conditions of cooperation within the power system,

b) the application of restrictions in relationships between parties.

(3) The dispatcher and the electricity transmission entity shall ensure the operational control over the cooperating power system in accordance with the operational regulations.

(4) The legal relationships between partners in the electricity market are established on the basis of the contracts, in accordance with the licenses and regulations issued by the Agency.

Article 25. Production of the electric energy

- (1) All power plants irrespective to their capacity have the right to participate in the electricity market on condition that the technical requirements for connection to the electric network are satisfied, the quality of delivered electric energy correspond to standards in force.
- (2) The license for electricity generation is valid unless the Agency withdraws it due to the breach of the license. The license can be cancelled by the Agency after 25 years of the presentation of a written notice.
- (3) The license holder for the electricity generation shall be subject to operations supervision by central dispatch in accordance with regulations approved by the Agency.

Article 26. Transmission of electric energy

- (1) Every licensee or consumer has the right of access to the transmission grid without discrimination.
- (2) The electricity transmission entity is obliged to transport electric energy to the place of destination in accordance with the conditions stipulated in the contract concluded between parties, the license's conditions and regulations issued by the Agency.
- (3) The transmission entity can not be a supplier.
- (4) The electricity transmission entity shall answer any claim relevant to its activity during the period of 15 days reckoned from the moment when the claim was registered.
- (5) The License for electric energy transmission is valid unless the Agency withdraws it due to breach of the License's conditions. The license can be cancelled by the Agency after 25 years of the presentation of a written notice.
- (6) The license holder for the transmission of electric energy will operate the transmission grid in accordance with the regulations of central dispatch, conditions stipulated in the license and effective technical rules.

Article 27. Distribution of the electric energy

- (1) Every licensee and consumer has the right of access to the distribution network without discrimination.
- (2) The electricity distribution entity is obliged to transport electricity to the place of destination according to the conditions defined in the contract concluded between parties, license conditions and regulations issued by the Agency.
- (3) The electricity distribution entity may be a holder of the license for the electricity supply at regulated tariffs.
- (4) The electricity distribution entity shall answer any claim regarding its activity during 15 days reckoned from the moment of the registration of claim.
- (5) The License for electric energy distribution is valid unless the Agency withdraws it due to breach of the License. The license can be cancelled by the Agency after 25 years of the presentation of a written notice.
- (6) The license holder for the distribution of electric energy will operate the distribution grid in accordance with the regulations of central dispatch, conditions stipulated in the license and effective technical rules.

Article 28. Central Dispatch

- (1) The technological and operating activity of the power system shall be coordinated and managed by Central Dispatch according to the license for Central Dispatch.
- (2) The Central Dispatch is a state enterprise and can not be privatized.

- (3) Central Dispatch will register contracts of power supply in accordance with the Regulations approved by the Agency.
- (4) Central Dispatch cannot be a supplier.

Article 29. Supply of electric energy

- (1) The supplier is obliged to deliver electricity to consumer according to license's conditions and stipulations stated in the chapter VI, taking into account priority status of the local power plants in trading of electricity produced by them.
- (2) In markets considered by the Agency to be non-competitive, the supplier shall purchase electric energy at the lowest level of tariff that are consistent with reliable electric energy supply. The contracts regarding the purchasing of electricity by the supplier in a market considered by the Agency to be non-competitive shall have to be approved by the Agency.
- (3) There shall not be qualified as supply of electricity the passing on of electric energy by a consumer to a subconsumer within the place of consumption.
- (4) The supplier shall undertake responsibility for any damages related to a failure by the supplier to obey the electric quality standards in force.

Article 30. Extension of electric grid

- (1) The transmission and distribution entities are responsible for connecting their networks to other licensees or consumers requesting an electric service connection from the transmission or distribution networks, subject to paragraph (5) below.
- (2) The transmission and distribution entities are responsible for the optimal extension of their electric grid in accordance with the increase of demand of electricity.
- (3) Expenditures for the extension of the transmission network will be covered by the transmission entity and they will be taken into consideration on tariff calculation, if the latter is done according to license conditions or regulations issued by the Agency.
- (4) Expenditures for the extension of the distribution network will be covered by the distribution entity and they will be taken into consideration on tariff calculation for distribution of electric energy if the latter is done according to license conditions or regulations issued by the Agency.
- (5) The transmission and distribution entities may require from other licensees or consumers who require an extension of transmission or distribution networks to meet their specific needs financial support for the design and construction of such networks, if the latter is done according to license conditions or regulations issued by the Agency.

CHAPTER VI LEGAL RELATIONSHIPS BETWEEN SUPPLIERS AND CONSUMERS

Article 31. Legal relationships

- (1) For electricity markets determined by the Agency to be non-competitive the Agency shall elaborate and adopt regulations that control the legal relationships between the participants in the electricity market. .
- (2) In the competitive electricity market, the legal relationships between the electricity suppliers and purchasers shall be established within the conditions of the contract signed between these parties. The contract will include the effective date and term of the contract, specify the cases of breach of contract, suspension and limitation of contract as well as other responsibilities of the suppliers and purchasers of electricity.

Article 32. Electric energy supply contract

- (1) Electric energy shall be supplied only on the basis of a contract concluded between the consumer and the supplier. The contract stipulates the effective date and term, provisions for suspension or limitation of contract action as well as the responsibilities of suppliers and buyers.
- (2) The provisions of the contract may be further detailed and completed in appendixes and other additional documents.
- (3) The consumer is entitled to conclude individual contracts of electric energy supply with any supplier including the suppliers from outside the borders of the Republic of Moldova.
- (4) Consumer requirements concerning purchasing electricity and revisions of existing contracts will be considered and satisfied by the appropriate licensee taking into account technical feasibility.

Article 33. The effects of the electric energy supply contract

- (1) The supplier is obliged to assure the continuous supply of electric energy at the parameters stipulated in the standards in force and according with the conditions contained in the contract.
- (2) The consumers are entitled to pass on the electric energy to other consumers (subconsumers) only with the prior agreement of the supplier. The legal relationships between consumers and subconsumers shall cease in the moment of expiration of the electric supply contract, as well as in case the subconsumer does not fulfill its obligations.
- (3) The operation of consumer equipment shall not endanger life, health, and property and destabilize the proper operation of the electric entity and the receipt of electric energy by other consumers.

Article 34. Suspension and restrictions

- (1) The electric entities are entitled to suspend the supply of electric energy for the shortest possible period when the life of people and property are endangered, there is an imbalance of demand and supply capacities in the co-operating power system, operational breakdowns in the operation of the electric units as well as for carrying out connections and other maneuvers that cannot be performed otherwise.
- (2) The electric entities shall inform the consumers in advance of the date and expected duration of suspension because of maintenance and elimination of the consequences of faults.
- (3) The electric entities are entitled to restrict or suspend the supply of electric energy in case of fuel crisis at the national scale or because of the interests relevant to foreign trade, national economy, environmental protection and national defense.
- (4) The electric entities shall not compensate the damages caused as a result of suspensions and restrictions carried out because of circumstances listed in point (3) of the present Article if the actions of the supplier have complied with the provisions of the points (1) and (2).
- (5) Transmission and distribution licensees may suspend or terminate electricity supply to a customer or other licensee for failure to comply with applicable contracts.

Article 35. Measurement of electricity consumption and payment settlement

- (1) The holders of licenses for electricity transmission and distribution are responsible for the installation, operation, maintenance and periodic recalibration of the electric meters of consumers connected to their network.
- (2) The holders of licenses for electricity transmission and distribution shall meter the volume of the electric energy in accordance with the standards in force, using only tested meters.
- (3) The contracting parties may initiate an unplanned testing of the electric meter. In case the complaint has not been proved the complainant shall incur the expenses related to this unplanned testing. If the complaint has been proved then there shall be performed a new payment settlement.
- (4) The consumer shall:
 - (a) pay for connection;
 - (b) pay for electricity consumed based on meter readings and concluded contracts.

CHAPTER VII TARIFF REGULATION

Article 36. Tariffs of electric energy

- (1) Regulated tariffs shall be calculated and applied by the respective license holders according to a methodology established beforehand.
- (2) The methodology of calculation and application of regulated tariffs shall be elaborated and approved by the Agency in accordance with the established process for definite periods of time.
- (3) The methodology of regulated tariff calculation mentioned in p.2 shall include:
 - a) the calculation of the expenditures:
 - aa) related to the cost of service;
 - ab) related to efficient development of the electric entities and central dispatch;
 - ac) related to the fulfillment of the obligation regarding the environment protection;
 - ad) the necessary profit in order to continue the activity of the license holders;
 - b) the allocation of expenditures and necessary profit between electric energy production and thermal energy production at the plants that produce on a combined basis electric energy and thermal energy;
- (4) The methodology of regulated tariff calculation should take into account the state policy concerning the development of the national energy system, as well as the transit, the import and the export of the electric energy and the promotion of reliable supply of electricity at minimum costs as well as the efficient utilization of the production capacities;
- (5) The license holders shall provide the Agency with all information that is necessary for the activity of supervising the correctness of costs and calculations of regulated tariffs.

CHAPTER VIII FINAL AND TRANSITORY PROVISIONS

Article 37. The settlement of disputes between the contracting parties

Except as provided in Article 12 (2), the disputes between the parties in the electricity market shall be solved in the court of law.

Article 38. Final provisions

- (1) Until 31 December of the year 2000 the holders of the license for the supply of electric energy at regulated tariffs have the exclusive right to supply the electricity within the territory specified in the license.
- (2) Electricity market shall be opened gradually, in phases established by the National Energy Regulatory Agency, upon coordination with the Government, between 10 March 2003 and 10 March 2005.
- (3) The transportation entity shall hold the license for dispatching activity. The change of this function of the transportation entity may take place in accordance with a decision of the Agency but not earlier the year 2002.
- (4) Until the year 2001 Central Dispatch under its Central Dispatch license shall obtain electricity supply as needed by the holders of the license for the supply of electric energy at regulated tariffs in accordance with regulations adopted by the Agency.
- (5) The Agency may amend a license, without the agreement of the licensee, during the first year after publication of this Act provided such amendment is necessary to protect the interest of licensees and consumers.
- (6) The Government within two months shall:
- a) submit the proposals to the parliament in order to amend the legislation in force in accordance with the present Act; and
 - b) amend its legal rules according to the present Act.

Chairman of the Parliament
Dumitru Diacov
Chisinau, September 17, 1998.
Nr. 137-XIV.